JSC Corporate Loan Portfolio Fund

Offering Terms (Memorandum)

Initial Version Approval Date: 05.02.2025;

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Important Information

JSC Corporate Loan Portfolio Fund is a legal entity incorporated in Georgia under the Law of Georgia on Entrepreneurs and a registered interval **Investment Fund** under the Law of Georgia on Investment Funds.

Before buying the **Unit of the Investment Fund**, the **Investor** should also read the **Founding Document** carefully.

Interval **Investment Fund**: the **Unitholders** have the right to sell their **Units** to the **Investment Fund** in accordance with the rules under the **Founding Document**.

Investment objective:

The **Investment Fund** aims to generate current income by investing in various **Corporate Bank Credits** issued by commercial banks licensed in Georgia, with different risk profiles and maturity periods. The **Fund** will use its best efforts to achieve returns commensurate with the risk to the **Fund's Investors**, although there is no guarantee that the **Fund's** objectives will be achieved.

Investment strategy:

The **Fund** aims to invest up to (including) 100% of the raised funds in **Corporate Bank Credits** and up to (including) 50% in capital market instruments, including public and private fixed income securities, bank deposits, certificates of deposit and money market instruments.

The **Investment Fund** will invest in **Corporate Bank Credits** through the transfer of funds into the ownership of the commercial banks by way of assignment (syndication).

Asset Management Company:

BOG Asset Management LLC (I/N: 404696389) is an **Asset Management Company** licensed by the **NBG** in accordance with the Law of Georgia on Investment Funds and provides fund asset management services. The **Fund** is not self-governing, has no internal board or staff. Therefore, only the **Asset Management Company** has the right to manage and represent the **Fund**, as well as conduct its activities in accordance with the **Founding Document**, as well as the asset management agreement concluded with the **Asset Management Company**.

Public distribution/offering of the **Units of the Investment Fund** will be carried out in accordance with the Law of Georgia on Investment Funds. The number of **Unitholders** who are not sophisticated investors (as defined in accordance with the Law of Georgia on the Securities Market and the procedure of the **Asset Management Company**) at any point in time shall not exceed 20 (twenty). The distribution and offering of this document and the **Units of the Investment Fund** under the **Memorandum** is permitted to the extent permitted by the **Legislation**.

It is not permitted to offer **Units of the Investment Fund** under the **Memorandum** in any jurisdiction in which such action is not permitted or to any person to whom such an offer is unlawful. No action is being taken in any jurisdiction (other than Georgia) to obtain permission to offer the **Units** under the **Memorandum**, or to distribute the **Memorandum**.

The **Units** have not been and will not be registered under the US Securities Act of 1933 (the "**US Securities Act**") or the laws of any US state. Therefore, the **Investors** will not be able to offer or sell **Units** except in cases that are exempt from the registration requirements under the **US securities Act** or the securities laws of any US state and/or in transactions that are not subject to such requirements. It is the responsibility of

Investors to ensure that their offering and sale of **Units** in the United States or other countries meets the requirements of applicable securities laws.

Investors should rely only on the information provided or referred in the **Memorandum**. No person other than the **Asset Management Company** is authorized to give any information, representation or warranty in connection with the purchase of the **Unit**.

No information provided by the **Investment Fund** and/or the relevant **Asset Management Company** should be considered as an assessment of the risks associated with the purchase of the **Units of the Investment Fund**. Each **Investor** is obliged to carry out his/her own, independent research and assessment regarding the risks involved in purchasing a **Unit of the Investment Fund**. The **Memorandum** does not fully and exhaustively reflect all the potential factors and events that may affect the risks associated with a **Unit of the Investment Fund**. Risks and information to be considered in the investment decision-making process is provided in the **Memorandum** only in the form of general information and for information purposes only. The **Investors** shall consult their own financial and legal advisors to assess the risks associated with making an investment and determine the feasibility of making an investment in each specific case. Neither the **Memorandum** nor any statement of the authorized representative of the **Investment Fund** and/or the relevant **Asset Management Company** and/or any member company of the **Bank of Georgia Group** constitutes a financial and/or a legal advice.

The **Memorandum** is prepared in Georgian. It can be translated/created in other languages in the future. In the event of any discrepancy between the Georgian version and any translation thereof, the Georgian version shall prevail.

Any member company of the **Bank of Georgia Group**, including, without limitation, the **Bank of Georgia**, fully exempts responsibility for the correctness and accuracy of the information referenced in the **Memorandum**. Each **Investor** shall use any such information with particular care.

Forward Looking Statements

Certain statements contained in the **Memorandum** may be considered forward-looking. These include, for example, the **Investment Fund's** plans, expectations, forecasts, guidelines, goals, objectives, strategies, future events, revenues, capital expenditures, financing needs, plans and intentions, observed future trends and other information - other than historical.

Words such as, "believe", "expect", "estimate", "as per our estimation", "potentially", "expected", "intended", "anticipate", "forecast", "may", "should", "could", "we plan", "we aim", "we want", and other similar expressions are intended to identify forward-looking statements, although these expressions or statements are not exhaustive.

By their nature, forward-looking statements involve substantial risks and uncertainties, both in general and in specific cases. There is also a risk that estimated statements, forecasts and other forward-looking statements may not be achieved. The **Unitholders** should understand that several important factors could cause results to differ materially from the plans, orientations, expectations, assumptions and intentions expressed in the forward-looking statements. For the avoidance of any doubt, the said entry does not exempt the **Investment Fund** from fulfilling the obligations established by the **Memorandum** and/or the **Legislation**.

Thus, the **Investors** should not place undue reliance on forward-looking statements and should carefully understand the foregoing and other uncertainties or events, particularly the political, economic, social and legal environment in which the **Investment Fund** operates and the market which the **Units** issued by the **Investment Fund** are a part of. The forward-looking statements contained in the **Memorandum** are relevant as of the date they are made. The **Investment Fund**/**Asset Management Company** does not undertake to update or revise them (in accordance with new information, future events or other matters), except in cases where this is required by the **Legislation**. The **Investment Fund**/**Asset Management Company** does not represent or warrant that such forward-looking statements will achieve the expected results. In any case, these statements are one of many possible scenarios and cannot be understood as the most likely or standard scenario of the development of events. These cautionary statements apply to all forward-looking statements made by the **Investment Fund** or the **Asset Management Company** acting on its behalf, as well as by the third parties provided for in the **Memorandum**, in the form of forecasts. For the avoidance of any doubt, the said entry does not release the **Investment Fund** from fulfilling the obligations defined by the **Memorandum** and/or the **Legislation**.

The validity of the terms of the offer (memorandum)

By purchasing a **Unit**, the **Unitholder** agrees to the terms of the **Memorandum** and is bound by the terms of the **Memorandum**. The **Memorandum** is drawn up on the basis of and in compliance with the **Founding Document** of the **Investment Fund**.

The same rule applies to the amendment of the **Memorandum** as is established for the amendment of the **Founding Document** in accordance with the **Founding Document**.

Notwithstanding all other entries, the **Asset Management Company** is authorized, at its sole discretion, without the prior notice and consent/decision of the **Unitholder**, to amend the following chapters of the **Memorandum**: “Risk Profile”, “Limit Structure”, any information related to the **Unit's** risk disclosure and/or non-essential terms of the **Memorandum**.

For the avoidance of any doubt, amendments to the chapters “Risk Profile” and “Limit Structure” in this **Memorandum**, as well as any information on the risk disclosure in relation to the **Units**, and/or non-essential terms of the **Memorandum**, require prior consent of the **NBG**,

In the event of any discrepancy and/or inconsistency between the terms of the **Founding Document** and the **Memorandum**, the terms of the **Founding Document** shall prevail.

Any and all matters set forth in **Memorandum** that require the prior consent/decision of the **Unitholder**, shall be decided by the general meeting of the **Unitholders**, in accordance with the rules envisaged in the **Founding Document** of the **Investment Fund**.

Main Characteristics of the Fund

Name of the **Investment Fund**:	JSC Corporate Loan Portfolio Fund
Type of the **Investment Fund**:	The **Investment Fund** is an interval, registered investment fund (fund for sophisticated investors)
The maximum amount, under which the **Units** can be issued:	USD 50,000,000 (fifty million)
Offering:	50,000 (fifty thousand) common shares (units) with the following pricing: (a) for the initial issuance – USD 1,000 (one thousand) per **Unit**, (b) for each following issuance – the relevant price of the **Unit**. The minimum amount of the initial investment – USD 30,000 (thirty thousand).
Target size of the **Investment Fund**:	USD 50,000,000 (fifty million); Initial placement – minimum USD 1,000,000 (one million)
Investment objective:	The main objective of the investment is for the **Investment Fund** to generate **Profit** for the benefit of the **Unitholders**, in accordance with the predetermined investment risk appetite and through diversified investments, following the principles of transparent and sound investment.
Investment strategy:	The **Investment Fund** seeks to achieve its investment objectives by investing primarily in corporate secured[1] (including, only by suretyship) loans of various maturities of local commercial bank/banks, by way of syndication.
The target allocation of the assets:	The **Corporate Bank Credits** – up to (including) 100%; The capital market instruments (the treasury bonds of the USA, local corporate bonds) and bank deposits/certificates of deposits/money market instruments – up to (including) 50%.
Accrual and payment of interest per **Unit**:	It is determined in accordance with the **Memorandum** (chapter - "the distribution of the **Profits** of the **Investment Fund**").
The currency, in which the **Unit's** price or value is expressed:	US Dollar.
The currency, in which the payments are made:	US Dollar.
The commission of the **Asset Management Company**:	Determined in accordance with the rule established by the **Memorandum**.
Any restriction on the free movement of the **Unit**:	Any form of disposal of the **Unit**, including encumbrance and/or alienation, requires the prior written consent of the **Asset Management**

[1] An assessment regarding the credit collateral will be obtained from the bank in whose credits/exposure the Fund will make the investment.

	Company. Such an action without the consent of the **Asset Management Company** has no legal force.
The liquidation of the **Investment Fund**:	Determined under article 11 of the **Founding Document**.

The Management of the Investment Fund

The management and representative authority of the **Investment Fund** is exercised without limitation by BOG Asset Management LLC (I/N: 404696389), as envisaged in the **Founding Document**. The **Asset Management Company** has the authority to manage the assets of the Investment Fund and the risks related to the management of the **Investment Fund**.

The **Asset Management Company**, in accordance with its **Founding Document**, in addition to asset management and risk management, performs the following functions, which includes but is not limited to:

- Legal and accounting services required for the management of the **Investment Fund**;
- Communication with **Investors** and answering their questions;
- Valuation and pricing, including tax declaration;
- Production of the register of the **Unitholders**;
- Distribution of the **Profits**;
- Organization/provision of actions related to the issuance and redemption of the **Units**;
- Offering **Units** to **Investors**.

Additionally, the offering of the **Units** to the **Investors**, for the time being, will be carried out by JSC Galt and Taggart (I/N: 211359206), directly and/or through its intermediaries (which includes, without limitation, JSC Bank of Georgia (I/N: 204378869)). The said offering in the future may as well be carried out by and through any other securities market intermediary.

The **Asset Management Company** also carries out any other activity related to the assets of the **Investment Fund** that are not expressly prohibited for the asset management company by the **Legislation**, including, but not limited to, the provision of services required to fulfill the asset management company's fiduciary duties, the management of facilities/buildings, the administration of the real property, giving advice on capital structure, production strategy and issues related thereto, affiliated with the activities/objectives of the **Investment Fund**.

The **Unitholders** should note that, subject to the requirements under the **Legislation**, the **Asset Management Company** may delegate its functions to third parties, whom the **Asset Management Company** may choose in its sole discretion, and such delegation of authority shall not require the consent of the **Unitholders**.

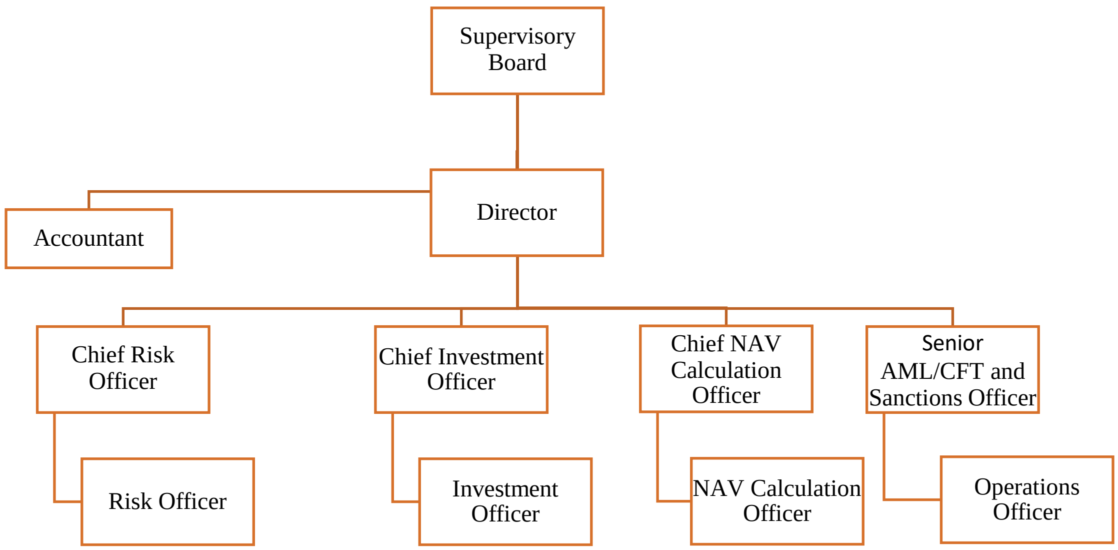
The liability of the **Asset Management Company** is limited and reserved both by the **Founding Document** and the asset management agreement signed with it.

The decision to terminate the management and representative powers of the **Asset Management Company**, to dismiss, replace the **Asset Management Company** and/or to terminate the asset management agreement with it is made by the general meeting of the **Unitholders**, and to make such a decision, the consent of all **Unitholders** with voting rights is required (100% of **Unitholders** with voting rights). In addition, such a decision can be made by the **Unitholders** only if:

- It has been confirmed by a legally binding decision of the court that the **Asset Management Company** had committed a criminal offense under the **Legislation**;
- It has been confirmed by a legally binding decision of the court that the **Asset Management Company** had deliberately, grossly violated the essential requirements provided by the **Founding Document** and/or the **Legislation**;

- The **Asset Management Company's** license to be an asset management company has been revoked;
- The liquidation or insolvency proceedings have been initiated against the **Asset Management Company**;
- The **NBG** has requested the termination of the agreement between the **Investment Fund** and the **Asset Management Company**.

The Structure of the Asset Management Company



The replacement of the **Asset Management Company** is allowed only in cases provided for by the **Founding Document**.

Maintenance of the Unitholders' Registry

The registry of the **Fund's Units** is maintained by the **Asset Management Company**.

The purchase and the possession of the **Fund's Unit** shall be carried out through a brokerage company/brokerage account registered in Georgia. To purchase the **Fund's Units**, the **Investor** must contact a brokerage company licensed and operating in Georgia, with which the **Fund** has signed the respective agreement.

Issuance of new Units

The **Asset Management Company** will issue new **Units** at its sole discretion, including, without limitation, without consent of the **Unitholders**.

If the **Asset Management Company** makes a decision of issuing new **Units** of the **Investment Fund**, such issuance can be carried out on the first **Business Day** of the next month, in accordance with the **Unit** value for the same **Business Day**, which shall be determined pursuant to the rules envisaged in chapter "Assessment of Investment Value" of this **Memorandum**. For the avoidance of any doubt, the first issuance of the **Units** may be carried out on any **Business Day** of the month.

The **Fund** is prohibited from issuing **Units** if the respective corresponding price for the **Units** is not paid in exchange for such **Units**, or the recipient of such **Units** does not undertake the obligation to pay in the pre-determined period the price for the **Units**.

<u>The investment process</u>

The control function in the investment process is mainly performed by the following three bodies: the supervisory board, the investment committee and the risk committee.

Supervisory Board

The supervisory board consists of four members, at least two of whom are independent members. As of the date of the **Memorandum**, all members of the supervisory board have been appointed with the **NBG's** confirmation.

The supervisory board determines the risk appetite in relation to investment and non-investment risks. The supervisory board will develop policies and procedures to ensure compliance of investment decisions with the **Investment Fund's** objectives, investment strategy and risk limits.

Moreover, the approval of both independent members of the supervisory board of the **Asset Management Company** is required to develop and/or make changes to the policy related to related party transactions.

Investment Committee

An investment committee is established by the **Asset Management Company**, which, within the limits set by the supervisory board, will issue recommendations on planned investments, and monitor the investment activity process. Furthermore, it monitors the compliance of investment activities with the strategy established by the supervisory board.

Risk Committee

The risk committee consists of at least a director, a chief risk officer (in the absence of which, it shall be a risk officer) and a chief investment officer (in the absence of which, it shall be an investment officer). The risk committee reviews and approves the company's risk management strategy, both aggregated and in terms of individual risks. The risk committee monitors the performance of the investment strategy and oversees the risk appetite management process.

The Rights of the Unitholders of the Investment Fund

Each **Unitholder** of the **Investment Fund** is authorized to:

(1) request from the **Investment Fund** the redemption of the **Units** owned by it in accordance with the rules and terms stipulated in the **Founding Document**;
(2) receive the **Profits** in accordance with the rules and terms stipulated in the **Memorandum**;
(3) request from the **Investment Fund** the standards and procedures references in the **Memorandum** and/or the **Founding Document**.

Additionally, the **Unitholder**, who is registered in the register of **Unitholders** as of the accounting date of the general meeting of **Unitholders**, is entitled to attend the meeting and participate in the voting process. Moreover, if a nominal owner is indicated as the owner of the **Unit** in the register of **Unitholders**, such nominal owner is entitled to attend the general meeting of **Unitholders**.

The general meeting of **Unitholders** is convened and held in accordance with the procedure envisaged in the **Founding Document**.

The general meeting of **Unitholders** considers and makes decisions only on the following issues:

1. making an amendment to the **Founding Document** and/or adopting a new edition of the **Founding Document**;
2. the reorganization of the **Investment Fund**, unless something else is/will be provided by the **Legislation**;
3. the appointment and/or dismissal of the **Asset Management Company** and/or on the conclusion and/or termination of the relevant agreement with it;
4. the determination of compensation and/or other additional benefits for the **Asset Management Company**;
5. the confirmation of the transaction in which the interested person defined by the Law of Georgia on Entrepreneurs is participating in;
6. participation in legal proceedings against the **Asset Management Company**, including the appointment of a representative for such proceedings.

On all matters listed above, with the exception of the matters provided for in subparagraphs (3) and/or (5) above, the decision is made by:

i. if the matter is initiated/confirmed by the **Asset Management Company** - a simple majority of the **Unitholders** present or represented with voting rights;
ii. in other cases - 100% of the **Unitholders** with voting rights.

The decision on the matter referred to in subparagraph (3) above shall be made by 100% of the **Unitholders** with voting rights.

The decision on the matter referred to in subparagraph (5) above shall be made by a simple majority of the **Unitholders** present or represented with voting rights.

Apart from the issues listed above, the decisions on all other matters are made solely and exclusively by the **Asset Management Company**. The **Unitholders** and/or the general assembly of **Unitholders** are not authorized to participate in the daily management of the **Investment Fund** or to make decisions on issues related to the management of the **Investment Fund**.

Any form of disposal of the **Unit**, including encumbrance and/or alienation, requires the prior written consent of the **Asset Management Company**. Such an action without the consent of the **Asset Management Company** has no legal force.

The rules and terms governing the general meeting of **Unitholders** are envisaged in detail in the **Founding Document**. This chapter is prepared on the basis of the **Founding Document** of the **Investment Fund** and in accordance with it. The conditions contained in this chapter are subject to change and will be changed in the event of a change in the **Founding Document**. In the event of any discrepancy and/or inconsistency between the terms of the **Founding Document** and the **Memorandum**, the terms of the **Founding Document** shall prevail. As a result, each **Investor** should read the **Founding Document** and its terms carefully.

Representation on the Conflict of Interest

The **Investor** acknowledges, acknowledges, agrees and accepts the following:

- The **Asset Management Company**, the **Investment Fund**, JSC Galt and Taggart (I/N: 211359206), the **Bank of Georgia** and other companies that are members of the **Bank of Georgia Group** are and/or may be involved in other financial, investment and/or related professional activities that in some cases, can potentially be a cause of conflict of interest. In order to mitigate the said risk, during the implementation of all and any transactions that will be concluded with any member company of the **Bank of Georgia Group**, the "arm's length principle" shall be complied with, which means that the transaction shall be concluded with the terms of the market value.
- There may be transactions affecting the interest of the **Asset Management Company**, **Bank of Georgia**, a member company of the **Bank of Georgia Group**, JSC Galt and Taggart IS/N: 211359206) and/or the members of the supervisory board of the **Asset Management Company**, which potentially creates a conflict of interest with their obligations towards the **Investment Fund**. In such cases, if the conflict of interest cannot be mitigated, the person with the conflict of interest shall act in accordance with its fiduciary obligations and in the best interests of the **Investment Fund** and the **Investors** of the **Investment Fund**.
- The **Asset Management Company** may also be the body responsible for the management of another investment fund. Additionally, the members of the supervisory board of the **Asset Management Company** may represent the persons performing the management function in another company that is a member of the **Bank of Georgia Group**. Each party shall, to the best of their ability and in accordance with the requirements of the **Legislation**, ensure that their involvement does not affect the performance of their obligations towards the **Investment Fund**.
- In addition to complying with the "arm's length principle", the **Asset Management Company** has a policy on “the management of the conflict of interest with related parties", which provides mechanisms for avoiding and managing potential cases of conflict of interest in order to ensure the development of the best and sound professional activity practices.
- The asset in which the **Investment Fund** invests may belong to the **Bank of Georgia** (including, the **Investment Fund** may invest fully only in the portfolio of the **Bank of Georgia**).

The **Investment Fund** and the **Asset Management Company** state that there may be cases where, given the organizational and/or administrative arrangements, conflict of interest management mechanisms are not sufficient to avoid the influence on the interests of the **Investment Fund** and the **Investment Fund's Investors**. If the **Asset Management Company** considers that the mechanisms for managing the conflict of interest are not sufficient, in such cases, if the mechanisms implemented by the **Investment Fund** and the **Asset Management Company** are not sufficient to eliminate the conflict, as a last resort, it will be announced to the **Unitholders** about the said circumstance in writing.

The **Asset Management Company** may also manage other investment funds and/or engage in other activities provided for and permitted by the **Legislation** for the **Asset Management Company**. Because of this, a situation may arise where the **Asset Management Company**, its directors, officers and employees have interests that are in conflict with the interests of the **Investment Fund** or have other customers whose interests are in conflict with the interests of the **Investment Fund** (hereinafter – the "**Material Interest**").

In order to avoid the conflict caused by the **Material Interest**, the **Asset Management Company** shall raise "Chinese walls", which provides for limiting the access of employees to information related to activities with which they do not have direct contact, and requires employees to ignore **Material Interests**, because the emergence of such may affect the **Investment Fund**.

In order to waive any duties, liabilities and restrictions that may otherwise be required by the **Legislation**, the **Unitholder** expressly acknowledges and represents that the **Asset Management Company** or its officers, directors and employees may have **Material Interests**. Notwithstanding the foregoing, the **Asset Management Company** confirms that no member of the team managing the **Asset Management Company** has or will have any **Material Interest** that would directly conflict with the management of the **Investment Fund**. The **Unitholder** acknowledges that the normal activities of such team members may include managing other investment funds.

The **Unitholder** acknowledges and agrees that by following the **Legislation** or due to confidentiality obligations to others and/or to maintain "Chinese walls", the **Asset Management Company** may be prohibited, or may be ineligible for the **Asset Management Company**, to use information about **Material Interests** for the benefit of the **Investment Fund**.

The **Unitholder** agrees that the **Asset Management Company** shall not disclose to the **Unitholder**, or use for the benefit of the **Unitholder**, any non-public information obtained in the course of providing services to another person, performing other activities.

The **Unitholder** acknowledges, represents, agrees and accepts that any investment or business relationship may involve potential conflicts of interest with related parties of the **Investment Fund** and/or the **Asset Management Company**. The **Unitholder** understands that the **Asset Management Company** will act in a manner it believes to be in good faith and that such conduct will be in the best interests of the **Investment Fund**. By purchasing a **Unit** in the **Investment Fund**, each **Unitholder** acknowledges that there may be an actual or potential conflict of interest and agrees to the possible existence of such conflict of interest and, at the same time, waives any claim and will not have any claim regarding the existence of such conflict.

Risk Profile

Risk Factors

I. Macroeconomic Risks and Political Risks Related to Georgia

- ***The Investment Fund is subject to risks associated with political, financial and economic instability in Georgia and the wider region.***

The **Investment Fund** operates primarily in Georgia and its assets are located primarily in Georgia; nevertheless, the **Investment Fund's** business profitability and its financial condition are affected by global macroeconomic and market conditions. Accordingly, the Investment Fund's results of operations are, and are expected to continue to be, significantly affected by political, financial and economic developments in or affecting Georgia and, in particular, by the level of economic activity in Georgia and the wider region. Factors such as GDP, inflation, interest and currency exchange rates, as well as unemployment, personal income and corporate finance, can have a material impact on Investment Fund’s investments.

After the contraction arising due to the COVID-19 pandemic in 2020, Georgia's economy recovered in 2021, with real GDP growth of 9.7% on average during the period from 2021 to 2023, according to Geostat. Starting from early 2022, the relocation of migrants and businesses to Georgia has had a favourable impact on economic activity. Georgia's EU candidacy, which was announced by the European Council in December 2023, is also expected to have a favourable impact on the economy.

Nonetheless, foreign currency inflows started to normalise gradually from the second half of 2023 and there can be no assurance that foreign currency inflows will remain robust. Moreover, in the event of a further escalation in the regional geopolitical situation or political instability in Georgia, there may be a reassessment of the country risks leading to sizable capital outflows. In this scenario, the Georgian Lari could depreciate significantly.

Inflation has also been a significant challenge for the economy in previous years. Persistently high inflation has been driven by the impact of consecutive external shocks and a recent strengthening of demand. The NBG managed to regain control over price level growth through tight monetary policy. Consequently, annual CPI inflation rate dropped to 0.4% at the end of 2023, compared to 9.8% at the end of 2022, according to Geostat. Despite the improved inflation outlook, inflation risks remain elevated. Russia's bans on gasoline exports and the Red sea crisis may have adverse spillovers on domestic prices leading to inflation above NBG targets.

Sustained geopolitical instability in the region and tight global financial conditions also pose downside risks to the outlook. In the event of further escalation of regional conflicts, the Georgian economy may be adversely affected through exchange rate depreciation, higher inflation and slower growth. Furthermore, in the event of further tightening of global financial conditions, investment and credit activity may slow, leading to weaker growth.

Market turmoil, economic deterioration and political instability in Georgia may cause consumer spending to decline and may have a material adverse effect on the liquidity and financial condition of the Group's customers in Georgia. Uncertain and volatile global and regional economic conditions, such as unpredictable developments in Ukraine, tight global financial conditions, a wave of elections planned for 2024, the armed conflict between Israel and Hamas, and the Houthi attacks on Red Sea ships could have substantial political and macroeconomic ramifications globally, which could, in turn, have a significant impact on the Georgian economy.

The Georgian economy is diversified, with no significant dependency on a single country, although European Union, Turkey, China, Azerbaijan, Armenia and Russia are significant trading partners.

After signing the deep and comprehensive free trade area (DCFTA) agreement with Georgia in 2014, the European Union (EU) has become Georgia's major trading partner. The EU accounted for 15.4% and 11.6% of Georgia's total exports and 22.6% and 24.6% of total imports in 2022 and 2023, respectively. Georgia also has significant linkages with the EU in terms remittances and tourism inflows. Money transfers from the EU accounted for 24.4% and 31.3% of Georgia's total receipts in 2022 and 2023, respectively. In 2022 and 2023, the shares of Georgia's tourism revenues from the EU member countries were 9.5% and 13.3%, respectively. In recent years, slower growth in the EU region caused by record high interest rates pose downside risks to the demand for Georgian exports as well as money transfers and tourist inflows.

Turkey represents the largest source of Georgian imports, accounting for 18.1%, 17.5% and 16.6% of total imports in 2021, 2022 and 2023, respectively, according to figures published by Geostat. Due to macroeconomic policy issues in Turkey, economic growth slowed and the Lira depreciated in recent years and growth is expected to slow further in 2024 to 3.1% according to the IMF. Despite the pivot towards more conventional monetary policy in mid-2023, the Turkish Lira continued to depreciate by approximately 58% against the US dollar in 2023, after a 40% depreciate back in 2022. In March 2024, the Central Bank of the Republic of Turkey raised interest rates by 500 basis points.

Azerbaijan and Armenia were the top two destinations for Georgia's exports in 2023 with 14.2% and 12.9% shares in Georgia's total exports, respectively, according to Geostat. In recent years, the two countries demonstrated divergent growth paths. The Armenian economy is benefitting from strong capital inflows, while the economy of Azerbaijan remains highly reliant on oil production and exports amid weak global commodity markets. The Armenian Dram weakened by approximately 2.5% against the US dollar in 2023 due to elevated geopolitical risks, after gaining approximately 18% in 2022 amid strong foreign currency inflows.

Russia is one of the largest markets for Georgian exports and imports, accounting for approximately 11.7% and 10.8% of Georgia's total exports and approximately 13.5% and 11.2% of Georgia's total imports in 2022 and 2023, respectively, according to Geostat. The Russian Ruble fell immediately after Russia's invasion of Ukraine and ensuing Western sanctions in early 2022. However, the Ruble strengthened in the following months as Russia introduced strict capital controls. The Russian economy contracted by 1.2% in 2022, according to the IMF. In 2023, due to a sharp decline in commodity export revenues caused by the Western sanctions, the Russian Ruble depreciated by approximately 22% versus the US dollar.

Due to strong economic ties, any economic disruptions or geopolitical escalations among Georgia's main trading partners may have a material adverse effect on Georgia's economy. There can be no assurance that the economic performance of Georgia can or will be sustained. To the extent that economic growth or performance in Georgia slows or begins to decline or there is a return to high or sustained inflation, the Investment Fund's business, financial condition, results of operations and prospects may be adversely affected.

- ***Instability or a lack of growth in the domestic currency market may have an adverse effect on the development of Georgia's economy and, in turn, have an adverse effect on the Investment Fund.***

Although the Lari is a fully convertible currency, there is generally no market outside Georgia for the exchange of Lari. A market exists within Georgia for the conversion of Lari into other currencies, but it is limited in size. According to the NBG, the total volume of trading turnover in the Lari-US Dollar and Lari-Euro markets (including activities of the NBG) amounted to US$ 127.7 billion and €68.1 billion in 2023, respectively, as compared to US$ 105.5 billion and €48.9 billion, respectively, in 2022, and US$ 53.2 billion and €26.7 billion, respectively, in 2021. Excluding activities of the NBG, the total volume of trading turnover in the Lari-US Dollar market amounted to US$ 126.1 billion in 2023, as compared to US$ 104.8 billion in 2022, and US$ 52.9 billion in 2021 (the NBG was not active in the Euro market). According to the NBG, it had US$ 5.0 billion in gross international reserves as of December 2023 as compared to US$ 4.9 billion as of December 2022 and US$ 4.3 billion as of December 2021. While these reserves will be sufficient to sustain the domestic currency market in the short term, a lack of growth of this currency market may hamper the development of Georgia's economy, which could have a material adverse effect on the businesses of the Investment Fund's investments and, in turn, on the Investment Fund's business, financial condition and results of operations.

In addition, any lack of stability in the currency market may adversely affect Georgia's economy. There was significant instability in the Lari/US Dollar exchange rate following conflict with Russia in 2008 and following the regional economic slowdown due to the fall in oil prices in 2015. In 2015, the Lari depreciated against the US Dollar, as a results of the economic slowdown in neighbouring countries. The Lari generally appreciated against the US Dollar and other major international currencies in the first half of 2016, primarily due to an increase in the number of tourists travelling to Georgia, but experienced depreciation in the second half of 2016 and in 2017 and 2018 due to negative expectations surrounding the collapse of the Turkish Lira, and in 2019 due to negative expectations surrounding Russia's direct flight ban. The Lari registered a 14.3% depreciation against the US dollar in 2020 amid the uncertainty and severe lockdowns of the economy caused by the COVID-19 pandemic. In 2021, 2022 and 2023, Lari gained 5.5%, 12.8%, and 0.5%, respectively, versus the US dollar as the Georgian economy experienced swift post-COVID-19 pandemic recovery followed by influx of foreign currency inflows triggered by the Russia-Ukraine war. The Lari/US Dollar exchange rate was 3.0976 as of 31 December 2021, 2.7020 as of 31 December 2022, 2.6894 as of 31 December 2023 and 2.6606 as of 29 February 2024. The ability of the Government and the NBG to limit any volatility of the Lari will depend on a number of political and economic factors, including the NBG's and the Government's ability to control inflation, the availability of foreign currency reserves and FDI and other currency inflows. Any failure to do so, or a major devaluation or further depreciation of the Lari, could adversely affect Georgia's economy and the financial system.

Disruptions in global supply chains and Lari depreciation caused persistently elevated CPI inflation in Georgia during 2019-2022. Inflation started to decline from 2023 due to lower global commodity prices as well as delayed effects of Lari appreciation and tight monetary policy. According to information published by Geostat, annual inflation in Georgia, as measured by the end-of-period Consumer Price Index, was 13.9%, 9.8% and 0.4% in 2021, 2022 and 2023, respectively. There is no guarantee that the Georgian economy will not be further affected by domestic or global increases in food, consumer products and oil prices. Deflation, while increasing the purchasing power of the Lari, could adversely affect FDI. On the other hand, high and sustained inflation could lead to market instability, a financial crisis, a reduction in consumer purchasing power and erosion of consumer confidence. Any of these events could lead to a deterioration in the performance of Georgia's economy and negatively affect the Investment Fund's business, financial condition and results of operations.

- ***Regional tensions and disruptions in neighbouring markets could have a negative effect on Georgia's economy.***

Georgia shares borders with Russia, Azerbaijan, Armenia and Turkey and has two breakaway territories within its borders, Abkhazia and the Tskhinvali Region/South Ossetia. Ongoing political tensions within the region have led to sporadic outbreaks of violence and the straining of diplomatic relations between Georgia and Russia, and in the region generally. Russia imposed sanctions on Georgia in 2006, and conflict between the countries escalated in 2008 when Russian forces crossed the international border and a state of war was declared. Although a French-brokered ceasefire was signed, calling for the withdrawal of Russian troops, Russia recognised the independence of the breakaway regions and tensions persist. Russia is opposed to the eastward enlargement of NATO, including former Soviet republics such as Georgia. Therefore, Georgia's continued progression towards closer economic and political ties with the EU and NATO may exacerbate tensions between Georgia and Russia. Developments, such as the introduction of a free trade regime between Georgia and the EU in September 2014, and the visa-free travel in the EU granted to Georgian citizens in March 2017, similarly contributed to such tensions. In July 2019, the Russian President ordered a ban on direct flights to Georgia as part of the Russian state response to mass anti-Russia demonstrations in Tbilisi in June 2019. Granting Georgia EU candidate status by the European Council in December 2023 may also result in some countermeasures by Russia.

In February 2022, Russia invaded Ukraine causing a humanitarian crisis in Eastern Europe. The invasion was preceded by strained relationship between the two nations since 2013. The war has changed the global security and economic landscape with major implications for the region. Western sanctions against Russia led to re-routing of trade flows, while migration of the Russian labour force affected the labour markets of the regional economies. Uncertainty regarding the duration of the war and the evolution of Western sanctions against Russia remains elevated.

The civil unrest, which took place in Turkey during 2016, has placed significant doubt over Turkey's ability to function as a stable regional trading partner for Georgia. However, in June 2018, as a result of early parliamentary and presidential elections, the amendments to Turkish constitution, which grant the president wider powers, transformed Turkey's system of government from a parliamentary system into an executive presidential system. Following the constitutional amendments, President Erdoğan was re-elected as the chairperson of the AKP and was re-elected as the President of Turkey in snap elections held on 24 June 2018. President Erdoğan won a third five-year term as president on 28 May 2023.

Further geopolitical disharmony in the region, most notably between Azerbaijan and Armenia, may also affect Georgia. After two decades of relative stability, the territorial conflict between Armenia and Azerbaijan over Nagorno-Karabakh region escalated in April 2016 with no major changes. In late 2020, a larger-scale escalation was defused by a ceasefire agreement with favourable terms to Azerbaijan. The regional security situation remains fragile after Azerbaijan assumed full control of Nagorno-Karabakh in September 2023, prompting approximately 100,000 ethnic Armenians to flee into Armenia. The Government of Armenia is currently seeking to negotiate a peace agreement with Azerbaijan, while geopolitical risks persist, as the border issues remain unresolved.

An increase in regional tensions and disruptions in Georgia's neighboring markets could have a material adverse effect on the Georgian economy, which in turn, particularly as the Investment Fund is primarily operating in Georgia, could have a material adverse effect on the business environment in which the Investment Fund operates and, accordingly, on its business, financial condition, results of operations and prospects.

- ***Political and governmental instability in Georgia could have a material adverse effect on the local economy and the Fund’s business.***

Since its independence from the former USSR in 1991, Georgia has experienced an ongoing and substantial political transformation from a constituent republic in a federal socialist state to an independent sovereign democracy.

Georgia faces several challenges, one of which is the need to implement further economic and political reforms. However, business and investor friendly reforms may not continue or may be reversed or such reforms and economic growth may be hindered as a result of any changes affecting the continuity or stability of existing reform policies, or as a result of a rejection of reform policies by the president, the parliament or others.

In October 2010, the Georgian Parliament approved certain amendments to the Constitution of Georgia (the "Constitution") that were intended to enhance the primary governing authority of the Georgian Parliament, to increase the powers of the prime minister of Georgia, and to limit the scope of functions of the president of Georgia. The Georgian Parliament adopted certain constitutional amendments further limiting the powers of the president of Georgia in March 2013. In October 2017 and March 2018, the Georgian Parliament made numerous changes to the Constitution introducing, inter alia, the indirect election of the president by the Georgian Parliament, a fully proportional electoral system of the Georgian Parliament starting from 2024, special status for agricultural land, and raising the minimum age for members of the Georgian Parliament and the president. The changes adopted in October 2017 and March 2018 entered into force in December 2018. Any further changes to Georgian parliamentary, presidential or prime ministerial powers might create political disruption or political instability or otherwise negatively affect the political climate in Georgia.

In December 2023, Georgia was granted EU candidate status with nine recommendations regarding certain key aspects of the country. One of the recommendations involves reforms in the Georgian judicial system, which, if implemented, could present challenges to its stable functioning. This is because the recommendation includes introducing "vetting" procedures for certain judges of higher instance courts, involving thorough investigation and evaluation to assess their suitability and credibility, which may be time-consuming. Additionally, the recommendations emphasise the importance of the NBG maintaining independence and impartiality in its operations. This could potentially result in alterations to the regulator's corporate governance and guarantees set by the legislation. Such alterations may include internal restructuring and personnel resource changes, thereby unpredictably altering the policies and approaches of the regulator.

The next parliamentary elections are scheduled for October 2024, set to be held under a full proportional representation system with 5% threshold – a first in the country's history, following the partially proportional elections of 2020. Furthermore, 2024 is also the year of the first indirect presidential elections, employing an indirect voting model where electoral college, comprising, inter alia, all members of the Georgian Parliament and the supreme representative bodies of the Autonomous Republics of Abkhazia and Adjara is tasked with appointing the president. The outcome of the elections cannot be predicted and there can be no assurance that there will not be instability following the elections if, for example, a government is unable to be formed.

In April 2024, protests have taken to the streets of Tbilisi to protest a controversial "foreign influence" bill backed by the government. Growing uncertainty regarding continued protests, heightened political tensions between the government and western allies could lead to a deterioration in the performance of Georgia's economy. If the political tension grows into instability, this may damage Georgia’s reputation among investors, as well as impede development of new economic projects and thus, have material adverse effect on the Investment Fund’s performance or its prospects to raise additional funds.

- ***Uncertainties in the judicial system in Georgia, or any arbitrary or inconsistent state action taken in Georgia in the future, may have a material adverse effect on the local economy, which could, in turn, have an adverse effect on the Investment Fund’s activities.***

Georgia's legal framework is still developing, with several fundamental civil, criminal, tax, administrative, financial and commercial laws having only recently become effective. The recent introduction of this legislation and the rapid evolution of the Georgian legal system have resulted in ambiguities and inconsistencies in its application, including in relation to such legislation's enforceability. In addition, the court system in Georgia is understaffed and has been undergoing significant reform. Judges and courts in Georgia are generally less experienced in financial, commercial and corporate law matters than in certain other countries, particularly in the EU and the United States. The uncertainties of the Georgian judicial system, and any decision made by the Georgian courts, could have a negative effect on the Georgian economy, which could, in turn, have a material adverse effect on the Investment Fund.

- ***There may be challenges associated with legislative harmonisation of the Georgian regulatory environment with the EU driven by the DCFTA.***

On 27 June 2014, Georgia entered into the EU Association Agreement and established the DCFTA (effective since 1 September 2014) with the EU, which envisages bilateral trade liberalisation with the EU with effect from 1 July 2016. The implementation of the EU Association Agreement is expected to create new business opportunities, although it may pose challenges for businesses, households and the state. The implementation of the EU Association Agreement and the DCFTA may require Georgia to conform to EU trade-related and sector-specific legislation, which is expected to be challenging, especially in the areas of environmental protection and customer safety, including product and safety information, among others.

Georgia has been gradually conforming its trade legislation to EU norms and practices since it became a member of the World Trade Organisation in 2000. For example, in 2013, it introduced amendments to the labour code to bring Georgian labour laws closer to commitments under the EU Association Agreement and the DCFTA. These amendments required employers to pay overtime, increased severance pay (from one to two months' salary), strengthened workers' rights to challenge employers' decisions in court, prohibited dismissal without clear cause, and guaranteed basic working conditions. In September 2020, further major amendments were adopted to the labour legislation introducing a national institutional mechanism, State Labour Inspectorate, to monitor the implementation and enforcement of the labour code outside of the judicial system, imposing administrative sanctions for the violation of labour law requirements, introducing mechanisms for protection of employees' rights in case of a transfer of undertaking and various other rules enhancing employee protection.

In December 2019, the Georgian Parliament adopted the Resolution Framework, widely known as the framework under the BRRD and, in January 2020, Law of Georgia on Financial Collateral Arrangements, Netting and Derivatives (hereinafter - the "**Derivatives Law**") Law came into force. These legislative developments were consistent with Georgia's commitments under the EU Association Agreement to align its legislation with the relevant EU norms. Further, in June 2023, the Georgian Parliament adopted the new law of Georgia on personal data protection which aims to bring Georgian personal data protection standards in line with the standards of the EU General Data Protection Regulation (Regulation (EU) 2016/67).

Other changes in governmental policy are expected, including changes in the implementation or approach of previously announced government initiatives. In addition, the implementation of the EU Association Agreement may place a significant burden on regulatory bodies, divert their resources from ongoing reforms and slow their efficiency.

As a result of expected regulatory amendments to achieve harmonisation with EU legislation, the Investment Fund may be required to adjust its policies and procedures to comply with any resulting changes in laws and regulations. If any of these risks materialise, they could have a material adverse effect on the Investment Fund's business, financial condition and results of operations.

- ***The Parliament of Georgia and the NBG continue to introduce various regulations in the financial sector, which may create additional operational burden for the Investment Fund.***

In recent years, massive pieces of new laws have been introduced in the financial sector of Georgia. For example, (i) the new Investment Funds Law was introduced on 14 July 2020 followed by numerous sub-normative acts in the sector, which detailed the procedure for registration and licensing of asset management entities, investment funds and special depositaries, as well as regulated legal relations in this sector; (ii) the Law on Financial Pledge, Netting and Derivatives was introduced in 20 December 2019; (iii) new Law on Facilitating of Prevention of Money Laundering and Financing of Terrorism was introduced in October 2019, which made movement of funds subject to strict supervision. There is no guarantee that new laws and regulations introduces by the NBG or other administrative bodies will not impede the Investment Fund's operations or impose additional administrative burden on it, which may cause decrease of overall efficiency and profitability of the Investment Fund.

- ***Uncertainties in the tax system in Georgia may result in the imposition of tax adjustments or fines against the Group and there may be changes in current tax laws and policies***

Tax laws have been in force in Georgia for a relatively short period of time compared to more developed market economies. This creates challenges in complying with tax laws, to the extent that such tax laws are unclear or subject to differing interpretations, and subjects companies to the risk that their attempted compliance could be challenged by the authorities. Tax law enforcement can also be unpredictable.

Moreover, tax laws are subject to changes and amendments, which can result in complexities for businesses. A new tax code (hereinafter - the "**Tax Code**") came into effect on 1 January 2011. In December 2010, the Constitution had been amended to prohibit the introduction of new state-wide taxes or increases in existing tax rates (other than excise taxes) without a public referendum initiated by the Government (except in certain limited circumstances). In January 2011, the Georgian Parliament passed the Organic Law on Economic Liberty reflecting the same constitutional guarantee. This law has been in effect since 31 December 2013 and will remain in effect for 12 years from 16 December 2018. In October 2017, the Constitution was amended to retract the provision prohibiting the introduction of new taxes and tax increases. The Organic Law on Economic Liberty was however also amended to guarantee that the prohibition on new taxes and tax increases will remain in place until December 2030. Differing opinions regarding the interpretation of various provisions of the Tax Code exist both among and within governmental ministries and organisations, including the tax authorities, creating uncertainties, inconsistencies and areas of conflict. However, the Tax Code does allow for the Georgian tax authorities to give advance tax rulings on tax issues raised by taxpayers. While the Asset Management Company believes that the Fund is currently in compliance with the tax laws, it is possible that the relevant authorities could take differing positions with regard to their interpretation, which may result in tax adjustments or fines. There is also a risk that the Group could face fines or penalties as a result of regular tax audits.

In addition, tax laws and Government tax policies may be subject to change in the future, including changes resulting from a change in the Government. Such changes could include the introduction of new taxes or an increase in the tax rates applicable to the Investment Fund or its investments, which may, in turn, have a material adverse effect on its business.

In May 2016, the Georgian Parliament adopted amendments to the Tax Code which provide that an enterprise will not be liable for the payment of corporate profit tax until it distributes its profit to shareholders, or incurs costs, or makes supplies or payments that are subject to corporate profit tax. These amendments have applied from 1 January 2017 for all entities apart from certain financial institutions, including banks and insurance businesses (the changes have been applicable insurance businesses, from 1 January 2024). On 16 December 2022, an amendment to the corporate taxation model applicable to banks was introduced which became effective from 1 January 2023. The change provided for a zero dividend income tax rate on dividends distributed to shareholders and a 20% corporate tax rate on annual profit defined as difference between gross taxable income and deductible charges.

- ***There are additional risks associated with investing in emerging markets such as Georgia.***

Emerging markets may have higher volatility, more limited liquidity and a narrower export base than more mature markets and are subject to more frequent changes in the political, economic, social, legal and regulatory environment. They are subject to rapid change and are particularly vulnerable to market conditions and economic downturns elsewhere in the world.

In addition, international investors may react to events, disfavouring an entire region or class of investment, a phenomenon known as "contagion effect". If such a contagion effect occurs, Georgia could be adversely affected by negative economic or financial developments in other emerging market countries. Georgia has been adversely affected by contagion effects in the past, including following2008-2009 global financial crisis, regional turbulence in 2015 due to lower oil prices and since 2022 due to Russia-Ukraine war. Georgia may be affected by similar events in the future.

Tighter global financial conditions and lower capital flows to emerging market economies, weakness in global trade due to geopolitical fragmentation, elevated geopolitical risks, high volatility and large and sustained declines in commodity prices, wide-ranging spillovers from Russia's invasion of Ukraine and the slowdown of the global economy due to, among other things, high interest rates and slower productivity growth may have an adverse effect on Georgia's economy. Financial and/or political instability in emerging markets also tends to have a material adverse effect on capital markets and the wider economy as investors generally move their money to more developed markets, which they may consider to be more stable. These risks may be compounded by incomplete, unreliable, unavailable or untimely economic and statistical data on Georgia, which may include information in this document.

II. Risks Relating to Investment Strategies, Investment Fund's Investments and the Investment Fund's Investment Policy

- ***Investment in Private Credit Instruments is subject to certain inherent risks.***

The Investment Fund has a broad mandate with respect to the type and nature of investments, in which it participates. While around 90% of the loans, in which the Investment Fund will invest will be secured, the Investment Fund may also invest in unsecured liquid instruments.

The borrowers of loans constituting the Investment Fund's assets may seek the protections afforded by bankruptcy, insolvency and other debtor relief laws. Bankruptcy proceedings are unpredictable as described further below. Additionally, the numerous risks inherent in the insolvency process create a potential risk of loss by the Investment Fund of its entire investment in any particular investment. Insolvency laws may result in a restructuring of the debt without the Investment Fund's consent under the "cramdown" provisions of applicable insolvency laws and may also result in a discharge of all or part of the debt without making the payment to the Investment Fund.

- ***Investment Fund's success is subject to the overall market conditions it operates in, which may be often uncertain and not favourable.***

The success of the Investment Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Investment Fund's investments), trade barriers, currency exchange controls, disease outbreaks, pandemics, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations).

As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. These types of events quickly and significantly impact markets in the U.S. and across the globe leading to extreme market volatility and disruption. The extent and nature of the impact on supply chains or economies and markets from these events is unknown, particularly if a health emergency or other similar event, such as the recent COVID-19 outbreak, persists for an extended period of time. The value of the Investment Fund's investment may decrease as a result of such events, particularly if these events adversely impact the operations and effectiveness of the Asset Manager Company or key service providers.

The Investment Fund's investment strategy and the availability of opportunities satisfying the Investment Fund's risk-adjusted return parameters relies in part on observable trends and conditions in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by the Asset Manager Company will prove correct and actual events and circumstances may vary significantly.

Many of the issuers in which the Investment Fund will make investments may be susceptible to economic slowdowns or recessions and may be unable to repay the loans made to them during these periods. Therefore, non-performing assets may increase and the value of the Investment Fund's portfolio may decrease during these periods as the Investment Fund is required to record the investments at their current fair value. Adverse economic conditions also may decrease the value of collateral securing some of the Investment Fund's loans and the value of its equity investments. Economic slowdowns or recessions could lead to financial losses in the Investment Fund's portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase the Investment Fund's and the issuers' funding costs, limit the Investment Fund's and the issuers' access to the capital markets or result in a decision by lenders not to extend credit to the Investment Fund or the issuers. These events could prevent the Investment Fund from increasing investments and harm its operating results.

An issuer's failure to satisfy financial or operating covenants imposed by the Investment Fund or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its secured assets, which could trigger cross- defaults under other agreements and jeopardize the issuer's ability to meet its obligations under the debt that the Investment Fund holds. The Investment Fund may incur additional expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting issuer. In addition, if one of the issuers were to go bankrupt, depending on the facts and circumstances, including the extent to which the Investment Fund will actually provide significant managerial assistance to that issuer, a bankruptcy court might subordinate all or a portion of the Investment Fund's claim to that of other creditors.

The prices of financial instruments in which the Investment Fund may invest can be highly volatile. General fluctuations in the market prices of securities may affect the value of the investments held by the Investment Fund. Instability in the securities markets may also increase the risks inherent in the Investment Fund's investments.

- ***Investment Fund's performance is subject to the credit risk of its portfolio entities, which will often be below investment grade, unrated and unhedged.***

One of the fundamental risks associated with the Investment Fund's investments is credit risk, which is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. The Investment Fund's return to investors would be adversely impacted if an issuer of debt in which the Investment Fund invests becomes unable to make such payments when due.

Although the Investment Fund may make investments that the Asset Manager Company believes are secured by specific collateral, the value of which may initially exceed the principal amount of such investments or the Investment Fund's fair value of such investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. Certain of these investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In addition, loans may provide for payments-in-kind, which have a similar effect of deferring current cash payments. In such cases, an issuer's ability to repay the principal of an investment may depend on a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

With respect to the Investment Fund's investments in any number of credit products, if the borrower or issuer breaches any of the covenants or restrictions under the credit agreement that governs loans of such issuer or borrower, it could result in a default under the applicable indebtedness as well as the indebtedness held by the Investment Fund. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies.

This could result in an impairment or loss of the Investment Fund's investment or a pre-payment (in whole or in part) of the Investment Fund's investment.

Similarly, while the Investment Fund will generally target investing in companies it believes are of high quality, these companies could still present a high degree of business and credit risk. Companies in which the Investment Fund invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or the continuation or worsening of the current (or any future) economic and financial market downturns and dislocations. As a result, companies that the Investment Fund expected to be stable or improve may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or maintain their competitive position, or may otherwise have a weak financial condition or experience financial distress.

- ***The Investment Fund's portfolio will be subject to the credit spread risk.***

Credit spread risk is the risk that credit spreads (i.e., the difference in yield between securities that is due to differences in their credit quality) may increase when the market expects below-investment-grade bonds to default more frequently. Widening credit spreads may quickly reduce the market values of below-investment-grade and unrated securities. The U.S. capital markets have experienced extreme volatility and disruption following the spread of COVID-19, which has increased the spread between yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. These and future market disruptions and/or illiquidity would be expected to have a material adverse effect on the Investment Fund's business, financial condition, results of operations and cash flows.

- ***The Investment Fund's portfolio may entail a concentration risk.***

If the Investment Fund invests significantly in one industry and/or the Fund is unable to effectively diversify its investments in different economic sectors, creditors and financial instruments, it may create risks of potential financial losses.

- ***Investing in loan portfolio without direct involvement in the loan administration subjects the Investment Fund's activities to higher counterparty risk, be it the mismanagement by a commercial bank in question or the insolvency of a commercial bank.***

Although the Investment Fund may invest in loans, it will not be directly engaged in administering the loans. The types of loans are not limited and may include, without limitation, senior loans secured with the first ranking security, the security may be subordinated to other senior lenders or the loan may turn out to be unsecured at all, as a result of destruction of the relevant collateral or otherwise, etc. The Investment Fund will operate primarily through secondary transactions, including Syndicated Loans. Therefore, enforcement of its rights, to a certain extent, will be dependent on the Commercial Bank administering the Investment Fund's portfolio claims. Under this arrangement any potential mistake, mismanagement or inappropriate action by counterparty banks with respect to the administration of the loan portfolio may result in material loss for the Investment Fund.

Additionally, in the event when the borrower remains in compliance with its loan requirements but the counterparty bank experiences financial problems, defaults or liquidation, the Investment Fund may lose some or all of its investments in case of Entrusting of Monetary Investment Funds with no recourse to the original borrower. The special risks associated with these obligations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality and (iii) limitations on the ability of the Investment Fund or the Asset Manager Company to directly enforce its rights with respect to participations. The Asset Manager Company will seek to balance the magnitude of these and other risks identified by it against the potential investment gain prior to entering into each such investment. Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by the Investment Fund.

- ***The underlying collateral may deteriorate, partially or fully, and loose its value or the proceeds may be materially reduced due to applicable enforcement procedures.***

It is expected that when the Investment Fund makes a senior secured term loan investment in an issuer, it will generally take a security interest in substantially all of the available assets of the issuer. However, there is a risk that the collateral securing the Investment Fund's loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the issuer to raise additional capital, and, in some circumstances, the Investment Fund's lien could be subordinated to claims of other creditors. There is also a risk of full deterioration of the collateral. In addition, deterioration in an issuer's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Investment Fund will receive principal and interest payments according to the loan's terms, or at all, or that it will be able to collect on the loan should it be forced to enforce its remedies.

The value of the Investment Fund's assets may be detrimentally affected to the extent a borrower defaults on its obligations. There can be no assurance that the value assigned by the Asset Manager Company to collateralize an underlying loan can be realized upon liquidation, nor can there be any assurance that any such collateral will retain its value. Furthermore, circumstances could arise (such as in the bankruptcy of a borrower) that could cause the Investment Fund's security interest in the loan's collateral to be invalidated or subjected to special regime with the initiative of the insolvency administrator. Also, much of the collateral will be subject to restrictions on transfer intended to satisfy securities regulations, which will limit the number of potential purchasers if the Investment Fund intends to liquidate such collateral. The amount realizable with respect to a loan may be detrimentally affected if a guarantor, if any, fails to meet its obligations under a guarantee. Finally, there may be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of various types of collateral.

Finally, loans may become non-performing for a variety of reasons. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. Additional costs associated with these activities may reduce returns.

- ***General interest rate fluctuations and changes in credit spreads on floating rate loans may have a substantial negative impact on the Investment Fund's investments and investment opportunities.***

General interest rate fluctuations and changes in credit spreads on floating rate loans may have a substantial negative impact on the Investment Fund's investments and investment opportunities and, accordingly, may have a material adverse effect on the Investment Fund's rate of return on invested capital, the Investment Fund's net investment income and the Investment Fund's NAV. Certain of the Investment Fund's debt investments will have variable interest rates that reset periodically based on benchmarks, so an increase in interest rates from current levels may make it more difficult for issuers to service their obligations under the debt investments that the Investment Fund will hold. In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. In periods of declining interest rates Investment Fund's investments in variable interest rates will have lower rates of return corresponding to interest rate adjustment terms. Declining market rates will also make it difficult to find attractive investment alternatives resulting in lower performance in Investment Fund's investments. Adjustable rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). From time to time, the Investment Fund may be exposed to medium to long-term spread duration securities. Longer spread duration securities may be subject to greater adverse price impacts when interest rates increase. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

- ***Investment in the Investment Fund is subject to inflation risks.***

Inflation risk is the risk that the value of certain assets or income from the Investment Fund's investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of investments and distributions can decline. In addition, during any periods of rising inflation, the dividend rates or borrowing costs associated with the Investment Fund's use of leverage would likely increase, which would tend to further reduce returns to Unitholders.

- ***Changes in reference rates or unpredictability with the acceptable market benchmark may cause the Investment Fund to renegotiate its portfolio loans, as well as its own credit facilities and thus, have a material adverse effect on the Investment Fund's activities.***

At this time, it is not possible to predict the effect of any changes regarding reference rates, any establishment of alternative reference rates or any other reforms to current reference rates that may be enacted. It is possible that banks will not continue to provide submissions for the calculation of current reference rates. Similarly, it is not possible to predict whether current reference rates will continue to be viewed as an acceptable market benchmark, what rate or rates may become accepted alternatives to current rates, or what the effect of any such changes in views or alternatives may have on the financial markets for current reference rate-linked financial instruments.

The expected discontinuance of current reference rates may require the Investment Fund to renegotiate credit agreements entered into prior to the discontinuation of that rates, which may have a material adverse effect on the Investment Fund's ability to receive attractive returns.

Depending on several factors, including those set forth above, and the related costs of negotiating and documenting necessary changes to documentation, the Investment Fund's business, financial condition and results of operations could be materially adversely impacted by the market transition or reform of certain reference rates and benchmarks. Other factors include the pace of the transition to replacement or reformed rates, the specific terms and parameters for and market acceptance of any alternative reference rates, prices and liquidity of trading markets for products based on alternative reference rates, and the Investment Fund's ability to transition and develop appropriate systems and analytics for one or more alternative reference rates.

- ***Possibility of early repayment of portfolio loans and scarcity of alternative investment opportunities may materially reduce the Investment Fund's yield and possibility to generate positive returns.***

Loans are generally callable at any time, and certain loans may be callable at any time at no premium to par. The Asset Manager Company is generally unable to predict the rate and frequency of such repayments. Whether a loan is called will depend both on the continued positive performance of the issuer and the existence of favorable financing market conditions that allow such issuer the ability to replace existing financing with less expensive capital. As market conditions change frequently, the Asset Manager Company will often be unable to predict when, and if, this may be possible for each of the Investment Fund's issuers. In the case of some of these loans, having the loan called early may have the effect of reducing the Investment Fund's actual investment income below its expected investment income if the capital returned cannot be invested in transactions with equal or greater yields.

- ***The Fund may invest in the claims towards such companies that might be dollarized and that carry currency risks which, in case of high FX instability, might affect the risk profile of the Fund as well.***

Despite the Investment Fund's general objective of investing in the claims towards companies that, in the Fund's view, have a strong financial standing, such companies may still carry currency risks. The financial standing of the companies, towards whose claims the Investment Fund invests in, may deteriorate, including due to unfavourable developments in the foreign exchange (currency) market. As a result, companies from which the Investment Fund expects stability or improved performance may incur losses or experience significant negative changes in their financial results. Such companies may require and request substantial additional capital to support their operations/activities or to maintain a competitive position on the market.

The Fund's Investors are also subject to the FX risk as the Fund will be operating only in the US Dollars which might differ from the primary currency of the Investor and the risks associated with the US Dollars may materialize.

The Investors who will invest in the Fund shall be aware that the currency of the Fund in which the price of the Units will be denominated, the value of the Units will be expressed and using which the payments will be made, is US Dollars which exposes the Investors of the Fund to the currency (foreign exchange) risks associated with the US Dollars.

- ***The Investment Fund may invest in highly leveraged issuers, which will increase its exposure to adverse economic conditions and may cause loss of investment.***

The Investment Fund's investments are expected to include investments in issuers whose capital structures have significant leverage , a considerable portion of which may be at floating interest rates. The leveraged capital structure of such issuers will increase their exposure to adverse economic factors such as rising interest rates, downturns in the economy or further deteriorations in the financial condition of the issuer or its industry. This leverage may result in more serious adverse consequences to such companies (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged issuers. In using leverage, these issuers may be subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance or otherwise pursue their future operations or otherwise satisfy additional capital needs. Moreover, rising interest rates may significantly increase the issuers or project's interest expense, or a significant industry downturn may affect a company's ability to generate positive cash flow, in either case causing an inability to service outstanding debt. In case of liquid assets, the Investment Fund's investments may be among the most junior financing in an issuer's capital structure. In the event such issuer cannot generate adequate cash flow to meet debt obligations, the company may default on its loan agreements or be forced into bankruptcy resulting in a restructuring or liquidation of the company, and the Investment Fund, particularly in light of the subordinated and/or unsecured position of the Investment Fund's investments, may suffer a partial or total loss of capital invested in the company, which could adversely affect the return of the Investment Fund.

- ***The portfolio entities' operations may be adversely affected by force majeure events causing damage to the Investment Fund and its investments.***

Issuers may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including an issuer or a counterparty to the Investment Fund or an issuer) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to an issuer or the Investment Fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Investment Fund may invest specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more issuers or its assets, could result in a loss to the Investment Fund, including if its investment in such issuer is cancelled, unwound or acquired (which could be without what the Investment Fund considers to be adequate compensation). Any of the foregoing may therefore adversely affect the performance of the Investment Fund and its investments.

- ***The Investment Fund faces liquidity risk***

The Investment Fund is exposed to liquidity risk, which arises when there is a mismatch between the maturities of its assets and liabilities (regular redemption offerings and return distributions to investors). Liquidity risk is inherent in investment operations and may be heightened by a number of factors, including an over-reliance on, or an inability to access, a particular investment, changes in credit ratings or market-wide phenomena, such as financial market instability. The availability of credit in emerging markets, in particular, is significantly influenced by the level of investor confidence. Any factors affecting this, including a downgrade in credit ratings, state interventions or debt restructurings in a relevant industry, could affect the price and/or availability of investment for the Investment Fund. The Investment Fund's liquidity may be affected by unfavourable financial market conditions. If assets held by the Investment Fund in order to provide liquidity become illiquid or their value drops substantially.

- ***The risk of a decrease in the value of a Unit and the Investor's proportional participation due to the issuance of new Units (dilution risk)***

Since according to this Memorandum and the charter, the Asset Management Company is entitled to issue new Units unilaterally, such issuance might reduce the proportional participation of the Unitholder in the Investment Fund.

Apart from the above-mentioned, it may not be possible to put the investments received from the issuance of new Units into the instruments that align with the ongoing profitability of the Fund and this might cause the decrease in the Unit's value for the existing Investors.

III. Other Risks Relating to the Investment Fund

- ***Having no employees of its own, the Investment Fund is highly dependent on the Asset Manager Company and its senior management team.***

Since the Investment Fund has no employees, it depends on the investment expertise, skill and network of business contacts of the Asset Manager Company. The Asset Manager Company evaluates, negotiates, structures, executes, monitors and services the Investment Fund's investments. The Investment Fund's future success depends, to a significant extent, on the continued service and coordination of the Asset Manager Company and its senior management team. The departure of any members of the Asset Manager Company's senior management team could have a material adverse effect on the Investment Fund's ability to achieve its investment objective.

The Investment Fund's ability to achieve its investment objective depends on the Asset Manager Company's ability to identify, analyze, invest in, finance and monitor companies that meet the Investment Fund's investment criteria. The Asset Manager Company's capabilities in managing the investment process, providing competent, attentive and efficient services to the Investment Fund, and facilitating access to financing on acceptable terms depend on the employment of investment professionals in an adequate number and of adequate sophistication to match the corresponding flow of transactions. To achieve the Investment Fund's investment objective, the Asset Manager Company may need to hire, train, supervise and manage new investment professionals to participate in the Investment Fund's investment selection and monitoring process. The Asset Manager Company may not be able to find investment professionals in a timely manner or at all. Failure to support the Investment Fund's investment process could have a material adverse effect on the Investment Fund's business, financial condition and results of operations.

- ***The Investment Fund's success depends on the skills and network of certain professionals and there is no guarantee that the Asset Manager Company will have the ability to hire or maintain such qualified personnel.***

The Asset Manager Company depends on the diligence, skill and network of business contacts of certain professionals. The Asset Manager Company also depends, to a significant extent, on access to other investment professionals and the information and deal flow generated by these investment professionals in the course of their investment and portfolio management activities. The Investment Fund's success depends on the continued service of such personnel. The investment professionals associated with the Asset Manager Company are actively involved in other investment activities not concerning the Investment Fund and will not be able to devote all of their time to the Investment Fund's business and affairs. The departure of any of the senior managers of the Asset Manager Company, or of a significant number of the investment professionals or partners of the Asset Manager Company's affiliates, could have a material adverse effect on the Investment Fund's ability to achieve its investment objective. Individuals not currently associated with the Asset Manager Company may become associated with the Investment Fund and the performance of the Investment Fund may also depend on the experience and expertise of such individuals. In addition, there is no assurance that the Asset Manager Company will continue to have access to the investment professionals and partners of its affiliates and the information and deal flow generated by the investment professionals of its affiliates.

- ***Units will not be listed. Absent the obligation of the Investment Fund to redeem investors on a daily basis and no functional secondary market in Georgia, investment in the Investment Fund will be highly illiquid. There is a risk that selling units in a highly illiquid market will result in high liquidity discount and thus significantly reduced proceeds from selling.***

The Investment Fund has been registered as an interval investment company. Interval funds are considered to be a sub-category of closed-end funds, which offer repurchase option to its investors on a period basis (in case of the Investment Fund, annually). Closed-end funds differ from open-end investment companies (commonly known as mutual funds) because investors in a closed-end fund do not have the right to redeem their units on a daily basis. Unlike most closed-end funds, which typically list their units on a securities exchange, the Investment Fund does not currently intend to list the Units for trading on any securities exchange.

The Investment Fund is designed primarily for long-term investors. The Investment Fund is not intended to be a typical traded investment. There is no secondary market for the Investment Fund's Units and the Investment Fund expects that no secondary market may develop. An investor should not invest in the Investment Fund if the investor needs a liquid investment. The Investment Fund, in accordance with its main policy, will make offers to repurchase not more than 10% of its outstanding Units at least once ina year, based on its Net Asset Value. The Investors may not be able to sell their Units when and/or in the amount they desire. Even in case when the Unitholders are able to sell the Units on the highly illiquid secondary market, there is a risk that a high liquidity discount will be applied and significantly lower proceeds will be received during such transaction.

- ***Investment opportunities are scarce and there is high degree of competition in the financial sector players, some of which are more experienced and have more resources. This may have negative affect on the Investment Fund's performance.***

The Investment Fund competes for investments with other investment funds, as well as traditional financial services companies such as commercial banks and other sources of funding. Moreover, alternative investment vehicles, such as hedge funds, have begun to invest in areas in which they have not traditionally invested. As a result of these new entrants, competition for investment opportunities may intensify. Many of the Investment Fund's competitors are substantially larger and may have considerably greater financial, technical and marketing resources than the Investment Fund. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to the Investment Fund. In addition, some of the Investment Fund's competitors may have higher risk tolerances or different risk assessments. These characteristics could allow the Investment Fund's competitors to consider a wider variety of investments, establish more relationships and pay more competitive prices for investments than it is able to do. The Investment Fund may lose investment opportunities if it does not match its competitors' pricing. If the Investment Fund is forced to match its competitors' pricing, it may not be able to achieve acceptable returns on its investments or may bear substantial risk of capital loss. A significant increase in the number and/or the size of the Investment Fund's competitors could force it to accept less attractive investment terms.

- ***The Investment Fund's returns may not justify the risk related to investment in Units.***

No assurance can be given that the returns on the Investment Fund's investments will be commensurate with the risk of investment in its Units.

- ***The Units are offered on a "best effort" basis, with no guarantee that the Asset Manager Company will raise funds.***

This offering is being made on a best efforts basis, whereby the Asset Manager Company is only required to use its best efforts to sell the Units and has no firm commitment or obligation to purchase any of the Units. To the extent that less than the maximum offering amount is subscribed for, the opportunity for the allocation of the Investment Fund's investments among various issuers and industries may be decreased, and the returns achieved on those investments may be reduced as a result of allocating all of the Investment Fund's expenses over a smaller capital base.

- ***The Asset Manager Company may not be able to maintain an adequate network of broker-dealers.***

The success of the Investment Fund's continuous offering, and correspondingly the Investment Fund's ability to implement its investment objective and strategies, depends upon the ability of the Asset Manager Company to establish, operate and maintain a network of selected broker-dealers to sell the Units. If the Asset Manager Company fails to perform, the Investment Fund may not be able to raise adequate proceeds through the Investment Fund's continuous private offering to implement the Investment Fund's investment objective and strategies. If the Investment Fund is unsuccessful in implementing its investment objective and strategies, an investor could lose all or a part of its investment in the Investment Fund.

- ***Due to absence of public market for the Investment Fund's portfolio investments, the Asset Manager Company will have to evaluate the Investment Fund's investments at a fair value, which, because of selected methodology and other objective factors, may cause to understate or overstate the value of an investment.***

The Investment Fund is required to carry its portfolio investments at market value or, if there is no readily available market value, at a fair value. There is not a public market for the loans in which the Investment Fund may invest.

A high proportion of the Investment Fund's investments relative to its total investments are expected to be valued at fair value. Certain factors that may be considered in determining the fair value of the Investment Fund's investments include the nature and realizable value of any collateral, the portfolio company's earnings and its ability to make payments on its indebtedness, the markets in which the portfolio company operates, comparison to selected publicly-traded companies, discounted cash flow and other relevant factors. The factors and methodologies used for the valuation of such securities are not necessarily an indication of the risks associated with investing in those securities, nor can it be assured that the Investment Fund can realize the fair value assigned to a security if it were to sell the security. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, they often reflect only periodic information received by the Asset Manager Company about such companies' financial condition and/or business operations, which may be on a lagged basis and therefore fluctuate over time and can be based on estimates. Determinations of fair value may differ materially from the values that would have been used if an exchange-traded market for these securities existed.

Investments in private companies are typically governed by privately negotiated credit agreements and covenants, and reporting requirements contained in the agreements may result in a delay in reporting their financial position to lenders, which in turn may result in the Investment Fund's investments being valued on the basis of this reported information. Furthermore, the Investment Fund is offered on a daily basis and calculates a daily NAV per Share. The Asset Manager Company seeks to evaluate on a daily basis material information about the Investment Fund's portfolio companies; however, for the reasons noted herein, the Asset Manager Company may not be able to acquire and/or evaluate properly such information on a daily basis. Due to these various factors, the Investment Fund's fair value determinations can cause the Investment Fund's NAV on a given day to materially understate or overstate the value of its investments. As a result, investors who purchase units may receive more or less units and investors who tender their units may receive more or less cash proceeds than they otherwise would receive.

- ***Investment Fund's activities are subject to cybersecurity risks, which it may not be able to insure due to lack of resources and high reliance on third party providers.***

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in future. The Asset Manager Company faces various security threats on a regular basis, including ongoing cyber security threats to and attacks on its information technology infrastructure that are intended to gain access to its proprietary information, destroy data or disable, degrade or sabotage its systems. These security threats could originate from a wide variety of sources, including unknown third parties outside of the Asset Manager Company. Although the Asset Manager Company is not currently aware that it has been subject to cyber-attacks or other cyber incidents which, individually or in the aggregate, have materially affected its operations or financial condition, there can be no assurance that the various procedures and controls utilized to mitigate these threats will be sufficient to prevent disruptions to its systems.

The Asset Manager Company's and the Issuer's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

In addition, the Investment Fund will heavily rely on the Asset Manager Company's and third parties' financial, accounting, information and other data processing systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third- party service providers, could cause delays or other problems in its activities. Unless any of these systems operate properly or are disabled for any reason or if there is any unauthorized disclosure of data, whether as a result of tampering, a breach of its network security systems, a cyber-incident or attack or otherwise, the Investment Fund and/or the Asset Manager Company could suffer substantial financial loss, increased costs, a disruption of its businesses, liability to its investors, regulatory intervention or reputational damage. In addition, the Asset Manager Company operates in a business that is highly dependent on information systems and technology. The information systems and technology that the Asset Manager Company relies on may not continue to be able to accommodate its growth, and the cost of maintaining such systems may increase from its current level. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on the Investment Fund and/or the Asset Manager Company.

A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the Investment Fund. Cyber threats and/or incidents could cause financial costs from the theft of Investment Fund assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: litigation costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which, could be materially adverse to the Investment Fund. There can be no guarantee that the Investment Fund will be able to prevent or mitigate such incidents. If systems and measures to manage risks relating to these types of events, are compromised, become inoperable for extended periods of time or cease to function properly, the Asset Manager Company, the Investment Fund and/or an issuer may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Asset Manager Company's, the Investment Fund's and/or an issuer's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors).

In addition, the Investment Fund or the Asset Manager Company may not be in a position to verify the risks or reliability of third parties with which the Investment Fund's and the Asset Manager Company's operations interface with and/or depend on third parties, including the Investment Fund's administrator and other service providers. The Investment Fund may suffer adverse consequences from actions, errors or failure to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them.

- ***The Investment Fund's and/or Asset Manager Company's risk management policies and procedures may not effectively mitigate credit risk.***

Losses relating to credit risk may arise if the risk management policies, procedures and assessment methods implemented by the Investment Fund or Asset Manager Company to mitigate credit risk and to protect against credit losses prove less effective than expected. The Asset Manager Company employs qualitative tools and metrics for managing risk that are based on observed historical market behaviour. These tools and metrics may fail to predict future risk exposures, especially in periods of increased volatility or falling valuations, or in periods in which there is a rapid expansion of the Investment Fund portfolio.

Even though the Investment Fund requires regular financial disclosure from it investments, financial statements may not always present a complete and accurate picture of each customer's financial condition. Some investments may not have extensive or externally-verified credit histories or their accounts may not be audited by a reputable external auditor. Therefore, notwithstanding the Investment Fund's credit risk evaluation procedures and risk management procedures, it may be unable to evaluate effectively the current financial condition of each prospective customer and to evaluate effectively the ability of such customer to repay its loans when due. Any failure to measure or manage these risks could, in turn, have a material adverse effect on the Investment Fund's business, financial condition and results of operations.

- ***The Investment Fund is subject to operational risk given the financial transactions carried out by it and its reliance on third parties for certain functions***

The Investment Fund carries out transactions on a regular basis, resulting in it being exposed to the risk of incurring losses due to failures of internal processes or human error, processing delays and/or system failures, any of which can lead to financial losses, and regulatory penalties. The Investment Fund also relies on third parties for certain key activities.

Any failure of the Investment Fund's risk management system to address the risk of failures of internal processes or human error or failure in the performance by third parties of key outsourced activities, could have a material adverse effect on the Investment Fund's business, financial condition and results of operations.

- ***In the event of default of a syndicated loan, the claims of the investment fund may be satisfied only after the satisfaction of the creditors with obligations secured by tax liens/mortgages***

Syndicated loans may be secured by mortgage/pledge rights; however, the claims of the investment fund may be satisfied from the proceeds of the realization of the mortgaged/pledged property only after the obligations secured by tax liens/mortgages on such property (if any) have been fully satisfied.

According to Georgian legislation, if, prior to the registration of a tax lien/mortgage, a person’s property is encumbered by a lien/mortgage in favor of banking institutions, microfinance organizations, insurance companies, international financial institutions and financial institutions from developed countries as defined under Article 1, subparagraph “(e)” of the Law of Georgia on the Activities of Commercial Banks, and such property is realized, the proceeds from such realization shall first be applied to satisfy the claims of the aforementioned financial institutions for obligations arising prior to the registration of the tax lien/mortgage, and only thereafter shall the tax debt be satisfied.

Since, in the case of syndication, the investment fund participates in the financing of corporate bank loans, and corporate bank loans are indirectly financed through the investment fund's resources, and the investment fund itself does not constitute any of the entities in whose favor a registered mortgage/pledge right would have priority over a tax lien/mortgage on the relevant property, the investment fund’s claims from the proceeds of the sale of the mortgaged/pledged property may only be satisfied after the obligations secured by the tax lien/mortgage (if such exists) on that property have been covered (the order of the satisfaction of the claims may be as follows: claims of the commercial bank, tax liabilities, and then the claims of the investment fund).

Investment Risk Appetites and Limits

For the management of the investment risk of the **Investment Fund**, the **Asset Management Company** determines the levels of risk appetite, as specified below. Determination of the risk appetite refers to determining the general risk level developed in advance in relation to the material risks in the **Investment Fund**, which the **Investment Fund** has the means and desire to take, taking into account the existing risk management and control environment.

To facilitate and ensure the adherence to the levels of risk appetite by the **Asset Management Company**, the supervisory board of the **Asset Management Company** will set/fix the investment risk limits (the structure of limits) for the **Asset Management Company**. The structure of limits is set at a relatively high level compared to the risk appetite in order to create a type of a protective layer towards the risk appetite. The supervisory board of the **Asset Management Company**, taking into consideration the existing conditions on the market, as it deems appropriate and at its sole discretion, may at any time change the structure of limits (including, tighten or relax it (including, without limitations, to a level defined by the risk appetite)), but, in any case, such a structure of limits shall not be lighter than the levels defined by the risk appetite.

In accordance with the subjective economic views of the supervisory board of the **Asset Management Company**, at its sole discretion, it may alter/add/cancel the risk limits, taking into account the investment objectives of the **Fund** and the requirements of the regulations, and without the consent of the **Unitholders**.

The structure of limits is not mandatory towards the **Unitholders** to be pursued and only has a recommendatory nature. The **Asset Management Company** and its governing bodies are only accountable for being in compliance with the structure of limits towards the supervisory board and the obligation to be in compliance with the structure of limits does not exist towards the **Unitholders**. In case of non-compliance with the requirements of the structure of limits, the supervisory board, at its sole discretion, will make a decision on taking action regarding such non-compliance, which, among other things, includes, without limitations, release of the **Asset Management Company** from the breach and granting it a waiver.

The information about the non-compliance with the structure of limits will directly be notified to the investment committee of the **Asset Management Company**.

In order to keep the structure of limits and the risk appetite within the permitted range, the **Asset Management Company** will accumulate liquid resources which will be used for the purposes of rebalancing as well.

In the event at any given time the syndication is not carried out with respect to such **Corporate Bank Credits** that the Levels specified by the structure of limits or risk appetite is maintained, due to a change in the Level of a specific credit exposure, the **Asset Management Company** will take appropriate measures to maintain the Levels as specified by the risk appetite and the risk limits, but, for the avoidance of any doubt, the **Asset Management Company** may not be able to maintain these Levels throughout the entire duration of the **Fund's** existence or restore them in the event of a breach of such Levels.

The risk appetite management process includes the following actions:

- Formation of risk taxonomy and description of risks related to the **Investment Fund** management process;
- Establishing risk assessment methodology;
- Assessment of the maximum level of risk (risk tolerance);

- Assessment of risk appetite (the maximum risk level determined to achieve the goals of the **Investment Fund**, which is less than the risk tolerance and creates a certain protective band);
- Establishing risk limits in order to maintain the risk profile of the **Investment Fund** within the strategically defined risk appetite;
- Assessment and reporting of the current level of risk;
- Writing an action plan in case of violation of risk limits.

Management of the Investment Risk

This chapter describes the necessary steps that the **Asset Manager Company** should take for the purposes of measuring, evaluating, and controlling and reporting the risks associated with a portfolio of **Corporate Bank Credits**. This will provide the **Asset Manager Company** with the **Fund's** risk appetite and will be able to manage the **Fund's** portfolio to achieve the **Fund's** objectives with an appropriate risk appetite.

This process consists of at least the following primary steps:

- Determination of the risk appetite and defining appropriate variables to measure appetite.
- Introduction of limit structure to protect risk appetite.
- Risk-based investment decision-making process:
    - Before **Syndication**, assigning credit rating to the **Corporate Bank Credits** by internal system;
    - Before **Syndication**, minimum DSCR limit for the respective **Corporate Bank Credit** is checked;
    - Before issuing a **CDS**, sectoral limits of DEBT/EBITDA for respective **Corporate Bank Credits** are checked;
    - Before **Syndication**, the default probability limit of the relevant **Corporate Bank Credit** and portfolio is checked;
    - Before **Syndication**, the credit rating limits of the portfolio are checked;
    - If the relevant **Corporate Bank Credit** fits within the **Fund’s** risk appetite and does not breach the relevant limits, the **Corporate Bank Credit** is then screened for the **Fund’s** liquidity purposes before **Syndication**. The expected cash flows from the **Corporate Bank Credit** must be in line with the **Fund’s** liquidity requirements for fees, other expenses and minimum annual redemptions. If the liquidity profile of the **Fund** corresponds to or at least does not harm the expected inflows, the profitability of the **Corporate Bank Credit** is evaluated and an investment decision is made (carrying out the **Syndication**).
- Risk-based investment decision-making process:
    - Evaluation of the **Fund’s NAV**;
    - Quarterly assessment of the financial situation of debtors/lenders included in the portfolio;
    - Quarterly assessment of relevant limits.
- Portfolio risk and return reporting with relevant **Unitholders**.

Risk Appetite:

The risk appetite that is acceptable to achieve the **Fund's** investment objectives and the relevant variables by which the appetite is measured/controlled are determined by the **Fund's Memorandum**.

The **Asset Management Company** will take all possible measures to ensure that the **Investment Fund** adheres to the following risk appetite levels:

- Before **Syndication**, the minimum DSCR appetite for a specific **Corporate Bank Credit** is 1.0;
- Before **Syndication**, the maximum default probability appetite for a specific **Corporate Bank Credit** is 10%;
- After **Syndication**, the minimum portfolio proportion for Level-1[2] **Syndicated Loans** should be at least 10%;
- After **Syndication**, the maximum portfolio proportion for Level-2 **Syndicated Loans** should not exceed 70%;
- After **Syndication**, the maximum portfolio proportion for Level-3 **Syndicated Loans** should not exceed 30%.
- The maximum limit for **Syndication** for a specific **Corporate Bank Credit** is 60% of the total volume of the **Corporate Bank Credit**;
- The concentration limit in a specific economic sector is a maximum of 50% of the portfolio for the relevant sector;
- The maximum concentration limit for the relevant group of borrowers is 35%;
- The concentration limit of the bond issued by the organization included in the portfolio is 15%.

In the event that at any point in time the proportion of the portfolio is disturbed towards the Levels of the credit exposures due to a change in the Level of the respective **Corporate Bank Credits**, the **Asset Management Company** will take appropriate measures to maintain the Levels provided for by the risk appetite as well as the risk limits, as provided for in this document. However, for the avoidance of any doubt, the **Asset Management Company** may not be able to maintain these Levels throughout the entire duration of the **Fund's** existence or restore them in the event of a breach of such Levels.

The Structure of Limits

The structure of current limits is as follows:

- Before **Syndication**, the minimum DSCR limit for a specific **Corporate Bank Credit** shall be 1.0;
- Before **Syndication**, the maximum limits of DEBT/EBITDA per economic sector are controlled by the **Asset Manager Company**, taking into account the economic situation in the relevant sectors;
- Before **Syndication**, the maximum default probability limit for a specific **Corporate Bank Credit** shall be 5%;
- After each **Syndication**, the maximum default probability limit for the portfolio shall not exceed 5%;
- After **Syndication**, the minimum portfolio proportion limit for Level-1 **Syndicated Loans** shall be at least 20%;

[2] Risk is categorized using an internal credit rating system, where Level-1 corresponds to low-risk loans with a probability of default of up to 0.8%. Each subsequent category, such as Level-2, includes higher-risk loans with a probability of default ranging from 0.8% to 4% (inclusive). Level-3 includes loans with a probability of default exceeding 4%. These thresholds may be reviewed over time based on updated data; however, they are expected to remain close to these values on average.

- After **Syndication**, the maximum portfolio proportion limit for Level-2 **Syndicated Loans** shall be 60%;
- After **Syndication**, the maximum portfolio proportion limit for Level-3 **Syndicated Loans** shall be 20%;
- The maximum limit for **Syndication** for a specific **Corporate Bank Credit** shall be 45% of the total volume of the **Corporate Bank Credit**;
- The concentration limit in a specific economic sector shall be a maximum of 40% of the portfolio for the relevant sector;
- The maximum concentration limit for the relevant group of borrowers shall be 25%;
- The concentration limit of the bond issued by the organization included in the portfolio shall be 10%.

Risk limits will be observed by the **Investment Fund** during investment. For the avoidance of any doubt, the **Unitholder** acknowledges that it is aware that the risk limits may not be met throughout the period of holding a **Unit**, including, without limitation, due to changes in the probability of default of each **Corporate Bank Credit**.

Tactical Allocation of the Portfolio

The **Investment Fund** will invest in **Corporate Bank Credits** through **Syndication**.

The **Investment Fund's** portfolio may consist of the following instruments:

- **Corporate Bank Credits**: the purpose of the **Fund** is to invest in corporate secured (including only by the suretyship), fixed and variable interest **Corporate Bank Credits**;
- Local corporate bonds:
- Money market instruments:
    - US Treasury bonds;
    - Bank deposits;
    - Certificates of Deposits;
    - Other money market instruments.

The target asset allocation for the **Investment Fund** shall be as follows: up to (including) 100% - **Corporate Bank Credits**, up to (including) 50% capital market instruments (US Treasury bonds, local corporate bonds) and bank deposits/certificates of deposits/money market instruments.

As a result of expected cash inflows and outflows in the **Investment Fund**, the proportions of the **Fund's** planned asset allocation may change. However, the **Asset Management Company** will rebalance the portfolio at its determined periodicity and as needed to maintain the portfolio's risk and liquidity profile.

Annex

Risk appetite table and corresponding risk limit structure:

Schedule 1*:*

Name	Risk Appetite	Risk Limit	Unit of Measurement	Purpose
Minimum DSCR	1.0	1.0	DSCR	Credit risk
Maximum default probability limit for a specific **Corporate Bank Credit**	10%	5%	Annual default risk	Credit risk
Maximum default probability limit for the portfolio	NA	5%	Annual default risk	Credit risk
Minimum portfolio proportion limit for Level-1 **Corporate Bank Credits**	10%	20%	Proportion of the portfolio	Concentration risk
Maximum portfolio proportion limit for Level-2 **Corporate Bank Credits**	70%	60%	Proportion of the portfolio	Concentration risk
Maximum portfolio proportion limit for Level-3 **Corporate Bank Credits**	30%	20%	Proportion of the portfolio	Concentration risk
Maximum limit of syndication	60%	45%	The proportion of the Fund in the **Corporate Bank Credit**	Credit risk
The maximum concentration limit in a specific economic sector	50%	40%	Proportion of the portfolio	Concentration risk
The maximum concentration limit for the relevant group of borrowers	35%	25%	Proportion of the portfolio	Concentration risk
The concentration limit of the bond issued by the organization included in the portfolio or its affiliate	15%	10%	Proportion of the portfolio	Concentration risk

Debt/EBITDA	Debt/EBITDA limits for sectors shall be periodically reviewed by the supervisory board		Credit risk

Strategic Aim of the Fund

The main objective of the investment activity of the **Investment Fund** is to generate **Profit** for the benefit of the **Unitholders**, in accordance with the predetermined investment risk appetite and through diversified investments, following the principles of transparent and sound investment.

In order to achieve the main goal of investment activity, the following strategic aims are established by the **Asset Management Company** for the **Investment Fund** managed:

- When planning the investment process, the profitability of the **Investment Fund** should be maximized through optimal risk taking;
- The investment portfolio should be managed in compliance with the "principle of sound investment", which means investing the assets of **Unitholders** wisely and with due care;
- The **Asset Management Company** will try to maintain adequate liquidity and fulfil cash flow obligations during the investment process.

Promoting responsible investment and consideration of environmental, social and governance (ESG) factors and, in order to achieve the said goal, the **Asset Management Company**, if available, will select investment assets according to ESG factors when forming the investment portfolio.

Investment strategy

The **Fund** aims to invest up to (including) 100% of the raised financial funds in **Corporate Bank Credits** (through the **Syndication**) and up to (including) 50% in capital market instruments, including public and private fixed income securities, bank deposits, certificates of deposits and money market instruments.

The **Investment Fund** will invest in **Corporate Bank Credits** through **Syndication**.

The **Fund** tries to diversify investments in different sectors of the Georgian economy:

- Real estate development;
- Hospitality;
- Energy;
- Production;
- Service provision;
- Healthcare;
- Telecommunication;
- Other.

The **Fund** will not invest in sectors related to environmental and social impacts or high risks of money laundering, such as:

- Production of dangerous materials;
- Arms trade;
- Production or sale of tobacco;
- Gambling.

To build and manage the portfolio, the **Fund** plans to use a bottom-up approach that focuses on fundamental analysis of major **Corporate Bank Credits** and securities. As a rule, the geographical coverage of the **Fund** is limited to Georgia. In the case of liquid assets only, the **Fund** may from time to time invest in non-Georgian assets/objects.

The **Fund's** investments will be made only in instruments denominated in US dollars. The **Fund** intends to invest in various credit sectors and plans to use a number of strategies. The **Fund** is not required to continuously invest in each investment sector and its investment in each investment sector may vary over time.

Additionally, the **Fund** does not consider borrowing at this stage and therefore does not have a predetermined maximum allowable threshold.

Investment in Corporate Bank Credits

The **Investment Fund** will invest in **Corporate Bank Credits** on the basis of the trust agreement concluded with the relevant commercial bank. Specifically, an agreement has been or will be concluded between the **Investment Fund** and a commercial bank registered in Georgia, under which the **Investment Fund** transfers monetary resources (the "**Transferred Amount**") to the commercial bank for the purpose of receiving yield/returns by participating in a **Corporate Bank Credit** granted or to be granted to the **Borrower**. Under this agreement and its terms, the commercial bank receives and manages the **Transferred Amount** as trusted property, in its own name and discretion, but at the risk and expense of the **Fund** (the "**Syndication**").

On the basis of **Syndication**, the commercial bank will distribute to the **Investment Fund** the yield/returns from the **Transferred Amount**, which may be the interest accrued on the relevant **Corporate Bank Credit** and/or other payments receivable under the **Corporate Bank Credit**, the amount and terms of which will be agreed between the **Investment Fund** and the commercial bank in the relevant agreement.

In case the commercial bank receives principal amounts under the **Corporate Bank Credit**, it will return the **Transferred Amount** to the **Investment Fund** in the respective proportion and frequency, according to the terms of the agreement between the **Investment Fund** and the commercial bank.

In case the commercial bank receives interest or other payments under the **Corporate Bank Credit**, it will distribute the yield/returns on the **Transferred Amount** to the **Investment Fund** in the respective proportion and frequency, according to the terms of the agreement between the **Investment Fund** and the commercial bank.

In the event of default of the **Corporate Bank Credit**, the commercial bank will recover funds from such loan and proportionally distribute the recovered amounts (if any) to the **Investment Fund** in accordance with the terms of the agreement between the **Investment Fund** and the commercial bank.

Any payment by the relevant commercial bank to the **Investment Fund** under **Syndication** (including, without limitation, the **Transferred Amount**, any part thereof, and/or any yield/returns on the **Transferred Amount**) will only be made if such amount (principal, interest, and/or other payment) has actually been received by the commercial bank under the relevant **Corporate Bank Credit**, and the **Investment Fund** holds no additional claims against the commercial bank or its assets.

Syndication shall not apply to/shall not be carried out with respect to the **Corporate Bank Credits** where the borrower is a related party of the Bank, within the meaning of/as defined by Order No. 26/04 of the President of the National Bank of Georgia.

The subject of **Syndication** shall not include loans/bank credits where the borrower is only a natural person. A natural person can be a debtor under a loan/bank credit only if, within the corresponding corporate loan/bank credit, this natural person is either a co-borrower or otherwise jointly liable for the loan/bank credit.

Evaluation of the Value of Investments

The value of the **Investment Fund** will be calculated based on the value of the financial instruments included in the investment portfolio of the **Investment Fund**.

In accordance with the **Legislation**, the **Fund's** financial reports must be prepared in compliance with the "fair value" principle, taking into account the International Financial Reporting Standards (IFRS), as well as the principles of portfolio valuation developed by the institute of Chartered Financial Analysts (CFA) and the Global Investment Performance Standards (GIPS). Accordingly, the assets included in the portfolio will be classified and further evaluated as follows:

- Financial assets (i.e. assets included in the portfolio) are classified in accordance with IFRS 9, taking into account the enterprise's business model and contractual cash flow characteristics (SPPI):
    - A financial asset is measured at amortized cost if both of the following conditions are met:

        a) The enterprise owns a financial asset under the conditions of such a business model, the purpose of which is to own financial assets in order to receive contractual cash flows; and

        b) The contractual terms of the financial asset establish specific dates for the receipt of such cash flows, which represent only the payment of the principal amount and the interest related to the outstanding part of the principal amount.

    - A financial asset shall be measured at fair value through other comprehensive income if both of the following 8onditions are met:

        a) the enterprise owns a financial asset under the conditions of such a business model, the purpose of which is to receive contractual cash flows, as well as to sell financial assets; and

        b) The contractual terms of the financial asset establish specific dates for the receipt of such cash flows, which represent only the payment of the principal amount and the interest related to the outstanding part of the principal amount.

    - A financial asset should be measured at fair value through profit or loss, unless it is measured at amortized cost, or at fair value through other comprehensive income.

However, upon initial valuation, an entity has an irrevocable option to present subsequent changes in the fair value of an investment in equity instruments, which would otherwise be measured at fair value through profit or loss, in other comprehensive income, as defined by International Financial Reporting Standard (IFRS) №9.

The **Net Asset Value** (NAV) is estimated by an evaluator – NAV Calculation Officer, hired by the **Asset Management Company**, at least on the last **Working Day** of each quarter of the year.

Issuance of the **Units** or redemption of the **Units** by the **Fund** from the **Investors** is made by taking into account the **Net Asset Value**.

The **Unitholders** will be informed about the value of the **Unit** as determined by the NAV Calculation Officer within 30 (thirty) days after the evaluation is completed.

The estimated value of the **Investment Fund** is recorded in the **Unit** register and in the investment accounts of the relevant broker.

Despite the resources mobilized by the **Asset Management Company**, policies/procedures, risk insurance mechanisms and the efforts of various parties involved in the valuation, there is a risk that a **Unit** of the

Fund may be incorrectly valued, which may result in losses or surpluses for certain **Investors**. The following risk response steps are defined to manage these incidents:

1. At the moment of discovery of incorrect valuation of the **Unit**, the relevant employee of the **Asset Management Company** escalates the matter to the supervisory board of the **Asset Management Company**.
2. The **Asset Management Company** collects information on the severity of the **Unit's** valuation error and the reason for the **Unit's** valuation being miscalculated.
3. The severity of the **Unit's** valuation is determined by taking into account several factors, including the duration of use of the erroneously published price and the volume of the error recorded in the transactions as a result of the corresponding error, after which the **Unit's** price is adjusted for the existing **Investors** and the accrued benefit error is corrected by adjusting the accrued benefit.
4. If the accumulated volume of transactions exceeds 2% of the total value of the **Fund**, the **Asset Management Company** is obliged to notify the **Fund's Unitholders** of the relevant error, after which the supervisory board of the **Asset Management Company** will determine an action plan to eliminate the relevant incident with minimal damage, which must be done in accordance with the principles of justice with protection and taking into account the interests of **Investors**.

Reporting

Reporting framework:

Report/information	Minimum information	Responsible person	Frequency and addressees
Investment risk report	Current risk profile in relation to investment risk appetite	Chief Risk Officer	Quarterly / supervisory board, director
Operational Risk Report	Current risk profile in relation to investment risk appetite	Chief Risk Officer	Quarterly / supervisory board, director
Portfolio results report		Chief Investment Officer/Investment Officer	Quarterly / supervisory board, director / **Unitholder of the Fund**
Activity summary report	• Overview of investment activities; • Overview of the company's activities; • Evaluation of the function of risks.	Director	Annually / supervisory board

Distribution of the Profits of the Investment Fund

The **Asset Management Company** will distribute the **Profits** generated by the **Investment Fund**, minus the management fee, to the **Unitholders** of the **Investment Fund**.

The **Fund** will distribute the **Profits** (if any) at least once a year, although the **Fund's** goal is to distribute the **Profits** on a quarterly basis. For the avoidance of any doubt, the **Investment Fund** may, in its sole discretion, distribute the **Profits** more frequently.

The **Unitholder** and/or the nominal holder of the **Unit** will be notified in advance on the distribution of the **Profits** through the relevant brokerage firm. The settlement will be made through the relevant brokerage company.

The Right to sell/redeem the Unit of the Investment Fund

The Repurchase Program

The **Unitholder** is entitled, in accordance with the rules and terms provided by the **Founding Document**, to request the **Investment Fund** to redeem not more than 10% of the **Units** owned once a year (hereinafter - the "Repurchase Program") .

At the same time, the total number of **Units** to be redeemed by the **Fund** under the Repurchase Program shall not exceed 10% of the **Net Asset Value** (NAV) at the time of sending the redemption offer.

In order for the **Unitholder** to participate in the Repurchase Program, the **Investment Fund**, in accordance with the rules and terms stipulated by the **Founding Document**, shall send a redemption offer to the **Unitholders** at least at the periodicity determined by the **Founding Document**. In addition, the offers for the redemption of the **Units** may be sent to **Unitholders** at any time and in any amount without limitation, at the discretion of the **Asset Management Company**.

If the **Unitholder** would like to participate in the Repurchase Program, then it/the nominal owner of such **Unit** must notify the **Asset Management Company** within the period stipulated in the **Founding Document**, otherwise the **Unitholder** cannot participate in the Repurchase Program until the Repurchase Program comes into effect.

Put Option

In addition to the Repurchase Program, the Unitholders shall also have the right to exercise the put option (hereinafter - the "**Put Option**"). At any time after the purchase of the Units, once per quarter, during the first 20 (twenty) calendar days of the respective quarter, the Unitholder may request the Investment Fund to redeem the Units held by such Unitholder, in an amount not exceeding USD 1,000,000 (one million).

For the purpose of exercising the Put Option, the Investment Fund and/or the Asset Management Company will not notify the Unitholder about the availability of this option. The Unitholder shall itself notify the relevant nominee holder of the Units in order for the notification of its intention to be delivered/ submitted to the Investment Fund and/or the Asset Management Company.

The Unitholder shall receive the relevant amounts within 3 (three) months from the expiry of the period for exercising the Put Option. The fee for exercising the Put Option shall be 1% of the amount payable to the Unitholder under the Put Option.

Liquidity requirements for exercising the Put Option and participating in the Repurchase Program

For the purpose of ensuring the exercise of the Put Option and the Repurchase Program, the Investment Fund shall ensure that the equal volume of the total volume of the Units to be redeemed under the Put Option and the Repurchase Program consists of the assets:

1. Which can be easily sold within the ordinary course of business, approximately at the price at which the Fund values such asset for the relevant period; or
2. Whose principal amount becomes due and payable before the expiry of the time period set for satisfying the requests under the Repurchase Program and the Put Option.

The Investment Fund shall ensure the existence of the sufficient liquidity to enable it to meet/satisfy the requests of Unitholders exercising the Put Option and the Repurchase Program in accordance with the rules set forth in the foregoing chapter (including compliance with frequency and maximum volume limits). The

Fund plans to maintain liquidity through cash or by liquidating/selling portfolio instruments. In the event that the Fund needs to sell its relatively liquid or higher-quality portfolio assets to satisfy the requests of the Unitholders exercising the Put Option, other Unitholders may be exposed to increased risk and potential additional expenses for the Investment Fund.

Cases of Suspension of the Put Option and the Repurchase Program

The Asset Management Company is entitled to suspend the exercise of the Put Option and/or the Repurchase Program for the period prescribed by the Law of Georgia on Investment Funds, in the presence of any of the following circumstances:

1. Due to unforeseen circumstances, it is temporarily impossible to evaluate a significant portion of the Fund's assets (15% or more), or there is a high probability that such valuation will not be accurate;
2. Suspension is necessary due to financial market panic or impulse selling or other circumstances arising on the financial market which, in the opinion of the Asset Management Company, are temporary and expected to be resolved soon;
3. To ensure the use of the Put Option and/or the Repurchase Program, the realization of a portion of the Investment Fund's assets is required, and in the opinion of the Asset Management Company, due to prevailing market conditions, such realization would materially harm the interests of the Unitholders as a whole;
4. The exercise of the Put Option and/or the Repurchase Program may cause irreparable harm to the collective interests of the Unitholders, or the suspension is justified by the best interests of the Unitholders.

Call Option

The **Investment Fund** has the right of redemption (hereinafter – the "**Call Option**") at any moment towards the **Unitholder**, who is not a sophisticated investor, taking into account the criteria established by the **Legislation** of Georgia and/or determined by the procedure of the **Asset Management Company**, according to the rules and terms stipulated in the **Founding Document**.

The **Investment Fund**, in the third year from the **Start Date of the Investment Activity** and after the third year, has the right to exercise the Call Option and annually redeem from the **Unitholders** up to 100% of the issued **Units** (Call Option), according to the rules and terms stipulated in the **Founding Document**.

The **Asset Management Company** can, at its sole decision and within its discretion, use the Call Option of redemption (Call Option) granted by the **Founding Document**, without any limitation.

Redemption of the **Units** by the **Investment Fund**, including, without limitation, the participation in the Repurchase Program and Put Option, may be suspended in the cases provided for in the **Founding Document**, under the terms and conditions specified in the **Founding Document**.

The rules and conditions governing the Repurchase Program, the right to sell **Units** (Put Option), and the right to redeem **Units** (Call Option) are defined in detail in the **Founding Document**. This chapter is prepared based on the **Founding Document** of the Investment Fund and in accordance with it. The conditions contained in this chapter are subject to change and will be changed in the event of a change in the **Founding Document**. In the event of any discrepancy and/or inconsistency between the terms of the **Founding Document** and the **Memorandum**, the terms of the **Founding Document** shall prevail. As a result, each **Investor** shall read the **Founding Document** and its terms carefully.

The Commission of the Asset Management Company

The **Investment Fund** will pay 3 types of fees to the **Asset Management Company**:

1. The fee for the issuance of **Units** (the Placement Fee);
2. The Management Fee;
3. The fee for successful generation of the **Profits** (the Performance Fee).

The fee for the issuance of Units (the Placement Fee);

The **Investment Fund** will pay a placement fee to the **Asset Management Company** in return for the issuance of the **Unit**.

The Placement Fee is 0.3% of the amount paid by the **Investor** for purchasing the **Unit**.

The Placement Fee will be paid at the time of payment by the **Investor** for the purchasing the **Unit**, by deducting the said fee from this amount and paying the **Asset Management Company**.

The Placement Fee may be deducted from the expenses of the **Investment Fund** paid during the Re**porting Period**.

Management Fee

The **Investment Fund** will pay a management fee to the **Asset Management Company** in return for managing the investment assets.

Management fee = A*1.5%-B, from which

- A is the sum of the daily **Net Asset Value** (NAV) during the **Reporting Period** divided by the number of days in the **Reporting Period**;
- B is the expenses of the **Investment Fund** paid during the **Reporting Period**.

The **Reporting Period** is the period from the previous management fee payment to the current Management Fee payment date.

The Management Fee will be paid to **Unitholders** on each date of allocating the **Profits**.

The fee for successful generation of the Profits (the Performance Fee)

The **Investment Fund** will pay to the **Asset Management Company** a fee for the successful generation of the **Profits** (if any). The Performance Fee will be calculated for each **Unit** separately and individually, according to the following formula:

The Performance Fee = **Surplus Profit** multiplied by 30%, but not more than **Minimum Amount**

Surplus Profit = **Actual Profit - Base Profit**

Actual profit = A+B-C, from which:

- A – the **Ending Value of the Unit**;
- B – the **Paid Profits**;

- C – the **Initial Value of the Unit**.

Basic profit = D×C, from which:

- D – the **Base Rate**;
- C – the **Initial Value of the Unit**.

For the purpose of calculating the Performance Fee, the terms have the following meanings:

Ending Value of the Unit - On the last day of the relevant **Calculation Period** the net value of the relevant **Unit** (being the **Net Asset Value** (NAV) on that date divided by the number of **Units** of the **Fund**), before/without taking into account the Performance Fee payable by the **Investment Fund** to the **Asset Management Company**.

Initial Value of the Unit -

- If the relevant **Unit** is not issued in the last **Calculation Period -** the net value of the relevant **Unit** (which is the **Net Asset Value** (NAV) as of this date divided by the number **Units** of the **Fund**) as of the first day of the relevant **Calculation Period**,
- In case the relevant **Unit** is issued in the relevant **Calculation Period -** the net value of the relevant **Unit** (which is the **Net Asset Value** (NAV) as of that date divided by the number of **Units** of the **Fund**) as of the date of the placement of the relevant **Unit**, before/without taking into account the Performance Fee payable by the **Investment Fund** to the **Asset Management Company**.

Paid Profits - Profits actually paid by the **Investment Fund** for a specific **Unit** during the relevant **Calculation Period**.

Base Rate - (1) the 6-month Term SOFR rate as of the first day of the relevant **Calculation Period** plus 5.7 (five point seven tenths) % multiplied by (2) the **Adjustment Rate**.

Calculation Period -

- If the relevant **Unit** is not issued in the calendar year of the calculation of the Performance Fee of the corresponding **Unit -** the period from January 01 to December 31 of the calendar year of the calculation of the Performance Fee;
- If the relevant **Unit** is issued in the calendar year of the calculation of the Performance Fee of the corresponding **Unit -** the period from the issuance of the relevant **Unit** to December 31 of the calendar year of the calculation of the Performance Fee.

Adjustment Rate - the days of existence of the relevant **Unit** during the relevant **Calculation Period** divided by the number of days of the **Calculation Period**.

Purchase Price of the Unit - the amount paid by the **Unitholder** for the purchase of the corresponding **Unit**.

Minimum Amount - (**Ending Value of the Unit** + **Paid Profits - Purchase Price of the Unit**) multiplied by 30%.

Each **Unitholder** is required to pay the Performance Fee (if any) charged to all relevant **Units** owned.

The Performance Fee shall not be less than 0.

Expenses

The **Investment Fund** is responsible for all expenses related to the asset management process, which will be financed/deducted from the Placement Fee and the Management Fee paid to the **Asset Management Company**.

Taxes

This chapter is a brief and general summary of the regulation related to the **Investment Fund** provided by the Tax Code of Georgia. This summary is not exhaustive and is for informational purposes only. **Investors** should not rely on the information provided in this chapter and the said information should not be considered as tax advice or as a guide to the tax consequences provided by **Legislation**. The information contained in this subsection is also subject to change in accordance with changes in **Legislation**, which, in some cases, may have a retroactive effect.

Since the purpose of the **Investment Fund** is to carry out the activities stipulated by the **Legislation** for the investment company, Article 23^1 of the Tax Code of Georgia will apply to it.

Distribution of the Profits/dividend by the Investment Fund, if the recipient of the Profits/dividend is a non-resident of Georgia or an individual:

- will be taxed at a rate of 5%, if an Investment Fund invests exclusively in bank deposits and/or financial instruments, except in cases where the Profits distributed includes income derived from a resident enterprise. If the distributable Profit of the Investment Fund also includes profit received from a resident enterprise, such Profit is taxed at a rate of 15%. However, the rules for distinguishing or prioritizing taxable profits at 5% and at 15% during Profit distribution are not explicitly defined.
- will be taxed at a rate of 15% in all other cases.

Additionally, the distribution of the Profits by an investment company to an individual or a non-resident is exempt from profit tax if the income from which the dividend is distributed/paid: (1) does not originate from a Georgian source; or (2) qualifies as income of a resident legal entity derived from the issuance of debt or equity securities through a public offering in Georgia, admitted to trading on an organized market recognized by the NBG; or (3) qualifies as capital gains from the sale of debt securities issued by the Georgian government or an international financial institution, or as income derived from interest accrued on such debt securities or on deposits placed in commercial banks.

The Profits/dividend paid by the Investment Fund to an individual or a non-resident enterprise are not taxed at source and should not be included in the recipient's gross income.

Surplus income received by a non-resident (refers to an individual and a legal entity) or an individual (refers to a resident and a non-resident) from the delivery or redemption of the **Investment Fund's Unit** is taxed:

- at a rate of 5%, if the **Investment Fund** invests only in bank deposits and/or financial instruments, except for the case of the **Investment Fund's** investment in shares/shares of a resident enterprise (share/share ownership);
- at a rate of 15% in other cases.

The following income is exempt from income and profit taxes:

- Generated by selling an **Investment Fund's Unit,** issued in Georgia through a public offering and admitted to trading on an organized market recognized by the **NBG**;
- by selling a **Unit** or redeeming a **Unit** of the **Investment Fund**, if the **Investment Fund** invests only in deposits placed in Georgian banking institutions, in securities issued by the Government of Georgia and/or international financial institutions and/or in debt securities issued by a resident legal

entity in Georgia through a public offering and admitted to trading on an organized market recognized by the **NBG**.

Representations and Warranties

The **Unitholder** represents and warrants that:

- It has and during the period of ownership of the **Unit** will have the full opportunity and right to purchase and own the **Units** and to exercise the rights arising from the ownership of the **Unit**;
- knows the **Founding Document** in detail;
- If the **Unitholder** is a company or any other corporate body, it has obtained/has any and all necessary consents/decisions related to the purchase, supply and implementation of the **Unit**;
- The **Unitholder's** ownership of the **Unit** does not in any way violate the laws, regulations, requirements, rules of any jurisdiction and/or any requirements/rules specified in the **Memorandum**;
- The **Unitholder** and any actions/decisions thereof are in full compliance with any and all requirements of the laws, regulations and/or rules of any jurisdiction and/or any requirements/rules specified in the **Memorandum**;
- The **Unitholder** has received all advice (including advice from persons other than the **Asset Management Company**) deemed necessary or acceptable before purchasing the **Unit**; and
- All clauses, articles and conditions of the **Memorandum** are consistent with the will of the **Unitholder** and are fair, reasonable, objective and rational.

Without limiting the general nature and applicability of the representations and/or warranties made by the **Unitholder** under the **Memorandum**, each representation and/or warranty made by the **Unitholder** in the **Memorandum** will be repeated with respect to any transaction related to the **Units** in its ownership and/or to the general meeting of all **Unitholder**.

Terms Related to Sanctions

In case (i) any sanction imposed by the **Sanctions Authority** and/or any restriction and/or prohibition envisaged and/or required by any sanction applies to the **Unitholder**; and/or (ii) the **Unitholder** and/or the **Person in Control of the Unitholder**, and/or a country/territory a resident of which is the **Unitholder** or in which the **Unitholder** is established/registered or located or operates, is included in any list of sanctioned countries/territories and/or persons issued/maintained by the **Sanctions Authority**, (taking into consideration changes introduced thereto from time to time), without limitation of the rights granted to the **Investment Fund** and/or the **Asset Management Company,** the **Investment Fund** and/or the **Asset Management Company** shall have the right to:

- Act in accordance with the relevant sanction imposed by the **Sanctions Authority** and carry out any and all actions provided for and/or required by the **Sanctions Authority** and/or the relevant sanction; and/or
- Immediately terminate, suspend and/or refuse the payment of any and all payables (including the cost of the redemption of the **Units** and/or the **Profits**) to the **Unitholder**.

Notwithstanding any other conditions, the **Investment Fund** and/or the **Asset Management Company** shall have the right, in any case, to act in accordance with the relevant sanction imposed by the **Sanctions Authority** and carry out any and all actions provided for and/or required by the **Sanctions Authority** and/or the relevant sanction and the **Investment Fund's** and/or the **Asset Management Company's** action in accordance with the relevant sanction imposed by the **Sanctions Authority** and/or any action provided for and/or required by the **Sanctions Authority** and/or the relevant sanction and/or the non-payment of any and all payables (including the cost of the redemption of the **Units** and/or the **Profits**) to the **Unitholder**, shall not be deemed to be a breach of any obligations existing/assumed by the **Investment Fund** and/or the **Asset Management Company** towards the **Unitholder** and the **Investment Fund** and/or the **Asset Management Company** shall not be liable for any action taken in accordance with the relevant sanction imposed by the **Sanctions Authority** and/or implementation of any action envisaged and/or required by the **Sanctions Authority** and/or the relevant sanction and/or the non-payment of any and all payables (including the cost of the redemption of the **Units** and/or the **Profits**) to the **Unitholder**.

Confidentiality

Unless otherwise decided by the **Asset Management Company**, the **Unitholders** shall not use, publish, distribute or disclose to any person, other than those officers or employees of the **Asset Management Company** within their competence, any confidential information about the **Investment Fund's** activities, expenses, financial or of contractual transactions or other agreements, transactions or business relationships that may become known to them. They shall take all reasonable steps to prevent the publication or dissemination of any confidential information.

The above-mentioned confidentiality requirement does not apply to information that:

- According to the relevant legislation, is considered public information and is subject to disclosure;
- Has been made publicly available from other sources.

Any important information provided to a **Unitholder**, which, in the opinion of the **Asset Management Company**, may influence the investment decisions of the **Unitholders**, must be communicated to the same extent to the other **Unitholders**.

Protection of Personal Data

The **Investment Fund** and the **Asset Management Company** carry out their activities in full compliance with the Law of Georgia on Personal Data Protection.

The processing of the personal data of **Investors** by the **Investment Fund** and the **Asset Management Company** will be carried out only for specific, clearly defined and legitimate purposes, to provide services to the **Investor**, to fulfil legal obligations and/or on another ground provided by law and only to the extent necessary to achieve the legitimate purpose.

The **Unitholder** agrees for the **Investment Fund** and/or the **Asset Management Company** to:

- share personal data of **Unitholders** with those third parties (e.g. the intermediary companies) whose involvement and possession of this information is necessary to provide services to the **Unitholders**;
- at any time, without additional consent from the **Investor**, request from the relevant brokerage company (which is the nominal owner of the unit) personal data and information related to the **Unitholder**;
- In order to provide services and/or to comply with legal requirements, at any time, without the additional consent of the **Investor**, share the information they have about the **Investor** with the relevant brokerage company, the **NBG**, another state body and/or a specific broker;
- If necessary for adhering to the requirements within the scope/for the purposes of the **Legislation**, within the scope/for the purposes of obtaining audit, consultation, evaluation, research or other similar services from the third parties and/or for the due performance and fulfilment of obligations assumed by the **Investment Fund** towards the third parties (including for monitoring the fulfilment of obligations and the purposes of financial reporting), transfer information about the **Unitholder** (including personal data and/or information containing bank secrecy and/or any agreement concluded with the client) to the third parties (including international financial institutions, outsourced auditors, consultants, advisors, research organizations or any other third parties having similar functions), furthermore**,** the confidentiality of such information/agreement will be protected by the third parties receiving such information/agreement;

The terms of processing the **Unitholder's** personal data for direct marketing:

- The **Unitholder** declares his consent that the **Investment Fund** is authorized to process (including through an authorized person) the personal data of the **Unitholder** for the purposes of carrying out direct marketing;
- The **Unitholder** has the possibility at any time to request the termination of the processing of the **Unitholder's** personal data for direct marketing purposes in the same manner in which direct marketing is carried out. In such a case, the **Investment Fund** will stop processing the **Unitholder's** personal data for direct marketing purposes no later than 7 (seven) **Working Days** after receiving the request, and the **Unitholder** will no longer receive customized offers.

Definitions

1. **Profits -** Interest and all other fees (if any) earned by the **Investment Fund** during the relevant period as a result of the management of the investment assets divided by the number of **Units** less the Management Fee and the Performance Fee (if any).
2. **Asset Management Company -** BOG Asset Management LLC (I/N: 404696389), a legal entity managing the **Investment Fund**, licensed by the **NBG** in accordance with the law of Georgia on Investment Funds and the order of the President of the National Bank of Georgia No. 167/04 of September 22, 2020, "On approval of the rules for licensing, registration, recognition and regulation of the asset management company".
3. **Benchmark Portfolio -** the portfolio that represents the long-term strategy for the allocation of the **Investment Fund's** assets, taking into account risk appetite, investment objectives, and investment horizon. It is used to assess the efficiency and risks of the actual investment portfolio and the corresponding value-generating activities carried out by the **Investment Fund**.
4. **Transferred Amount** – has the meaning ascribed to it under the chapter "Investment in Corporate Bank Credits" of this **Memorandum**.
5. **Unitholder -** a person who owns a **Unit** in the **Investment Fund**.
6. **Person in Control of the Unitholder -** a person who directly or indirectly controls or owns the **Unitholder** (if any).
7. **Legislation -** effective legislative and subordinate normative acts of Georgia and international agreements and treaties falling within the system of the normative acts of Georgia, including, without limitation, any request, instruction, directive, order or decision of any court, arbitration, governmental authority, regulatory authority (including, without limitation, the National Bank of Georgia) or other comparable authority.
8. **Corporate Bank Credit -** a secured and/or unsecured credit issued within the framework of a bank credit agreement concluded between a commercial bank (as a lender) and its corporate client (in accordance with the internal policy established in a commercial bank) (as a borrower), based on which the obligation to repay the credit is not subordinated to any other obligation of the client.
9. **Memorandum -** this document, which defines the terms and conditions of offering the **Units** of the **Fund**.
10. **Borrower** – the borrower/debtor of the **Corporate Bank Credit**.
11. **Founding Document -** the charter of the **Investment Fund**, taking into account the amendments made to it from time to time.
12. **Start Date of the Investment Activity -** the next **Working Day** after the **Investment Fund** receives the investment fund license provided by the **Legislation**.
13. **Investment Fund/Fund -** JSC Corporate Credit Portfolio Fund (I/N: 404724134).
14. **Investment Fund Unit/Unit -** a financial instrument that is a share in the **Investment Fund**.
15. **Investment Fund Investor/Investor -** a natural or legal person or an entity without legal status, which is the existing or potential owner of the **Unit** (units) provided for by the **Legislation**.
16. **Working Day -** a calendar day, except for Saturdays, Sundays and holidays under the **Legislation**.
17. **Sanctions Authority -** the Foreign, Commonwealth & Development Office of United Kingdom (whose sanctions are administered by the Office of Financial Sanctions Implementation), United States Office of Foreign Assets Control, the European Union and/or the United Nations Security Council and/or any of their successors.
18. **Bank of Georgia -** JSC Bank of Georgia (a commercial bank established under the laws of Georgia, I/N: 204378869).
19. **Bank of Georgia Group - Bank of Georgia** and its consolidated subsidiaries together.

20. **NBG -** National Bank of Georgia.
21. **Net Asset Value (NAV) -** as of the relevant date, the total value of the assets of the **Investment Fund** less any and all accrued (both due and not yet due) liabilities.
22. **Syndicated Loan** – the **Corporate Bank Credit** with respect of which the **Syndication** has been carried out.
23. **Syndication -** has the meaning ascribed to it under the chapter "Investment in Corporate Bank Credits" of this **Memorandum**.