

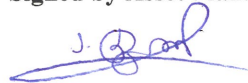
Interval investment fund allowing investors to redeem units periodically in limited quantities

Private Placement Memorandum

Dated 20 March, 2024

Last Amended: 11 August 2025

Signed by Asset Manager:

A handwritten signature in blue ink, appearing to be 'J. Q. [unclear]', written over a horizontal line.

Fund Name	Diversified Credit Portfolio 2 JSC;
Fund Type	Interval Registered Fund. The Fund's units will not trade on any exchange or market;
Offering	60,000,000 common shares (units) at initial subscription price of US\$ 1 per unit, with minimum subscription at US\$ 30,000 with \$1,000 increments;
Target Size	US\$ 60,000,000;
Investment Objective	The Fund's investment objective is to seek sustainable current income;
Investment Strategy	The Fund seeks to achieve its investment objectives by investing primarily in senior secured corporate loans, from the Georgian banks' corporate portfolio, of varying maturities;
Investment Sector	Diversified, any sector excluding production of hazardous materials, sale of arms, production or sale of tobacco, gambling;
Asset Allocation	The fund will allocate 80% of its investments in senior secured corporate loans, with senior or subordinated collateral. Up to 20% of the Fund's assets will be invested in fixed income securities and cash & cash equivalents, including, but not limited to, public and private senior fixed income securities and other money market instruments. Positions in liquid assets will be mostly unsecured;
Geographic profile	Corporate loans shall originate only from the commercial banks licensed in Georgia. Liquid assets may be purchased from the Georgian or foreign issuers. This offering is carried out only in the territory of Georgia;
Reporting Frequency	Monthly NAV calculation, Quarterly audit;
Tenor	Evergreen;
Diversification	Concentration limits: industry - 30%; single borrower - 25%; group of borrowers - 30%. The Fund may not invest more than 10% of its assets in bonds issued by the same issuer;
Syndication rate	Maximum 35%;
Hurdle Rate	4.00% fixed plus 6 month USD TERM SOFR;
Dividend Distribution	quarterly;
Redemption	Semiannual, between 7.5 – 9.5 % of NAV; Put option exercisable quarterly to exit up to total of 1 million shares for added fee of 1% of requested exit amount. Fee payable upon exit on amount in excess to regular repurchased shares.
Management Fee	1% of NAV, paid quarterly;
Performance Fee	30% above hurdle rate, paid annually;
Units Placement Fee	One time, up to 0.3% of the funds raised;
Administrative Costs	Capped at 1% of NAV;
Governing Law	Georgia;
Investors	Sophisticated investors (including private and institutional investors), up to 20 retail investors.

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IMPORTANT INFORMATION

Diversified Credit Portfolio 2 JSC (the “Fund”) is a Georgian company incorporated under the Law on Entrepreneurs of Georgia of 2021 (the “Law on Entrepreneurs”) and registered under the Law of Georgia on Investment Funds (the “Investment Funds Law”), as an interval fund. The Fund is offering through this Private Placement Memorandum (the “Memorandum”) one class of units (“Units”).

Investment Objective. The Fund’s investment objective is to produce current income. The Fund seeks to achieve its investment objective by opportunistically allocating its assets across a wide range of credit strategies primarily in Georgia, according to the Fund’s geographic profile. There can be no assurance that the Fund will achieve its investment objective or generate profit.

Interval Fund. The Fund is designed primarily for long-term investors and not as a trading vehicle. The Fund is an “interval fund” (defined below) pursuant to which it, subject to applicable law, will conduct semi-annual repurchase offers between 7.5% and 9.5% of the Fund’s issued and outstanding Units at the net asset value (“NAV”). In connection with any given repurchase offer, it is likely that the Fund may offer to repurchase only the minimum amount of 7.5% of its outstanding Units. It is also possible that a repurchase offer will be oversubscribed, with the result that Unitholders may only be able to have a portion of their Units repurchased *pro rata* with the aggregate repurchase requests received by the Fund. The latter does not currently intend to offer its units publicly or list them for trading on any national or foreign securities exchange. The Units are, therefore, not readily marketable. Even though the Fund will make semi-annually repurchase offers to repurchase a portion of the Units in an attempt to provide some liquidity to its unitholders, you should consider the Units to have limited liquidity.

Principal Investment Strategies. Under normal circumstances, the Fund will invest at least 80% of its assets in senior secured instruments (including Syndicated Loans) (the “Private Credit Instruments”). The Fund will opportunistically allocate its investments in public and private fixed income instruments, bank deposits and other money market instruments. The Fund will invest a substantial portion of its assets in credit instruments that have no external credit rating at all and would be rated below investment grade had they been rated. Such credit instruments are regarded as having predominantly speculative characteristics with respect to the issuer’s capacity to pay the interest and repay the principal. Because of the risks associated with investing in such loans, making investment in the Fund should be considered speculative.

Sanctions Compliance

The Fund will conduct its business in compliance with the economic and trade sanctions laws and regulations of the UN, UK, EU, US and any other government or authority with jurisdiction over the Fund activities.

The Fund is subject to laws which restrict it from dealing with persons that are located or domiciled in sanctioned jurisdictions. Accordingly, the Fund will require the subscriber to represent that they are not named on a list of prohibited entities and individuals maintained by the US Treasury Department’s Office of Foreign Assets Control (“OFAC”) or under the European Union (“EU”) and United Kingdom (“UK”) Regulations, and is not operationally based or domiciled in a country or territory in relation to which current sanctions have been issued by the United Nations, EU or UK (collectively “Sanctions Lists”). Where the subscriber is on a Sanctions List, the Fund may be required to cease any further dealings with the subscriber’s interest in the Fund, until such sanctions are lifted or a licence is sought under applicable law to continue dealings.

By subscribing, applicants consent to the disclosure by the Fund and the Administrator of any information about them to regulators and others upon request in connection with money laundering and similar matters

Risks Related to Investing in an Unlisted Registered Fund. Investment in the Fund is subject to, among others, the following risks:

- Unlike public funds, the Units are not listed on any securities exchange. The Fund will provide liquidity through semiannual offers to repurchase a limited number of Units (at least 7.5%).
- Fund Unitholders (“Unitholders”) should not expect to be able to sell their Units at a secondary market regardless of how the Fund performs. Investment in the Fund is considered to be of limited liquidity.
- Fund’s liquidity is also limited by the consideration that the Units can be realized on sophisticated investors only and the number of potential retail investors is limited to 20.

- If a Unitholder is able to sell its Units outside the semi-annual repurchase process, the Unitholder will likely receive less than the then-current NAV per Unit.
- Sale of Units shall always be subject to the consent of the Asset Manager. The Asset Manager may withhold its consent to sale of Units where (i) the buyer fails to comply with the requirements of the relevant laws of Georgia and/or (ii) there is a risk that the sale of Units may result in the breach of the regulatory framework set forth by the NBG.
- There is no assurance that quarterly distributions paid by the Fund will be maintained at the targeted level, profit will be generated or that dividends will be paid at all.

Investing in Units involves a high degree of risk. See “Risk Factors”, beginning on page 9 of this Memorandum.

The Fund accepts responsibility for the information contained in this Memorandum. To the best of the knowledge and belief of the Fund, (which has taken all reasonable care to ensure that such is the case), the information contained in this Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The distribution of this Memorandum and the offer of the Units may be restricted by law in certain jurisdictions. Persons who receive this Memorandum are required by the Fund to inform themselves about, and to observe, any such restrictions.

Advertising an offering of the Units is allowed to the extent permitted by the Georgian law. This offer comprises an offering of the Units only in the territory of Georgia and to the sophisticated investors (as defined under the Law of Georgia on Securities Market and relevant statutory instruments) and only up to 20 (twenty) retail investors as permitted under Investment Funds Law. This Memorandum has not been approved and does not require approval by any regulatory authority, including the National Bank of Georgia (“NBS”).

In connection with the issue and sale of the Units, no person is authorised to give any information or to make any representation not contained in this Memorandum. The Fund accepts no responsibility for any information not contained herein. Neither the delivery of this Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Fund since the date hereof.

This Memorandum does not constitute and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction, in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation, and no action is being taken to permit an offering of the Units or the distribution of this Memorandum in any jurisdiction where such action is prohibited.

Neither this Memorandum nor any other information supplied by the Fund in connection with the Units is intended to provide an evaluation of the risks involved in investing in the Units. Each investor is advised to make its own evaluation of the potential risks involved. The Fund makes no representation to any offeree or purchaser of the Units regarding the legality of an investment in the Units by such offeree or purchaser under appropriate investment or similar laws.

In this Memorandum, references to Georgian Lari and references to "GEL" are to the lawful currency of Georgia.

FORWARD LOOKING STATEMENTS

Certain statements in this Memorandum may be deemed to be “forward-looking statements”. Forward-looking statements include statements concerning the Fund's plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues, capital expenditures, financing needs, future operations, development, business strategy and other information that is not historical information.

Words such as “believe”, “anticipate”, “estimate”, “target”, “potential”, “expect”, “intend”, “predict”, “project”, “could”, “should”, “may”, “will”, “plan”, “aim”, “seek” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under “Risk Factors”, as well as those included elsewhere in this Memorandum. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

Accordingly, investors should not place undue reliance on forward-looking statements and, when looking at them, should carefully consider the foregoing factors and other uncertainties and events. The forward-looking statements in this Memorandum speak only as of the date hereof. The Fund does not undertake any obligation to update or revise any of them (whether because of new information, future events or otherwise), other than as required by applicable laws. The Fund does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios, and should not be viewed as the most likely or standard scenario. These cautionary statements qualify all forward-looking statements attributable to the Fund or persons acting on the Fund's behalf and any projections made by third parties included in this Memorandum.

THE FUND AND THE ASSET MANAGER

The Fund

The Fund is a registered investment company incorporated under the Law on Entrepreneurs and registered in line with the Investment Funds Law. The company is structured as an “interval fund” and is authorized to continuously issue new Units. The Fund was organized as a Georgian joint stock corporation company on 15 March 2024.

The Fund’s investment objective is to generate current income. The Fund seeks to achieve its investment objective by opportunistically allocating its assets across a range of credit strategies.

Under normal circumstances, the Fund will invest at least 80% of its assets in the Private Credit Instruments through participation in Syndicated Loans. The Fund will opportunistically allocate its investments in Private Credit Instruments denominated in the USD or EUR. While some of the loans, in which the Fund will invest, through the method listed herein above, will be secured with the senior ranking security, the Fund may also invest in loans that are backed by subordinated collateral. The Fund will only participate in a financial arrangement in which the Commercial Bank is a party and the latter serves as an administrative agent who monitors and administers the terms of the Loan Agreement.

Up to 20% of its assets will be invested in liquid assets, including cash, deposits, bonds and other money market instruments. The Fund may not invest in equity instruments.

Asset Manager

TBC Capital Asset Management LLC (the “Asset Manager”) is an asset management company licensed by the NBG (license number: 256) under the Investment Funds Law and provides asset management services to the Fund. The latter is not self-managed, does not have an internal board or staff. Therefore, solely the Asset Manager has the right to manage and represent the Fund, as well as conduct its activities in accordance with the Fund charter, as well as the Asset Management Agreement entered with the Asset Manager.

ADOPTION OF AND AMENDMENTS IN THE PRIVATE PLACEMENT MEMORANDUM

This Memorandum was adopted by the Asset Manager in compliance with and in consideration of the principles of the Fund's charter.

Amendments in the matters identified below, will be deemed as a material change of this Memorandum and shall require the resolution of the general meeting of the Fund's Unitholders by majority of no less than 75% of the Unitholders present at such meeting:

- Investment Objective;
- Applicable sectors and currencies;
- Distribution policy;
- Reporting requirement to the Unitholders.

UNITHOLDER RIGHTS

Investors are hereby advised that the Fund is registered with the NBG. Although this Memorandum is not subject to regulatory approval, as part of the registration procedures, it is a material requirement that the Fund's incorporation documents are in line with the Investment Funds Law and that the Unitholders are given certain material rights with regard to taking essential decisions related to the Fund's operation.

Any person, whether legal or natural, domiciled in any jurisdiction can become the Fund's Unitholders provided that (a) they meet the requirements to be classified as sophisticated investors under the Securities Markets Law, i.e. person who has sufficient experience, property or income to sustain the financial losses caused by investment activities; and (b) the aggregate number of retail investors in the Fund shall not exceed 20. Hence, the sale of shares shall be subject to strict reporting and compliance procedures, which includes the right of the Asset Manager to block the Unit transfer in case the transferee cannot be qualified as a "sophisticated investor".

The Unitholders participate in the Fund's management only through the Unitholders Meeting, which is held at least once every year, within 3 months after closing of each economic year. The Asset Manager, as well as any Unitholder(s) holding at least 5% of all issued and outstanding Units can initiate convocation of the extraordinary meeting, while only the Asset Manager has the right to convene general meeting, following the rules and procedures prescribed in the Fund charter.

The Unitholders Meeting is authorized to take decisions only on the below listed issues.

- Amending the Fund charter;
- Reorganization or liquidation of the Fund;
- Conversion of the company into a different type of fund;
- Terminate the asset management agreement with the Asset Manager, subject to the terms of the relevant agreement and/or appoint a new asset management company; determine material terms of the asset management agreement;
- Investments, which deviate from the investment objectives detailed out in the Company charter;
- Take decisions on any issues determined within the competence of the Unitholders under the investment policy document;
- Any other issue designated as an exclusive competence of the Unitholders under the Georgian law.

Unless an issue falls within the matters reserved for the Unitholders, as listed above, all remaining issues related to the Fund's portfolio management are within the competence of the Asset Manager.

Decisions on all issues listed above are made by 75% of majority vote of Unitholders present/represented at the relevant meeting, with the exception of termination of the asset management agreement and appointment of a new asset manager, which required 85% of votes of the relevant Unitholders.

RISK FACTORS

Investors should carefully consider the risk factors described below, before deciding on whether to make an investment in the Fund. The risks set out below are not the only risks the Fund faces. Additional risks and uncertainties not currently known to the Fund or that the Fund currently deems to be immaterial also may materially adversely affect the Fund's business, financial condition and/or operating results. If any of the following events occur, the Fund's business, financial condition and results of operations could be materially adversely affected. In such case, the NAV of the Fund's Units could decline, and investors may lose all or part of their investment.

Investors should be aware that in light of the current uncertainty, volatility and distress in economies, financial markets, and labour and health conditions over the world, the risks below are heightened significantly compared to normal conditions. The fact that a particular risk below is not specifically identified as being heightened under current conditions does not mean that the risk is not greater than under normal conditions.

Macroeconomic Risks and Political Risks Related to Georgia

Difficult global economic conditions have a material adverse effect on the Fund.

(Material adverse effect carries a meaning of any event, which individually, or together with all other events, has or would reasonably be expected to have a material and adverse effect on (a) the business, assets, liabilities (including reclamation obligations, whether or not contingent), finances, properties, results of operations or condition (financial or otherwise) of the Fund or (b) the ability of the Fund to perform its obligations, or to consummate the transactions contemplated by its agreements, including the Private Placement Memorandum, in each case, except to the extent such event results from, arises out of, or is attributable to, the following (either alone or in combination): (i) any change after the date hereof in global, national or regional political conditions (including hostilities, acts of war, sabotage, terrorism or military actions, or any escalation or material worsening of any such hostilities, acts of war, sabotage, terrorism or military actions existing or underway) or in the general business, market, financial or economic conditions affecting the industries, regions and markets in which the Fund operate, or force majeure events, (ii) any changes after the date hereof in applicable law or IFRS, or in the interpretation or enforcement thereof; (iii) declarations of national emergencies or natural disasters in Georgia ; provided, that the exceptions set forth in clauses (i) and (ii) shall not apply to the extent that such event is materially and disproportionately adverse to the Fund, as compared to other companies in the industries in which the Fund operate)

The Fund operates primarily in Georgia and its assets are located primarily in Georgia; nevertheless, the Fund's business profitability and its financial condition are affected by global macroeconomic and market conditions.

The spread of the COVID-19 pandemic has adversely affected revenues across most sectors of the Georgian economy, resulting in a 6.3 per cent. contraction of GDP in 2020. Against this background, the post-pandemic recovery was very strong with Georgia's real GDP increasing by 10.5 per cent. in 2021 and by 11.0 per cent. in 2022. After two successive years of double-digit growth in Georgia, economic activity moderated somewhat but remained strong in 2023, with real GDP increasing by 7.5 per cent., according to the preliminary estimates from Geostat. While first half of the year was still very strong in terms of foreign currency inflows, the second half was characterized by normalization towards the long-term trend. Initial adverse effects of Russian war in Ukraine in 2022 were compensated by the increased inflows and economic activity connected to the migration from Russia, Ukraine and Belarus, especially boosting the tourism sector, one of the most important revenue sources for Georgia. Tourist expenses have slashed by 83.4 per cent. annually in 2020, while sector revenues in 2023 exceeded the 2019 level by 26.2 per cent., mainly on the back of conventional tourism as the migration impact has broadly flattened throughout the last year. In a pandemic 2020, Georgia's current account deficit to GDP stood at 12.3 per cent., resulted primarily from a drop in service exports, which gradually improved to 10.3 per cent. in 2021, 4.5 per cent. in 2022 and 4.3 per cent. in 2023, positively affected by Georgia's broadly stable terms of trade (ratio of export prices over import prices). The increase in fiscal stimulus, primarily financed externally, played an important role in the relative softening of the impact of the COVID-19 pandemic, with the deficit to GDP ratio amounting to 9.2 per cent. in 2020, followed by a still expansionary 6.0 per cent. in 2021. Since that, the fiscal consolidation is underway with the budget deficit decreasing to 3.0 per cent. of GDP in 2022 and 2.8 per cent. in 2023.

As a result of COVID-19 outbreak and consequent currency outflows, the Georgian Lari (GEL) depreciated by 10.3 per cent. on average against the US dollar in 2020. From 2021, the national currency started strengthening, though the annual average exchange rate still depreciated by 3.6 per cent. During the last two years, recovered economic activity, tight monetary policy and elevated currency inflows resulted in GEL appreciation by 9.5 per cent. in 2022 and 9.9 per cent. in 2023 on average, while as for the year-ends, the Lari stayed broadly stable. Reflecting the weaker GEL and surged international commodity prices, the consumer price inflation in Georgia reached 13.9 per cent. at the end of 2021, well-above the NBG 3 per cent. target. As the Lari has strengthened and disinflationary pass-through from international markets came into place, annual inflation moderated to 9.8 per cent. in 2022 and dropped significantly to 0.4 per cent. at the end of 2023. Throughout this post-pandemic period, the National Bank of Georgia (NBG) acted mostly hawkish, aiming to secure the price stability and smoothen the GEL volatility. The central bank gradually increased its monetary policy rate (MPR) from 8.0 per cent. at the end of 2020, to 11.0 per cent. in March 2022, keeping it unchanged for more than a year. Starting from May 2023, the NBG gradually eased the stance, cutting the MPR to 8.25 per cent. as of March 2024. At the same time, the central bank actively intervened in the foreign exchange market as well, selling the net of U.S.\$ 916 million in 2020 and U.S.\$ 355 million in 2021 to support the GEL. However, strong currency inflows in 2022 and 2023 enabled the NBG to switch to the reserve accumulation, purchasing the net of more than U.S.\$1.76 billion during the last two years, with gross international reserves topping all-time high U.S.\$5 billion.

Uncertain and volatile global and regional economic conditions, such as the resurgence of pandemic, the unpredictability of US regulatory and fiscal policies, the potential adoption of trade restrictions, economic and political instability in Turkey and broader region, as well heightened geopolitical risks concerning the Russian-Ukrainian war, Middle east conflict, tensions between Armenia and Azerbaijan or even on Georgia's occupied territories, could have substantial political and macroeconomic ramifications and have significant impact on the Georgian economy.

At the same time, while the migration effect made an important contribution to economic growth in 2023, any sizeable outflow could lead to a deterioration in the business environment. The reverse would probably be the case in any rapid conflict resolution scenario, which would create positive economic spill overs as well, such as the likely stronger rebound of growth in Russia and Ukraine.

The Georgian economy may also suffer from the adverse effects of increased instability in global financial markets and decreased capital inflow in emerging market economies worldwide, as well as of global trade weakening, increased geopolitical risks, instability/decline of consumer goods prices, the external effects of the deterioration or slowdown in important trade partners' economic growth. Financial or political instability in emerging market economies could also have a material adverse effect on capital markets and the economy in general, since investors usually prefer to invest in more developed markets, as those markets are considered to be more stable.

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 Fund's business, financial condition, results of operations and prospects may be adversely affected.

Instability in the domestic foreign exchange market may have a material adverse effect on the development of Georgia's economy and the Fund's activities.

Although the Lari is a convertible currency, there is generally no market outside Georgia for the exchange of Lari, and the Lari conversion market in Georgia is limited in size. According to the NBG, the volume of trading in the Lari-U.S. Dollar and Lari-Euro markets (including activities of the NBG) amounted to U.S.\$39.5 billion and EUR13.5 billion in 2023, respectively, as compared to U.S.\$33.9 billion and EUR6.8 billion, respectively, in 2022, and U.S.\$23.8 billion and EUR3.4 billion, respectively, in 2021. Excluding activities of the NBG, the total volume of trading turnover in the Lari-U.S. Dollar market amounted to U.S.\$40.8 billion in 2023, as compared to U.S.\$34.1 billion in 2022 and U.S.\$22.6 billion in 2021. According to NBG, it had U.S.\$4.7 billion in gross official reserves as at February 2024 as compared to U.S.\$5.0 billion, U.S.\$4.9 billion and U.S.\$4.3 billion as at December 2023, 2022 and 2021 respectively. While the Government states that these reserves will be sufficient to sustain the domestic currency market in the short term, the foreign exchange market instability could slow down the development of Georgia's economy, which could have a material adverse effect on the business of the Fund's corporate customers and, in turn, on the Fund.

In addition, lack of stability in the currency market may adversely affect Georgia's economy. There was significant instability in the Lari to U.S. Dollar exchange rate following the Russian financial crisis of August 1998, following the conflict with Russia in 2008 and the regional economic slowdown due to the fall in oil prices in 2015. In 2015, the NBG allowed the Lari to depreciate by 29.4 per cent. and by a further 10.5 per cent. in 2016, in a measure aimed at alleviating the negative impact of the economic slowdown in neighboring countries on the Georgian economy. While the Lari generally appreciated against the U.S. Dollar and other major international currencies in the first half of 2016, primarily driven by an increase in the number of tourists travelling to Georgia, the Lari exchange rate has continued to depreciate since up until 2021. The Lari/U.S. Dollar exchange rate was 2.6766 as of 31 December 2018, 2.8677 as of 31 December 2019, 3.2766 as of 31 December 2020, 3.0976 as of 31 December 2021, 2.7020 as of December 2022 and 2.6894 as of December 2023. 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 foreign direct investment (the "**FDI**") and other currency inflows. Any failure to do so, or a major depreciation or further depreciation of the Lari, could adversely affect Georgia's economy. For example, the Lari depreciated significantly in 2020 as a result of the COVID-19 outbreak (having depreciated against the U.S. dollar by a moderate 1.0 per cent. in 2018, followed by larger depreciations of 11.2 per cent. in 2019, and 10.4 per cent. in 2020). For more information, see "*Macroeconomic risks and political risks related to Georgia - Difficult global economic conditions have a material adverse effect on the Fund*".

Regional tensions and disruptions in neighboring 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 its neighbors. 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 an EU-brokered ceasefire was signed, calling for the withdrawal of Russian troops, Russia recognized the independence of the breakaway regions and tensions persist. Russia is opposed to the eastward enlargement of the North Atlantic Treaty Organization (the "**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. In July 2019, Russia imposed a ban on direct flights from Russia to Georgia as part of the Russian state response to mass anti-occupation demonstrations in Tbilisi in June 2019.

As for another example, in 2017, the Russian occupation forces deployed in central Georgia moved the occupation line further into Georgian territory. The geopolitical relationship between Russia and Ukraine remains strained following the crisis which began in 2013. Sanctions imposed by the United States and EU (and other nations) against Russian individuals and legal entities continue, and there is uncertainty as to how and when the conflict between Russia and Ukraine will be resolved. From late 2021, there has been a further increase in tensions between Ukraine and Russia, with the former acquiring new Western-supplied military hardware, and the latter stepping up its military exercises in the region, which culminated with recognizing the breakaway regions of Lugansk and Donbas by Russia and launching military attack on various parts of Ukraine on 24 February 2022. Tensions continue to rise since the Western powers, notably the United Kingdom and the United States, push for stringent economic sanctions against Russia and certain officials rendering the overall fate of the conflict highly fragile and unpredictable. The ongoing political instability and any prolongation or further escalation of the geopolitical conflict between Russia and Ukraine, and any decline in the Russian economy due to the impact of the sanctions, unstable oil prices or currency depreciation, increasing levels of uncertainty, increasing levels of regional, political and economic instability and any future deterioration of Georgia's relationship with Russia, including in relation to border and territorial disputes, may have a negative effect on the political or economic stability of Georgia.

Further geopolitical instability in the region, most notably between Azerbaijan and Armenia and among Turkey, Ukraine, Russia and broader neighborhood may have an adverse impact on Georgia. In particular, recent hostilities in Israel/Palestine carries a risk of emerging as a regional conflict, having direct and indirect impact on Georgian economy primarily through reduced tourism revenues and remittances, increased oil prices, etc.

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 a Fund primarily operating in Georgia, could have a material

adverse effect on the business environment in which the Fund operates and, accordingly, on its business, financial condition, results of operations and prospects.

Economic conditions in neighboring countries may adversely affect Georgia's economy.

The Georgian economy is also dependent upon the economies of other countries in the region, in particular, Turkey, Russia, Azerbaijan and Armenia. In recent years, economic growth has been slow across the region, including Georgia, for several reasons. These include a number of geopolitical developments, such as: (i) low oil prices (a consequence of reduced import demand from Russia); (ii) Russia being subject to international sanctions; (iii) conflict situations in eastern Ukraine and Crimea; (iv) the armed conflict between Azerbaijan and Armenia; and (v) the recent depreciation of the Russian Rouble and other currencies in the region.

Turkey represents the largest source of Georgian imports, accounting for 18.1 per cent., 17.5 per cent. and 16.6 per cent. of total imports in 2021, 2022 and 2023, respectively, according to GeoStat. Turkey's economy grew by 11.4 per cent. in 2021, 5.5 per cent. in 2022 and 4.5 per cent. in 2023. Adverse economic conditions in Turkey are a potential obstacle to the growth of the Georgian economy.

Azerbaijan and Armenia accounted for 12.5 per cent. and 6.0 per cent., 12.0 per cent. and 10.5 per cent. and 14.2 per cent. and 12.9 per cent. of total exports in 2021, 2022 and 2023, respectively, according to GeoStat. During a brief period of being floated, the Azerbaijani Manat depreciated by 49.7 per cent. against the U.S. Dollar and 44.1 per cent. against the Euro in December 2015, following the oil price crash. From 2017, the Manat switched back to the managed system and has been since pegged to the US dollar at a rate of 1.7 Manat per USD. After depreciating by 14.9 per cent. against the U.S. Dollar between October 2014 and February 2015, the Armenian dram remained broadly stable up until the end of 2020, reaching its low point in March 2021. However, the Dram regained positions in the following period, appreciating by 23.8% as for the end of 2023.

Russia is one of the largest markets for Georgian exports and imports, accounting for approximately 14.4 per cent., 11.5 per cent. and 10.8 per cent. of Georgia's total exports, and approximately 10.1 per cent., 13.5 per cent. and 11.2 per cent. of Georgia's total imports in 2021, 2022 and 2023, according to GeoStat. Following a recession and depreciation in 2015 and 2016, the Russian Rouble rebounded in 2017 against the U.S. Dollar. In 2018, the Russian Rouble depreciated again against the U.S. Dollar by 17.1 per cent., and then appreciated by 10.9 per cent. in 2019. COVID-19 related recession risks and plunging oil prices have led to further depreciation of the Russian Rouble. Volatility even increased after the Russian invasion of Ukraine with the Ruble depreciating by 19.1 per cent. at the end of 2023 compared to the 2021. However, as Russia and Azerbaijan depend significantly on oil prices and the wider region in turn depends significantly on Russia, Georgia is also exposed to oil price fluctuations, which affect it both as an importer of energy as well as a small open economy that depends on regional economic conditions. Crude oil prices declined as a result of a disagreement in oil production cuts among the Organization of Petroleum Exporting Countries members in March 2020. As a result, in April 2020 the Urals oil price dropped to U.S.\$18.22 per barrel, but the price has since recovered and averaged U.S.\$60 per barrel in November 2021. After starting the war in Ukraine, Urals price fluctuated further, standing at U.S.\$75 in March 2024. Any continued oil price volatility, restrictions related to the sanctions towards Russia, as well as any further economic disruptions or crises in Georgia's neighboring markets may have a material adverse effect on Georgia's economy.

The economic reopening, elevated international commodity prices, migration inflows and other drivers resulted in a very strong growth of exports from and remittances to Georgia in 2021 and 2022 years, which, considering the high base effect, continued with normalization in 2023. Exports and remittances increased by 26.9 per cent. and 24.6 per cent in 2021 and 31.8 per cent and 86.1 per cent. in 2022, respectively, with remittances primarily driven by inflows from Russia. Moderation was evident in both streams in 2023, with exports increasing by 9.1 per cent. and remittances decreasing by 5.7 per cent throughout the year. Unfavorable economic situation in Georgia's neighboring countries could seriously damage the Georgian economy, which in turn could adversely affect the Fund's business, financial condition and results of operations or prospects.

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

Since regaining 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. Such reforms and economic growth may be hindered as a result of any policy changes or as a result of a rejection of reform policies by the President of Georgia (the "**President**"), the Parliament or others.

Under the influence of the Georgian Dream Coalition, which has held a parliamentary majority since 2012, the current ruling party in the 2020 election, won 91 seats out of a total of 150, as well as 63 out of 64 seats in the October 2021 local government elections, Georgia is generally seen to be business- and investor-friendly and, to date, has remained committed, in principle, to major economic and fiscal policies designed to liberalize and improve the Georgian economy. The results of both the October 2020 parliamentary elections and October 2021 local government elections (where the current ruling party won the majority of seats) were contested by the opposition parties that had not taken their seats in the Parliament and demanded snap elections and the release of prisoners of demonstrations of June 2019. In the parliamentary elections held in October and November 2020, opposition parties questioned the results of the first round and boycotted the second round of the elections, as well as the opening session and early proceedings of the new Parliament. On 18 February 2021, the Prime Minister, Giorgi Gakharia, resigned from his position citing his disagreement with the court decision to arrest the leader of the opposition party the National Movement in relation to protests held on 20-21 June 2019. On 22 February 2021, Irakli Gharibashvili became the Prime Minister of Georgia. The EU mediated negotiations between the ruling party and the opposition parties in March 2021, and in April 2021 the ruling party and opposition signed an EU mediated agreement. The agreement provided for the initiation of an amnesty law for violations and convictions stemming from protests by opposition parties on 19-21 June 2019 and requiring that Parliament to address the perception of politicized justice through legislation. The agreement also provided for ambitious electoral reform initiatives, including for future parliamentary elections to be fully proportional. On 27 April 2021, signatories from opposition parties entered the Parliament to participate in parliamentary sessions and a new speaker of Parliament was elected. The ruling party withdrew from the agreement in July 2021. Mikheil Saakashvili, the former president of Georgia, was arrested on 1 October 2021 for abuses of power while in office. Since then, there have been large protests calling for his release and political tensions continue.

Despite the polarized political environment, Georgia received the European Union membership candidate status in December 2023. As of 2024, the parliament is fully completed and functioning, however, the next parliamentary election is scheduled in the following October, after which, the new legislature, together with the electoral college, will appoint the next president of Georgia. Busy schedule and still polarized political environment increase the risks of political tensions and instability.

If the political tensions grow 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 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 a material adverse effect on the Fund.

Georgia's legal framework is still developing, with several fundamental civil, criminal, tax, administrative, financial and commercial laws having only recently become effective, including the Investment Funds Law, which came into effect only in July 2020. 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.

On April 5 2023, the US department of state announced sanctioning of three active and one former Georgian judge for "undermining the rule of law and the public's faith in Georgia's judicial system".

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 material adverse effect on the Georgian economy, which could, in turn, have a material adverse effect on the Fund's operations and business results.

Furthermore, Government counterparties or agencies may have discretion to change or increase regulation of a portfolio investment's operations, or implement laws or regulations affecting the portfolio investment's operations, separate from any contractual rights it may have. A portfolio investment also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such portfolio company. Governments have considerable discretion in implementing regulations and tax reform, including, for example, the possible imposition or increase of taxes on income earned by a portfolio company or gains recognized by the Fund on its investment in such portfolio company that could impact a portfolio company's business as well as the Fund's return on investment with respect to such portfolio company.

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 December 2019, the Georgian Parliament adopted the Resolution Framework, widely known as the framework under the BRRD and, in January 2020, the Derivatives 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. Certain amendments to the personal data protection framework have also been introduced to the Georgian Parliament aiming to bring Georgian personal data protection standards in line with the standards of the EU General Data Protection Regulation (Regulation (EU) 2016/679).

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 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 Fund's business, financial condition and results of operations.

The NBG continues to introduce various regulations in the financial sector, which may create additional operational burden for the 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. Just recently NBG has initiated a bill on Covered Bonds and is working on new legal initiative aimed at real estate investment trusts. There is no guarantee that new laws and regulations introduced by the NBG or other administrative bodies will not impede the Fund's operations or impose additional administrative burden on it, which may cause decrease of overall efficiency and profitability of the Fund.

Uncertainties in the tax system in Georgia may result in the imposition of tax adjustments or fines against the Fund or its portfolio companies 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 (the "**Tax Code**") came into effect on 1 January 2011. In December 2010, the Constitution had been amended to prohibit the introduction of new statewide 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.

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.

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 Fund or the Unitholders, which may, in turn, have a material adverse effect on its business.

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, disfavoring an entire region or class of investment, a phenomenon known as the "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 following the 1998 Russian financial crisis, the 2008-2009 global financial crisis, COVID-19, regional conflict and recent regional turbulence due to lower oil prices, and may be affected by similar events in future.

Increased volatility in global financial markets and lower capital flows to emerging market economies world-wide, weakness of global trade, elevated geopolitical risks, highly volatile and large and sustained declines in commodity prices, wide-ranging spill-overs from Russia's recession, and the slowdown and rebalancing of China's economy may have a material adverse effect on Georgia's economy. Financial 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.

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

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

The Fund has a broad mandate with respect to the type and nature of investments, in which it participates. While around 80% of the loans, in which the Fund will invest will be secured, the Fund may also invest in unsecured liquid instruments.

The borrowers of loans constituting the 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 Fund of its entire investment in any particular investment. Insolvency laws may result in a restructuring of the debt without the 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 Fund.³⁰

Debt securities are also subject to other risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance," (ii) the recovery of liens perfected or payments made on account of a debt in the period before an insolvency filing as a "preference," (iii) equitable subordination claims by other creditors, (iv) so called "lender liability" claims by the issuer of the obligations and (v) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any issuer, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of the Fund's investment in any such company. The Fund's investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions, which, in each case, could result in the issuer repaying the principal on an obligation held by the Fund earlier than expected. Accordingly, there can be no assurance that the Fund's investment objective will be realized.

Close affiliation and ties with TBC Group (as defined below) may create internal conflicts and moral hazard for the individuals involved in managing the Fund, which may cause shifting of banking risks to the investors and thus, have materially adverse affect on the overall portfolio quality and performance of the Fund.

Asset Manager is a 100% subsidiary of JSC TBC Bank ("TBC Bank"). The latter is held by TBC Bank Group PLC ("TBC Group"), a public limited company registered in England and Wales, uniting group of companies that principally operate in Georgia in the financial sector and other closely related fields. TBC Bank Group PLC is listed at the London Stock Exchange under the symbol TBCG and is a constituent of the FTSE 250. It is also a member of FTSE4Good Index Series and the MSCI United Kingdom Small Cap Index.

Close ties with TBC Bank is reflected in the management of the Asset Manager also. In particular:

1. One Board members of the Asset Manager at the same time hold managerial positions at the TBC Bank;
2. The Asset Manager uses certain resources of the TBC Bank in its daily business, including but not limited to software programs and systems, office areas;
3. TBC Bank also holds 100% of shares in TBC Capital, leading investment bank in Georgia operating based on a securities brokerage license.

TBC Group is engaged in wide range of business activities including Corporate Banking, Investment Banking and Wealth Management, the TBC Group represents various interests (representing sell-side and buy-side simultaneously) that are inherently conflicting and requires constant and close monitoring of potential conflicts of interest. The most frequent situations which give rise to the possible conflict of interest include: (a) defining transfer price for intra-group transactions when using an affiliated party service (Brokerage and Wealth Management) for unit distribution, or when investing in assets owned by TBC Bank's Corporate Banking; (b) asset selection, when TBC bank's Corporate Banking may have incentive to improve portfolio quality through the transaction, versus Asset Managers motivation to create high quality portfolio fund; (c) asset selection of liquid instruments, when TBC Capital may have incentive to profitably sell securities of its investment banking clients and thus, generate high returns; and (d) using non-public information, an absence of effective Chinese walls may create the potential for front-running that may result in security's price movements based on the non-public information; or group members may have unequal bargaining power in the negotiation e.g. TBC Bank's Corporate Banking or TBC Capital's investment banking arm may use non-public information to negotiate sale of assets with high administrative fees and poor quality.

Management of the above conflict requires sophisticated structures of corporate governance, high degree of institutional oversight and accountability towards the Unitholders. Although the Asset Manager has dedicated conflict of interest management policy, there can be no warranty that it will work efficiently or that the Asset Manager's staff be able to maintain the required degree of independence and impartiality. Failure to manage internal conflicts efficiently may result in overall failure of the Fund's activities and have negative impact on the investors' returns.

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

The success of the 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 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).

Current and historic market turmoil has illustrated that market environments may, at any time, be characterized by uncertainty, volatility and instability. For example, the outbreak of COVID-19 is causing materially reduced consumer demand and economic output, disrupting supply chains, resulting in market closures, travel restrictions and quarantines, and adversely impacting local and global economies. As with other serious economic disruptions, governmental authorities and regulators are responding to this crisis with significant fiscal and monetary policy changes, including by providing direct capital infusions into companies, introducing new monetary programs and considerably lowering interest rates, which, in some cases resulted in negative interest rates.

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 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 or key service providers or if these events disrupt systems and processes necessary or beneficial to the investment advisory or other activities on behalf of the Fund.

The Fund's investment strategy and the availability of opportunities satisfying the 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 will prove correct and actual events and circumstances may vary significantly.

Many of the issuers in which the 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 Fund's portfolio may decrease during these periods as the 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 Fund's loans and the value of its equity investments. Economic slowdowns or recessions could lead to financial losses in the Fund's portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase the Fund's and the issuers' funding costs, limit the Fund's and the issuers' access to the capital markets or result in a decision by lenders not to extend credit to the Fund or the issuers. These events could prevent the Fund from increasing investments and harm its operating results.

An issuer's failure to satisfy financial or operating covenants imposed by the 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 Fund holds. The 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 Fund will actually provide significant managerial assistance to that issuer, a bankruptcy court might subordinate all or a portion of the Fund's claim to that of other creditors.

The prices of financial instruments in which the 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 Fund. Instability in the securities markets may also increase the risks inherent in the Fund's investments.

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 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 Fund's return to investors would be adversely impacted if an issuer of debt in which the Fund invests becomes unable to make such payments when due.

Although the Fund may make investments that the Asset Manager believes are secured by specific collateral, the value of which may initially exceed the principal amount of such investments or the 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 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 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 Fund's investment or a pre-payment (in whole or in part) of the Fund's investment.

Similarly, while the 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 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 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 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 Fund's business, financial condition, results of operations and cash flows.

Investing in loan portfolio without direct involvement in the loan administration subjects the 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 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 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 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/loan portfolio may result in material loss for the Fund. Under the agreements in case the borrower is in default the administering bank has requirement to declare an event of default. In the case where the counterpart bank does not do so the Fund can use a put option and require a repayment of its investment from the counterpart bank.

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 Fund may lose some or all of its investments in case of Entrusting of Monetary 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 Fund or the Asset Manager to directly enforce its rights with respect to participations. The Asset Manager 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 Fund.

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

It is expected that when the 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 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 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 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 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 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 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 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.

Bank loans are frequently traded on the basis of standardized documentation which is used in order to facilitate trading and market liquidity. There can be no assurance, however, that future levels of supply and demand in bank loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue or that the same documentation will be used in the future. The settlement of trading in bank loans often requires the involvement of third parties, such as administrative or syndication agents, and there presently is no central clearinghouse or authority which monitors or facilitates the trading or settlement of all bank loan trades. Often, settlement may be delayed based on the actions of any third party or counterparty, and adverse price movements may occur in the time between trade and settlement, which could result in adverse consequences for the Fund.

General interest rate fluctuations and changes in credit spreads on floating rate loans may have a substantial negative impact on the 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 Fund's investments and investment opportunities and, accordingly, may have a material adverse effect on the Fund's rate of return on invested capital, the Fund's net investment income and the Fund's NAV. Certain of the Fund's debt investments will have variable interest rates that reset periodically based on benchmarks such as SOFR and the prime rate, so an increase in interest rates from their historically low present levels may make it more difficult for issuers to service their obligations under the debt investments that the Fund will hold. In addition, to the extent the Fund borrows money to make investments, its returns will depend, in part, upon the difference between the rate at which it borrows funds and the rate at which it invests those funds. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on the Fund's net investment income to the extent it uses debt to finance its investments. In periods of rising interest rates, the Fund's cost of funds would increase, which could reduce its net investment income. 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. 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 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 Fund is subject to inflation risks.

Inflation risk is the risk that the value of certain assets or income from the 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 Fund's use of leverage would likely increase, which would tend to further reduce returns to Unitholders.

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

The probable discontinuance of SOFR or other reference rates may require the Fund to renegotiate credit agreements entered into prior to the discontinuation of SOFR or other reference rates and extending beyond 2024 with the Fund's portfolio companies that utilize SOFR or other reference rates as a factor in determining the interest rate, in order to replace SOFR or other reference rates with the new standard that is established, which may have a material adverse effect on the Fund's ability to receive attractive returns.

In addition, if SOFR or other reference rates ceases to exist, the Fund may need to renegotiate certain terms of the Fund's credit facility. If the Fund is unable to do so, amounts outstanding under the Fund's credit facility may bear interest at a higher rate, which would increase the cost of the Fund's borrowings and, in turn, affect the Fund's return on capital.

Depending on several factors, including those set forth above, and the related costs of negotiating and documenting necessary changes to documentation, the 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 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 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 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 will often be unable to predict when, and if, this may be possible for each of the Fund's issuers. In the case of some of these loans, having the loan called early may have the effect of reducing the 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 highly leveraged issuers, which will increase its exposure to adverse economic conditions and may cause loss of investment.

The Fund's investments are expected to include investments in issuers whose capital structures have significant leverage (including substantial leverage senior to the Fund's investments), 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 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 Fund, particularly in light of the subordinated and/or unsecured position of the Fund's investments, may suffer a partial or total loss of capital invested in the company, which could adversely affect the return of the Fund.

The Fund may invest in non-performing investments, which are more likely to default.

The Fund's portfolio may include investments whose underlying collateral are "non-performing" and that are typically highly leveraged, with significant burdens on cash flow and, therefore, involve a high degree of financial risk. During an economic downturn or recession, securities of financially troubled or operationally troubled issuers are more likely to go into default than securities or instruments of other issuers. Securities or instruments of financially troubled issuers and operationally troubled issuers are less liquid and more volatile than securities or instruments of companies not experiencing financial difficulties. Investment, directly or indirectly in the financially and/or operationally troubled issuers involves a high degree of credit and market risk. These difficulties may never be overcome and may cause borrowers' bankruptcy or other similar legal proceedings. There is a possibility that the Fund may incur substantial or total losses on its investments and in certain circumstances, subject the Fund to certain additional potential liabilities that may exceed the value of the Fund's original investment therein.

Fluctuation of USD to EUR exchange rate may have negative affect on the Fund's performance.

A portion of the Fund's investments may be denominated in Euros rather than U.S. dollar. However, the books of the Fund will be maintained, and contributions to and distributions from the Fund will generally be made, in U.S. dollars. Accordingly, changes in foreign currency exchange rates and exchange controls may materially adversely affect the value of the investments and the other assets of the Fund. For example, any significant depreciation in the exchange rate of the Euro, or any other currency in which the Fund makes investments, against the U.S. dollar, could adversely affect the value of dividends or proceeds on investments denominated in the Euro or such other currencies. In addition, the Fund will incur costs, which may be significant, in connection with the conversion of various currencies.

The portfolio entities' operations may be adversely affected by force majeure events causing damage to the 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, acts of God, 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 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 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 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 Fund, including if its investment in such issuer is canceled, unwound or acquired (which could be without what the Fund considers to be adequate compensation). Any of the foregoing may therefore adversely affect the performance of the Fund and its investments.

Other Risks Relating to the Fund

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

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

The Fund's ability to achieve its investment objective depends on the Asset Manager's ability to identify, analyze, invest in, finance and monitor companies that meet the Fund's investment criteria. The Asset Manager's capabilities in managing the investment process, providing competent, attentive and efficient services to the 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 Fund's investment objective, the Asset Manager may need to hire, train, supervise and manage new investment professionals to participate in the Fund's investment selection and monitoring process. The Asset Manager may not be able to find investment professionals in a timely manner or at all. Failure to support the Fund's investment process could have a material adverse effect on the Fund's business, financial condition and results of operations.

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

The Asset Manager depends on the diligence, skill and network of business contacts of certain professionals. The Asset Manager 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 Fund's success depends on the continued service of such personnel. The investment professionals associated with the Asset Manager are actively involved in other investment activities not concerning the Fund and will not be able to devote all of their time to the Fund's business and affairs. The departure of any of the senior managers of the Asset Manager, or of a significant number of the investment professionals or partners of the Asset Manager's affiliates, could have a material adverse effect on the Fund's ability to achieve its investment objective. Individuals not currently associated with the Asset Manager may become associated with the Fund and the performance of the Fund may also depend on the experience and expertise of such individuals.

In addition, there is no assurance that the Asset Manager 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.

The Asset Manager may discontinue to manage the Fund's assets, through its initiative or otherwise. Failure to select an alternative asset manager may trigger the Fund's liquidation and thus, may result in total or partial loss of its investments.

As noted above, the Fund does not have its own management or staff and it relies on the capabilities of the Asset manager entirely. The Asset Management Agreement may be terminated (a) based on the initiative of the Fund or the Asset Manager, in case the counterparty is in material breach of the agreement; (b) by the Fund – in case the Asset Manager's license is suspended or terminated; (c) by the Asset Manager – in case of deregistration of the Fund; (d) by either party – in case of insolvency of the counterparty; and (e) based on a mutual agreement of the parties.

Dismissal of the Asset Manager requires consent of 85% of the Unitholders. If the agreement is terminated for any reason whatsoever, (a) the monetary funds shall be transferred to the bank account of the Fund within the term of 3 days; and (b) other portfolio assets shall be transferred to a new asset manager selected by the Fund. Until appointment of a new manager, the Asset Manager may continue managing the assets only in exchange of receiving the relevant fees. Unless the Fund is able to appoint a new asset manager within 3 months after termination, the Fund's liquidation proceedings shall be commenced.

There can be no guarantee that the Fund's Unitholders will be able to promptly select a new asset manager or that such new manager will have adequate resources and be able to manage the Fund. Failure to do so may trigger liquidation proceedings of the Fund and given the market conditions at that time and overall portfolio condition, as well as liquidation plan duration, such proceedings may end with significant losses for the Unitholders.

Units will not be listed. Absent the obligation of the Fund to redeem investors on a daily basis and no functional secondary market in Georgia, investment in the 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 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 Fund, semi-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 Fund does not currently intend to list the Units for trading on any securities exchange.

The Fund is designed primarily for long-term investors. The Fund is not intended to be a typical traded investment. There is no secondary market for the Fund's Units and the Fund expects that no secondary market may develop. An investor should not invest in the Fund if the investor needs a liquid investment. Although the Fund, as a fundamental policy, will make semi-annual offers to repurchase between 7.5% and 9.5% of its outstanding Units based on its net asset value, the number of Units tendered in connection with a repurchase offer may exceed the number of Units the Fund has offered to repurchase, in which case not all of the Units tendered in that offer will be repurchased. In connection with any given repurchase offer, it is likely that the Fund may offer to repurchase only the minimum amount of 7.5% of its outstanding Units. Hence, the investors may not be able to sell their Units when and/or in the amount they desire. Even in case unitholders will be able to sell the units on the highly illiquid secondary market, there is a risk that 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 Fund's performance.

The 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 Fund's competitors are substantially larger and may have considerably greater financial, technical and marketing resources than the Fund. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to the Fund. In addition, some of the Fund's competitors may have higher risk tolerances or different risk assessments. These characteristics could allow the 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 Fund may lose investment opportunities if it does not match its competitors' pricing. If the 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 Fund's competitors could force it to accept less attractive investment terms.

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

No assurance can be given that the returns on the 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 will raise funds.

This offering is being made on a best efforts basis, whereby the Asset Manager 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 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 Fund's expenses over a smaller capital base.

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

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

Due to absence of public market for the Fund's portfolio investments, the Asset Manager will have to evaluate the 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 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 Fund may invest. The Board is responsible for the annual audit of the Fund, while the CEO is responsible for the valuation of the Fund's portfolio investments.

A high proportion of the 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 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 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 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 Fund's investments being valued on the basis of this reported information. Furthermore, the Fund is offered on a daily basis and calculates a daily NAV per Share. The Asset Manager seeks to evaluate on a daily basis material information about the Fund's portfolio companies; however, for the reasons noted herein, the Asset Manager may not be able to acquire and/or evaluate properly such information on a daily basis. Due to these various factors, the Fund's fair value determinations can cause the 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.

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 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. Although the Asset Manager 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's and issuers' 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 Fund will heavily rely on the Asset Manager'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 Fund and/or the Asset Manager 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 operates in a business that is highly dependent on information systems and technology. The information systems and technology that the Asset Manager 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 Fund and/or the Asset Manager.

A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the Fund. Cyber threats and/or incidents could cause financial costs from the theft of 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 Fund. There can be no guarantee that the 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, the 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's, the 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 Fund or the Asset Manager may not be in a position to verify the risks or reliability of third parties with which the Fund's and the Asset Manager's operations interface with and/or depend on third parties, including the Fund's administrator and other service providers. The 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 Fund and its service providers are currently impacted by quarantines and similar measures being enacted by governments in response to COVID-19, which are obstructing the regular functioning of business workforces (including requiring employees to work from external locations and their homes). Accordingly, the risks described above are heightened under current conditions.

INVESTMENT OBJECTIVE, OPPORTUNITIES AND STRATEGIES

The Fund's investment objective is to produce current income. The Fund seeks to achieve its investment objective by opportunistically allocating its assets across a wide range of credit strategies.

Through its loan participation strategy, the Fund intends to invest in senior secured term loans to large and prominent Georgian companies served by local commercial banks. The Fund will seek to participate in Syndicated Loans .

Syndicated Loans generally hold the most senior position in the capital structure of a borrower, are typically secured with specific collateral and have a claim on the assets and/or stock of the borrower that is senior to that held by unsecured creditors, subordinated debt holders and holders of equity of the borrower. Typically, in order to borrow money pursuant to a Syndicated Loan, a borrower will, for the term of the Syndicated Loan, pledge collateral (subject to typical exceptions), including but not limited to (i) working capital assets, such as accounts receivable and inventory; (ii) tangible fixed assets, such as real property, buildings and equipment; (iii) intangible assets, such as trademarks and patent rights; and (iv) security interests in shares of stock of subsidiaries or affiliates. The company's shareholders may provide collateral in the form of secured guarantees and/or security interests in assets that they own. In some instances, a Syndicated Loan may be secured only by stock in the borrower or its subsidiaries. Collateral may consist of assets that may not be readily liquidated, and there is no assurance that the liquidation of such assets would satisfy fully a borrower's obligations under a Syndicated Loan.

A borrower must comply with various covenants contained in a loan agreement or note purchase agreement between the borrower and the holders of the Syndicated Loan (the "Loan Agreement"). In a typical Syndicated Loan, an administrative agent, a Commercial Bank (the "Agent") administers the terms of the Loan Agreement. In such cases, the Agent is normally responsible for the collection of principal and interest payments from the borrower and the apportionment of these payments to the credit of all institutions that are parties to the Loan Agreement. The Fund will generally rely upon the Agent or an intermediate participant to receive and forward to the Fund its portion of the principal and interest payments on the Syndicated Loan. Additionally, the Fund normally will rely on the Agent and the other loan investors to use appropriate credit remedies against the borrower. The Agent is typically responsible for monitoring compliance with covenants contained in the Loan Agreement based upon reports prepared by the borrower. The Agent may monitor the value of the collateral and, if the value of the collateral declines, may accelerate the Syndicated Loan, may give the borrower an opportunity to provide additional collateral or may seek other protection for the benefit of the participants in the Syndicated Loan. The Agent is compensated by either the borrower or the members of the syndicate for providing these services under a Loan Agreement, and such compensation may include special fees paid upon structuring and funding the Syndicated Loan and other fees paid on a continuing basis.

Syndicated Loans typically have rates of interest that are determined daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium or credit spread. As a result, as short-term interest rates increase, interest payable to the Fund from its investments in Syndicated Loans should increase, and as short-term interest rates decrease, interest payable to the Fund from its investments in Syndicated Loans should decrease. These base lending rates are primarily EURIBOR or SOFR.

In the process of buying, selling and holding Syndicated Loans, the Fund may receive and/or pay certain fees. These fees are in addition to interest payments received and may include facility fees, commitment fees, amendment fees, commissions and prepayment penalty fees. On an ongoing basis, the Fund may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a Syndicated Loan. In certain circumstances, the Fund may receive a prepayment penalty fee upon the prepayment of a Syndicated Loan by a borrower. Other fees received by the Fund may include covenant waiver fees, covenant modification fees or other amendment fees.

DETERMINATION OF NET ASSET VALUE AND REPORTING TO UNITHOLDERS

The Fund's NAV will be computed based upon the value of the Fund's portfolio securities and other assets. The non-audited NAV per Unit of an applicable class will be determined as of 18:00 Tbilisi Time at the end of each month, whereas audited NAV per unit of an applicable class will be determined as of 18:00 Tbilisi Time at the end of the each quarter. Quarterly audited NAV calculation results will be reported to the Unitholders within the term of 45 (forty-five) days after close of the second or fourth quarter.

The Fund calculates NAV per Unit of an applicable class by subtracting the Fund's liabilities (including current and non-current liabilities of the Fund) from the Fund's total assets (the value of the securities the Fund holds plus cash or other assets, including interest accrued but not yet received) and dividing the result by the total number of issued and outstanding Units of the Fund.

As discussed in further detail herein, although the Fund will determine and communicate to the unit holders its NAV monthly, such NAV is subject to valuation risk.

The Fund's investments, for which market quotations are readily available, are valued at market value. Market values for various types of securities and other instruments are determined on the basis of closing prices or last sale prices on an exchange or other market, or based on quotes or other market information obtained from quotation reporting systems, established market makers, brokers, data delivery vendors, or pricing services.

When market quotations are not readily available or are deemed to be inaccurate or unreliable, the Fund values its investments at fair value as determined in good faith pursuant to policies and procedures approved. Fund anticipates that approximately 80-100% of the Fund's assets may be valued at fair value.

Valuation of securities held by the Fund is as follows:

Fixed Income Investments. Fixed income securities for which market quotations are readily available are generally valued using such securities' most recent bid prices provided directly from one or more broker-dealers, market makers, or independent third-party pricing services which may use matrix pricing and valuation models to derive values, each in accordance with valuation procedures approved by the Board. Pricing services generally value fixed-income securities assuming orderly transactions of an institutional round lot size, but may be held or transactions may be conducted in such securities in smaller, odd lot sizes. Odd lots may trade at lower prices than institutional round lots. The amortized cost method of valuation may be used with respect to debt obligations with sixty days or less remaining to maturity unless the fund determines such method does not represent fair value. Loan participation notes are generally valued at the mean of the last available bid prices from one or more brokers or dealers as obtained from independent third-party pricing services. Certain fixed income investments including ABS and mortgage-related securities may be valued based on valuation models that consider the estimated cash flows of each tranche of the entity, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. Fixed income securities for which market quotations are not readily available may be valued by third-party pricing services that make a valuation determination by securing transaction data (e.g., recent representative bids), credit quality information, perceived market movements, news, and other relevant information and by other methods, which may include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions.

General Valuation Information. In determining the market value of portfolio investments, the Fund may employ independent third party pricing services, which may use, without limitation, a matrix or formula method that takes into consideration market indexes, matrices, yield curves and other specific adjustments. This may result in the securities being valued at a price different from the price that would have been determined had the matrix or formula method not been used. All cash, receivables and current payables are carried on the Fund's books at their face value.

Prices obtained from independent third party pricing services, broker-dealers or market makers to value the Fund's securities and other assets and liabilities are based on information available at the time the Fund values its assets and liabilities. In the event that a pricing service quotation is revised or updated subsequent to the day on which the Fund valued such security, the revised pricing service quotation generally will be applied prospectively. Such determination shall be made considering pertinent facts and circumstances surrounding such revision.

In the event that application of the methods of valuation discussed above result in a price for a security which is deemed not to be representative of the fair market value of such security, the security will be valued by, under the direction of or in accordance with a method as reflecting fair value. All other assets and liabilities (including securities for which market quotations are not readily available) held by the Fund (including restricted securities) are valued at fair value as determined in good faith by Asset Manager.

Fair Value. When market quotations are not readily available or are believed by the Asset Manager to be inaccurate or unreliable, the Fund's investments are valued at fair value ("Fair Value Assets"). Fair Value Assets are valued by the Asset Manager in accordance with procedures approved. The Manager may conclude that a market quotation is not readily available, inaccurate or unreliable if a security or other asset or liability does not have a price source due to its complete lack of trading, if the Manager believes a market quotation from a broker-dealer or other source is unreliable (e.g., where it varies significantly from a recent trade, or no longer reflects the fair value of the security or other asset or liability subsequent to the most recent market quotation), where the security or other asset or liability is only thinly traded or due to the occurrence of a significant event subsequent to the most recent market quotation. For this purpose, a "significant event subsequent to the most recent market quotation" is deemed to occur if the Manager determines, in its business judgment prior to or at the time of pricing the Fund's assets or liabilities, that it is likely that the event will cause a material change to the last exchange closing price or closing market price of one or more assets or liabilities held by the Fund. Examples of these events could include cases where a security trades infrequently causing a quoted purchase or sale price to become stale, where markets quotations vary substantially among market makers, or where there is a wide bid-ask spread or significant increase in the bid-ask spread.

A substantial portion of the Fund's assets are expected to consist of securities for which there are no readily available market quotations. The information available in the marketplace for such companies, their securities and the status of their businesses and financial conditions is often extremely limited, outdated and difficult to confirm. Such securities are valued by the Fund daily at fair value as determined pursuant to policies and procedures approved. In determining fair value each day, the Manager is required to consider all appropriate factors relevant to value and all indicators of value available to the Fund. The determination of fair value necessarily involves judgment in evaluating this information in order to determine the price that the Fund might reasonably expect to receive for the security upon its current sale. The most relevant information may often be that information which is provided by the issuer of the securities. Given the nature, timeliness, amount and reliability of information provided by the issuer, fair valuations may become more difficult and uncertain as such information is unavailable or becomes outdated. Because the Fund will value all of its assets daily, the Fund is subject to greater risk that the information available to determine fair value on any given day is uncertain, incomplete and potentially unreliable and, as a result, that the prices assigned to fair valued securities may not in fact represent approximately the price that the Fund could receive upon their current sale.

Certain investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued on a daily basis utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in determining the fair value of our investments include, as relevant and among other factors: available current market data (e.g., information available through regulatory filings, press releases, news feeds and financial press), including relevant and applicable market trading and transaction comparable, applicable market yields and multiples, information provided by the company (e.g., letters to investors, financials, information provided pursuant to financial document reporting obligations), security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparable and enterprise values.

With respect to the Fund's investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value, approved a valuation process that takes into account a variety of inputs.

When determining the price for a Fair Value Asset, the Asset Manager shall seek to determine the price that the Fund might reasonably expect to receive from the current sale of that asset or liability in an arm's-length transaction. The price generally may not be determined based on what the Fund might reasonably expect to receive for selling an asset or liability at a later time or if it holds the asset or liability to maturity. Fair value determinations shall be based upon all available factors that the Asset Manager deems relevant at the time of the determination, and may be based on analytical values determined by the Manager using proprietary or third party valuation models.

Fair value represents a good faith approximation of the value of an asset or liability. The fair value of one or more assets or liabilities may not, in retrospect, be the price at which those assets or liabilities could have been sold during the period in which the particular fair values were used in determining the Fund's NAV, and the differences between the fair value of the assets and the prices at which those assets are ultimately sold may be significant. As a result, the Fund's sale or repurchase of its units at NAV, at a time when a holding or holdings are valued at fair value, may have the effect of diluting or increasing the economic interest of existing Unitholders. Information that becomes known to the Fund or its agents after the NAV has been calculated on a particular day will not be used to retroactively adjust the price of a security or the NAV determined earlier that day.

The Fund's annual audited financial statements, which are prepared in accordance with International Financial Reporting Standard ("IFRS"), follow the requirements for valuation set in these standards. Fund defines and establishes a hierarchical disclosure framework for measuring fair value under IFRS and expands financial statement disclosure requirements relating to fair value measurements. The three-level hierarchy for fair value measurement is defined as follows:

- Level 1 – Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Fund has the ability to access;
- Level 2 – Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs);
- Level 3 – Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instruments).

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the overall fair value measurement. The Asset Manager's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the investment.

The Fund expects that it will hold a high proportion of Level 3 investments relative to its total investments, which is directly related to the Fund's investment philosophy and target portfolio.

The Fund reserves the right to reprocess purchase or repurchase transactions that were initially processed at an NAV that is subsequently adjusted and to recover amounts from (or distribute amounts to) Unitholders accordingly based on the adjusted NAV. There are various scenarios in which the Fund may reprocess a purchase or repurchase transaction, including, but not limited to, a material NAV error resulting from incorrect or late pricing of a security or to affect an as-of trade. In these instances, all transactions occurring subsequent to an incorrect NAV are reprocessed with the corrected NAV through the current date.

The Fund reserves the right to suspend repurchase of units and announce moratorium in case, *inter alia*, temporarily it is unable to evaluate essential part (more than 15%) of the Fund's assets or it is obvious that such valuation will be incorrect. The redemption of units may be suspended for no longer than 3 months. The period of suspension of the redemption of units may be extended by up to 6 months with the consent of the NBG.

Results of the Funds activities will be prepared in accordance with the IFRS and annually audited by an appropriately credentialed independent external auditors. The results of the Fund will be reviewed by the same auditor.

INVESTMENT POLICIES

Definitions:

- **Syndicated Loan:** shall mean syndicated arrangement executed by and between the Fund and any financial institution (including without limitation, Commercial Bank and/or international financial institution) in relation to the provision of secured debt/credit facilities to the borrower of such financial institution by any of the following means:
 - (i) Entrusting of Monetary Funds by the Fund to the Commercial Bank where the latter serves as an administrative agent;
 - (ii) Assignment of Claim by the Commercial Bank to the Fund (indirect investment) as a result of which the latter acquires participation interest in the relevant financing where the former serves as an administrative agent; and/or
 - (iii) Direct or indirect provision of secured debt/credit facilities together with the financial institution (direct investment) where the Commercial Bank serves as an administrative agent.
- **Entrusting of Monetary Funds:** shall mean investment in existing and/or future secured debt/credit portfolios of financial institution (including without limitation, Commercial Bank and/or international financial institution), by means of entrusting the ownership whereby the Fund has a direct contractual relationship with such financial institution without directly holding the secured debt/credit portfolio in question. The financial institution and the Fund will agree separately on the relevant financing in which the Fund will participate in by means of entrusting of monetary funds.
- **Assignment of Claim:** shall mean transfer of a claim by financial institution (including without limitation, Commercial Bank and/or international financial institution) in its existing and/or future secured debt/credit portfolio, to the Fund in exchange for the relevant consideration (payment) executed by the Fund. The financial institution and the Fund will agree separately on the relevant financing in which the Fund will participate in by means of assignment of claim.
- **Syndication rate:** shall mean the Investment in Loans made in Total Claims that does not exceed 35%.
- **Total Claims:** shall mean the total loan claims (loan, guarantee, letter of credit or other loan products) of the Commercial Bank against the Single Borrower or Group of Borrowers.
- **Commercial Bank:** shall mean a counterparty commercial bank licensed by the NBG.
- **Group of Borrowers:** shall mean two or more borrowers of the Commercial Bank where (i) one of them directly or indirectly controls any one of them; or (ii) they are so closely interdependent to one another that if one of them encounters financial problems, the other(s) will also face financial difficulties.
- **Single Borrower:** shall mean a single legal entity or two or more legal entities that jointly form one business and is/are the borrower(s) of the Commercial Bank.
- **Reference Rate:** shall mean 6 (six) months TERM SOFR. However, in the event of discontinuation of SOFR, the new interest rate will be the benchmark so determined on the international financial markets as a substitute for SOFR.
- **Investment in Loans:** shall mean investment in Syndicated Loan.

Investment Objective: The Fund's primary investment objective is to seek to provide current income with secondary investment objective to seek preservation of invested capital, consistent with its primary investment objective.

There can be no assurances that the Fund's investment objective will be achieved or that the Fund's investment program will be successful. The Fund is not intended as, and you should not construe it to be, a complete investment program. Investors should consider their investment goals, time horizons and risk tolerance before investing in the Fund.

Interval Fund: The Fund is designed primarily for long-term investors and not as a trading vehicle. The Fund is an "interval fund" pursuant to which it, subject to Georgian law, will conduct semiannual repurchase offers between 7.5% and 9.5% of the Fund's issued and outstanding Units at NAV. It is also possible that a repurchase offer may be oversubscribed, with the result that Unitholders may only be able to have a portion of their Units repurchased. The Fund does not currently intend to list its Units for trading on any national securities exchange. The Units are, therefore, not readily marketable. Even though the Fund will make semiannual repurchase offers to repurchase a portion of the Units to try to provide liquidity to Unitholders, you should consider the Units to have limited liquidity. In case of the liquidation, liquidation process will be conducted according to the Georgian law.

Investment Strategy: The Fund seeks to achieve its investment objectives by investing primarily in Senior Secured Corporate Loans of varying maturities of issuers from Commercial Banks' corporate portfolio. The fund will allocate its investments in Senior Secured Corporate loans across any number of the following sectors (without limitation):

- Energy
- Financial services, including leasing
- Education and other services
- Real estate development and real estate management
- Service
- Production and trade of construction materials
- Production and trade of consumer foods and goods
- Production and trade of clothes, shoes and textiles
- Agricultural
- Healthcare, including private clinics and pharmacy
- Hospitality and tourism, including hotels, restaurants and cafe
- Telecommunication
- State owned enterprises

The fund will not allocate its investments in sectors generally characteristic with adverse environmental and social impact or related to high risks of legalization of illicit income, such as:

- Production of hazardous materials
- Sale of arms
- Production or sale of tobacco
- Gambling

In addition, as a minor part of its portfolio, the Fund normally will be invested up to 20% of the Fund's assets in fixed income securities and cash & cash equivalents, including, but not limited to, public and private senior fixed income securities and other money market instruments.

To construct and manage the portfolio, the Fund plans to employ a bottom-up approach that focuses on fundamental analysis of the underlying loans and securities. The Fund's geographic coverage will normally be limited to Georgia. In case of liquid assets only, the Fund from time to time may also invest in non-Georgian assets/entities.

The investments of the Fund will be made only in USD or EUR denominated instruments. There is no minimum or maximum limit on the amount of the Fund's assets that may be invested in non-Georgian liquid assets, while illiquid assets are limited to the Georgian assets only. The Fund intends to invest across multiple credit sectors and employ multiple strategies. The Fund is not required to invest in each investment sector at all times, and its investment in each investment sector may vary over time.

Investment Policies:

Strategic Asset Allocation

Under normal circumstances, the Fund will invest its assets in Senior Secured Corporate Loans from Georgian Banks' corporate portfolio. Fund will sub-categorize senior loans in three categories using the internal rating guidelines, in which investments will be distributed according to guidelines below:

Class A loans – Up to 100% of Fund Assets
Class B Loans – Up to 80% of Fund Assets
Class C Loans – Up to 40% of Fund Assets

When evaluating the loans 30% weight will be attributed to qualitative analysis and 70% to quantitative. The following criteria will be used to calculate the score:

- Companies' financial profile: Debt/EBITDA, Loan to Value, Debt Service Coverage Ratio

- Industry
- Business profiles
- Market position
- Management
- Group structure
- Standard of corporate governance;

(Debt/EBITDA—a ratio measuring the amount of income generated and available to pay down debt before covering interest, taxes, depreciation, and amortization expenses; ratio will be calculated as forward looking;
 Loan to Value –financial term used to express the ratio of a loan to the value of an underlying collateral
 Debt Service Coverage Ratio - a measurement of a firm's Available Cash Flow to pay current debt obligations, calculated as Available Cash Flow /Total Debt Service, ratio will be calculated as forward looking.

The Fund will apply the universal approach to calculate the above mention ratios based on the assumptions described below:

Debt/Loan –all financial liabilities towards credit institutions, including off-balance items and minus cash secured bank guarantees;

EBITDA– earnings before interest, taxes, depreciation, and amortization;

Available Cash Flow – calculated as: EBITDA -(+) change in WC - CAPEX - Dividend - Profit tax

Total Debt Service – Current debt obligation, including interest and principal part of the loan.

Each criterion will be weighted, respective score will be calculated and applied to the loan. Based on the score, Fund will have loans under three asset class:

Rating	Score
Class A	> 2.5
Class B	1.5 - 2.5
Class C	< 1.5

The Fund intends to invest across multiple credit sectors and employ multiple strategies. The Fund is not required to invest in each investment sector at all times, and its investment in each investment sector may vary over time. As part of its strategy, the Fund will seek to invest in select less liquid or illiquid private credit investments, generally involving corporate borrowers that the Fund believes present the potential for higher yield and capital appreciation.

The investment horizon of the Fund is defined as maximum 18 years. The Fund aims to hold investment portfolio of loans with 7 year average tenor.

The Fund's geographic coverage will normally be limited to Georgia. In case of liquid assets only, the Fund from time to time may also invest in non-Georgian assets/entities, including issuers in emerging markets;

Although actual Exposure to the investment may vary over time, under normal circumstance, the Fund expects its allocations to each type of instrument will be within following ranges:

Senior Loans	0-100%
Corporate Bonds	0-20%
Money Market Instruments	0-20%
Cash and Cash Equivalents	0-20%
Bank Deposits	0-20%

The Fund may borrow money in connection with its investment activities – i.e., the Fund may utilize leverage. Specifically, the Fund may borrow money from the lenders using fund assets as collateral up to a maximum aggregate outstanding amount of **100%** of NAV.

Diversification

Diversification across and within asset classes is the primary means by which the Fund expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Fund will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

- The Fund should limit its Syndication Rate of loan investments to maximum of 35%;
- The Fund should limit its exposure per each industry to 30% of the Fund's assets;
- The Fund may not allocate more than 20% of its investments in a Single Borrower;
- The Fund may not allocate more than 30% of its investments in a Group of Borrowers;
- The Fund will not invest in a single investment instrument more than 35% of the investment instrument's outstanding amount;
- Fund may not invest more than 10% of its assets in bonds issued by the same issuer.

Tactical Asset Allocation

It is expected that the Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes.

The asset manager will use incoming cash flow (contributions) or outgoing money movements (disbursements) of the Portfolio to realign the current weightings closer to the target weightings for the Portfolio.

The asset manager will review the Portfolio semiannually (June 30 and December 31) to determine the deviation from target weightings defined Strategic Asset Allocation.

The asset manager shall evaluate portfolio allocation on a quarterly bases and make best effort within 3 month to rebalance to target strategic allocation. Apart from such reallocations intended to bring asset classes back to their strategic range, no other tactical asset allocation strategies are allowed.

Portfolio Composition

The Fund's portfolio might consist of some combination of the following types of investments:

Senior Loans: The Fund may invest in senior secured floating rate and fixed rate loans or debt. The Fund will not directly disburse any type of loans. Senior Loans hold the most senior position in the capital structure of a business entity (the "Borrower"), are typically secured with specific collateral and have a claim on the assets and/or stock of the Borrower that is senior to that held by subordinated debt holders and stockholders of the Borrower. The proceeds of Senior Loans are primarily used to finance leveraged buyouts, recapitalizations, mergers, acquisitions, stock repurchases, refinancing's, to finance internal growth and for other corporate purposes. Senior Loans typically have rates of interest that are determined daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium or credit spread. These base lending rates are primarily the Reference Rate and secondarily the prime rate offered by one or more major Georgian banks and the certificate of deposit rate or other base lending rates used by commercial lenders.

Senior Loans typically have a stated term of between one and five years and have rates of interest that typically are predetermined daily, monthly, quarterly or semi-annually. Longer interest rate reset periods generally increase fluctuations in the Fund's NAV as a result of changes in market interest rates. The Fund is not subject to any restrictions with respect to the maturity of Senior Loans held in its portfolio. As a result, as short-term interest rates increase, interest payable to the Fund from its investments in Senior Loans should increase, and as short-term interest rates decrease, interest payable to the Fund from its investments in Senior Loans should decrease. The fund expects that the weighted average maturity of the portfolio will be 7 years.

Senior Loans are subject to the risk of non-payment of scheduled interest or principal. Such non-payment would result in a reduction of income to the Fund, a reduction in the value of the investment and a potential decrease in the NAV of the Fund. There can be no assurances that the liquidation of any collateral securing a Senior Loan would satisfy the Borrower's obligation in the event of non-payment of scheduled interest or principal payments or that such collateral could be readily liquidated. In the event of bankruptcy of a Borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a Senior Loan. The collateral securing a Senior Loan may lose all or substantially all of its value in the event of the bankruptcy of a Borrower. Some Senior Loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate such Senior Loans to presently existing or future indebtedness of the Borrower or take other action detrimental to the holders of Senior Loans including, in certain circumstances, invalidating such Senior Loans or causing interest previously paid to be refunded to the Borrower. If interest were required to be refunded, it could negatively affect the Fund's performance.

Senior Loans in which the Fund may invest will not be rated by a rating agency, will not be listed on any national securities exchange. The loans will be rated internally by the Fund in accordance with its investment policies.

No active trading market may exist for some Senior Loans and some loans may be subject to restrictions on resale. A secondary market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which may impair the ability to realize full value and thus cause a material decline in the Fund's NAV. In addition, the Fund may not be able to readily dispose of its Senior Loans at prices that approximate those at which the Fund could sell such loans if they were more widely traded and, as a result of such illiquidity, the Fund may have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. During periods of limited supply and liquidity of Senior Loans, the Fund's yield may be lower.

When interest rates decline, the value of a fund invested in fixed rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a fund invested in fixed rate obligations can be expected to decline. Although changes in prevailing interest rates can be expected to cause some fluctuations in the value of Senior Loans (due to the fact that floating rates on Senior Loans only reset periodically), the value of floating rate Senior Loans is substantially less sensitive to changes in market interest rates than fixed rate instruments. As a result, to the extent the Fund invests in floating rate Senior Loans, the Fund's portfolio may be less volatile and less sensitive to changes in market interest rates than if the Fund invested in fixed rate obligations. Similarly, a sudden and significant increase in market interest rates may cause a decline in the value of these investments and in the Fund's NAV. Other factors (including, but not limited to, rating downgrades, credit deterioration, a large downward movement in stock prices, a disparity in supply and demand of certain securities or market conditions that reduce liquidity) can reduce the value of Senior Loans and other debt obligations, impairing the Fund's NAV.

The Fund may purchase and retain in its portfolio Senior Loans where the Borrower has experienced, or may be perceived to be likely to experience, credit problems, including involvement in or recent emergence from bankruptcy reorganization proceedings or other forms of debt restructuring. Such investments may provide opportunities for enhanced income as well as capital appreciation, although they also will be subject to greater risk of loss. At times, in connection with the restructuring of a Senior Loan either outside of bankruptcy court or in the context of bankruptcy court proceedings, the Fund may determine or be required to accept equity securities or junior fixed income securities in exchange for all or a portion of a Senior Loan.

The Fund may purchase Senior Loans on a direct assignment basis. If the Fund purchases a Senior Loan on direct assignment, it typically succeeds to all the rights and obligations under the loan agreement of the assigning lender and becomes a lender under the loan agreement with the same rights and obligations as the assigning lender. Investments in Senior Loans on a direct assignment basis may involve additional risks to the Fund. For example, if such loan is foreclosed, the Fund could become part owner of any collateral and would bear the costs and liabilities associated with owning and disposing of the collateral.

The Fund may also purchase, without limitation, participations in Senior Loans. The participation by the Fund in a lender's portion of a Senior Loan typically will result in the Fund having a contractual relationship only with such lender, not with the Borrower. As a result, the Fund may have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by such lender of payments from the Borrower. Loan participations typically represent direct participations in a loan to a Borrower and

generally are offered by banks or other financial institutions or lending syndicates. The Fund may participate in such syndications, or can buy part of a loan, becoming a part lender. When purchasing loan participations, the Fund assumes the credit risk associated with the Borrower and may assume the credit risk associated with an interposed bank or other financial intermediary. The participation interests in whom the Fund intends to invest may not be rated by any nationally recognized rating service. Certain loan participations and assignments may be treated by the Fund as illiquid

Corporate Bonds. Corporate bonds are debt obligations issued by corporations. Corporate bonds may be either secured or unsecured. Collateral used for secured debt includes real property, machinery, equipment, accounts receivable, stocks, bonds or notes. If a bond is unsecured, it is known as a debenture. Bondholders, as creditors, have a prior legal claim over common and preferred stockholders as to both income and assets of the corporation for the principal and interest due them and may have a prior claim over other creditors if liens or mortgages are involved. Interest on corporate bonds may be fixed or floating, or the bonds may be zero coupons. Interest on corporate bonds is typically paid semi-annually and is fully taxable to the bondholder. Corporate bonds contain elements of both interest rate risk and credit risk. The market value of a corporate bond generally may be expected to rise and fall inversely with interest rates and may also be affected by the credit rating of the corporation, the corporation's performance and perceptions of the corporation in the marketplace. Corporate bonds usually yield more than government or agency bonds due to the presence of credit risk.

Money Market Instruments are debt securities that generally give the owner the unconditional right to receive a stated, fixed sum of money on a specified date. These instruments usually are traded, at a discount, in organized markets; the discount is dependent upon the interest rate and the time remaining to maturity. Included are such instruments as treasury bills, commercial and financial paper, banker's acceptances, negotiable certificates of deposit (with original maturities of one year or less), and short-term notes issued under note issuance facilities.

Cash and Short-Term Investments. The Fund may invest its cash balances in money market instruments, government securities, commercial paper, certificates of deposit, repurchase agreements and other high-quality debt instruments maturing in one year or less, among other instruments. In addition, and in response to adverse market, economic or political conditions, the Fund may invest in high-quality fixed income securities, money market instruments and money market funds or may hold significant positions in cash or cash equivalents for defensive purposes.

DISTRIBUTION POLICY

The Fund is offering one type of units, which are Investor units and are entitled for quarterly distribution of profit.

The Fund accrues distributions on Investor units on a daily basis. The Fund distributes all or a portion of its net investment income to the Unitholders. The Fund will pay the Unitholders quarterly all or substantially all of its investment company's net income.

Various factors will affect the level of the Fund's income, including the asset mix, the average maturity of the Fund's portfolio and the Fund's use of hedging. To permit the Fund to maintain more stable distributions, the Fund will distribute income in line and according to the redemption procedures provided under the Fund's charter. In particular, distributable income will be calculated semi-annually, based on audited results, within the term of 45 days after the end of the 2nd and 4th quarter. Actual payment of income shall be made within the term of 90 days after announcing the semi-annual NAV based on audited figures. For avoidance of doubt, in case, during this period, Unitholder opts to sell its Units, as described in the Redemption Policy, the proceeds from distribution profit and proceeds from sale of Units will be calculated separately. Asset Manager, in its sole discretion, may accrue distributable income per Unitholders share in the total outstanding shares based on the unaudited calculations for the period of 45 days after the end of each quarter. The actual payment of such income shall be made together with the payment pursuant to a) the repurchase offer as described in the Redemption Policy or to exercising of the put option right, described in the Put Option clause.

Under normal market conditions, the Asset Manager will seek to manage the Fund in a manner such that the Fund's distributions are reflective of the Fund's current and projected earnings levels. The distribution level of the Fund is subject to change based upon a number of factors, including the current and projected level of the Fund's earnings, and may fluctuate over time.

If a Unitholder's units are accepted for repurchase in a semi-annual repurchase offer, upon payment for such repurchased Units, such repurchased Units will no longer be considered outstanding and therefore will no longer be entitled to participate in voting, receive distributions from the Fund or carry any other right attached to such Units.

The Fund reserves the right to change its accounting/administration rules of distribution policy and the basis for establishing the rate of its daily distribution declarations at any time and may do so without prior notice to common Unitholders. For avoidance of any doubt, this is without prejudice of the Unitholders' right to receive distributions semi-annually, as provided under the Fund's founding documents.

REDEMPTION POLICY

Repurchase Program

The Fund does not currently intend to list its Units on any securities exchange and does not expect any secondary market for them to develop in the foreseeable future. Therefore, Unitholders should expect that they will be unable to sell their Units for an indefinite time or at a desired price. Unitholders may transfer their investment from the Fund to any other registered investment company after receiving consent to do so from Asset Management Company. Asset Manager can reject the transfer of securities if potential unitholder does not satisfy the requirements prescribed by the Georgian legislation. Because no public market exists for the Units, and none is expected to develop in the foreseeable future, Unitholders will not be able to liquidate their investment, other than through the Fund's unit repurchase program, or, in limited circumstances, as a result of transfers of Units to other investors. To provide Unitholders with limited liquidity, the Fund is structured as an "interval fund" and intends to conduct semiannually offers to repurchase at least 7.5% of its outstanding Units at NAV, pursuant to the Georgian Law, unless such offer is suspended or postponed in accordance with regulatory requirements and subject to the Fund's charter. At each repurchase, if the Fund's liquidity permits to do so, the Asset Manager is entitled to repurchase additional 2% of all outstanding units of the Fund. If the repurchase offer is oversubscribed, then the Asset Manager shall redeem the Units *pro rata* to the overall requests received.

Semiannual repurchases will occur based on the Fund's performance results as of June and December. The offer to purchase Units is a fundamental policy that may not be changed without the vote of the holders of a 75% of Fund's outstanding voting securities. The repurchase price will be calculated no later than 45 days after the end of the second and the fourth quarter ("Repurchase Pricing Date"); along with repurchase price, repurchase offer notice will be sent to the Unitholders. The Unitholders are obliged to notify the Fund on the unit repurchase request (i) in case of the repurchase subject to the results of the second quarter, not later than 30th of August but not earlier than 15th of August or (ii) in case of the repurchase subject to the results of the fourth quarter, no later than 1st of March but not earlier than 15th of February (30 August and 1 March shall be considered as the "Repurchase Request Deadline") If satisfied, the Fund will distribute payment to Unitholders within 90 calendar days after the receipt of the repurchase notice.

Notice to Unitholders

Within the term of 45 days after closing of the 2nd and 4th quarter each year, the Fund will send to each unitholder of record that are the subject of the repurchase offer a notification ("Unitholder Notification"). The Unitholder Notification will contain information unitholder should consider in deciding whether to tender their Units for repurchase. The Unitholder Notification will also include the procedures on how to tender Units for repurchase, states the Repurchase Offer Amount and identify the dates of the Repurchase Request Deadline, the scheduled Repurchase Pricing Date, and the date by which the Fund will pay to Unitholders the repurchase proceeds (the "Repurchase Payment Deadline"). The Unitholder Notification will also include the information on the NAV. The Repurchase Request Deadline shall be strictly observed. If a unitholder fails to submit a repurchase request in good order by the Repurchase Request Deadline, such Unitholder will be unable to liquidate Units until a subsequent repurchase offer, and will have to resubmit a repurchase request in the next repurchase offer. The Unitholders may withdraw or change a Repurchase Request with a proper instruction submitted in good form at any point before the Repurchase Request Deadline.

Determination of Repurchase Offer Amount

Within the range provided under the Fund's founding documents, the Board, in its sole discretion, will determine the number of Units that the Fund will offer to repurchase (the "Repurchase Offer Amount"). The Fund currently expects to offer to repurchase 7.5% of the Fund's outstanding Units at the NAV applicable to the class of Units repurchased.

If the Unitholders tender for repurchase more than the Repurchase Offer Amount for a given repurchase offer, the Fund will repurchase the Units on a *pro rata* basis. If the Unitholders tender for repurchase more than the Repurchase Offer Amount for a given repurchase offer, the Fund may, but is not required to, repurchase an additional number of Units not to exceed 2% of the outstanding Units of the Fund on the Repurchase Request Deadline. If the Fund determines not to repurchase more than the Repurchase Offer Amount, or if the unitholders tender Units in an amount

exceeding the Repurchase Offer Amount plus 2% of the outstanding Units on the Repurchase Request Deadline, the Fund will repurchase the Units on a *pro rata* basis

Repurchase Price

The repurchase price of the Units will be the Fund's NAV of the applicable class as of the 18:00 Tbilisi time on the 30th of June or 31st of December, as applicable. The notice on the repurchase offer will also provide information concerning the NAV, such as the NAV as of a recent date.

Repurchase Amounts and Payment of Proceeds

Units tendered for repurchase by the Unitholders prior to any Repurchase Request Deadline will be repurchased subject to the aggregate Repurchase Offer Amount established for that Repurchase Request Deadline. Payment pursuant to the repurchase offer will be credited directly to a predetermined bank account on the date the payment is to be made, which will be within 90 calendar days after the receipt of Repurchase notice from the Unitholders.

There is no minimum number of Units that must be tendered before the Fund will honor repurchase requests. Affiliates of the Fund may own Units and determine to participate in the Fund's repurchase offers, which may contribute to a repurchase offer being oversubscribed and the Fund effecting repurchases on a *pro rata* basis. However, the Fund may accept all Units tendered for repurchase by Unitholders, before prorating other amounts tendered.

If any Units tendered are not repurchased because of proration, the Unitholders will have to wait until the next repurchase offer and resubmit a new repurchase request, and such repurchase request will not be given any priority over other Unitholders' requests. Thus, there is a risk that the Fund may not purchase all of the Units a Unitholder wishes to have repurchased in a given repurchase offer or in any subsequent repurchase offer. In anticipation of the possibility of proration, some Unitholders may tender more Units than they wish to have repurchased in a particular quarter, increasing the likelihood of proration.

If a Unitholder's Units are accepted for repurchase, upon payment for such repurchased Units, such Units will no longer be considered outstanding and such units will cease to have any voting rights. Units tendered pursuant to a repurchase offer will earn dividends declared to Unitholders of record only through the date on which payment for repurchased Units is made.

Moratorium on Repurchase of Units

The Asset Manager is authorized to declare a moratorium and suspend the repurchase process of the Units for a period established by the Investment Funds Law, in the following cases:

1. If, due to unforeseen circumstances, it is temporarily impossible to evaluate substantial part of the assets of the Fund (15% or more) or it is probable that such valuation, given various circumstances, will not be accurate;
2. If a moratorium is required because of panic, impulsive selling or other circumstances on the financial markets and the Asset Manager, acting in good faith, believes that such circumstances will be lifted soon and the moratorium is in the best interests of the Unitholders;
3. To secure the right of repurchase, it is necessary to sell the part of the Fund's assets and the Asset Manager, acting in good faith, believes that, due to the market conditions, such sale would substantially harm the interests of the Unitholders;
4. If it considers that the repurchase process may cause irreparable harm to the interests of the Unitholders or if the moratorium is in the best interests of the Unitholders.

Call Option of the Fund

Starting from the third anniversary of the Fund's registration date, the Fund will have continuous and repeated right to redeem part (up to 85% per year) of the issued Units. In this event, (a) the decision over the issued share reduction is made by the Asset Manager, at its sole discretion; (b) the number of Units held by all Unitholders shall be reduced

proportionally upon the exercise of right of redemption; (C) the redemption will be made at NAV of the Units and (d) the transaction shall be settled by the Asset Manager within 90 (ninety) calendar days from the notification of the Unitholders with respect to the exercise of the call option.

Put option

Unitholders/Investors have right to request the redemption of their units with additional exit rights, in the case of using the "put option", taking into account the rules defined below:

- Put Option right to the company's investors means the investor's right to use the put option in every three months. Using such rights by the investor shall not exceed 1,000,000 (one million) shares in total, including shares redeemable with regular redemption rights. In such event, the "Redemption Price" of the "Transferable Units" shall be determined as follows:
- By multiplying the difference between the shares required by the put option and the shares required by the regular redemption right, by the redemption price and a fee of 1%.
- The Unitholders are obliged to notify the Fund on the Put Option exercise request (a) in case of the option exercise subject to the results of the first quarter no later than May 25 but no earlier than May 15 (b) in case of the option exercise subject to the results of the second quarter no later than August 25 but no earlier than August 15; (c) in case of the option exercise subject to the results of the thirds quarter no later than November 25 but no earlier than November 15 and (d) in case of the option exercise subject to the results of the forth quarter no later than February 25 and no earlier than February 15;
- Units are redeemed at their net value;
- In the event that the condition of redemption provided by PPM is used by the unitholder, the closing of the transaction and the corresponding settlement shall be carried out at the price determined at the time of calculation of the net value of the units, within 90 (ninety) calendar days after receiving the notification of the exercise of the right of redemption by the Asset Management company.

Liquidity Requirements

From the time that the notification is sent to Unitholders until the Repurchase Payment Date, the Fund will ensure that a percentage of its net assets equal to at least 100% of the Repurchase Offer Amount consists of assets: (i) that can be sold or disposed of in the ordinary course of business at approximately the price at which the Fund has valued the investment within the time period between the Repurchase Request Deadline and the Repurchase Payment Deadline; or (ii) that mature by the next Repurchase Payment Deadline.

The Board has adopted procedures that are reasonably designed to ensure that the Fund's assets are sufficiently liquid so that the Fund can comply with the repurchase policy and the liquidity requirements described in the previous paragraph.

The Fund intends to finance repurchase offers with cash on hand, cash raised through borrowings, or the liquidation of portfolio instruments. If the Fund is required to sell its more liquid, higher quality portfolio instruments to purchase Units that are tendered, remaining Unitholders will be subject to increased risk and increased Fund expenses as a percentage of the net assets.

TAXATION

*The following is a general summary of certain material Georgian tax considerations applicable to the investment company (hereafter **Fund**) and an investment in the Fund. The discussion below provides general tax information related to an investment in the Fund, but does not purport to be a complete description of the Georgia tax consequences of an investment in the Fund and does not address any non-Georgian or other tax consequences. It is based on the Tax Code of Georgia (“Tax Code”) and Ministry of Finance of Georgia (“MoF”) regulations thereunder and administrative pronouncements, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.*

Taxation of the Fund

The Fund intends to elect to be treated for Georgian tax purposes, and intends to qualify as an investment company under the article 23¹ of the Tax Code.

Taxation of profit distribution

The Distribution of profit by an investment company, if a recipient is natural person or a non-resident, is taxed at 5% rate if the investment company makes investments only in bank deposits and/or financial instruments and at 15% rate in all other cases. Additionally, the distribution of profit by an investment company to a natural person or a non-resident are exempt from profit tax if the income from which the dividend is paid: (1) is not from a Georgian source; or (2) belongs to income received by a resident legal person from the sale of the debt/equity securities issued through a public offering in Georgia and admitted for trading on an organised market recognised by the NBG; or (3) belongs to capital gains received from the sale of the debt securities issued by the Government of Georgia or an international financial institution, or to income earned as an interest from such debt securities or a deposit placed at a commercial bank.

The dividend paid by an investment company to a natural person or a non-resident enterprise shall not be taxed at source and shall not be included in the gross revenue of a recipient of income.

Tax Exemptions and Capital Gains Taxation for Investment Fund Units:

Income received from the sale or redemption of investment fund units is exempt from income and profit taxes under the following conditions:

- If the units are issued through a public offering in Georgia and are allowed for trading on an organized market recognized by the National Bank of Georgia.
- If the investment fund exclusively invests in deposits in Georgian banking institutions, securities issued by the Government of Georgia or an international financial institution, and/or loan securities issued by a resident legal entity through a public offering in Georgia and allowed for trading on an organized market recognized by the National Bank of Georgia.
- If surplus gained from the supply of assets owned for more than two years, except for usage of assets by the transferor for economic activity before their supply. Mere holding of securities/share for receiving a dividend/interest shall not be considered the usage of assets for economic activity.

Capital gains earned by natural persons or non-residents from the sale or redemption of investment fund units are subject to a 15% tax rate. A reduced tax rate of 5% applies to funds investing solely in bank deposits and/or financial instruments. This reduced rate does not apply to funds that hold equities/shares of resident enterprises.

MANAGEMENT OF THE FUND

Asset Manager

TBC Asset Management Company (the “Asset Manager”) has been appointed to manage the assets of the Fund. The Asset Manager is a limited liability company established on 26 April 2021 under the laws of Georgia (registered no. 402 184 159), whose registered office is at Marjanishvili St N7, Tbilisi, Georgia.

The Asset Manager shall undertake and shall have exclusive responsibility for the management, operation and administration of the business and affairs of the Fund and shall have the power and authority to do all things necessary to carry out the purposes of the Fund. The duties that the Asset Manager has agreed to provide include:

Primary Functions:

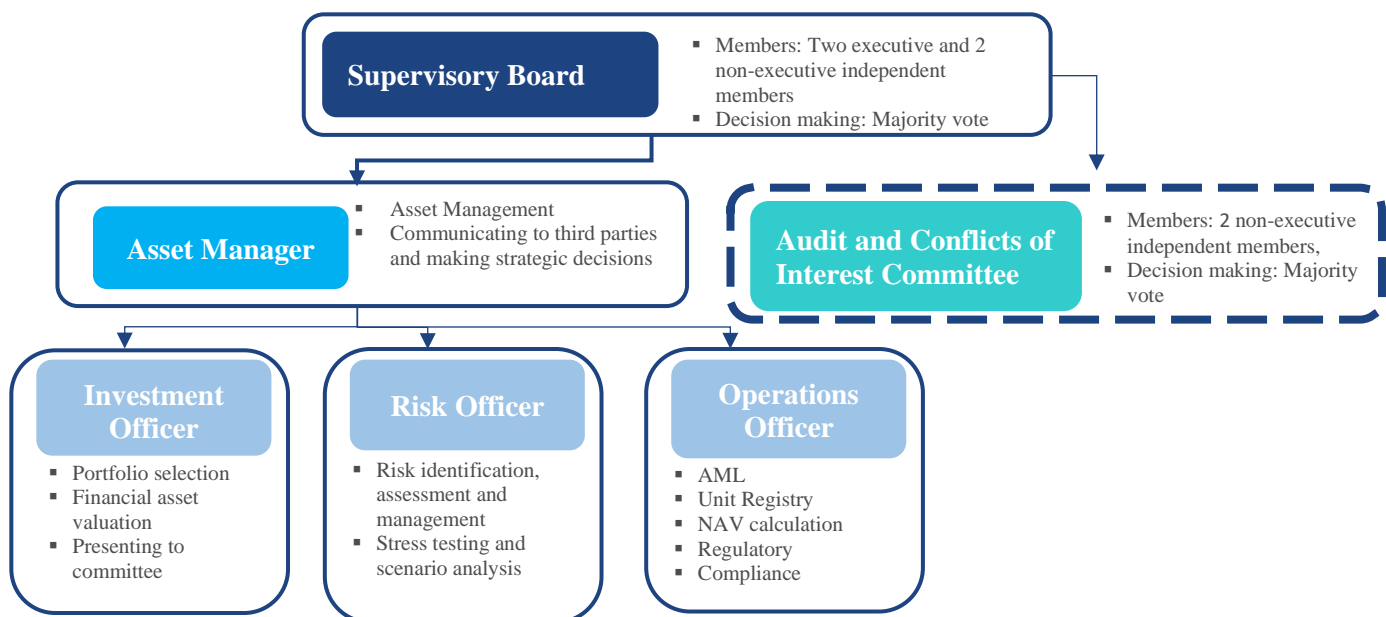
1. Asset management
- Managing the risks associated with the Fund activities

Secondary Functions:

1. Legal and fund management accounting services
2. Valuation and pricing, including tax returns
3. Making payments and distributions to the Investors in accordance with the terms of the Subscription Agreement
4. Communication with Investors
5. Regulatory compliance monitoring and record keeping
6. Selecting the broker with respect of the Fund’s activities and offering of units

The Manager has agreed to operate the Fund in accordance with the terms of the management agreement between the Asset Manager and the Fund (the “Management Agreement”). The liability of the Asset Manager under the Management Agreement is limited and the Asset Manager shall be entitled to such indemnities as are provided for in the Management Agreement.

Organizational Structure of the Asset Manager



Investment Process

The investment process and of the Asset Manager is governed by two principles:

1. Separation of responsibilities between the portfolio management and the risk management
2. Simple and efficient process

There are two levels of activities: at Asset Manager level and the top the surveillance in the hands of the Supervisory Board. The Asset Manager shall create the Investment Committee responsible for the management of the Fund Assets. The Investment Committee is charge of validating all the new investment to be done by the Fund, according to the procedures approved by the Board. Investment Committee will be comprised by Investment Officer, Risk Officer and the CEO.

The Supervisory Board is primary responsible for strategic decisions, approval/withhold of internal policies and procedures with regards to investment, risk management, dividend distribution, identifying conflicts of interests, units offering, valuation, redemption and will be monitoring the activities of the Asset Manager within its scope of authority on the matters escalated for the discussion.

The Asset Manager is in charge of the day-today management of the Fund and ensuring the quality of the information transmitted to the surveillance level.

The below section provides the overview of the Asset Manager's leadership:

Supervisory Board

Supervisory Board of the Asset Manager consists of four members, two of which are independent. A member is considered to be independent if she/he has no legal and/or economic relationship with the Asset Manager and/or TBC Bank Group PLC and any of its subsidiaries and receives no remuneration or other economic benefits from them, other than holding the position in the Supervisory Board of the Asset Manager and receiving the remuneration for the same and/or holding the shares of and receiving the dividends from TBC Bank Group PLC and any of its subsidiaries of no material amount.

The General Meeting of the shareholder appoints the members of the Supervisory Board for the period of 2 years. Prior to the General Meeting, the respective candidates are approved by the NBG.

The Supervisory Board renders decisions on the matters that are set forth in the charter of the Asset Manager, by each member of the Supervisory Board having one vote. Generally, the decisions of the Supervisory Board are made by the simple majority of the members present at the meeting. However, matters that arise from or in connection with the investment policy of the Fund (except when the material aspects of the investment policy are changed/altered), code of conduct and ethics and/or identification and management of conflicts of interest (including, without limitation, adoption/amendment of or deviation from the conflict of interest policy and procedures, insider trading policy, related party transactions policy, etc.) require simple majority from the Supervisory Board but the consent of at least 2 (two) independent members, of the members present at the meeting.

The members of the Supervisory Board are:

George Tkhelidze - Deputy CEO- Corporate and Investment Banking and Wealth Management business of JSC TBC Bank

He joined TBC Bank in 2014 as Deputy CEO in charge of Risk Management. Following acquisition of Bank Republic and creation of Corporate and Investment Banking (CIB) unit at the Bank in November 2016, George overtook the responsibility for the CIB and later Wealth Management in January 2021.

George Tkhelidze has more than 15 years of experience in financial services. Prior to joining TBC Bank, he worked for Barclays Investment Bank, where he held the position of vice president in the Financial Institutions Group (FIG), EMEA since June 2011. From September 2009 he was an associate director in Barclays debt finance and restructuring teams. During his career with Barclays in London, George worked on and executed multiple M&A, debt and capital markets transactions with European financial institutions.

Besik Sanaia (Independent Member) – Partner and Investment professional at Lombardi Capital.

Over 13 years of professional experience in finance and investment banking. Currently, as Partner and Investment professional at Lombardi Capital, focused on deep fundamental equity research of European equities.

Before joining Lombardi Capital, Besik was Investment professional at Soros Fund Management for 5 years, also with the focus on European equities. Prior, Besik was a manager at KPMG UK for over 3 years and senior associate at KPMG Georgia for over 4 years.

Education: Besik has Masters in Finance with concentration in Investment Management & Analysis from London Business School and Bachelor of Science in Economics with concentration in Statistics from Tbilisi State University.

Viktoria Beromelidze, CFA (Independent Member) – Head of EMEA DCM Centre of Bank of China, London.

Over 20 years of professional experience in investment banking. Currently, as Head of EMEA DCM Centre of BANK OF CHINA, London, responsible for building up and running EMEA debt capital markets business origination across corporates, financial institutions and SSA covering all debt related products including project finance, sustainable and green finance and RMB capital markets. Prior, Viktoria was Head of Origination EMEA Debt Capital Markets at Bank of China, London.

Before joining Bank of China, Viktoria was Executive Director, CEEMEA Global Capital Markets, Head of CEE/CIS Corporate Client Solutions at UBS INVESTMENT BANK, London. Prior, she was Associate Fixed Income Strategist, Global Investment Recommendations Group at UBS WEALTH MANAGEMENT (UBS Americas), New York.

Past Directorships: Advisory Board Member to TBC Capital from Sep 2017 to November 2021; 2016 Chalkhill Partners – corporate finance advisory, Partner (LLP Member); 2015 - EMConviction Ltd, Director (dissolved).

Education: Doctorate Candidate in Business Administration (DBA) Program at the SDA Bocconi School of Management, MSc from London School of Economics in International Relations and MBA from Emory University

Management

Tamar Kuridze – Chief Executive Officer

Otari Sharikadze – Chief Executive Officer

18 years of professional experience in banking and finance. Before joining TBC Group in November 2023, and later joining TBC Asset Management in May 2024, Otari has held a position of Managing Director at Galt & Taggart, one of the largest investment banks in Georgia. He was in charge of developing and managing Research, Advisory, Brokerage and DCM/ECM business units. Before joining Galt & Taggart in 2014, Otari has spent one year as a Chief Investment Officer of Partnership Fund, government held private equity house, managing assets in energy, real estate, manufacturing and agricultural sectors.

Before moving to Georgia in 2013, Otari has spent 7 years working in an investment bank Arjil – Altium Group, based in Paris, France. At Arjil, he worked on numerous cross border M&A transactions in Western and Eastern Europe.

Education:

Master's degree in Economy – University Paris 1: Pantheon Sorbonne

Master's degree in Corporate Finance – Ecole Supérieure de Gestion

Irina Kezherashvili – Investment Officer

8 years of professional experience in corporate banking and finance. Irina joined TBC Bank in 2017 as Junior Analyst in corporate and investment banking, and recently, as a senior analyst was managing a credit portfolio of Bank's top borrower groups. During the employment at TBC Bank, Irina worked on credit portfolios of Bank's corporate clients in various industries, including Automotive, Retail, telecommunications, hospitality, etc.

Before joining TBC Bank, Irina worked as a specialist of financial consolidation at SOCAR Energy Georgia. Holds a BBA Degree from Caucasus University.

Ia Tchankvetadze – Risk Officer

5 years of professional experience in banking and finance, previously worked as bank supervisor at National Bank of Georgia and supervised 3 different commercial banks, including one of the systematically important banks. Ia holds MA degree in Economics from International School of Economics at Tbilisi State University (ISET).

MANAGEMENT AND INCENTIVE FEES

Under the agreement between the Fund and the Asset Manager, the fees for the service provided by the Asset Manager to the Fund include: the Asset Management Fee, the Unit Placement Fee and the Performance Fee.

Asset Management Fee

Asset Management Fee equals to the 1.0% of Fund's NAV. It doesn't include the costs associated with the management of the Fund's assets.

Performance Fee

Asset Manager will also receive the performance fee from the Fund, which will be calculated in the currency of investment assets and will equal to 30% of the earnings above the hurdle rate of 4.00% fixed plus 6 month USD-TERM SOFR (the "Hurdle Rate"). If the earnings are equal to or less than the Hurdle Rate, the performance fee will not be paid. The Performance Fee will be paid annually. It shall not be payable for the periods where the Fund generates profits that are below the Hurdle Rate.

Unit Placement Fee

Unit Placement fee equals to 0.3% of proceeds raised through placement of the Fund units (the "Unit Placement Fee").

Expenses

The Fund shall be responsible for costs originated in the process of asset management, which without exclusion include:

- Costs associated with the acquisition and sale of instruments included in the portfolio, brokerage and other service costs;
- Fees and taxes related to the fund activities;
- Registration fee, profit distribution related tax and any costs of providing information to unit owners;
- Interest expense;
- Expenses related to the services of an auditor and a legal advisor;
- Custodian and/or any intermediary service and/or any asset management fee included in the portfolio;
- Administrative and accounting related expenses;
- Expenses related to the issue and redemption of units;
- Costs of annual and semi-annual reporting to the unit owners;

(altogether the "Fund Expenses")

Asset Manager or its associates may in their sole discretion and out of their own assets bear any of the fees payable by the Fund on behalf of the Fund. Any such fees shall be treated as an interest free loan from the Fund thereof (as applicable) to the Fund and shall be repayable on demand.

Additionally, fund expenses incurred by the Asset Manager *per annum* shall not exceed 1.0% of the Average NAV of the Fund during the year.

Fee Payment Dates

- Asset Management Fee – the Asset Manager shall deduct the Asset Management Fee from Fund’s asset management account once in a quarter, within 5 working day after sending the relevant invoice;
- Performance Fee – shall be deducted from the Fund’s account annually, within 5 working days after sending the fee accrual notice to the Fund.
- Unit Placement Fee – payment will be made as a result of the issuance and placement of the units as soon as the unit owners transfer the relevant funds to the fund account.

Accrual and payment of the Asset Management Fee, as well as the Performance Fee shall be made based on unaudited results of the Fund. Should, as a result of annual audit, it be established that there was a miscalculation in deducting the relevant fees, the Fund and the Asset Manager shall promptly reconcile the fees based on the audited results no later than 15 (fifteen) days after closing of the annual audit.

Allocation of Expenses

Unit Placement Fee is directly allocated to the participating Investors during the placement of the Fund units. Expenses that is directly traceable to the unit holder are directly allocated to each Investor. Investors will be liable for their share of Fund Expenses, Asset Management fee and Performance fee on a pro rata basis in accordance with their respective NAVs, subject to such adjustments as the Asset Manager may deem reasonable in order to ensure that all Investors are treated fairly, in particular for the purpose of calculating allocated expenses for the particular reporting period, assumption will be done that the participating Investors were admitted at the same time.

CONFLICTS OF INTEREST POLICY

Conflicts of interest are inherent to asset management business, therefore Asset Manager is required to effectively identify, record, manage and disclose those risks

As the Asset Manager evaluates, negotiates, structures, executes, monitors and services the Fund's investments, the circumstances which should be treated as giving rise to a conflict of interest cover cases where there is a conflict between (i) the Asset Manager, including its managers, employees and appointed representatives (or where applicable, tied agents), or any person directly or indirectly linked to them by control, and the Fund and its investor; or (ii) one fund's investor and another fund's investor; or (iii) where the Asset Manager is a member of a group, one business line of the group and another business line of the group.

Identity Conflicts. For the purposes of identifying the types of conflict of interest that arise, or may arise, in the course of providing a service and whose existence may damage the interests of the Fund, the Asset Manager must take into account, as a minimum, whether the Asset Manager or a relevant person, or a person directly or indirectly linked by control to the Asset Manager: (a) is likely to make a financial gain, or avoid a financial loss, at the expense of the Fund; (b) has an interest in the outcome of a service provided to the Fund or of a transaction carried out on behalf of the Fund, which is distinct from the Fund's and its Unitholders interest in that outcome; (c) has a financial or other incentive to favor the interest of one Unitholder or group of Unitholders over the interests of other Unitholders; (d) carries on the same business as the Fund; (e) or receives or will receive from a person other than the client an inducement in relation to a service provided to the Fund's Unitholder, in the form of monies, goods or services, other than the standard commission or fee for that service.

Record of conflicts. The Operations Officer of is responsible and should keep and regularly update a record of the kinds of service or activity carried out by or on behalf of the Fund and Asset Manager in which a conflict of interest entailing a material risk of damage to the interests of one or more.

Managing Conflicts. The Asset Manager must maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest: (a) effective procedures to prevent or control the exchange of information (the Chinese Walls) between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients; (b) the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, Fund and its Unitholders whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Asset Manager; (c) the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities; (d) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out services or activities; and (e) measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services or activities where such involvement may impair the proper management of conflicts of interest; (f) effective procedures to prevent violation of arm's length principle regards intra-group prices and the terms and conditions of intra-group transactions; (g) regular training and testing of relevant personal involved in processes related to conflict of interests ensuring high level of awareness

Disclosure of Conflicts. Asset Manager must clearly disclose the following to the Fund and its Unitholders before undertaking business for the Fund: (a) the general nature or sources of conflicts of interest, or both; and (b) the steps taken to mitigate those risks.