

<p><b>Alternative Investment Fund Manager:</b></p> <p><b>Consulco Capital Ltd</b> <b>AIFM05/56/2013</b></p>	<p><b>PROSPECTUS</b></p> <p><b>PRIVATE &amp; CONFIDENTIAL</b></p> <p><b>LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD</b></p>
<p>THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE CONSIDERED AS INVESTMENT, LEGAL OR TAX ADVICE. IN MAKING AN INVESTMENT DECISION THE PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.</p> <p>THE CYPRUS SECURITIES AND EXCHANGE COMMISSION (THE "CYSEC") HAS APPROVED THE CONTENT OF THIS PROSPECTUS ONLY AS REGARDS TO MEETING THE INFORMATION REQUIREMENTS AS DEFINED IN THE ALTERNATIVE INVESTMENT FUNDS LAW OF 2018 N.124(I) OF 2018 (THE "AIF LAW"). THE APPROVAL OF THIS PROSPECTUS DOES NOT CONSTITUTE RECOMMENDATION TO INVESTORS FOR INVESTING INTO THE FUND. BEFORE MAKING A DECISION FOR INVESTING, INVESTORS ARE CAUTIONED TO SEEK ADVICE FROM THEIR FINANCIAL ADVISOR AND/OR ANY OTHER PROFESSIONAL ADVISOR.</p> <p>THIS OFFERING MEMORANDUM IS NOT A PROSPECTUS IN ACCORDANCE WITH THE PROVISIONS OF THE LAW 114(I)2005 ("LAW PROVIDING FOR THE CONDITIONS FOR MAKING AN OFFER TO THE PUBLIC OF SECURITIES, ON THE PROSPECTUS TO BE PUBLISHED 2005") AS TO THE REQUIREMENTS OF THE CONTENT OF A PROSPECTUS.</p> <p>THE FUND IS AVAILABLE SOLELY TO PROFESSIONAL AND WELL – INFORMED INVESTORS AS DEFINED BY THE ALTERNATIVE INVESTMENT FUNDS LAW OF 2018 N.124(I) OF 2018 (THE "AIF LAW"), WHO ON THE BASIS OF THIS OFFERING MEMORANDUM, HAVE MADE THEIR OWN ASSESSMENT OF THE CONDITIONS OF THEIR PARTICIPATION IN THE FUND. IT IS THE RESPONSIBILITY OF PARTICIPATING INVESTORS, TO DETERMINE WHETHER THE FUND AND ITS INVESTMENT COMPARTMENTS DESCRIBED IN THIS OFFERING MEMORANDUM ARE SUITABLE TO THEIR EXPECTATIONS OF PERFORMANCE AND RISK.</p> <p>LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD INCORPORATED UNDER THE COMPANIES LAW, CAP. 113 ON 03/09/2019, WITH REGISTRATION NUMBER HE401597 AND AUTHORISED BY THE CYSEC TO OPERATE AS AN ALTERNATIVE INVESTMENT FUND IN THE FORM OF, AN UMBRELLA OPEN-ENDED INVESTMENT COMPANY OF VARIABLE CAPITAL AS PROVIDED FOR IN PART II OF THE AIF LAW OR IN ANY OTHER LAW WHICH REPLACES OR AMENDS IT.</p> <p>THE RIGHT TO TRANSFER SHARES IS RESTRICTED IN THE MANNER PRESCRIBED IN THE ARTICLES OF THE FUND.</p> <p>ANY INVITATION TO THE PUBLIC TO SUBSCRIBE FOR ANY SHARES OR DEBENTURES OF THE FUND IS PROHIBITED. THE SHARES OF THE FUND ARE ONLY ADDRESSED TO WELL-INFORMED AND/OR PROFESSIONAL INVESTORS AS DEFINED UNDER THE SECTION "<b>DEFINITION</b>" OF THIS PROSPECTUS.</p> <p>THE FUND SHALL NOT HAVE THE POWER TO ISSUE BEARER SHARES.</p> <p>THIS OFFERING MEMORANDUM DOES NOT PURPORT TO BE ALL INCLUSIVE OR TO CONTAIN ALL THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE IN EVALUATING THE FUND. PROSPECTIVE INVESTORS SHOULD CONDUCT THEIR OWN INVESTIGATION AND ANALYSIS OF THE BUSINESS, DATA AND PROPERTY DESCRIBED HEREIN, AND SHOULD ALSO INFORM THEMSELVES ABOUT AND OBSERVE ANY LEGAL AND/OR REGULATORY REQUIREMENTS WHICH MAY BE APPLICABLE TO THEIR PROPOSED INVESTMENT IN, INVESTIGATION OR EVALUATION OF THE FUND.</p> <p>NO PERSON SHALL BE ACCEPTED AS AN INVESTOR IN THE AIF UNLESS THAT PERSON HAS PROVIDED A WRITTEN CONFIRMATION THAT HE IS A PROFESSIONAL OR WELL INFORMED INVESTOR WITHIN THE MEANING OF THE AIF LAW, THAT HE ACCEPTS THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE FUND AND THAT HE HAS RECEIVED, UNDERSTOOD AND ACCEPTED THIS INVESTMENT.</p>	

**DISCLAIMER**

This Prospectus is being furnished on a confidential basis solely for the information of the person to whom it has been delivered on behalf of LC London Credit AIF V.C.I.C. Public Ltd. Each person accepting this Prospectus agrees to return it to the Fund promptly upon request. Any distribution or reproduction of all or any part of this Prospectus or divulging its contents other than as specifically set forth herein is unauthorized.

This Prospectus is neither an offer to sell nor a solicitation of an offer to subscribe for participation in LC London Credit AIF V.C.I.C. Public Ltd in any jurisdiction where such offer or sale is not permitted.

Participation in LC London Credit AIF V.C.I.C. Public Ltd has not been approved or disapproved by any securities and exchange commission, the U.S. Securities and Exchange Commission any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence.

There is no market for participation in LC London Credit AIF V.C.I.C. Public Ltd described herein and none is expected to develop. Any direct or indirect transfer or assignment of participation in LC London Credit AIF V.C.I.C. Public Ltd will be subject to the prior consent of the Directors in its sole and absolute discretion and the other applicable conditions set forth herein. Participation in LC London Credit AIF V.C.I.C. Public Ltd is subject to certain restrictions and may be redeemed as described herein.

**IMPORTANT NOTICE**

This Prospectus has been prepared by Consulco Capital Ltd and is based on information available as of July 2020.

LC London Credit AIF V.C.I.C. Public Ltd (hereinafter the "Fund") is an open-ended umbrella Alternative Investment Fund ("AIF") established in Cyprus on 3<sup>rd</sup> of September 2019, as a variable capital investment company incorporated under the Companies Law Cap. 113 and licensed by the Cyprus Securities and Exchange Commission (hereinafter the "Commission") to operate as an Alternative Investment Fund under the Alternative Investment Fund Law of 2018, having license number AIF50/2018. It is solely addressed to Well Informed and Professional investors as defined in section 2 of the Alternative Investment Funds Law of 2018.

This Offering Memorandum is being furnished to selected investors on a confidential basis, and by accepting this Offering Memorandum, the recipient agrees to keep confidential the information contained herein. The information contained in this Offering Memorandum may be shared solely with persons who are directly involved with an investor's decision regarding the investment opportunity offered hereby, including such persons providing legal, tax, and investment advice to the investor with respect to an investment in the Fund.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to (i) the legal requirements within their own countries for the admission, holding, transfer or withdrawal (as the case may be) of participation in the Fund; (ii) any foreign exchange restrictions which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries relevant to the admission, holding, transfer or withdrawal (as the case may be) of their participation in LC London Credit AIF V.C.I.C. Public Ltd.

Prospective investors must rely upon their own professional advisers, including their own legal advisers and accountants, as to legal, tax and related matters concerning the Fund and an investment therein.

Participation in the Fund is offered solely on the basis of the information and representations contained in this Offering Memorandum and documents expressly incorporated by reference herein. Any further information given or representations made by any person may not be relied upon as having been authorized or approved by the Fund and/or the Directors and/or the Administrator and/or the Manager and should be disregarded. Neither the delivery of this Offering Memorandum nor the subscription for participation shall under any circumstances create any implication that there has not been any change in the affairs of the Fund since the date hereof.

The distribution of this Offering Memorandum or other information contained in this document may be restricted by law in certain jurisdictions. Neither this Offering Memorandum, nor anything in it, constitutes an offer to sell or an invitation to subscribe for any participation in LC London Credit AIF V.C.I.C. Public Ltd in any jurisdiction in which any such offer or invitation is unlawful.

No public offering of participation in LC London Credit AIF V.C.I.C. Public Ltd in any jurisdiction is being made. No action has been taken or will be taken in any jurisdiction that would permit a public offer of participation in LC London Credit AIF V.C.I.C. Public Ltd in any such jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document. Persons into whose possession this document comes are required by the Fund to inform themselves about, and to observe any restriction as to, the placing and the distribution of this document. No application has been made for the Fund to become listed on any exchange. The Fund has obtained the approval of the Commission for the content of this Offering Memorandum only as regards to meeting the disclosure requirements towards the investors as set out in the AIFM Law. Investors are not protected by any statutory compensation arrangements in the event of the Fund's failure. The approval of this Prospectus does not imply recommendation to the investors for investment in the Fund.

The protection measures for retail investors provided in the relevant legislation, do not apply to this Fund, as it is addressed to Well Informed and Professional Investors.

The nature of the Fund's investments is such that an investment in the Fund may not be suitable for investors other than those who are knowledgeable in investment matters, are able to bear the economic risk of the investment, understand the risks involved, have no need for liquidity of investment and are confident that the investment is suitable for their particular investment objectives and financial needs.

An investment in the Fund involves significant risks. Investors should have the financial ability and the willingness to accept the risk characteristics of the type of investments the Fund will enter into as per its investment strategy and policy (please refer to the "Risk Disclosures" section of this offering memorandum).

While every effort is made to ensure the accuracy, correctness, relevance, reliability and up-to-date nature of the information contained in this offering memorandum, Fund, its officers, consultants and employees assume no responsibility for its accuracy, content, completeness, use or interpretation.

Prospective Investors should independently rely on their own inquiries and evaluations before making decisions that touch their own interests. The Manager has taken reasonable care to ensure that the information contained in this Prospectus is, to the best of its knowledge and belief, true and correct.

Prospective Investors note that past performance should not be taken as a reliable indicator of future results, while financial forecasts may not be a reliable indicator of future performance. Where information contained in this Offering Memorandum is obtained from published sources, neither the Manager, nor the Directors or the Administrator assume any responsibility for their accuracy, completeness, or correctness.

This Prospectus should be read together with the Supplement(s) relating to the Compartment(s) into which investment will potentially be made, the Articles, as well as the latest available audited annual report, KID (where applicable) and any other reports of the Fund. In the event of any inconsistency between this Prospectus and the Articles, the terms of the Articles shall prevail.

### **Data Protection**

Prospective investors should note that by completing the Subscription Agreement they are providing personal information to the Fund, and the service providers such as the External Manager, Administrator, Depositary or distributors as appropriate who will be directly involved in the processing of various personal data that they receive, collect, store or use in their day to day activities. In particular, such data may be processed for the purposes of administration, anti-money-laundering and terrorism financing identification, maintaining registers of members, processing subscription, redemption and transfer orders and payments of dividends to Investors and to provide client-related services.

The Law 125(I)/2018 on “the protection of natural persons with regard to the processing of their personal data and on the free movement of such data”, supplements the General Data Protection Regulation EU) 2016/679 (the “GDPR”) which has a direct effect in Cyprus since 25th of May 2018.

Each Investor has a right of access to his/her/its personal data and may ask for a rectification thereof in case where such data is inaccurate or incomplete.

By subscribing to Investor Shares, each Investor consents to such processing of its personal data. This consent is formalised in writing in the Subscription Agreement.

### **Common Reporting Standard**

In the instance where the Fund is considered to be a financial institution, it should be required to be registered with the Cyprus Tax Department for the purposes of the Common Reporting Standard (“CRS”). In this regard, the Fund will be required to disclose the name, address, taxpayer identification number and investment information relating to investors who fall within the definition of Reportable Persons (as such is defined under CRS) that own, directly or indirectly, an interest in the Fund, as well as certain other information relating to such interest to the Cyprus Tax Department, who will in turn exchange this information with the competent authorities of the country in which the investor is considered to be a tax resident (on the assumption that the relevant country has signed the relevant Multilateral Agreement for the adoption of CRS). Prospective applicants are encouraged to consult with their own tax

advisors regarding the possible implications of CRS regarding an investment made in the Fund.

**FATCA**

The Fund may need to be registered with the Internal Revenue Service of the United States of America and the Cyprus Tax department for the purposes of the Foreign Account Tax Compliance Act ("FATCA"). In this regard, the Fund will be required to disclose the name, address, taxpayer identification number and investment information relating to investors who fall within the definition of Specified U.S. Persons (as such is defined under FATCA) that own, directly or indirectly, an interest in the Fund, as well as certain other information relating to such interest to the Cyprus tax authorities, who will in turn exchange this information with the Internal Revenue Service of the United States of America. Prospective applicants are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on an investment made in the Fund.

**Structure of this Document**

The Fund has issued this Prospectus, which includes general information in connection with the Fund, and several Supplements, one for each Compartment.

The Prospectus covers all the matters which are generally relevant and/or common to the Compartments.

The Supplements contain specific information directly related to a Compartment. Each Supplement forms an integral part of this Prospectus.

In the case of the Fund constituting a new Compartment, a new Supplement, dedicated to the particulars of that Compartment, will be issued.

An Investor will be provided by the Fund both the Prospectus and the relevant Supplement for the specific Compartment, as well as the latest available reports of the Fund. Any Supplement should be read in conjunction with this Prospectus.

In the event of any inconsistency between the contents of this Prospectus and the contents of a Supplement, unless otherwise expressly stated in this Prospectus, the contents of the Supplement shall prevail in respect of the related Compartment.

**Cautionary note about forward looking statements**

Certain statements in this Offering Memorandum constitute forward-looking statements, as of the date of this Offering Memorandum. In some cases, forward-looking statements can be identified by terminology such as "anticipates," "believes," "estimates," "seeks," "expects," "plans," "will," "intends" and similar expressions. Although the Directors believe that the expectations reflected in those forward-looking statements are reasonable, and have based those statements on the beliefs of, and assumptions made by the Directors, such expectations may prove to be incorrect. Such forward-looking statements and financial information are based on numerous assumptions regarding present and future business strategies and the environment in which the Fund will operate in the future. As these statements and financial information reflect the Directors' current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future

performance could differ materially from these forward- looking statements and financial information.

Among the important factors that could cause the Fund's or the Directors' actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information are the condition of, and changes in, the domestic, regional and global economies that may result in changes in the business performance or disinvestment prospects of portfolio companies, changes in government laws and regulations affecting the Fund, changes in tax regime in the target countries, currency exchange rates, interest rates and other matters not yet known to the Directors or not currently considered material by the Directors. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the "Risk Disclosures" section. Prospective investors are urged to consider those factors carefully in evaluating the forward-looking statements contained in this Offering Memorandum.

The Manager/Directors expressly disclaim any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based.

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<b>Main Parameters of the Fund</b>	
<b>Name of the Fund:</b>	LC London Credit AIF V.C.I.C. Public Ltd
<b>Legal Form:</b>	Variable Capital Investment Company
<b>Structure:</b>	An open-ended umbrella Fund with more than one Investment Compartments
<b>License Date:</b>	4 <sup>th</sup> March 2019
<b>Fund term:</b>	Indefinite
<b>Reference Currency:</b>	GBP
<b>Target Capital Raising:</b>	100 million GBP
<b>Approved Compartments:</b>	Investment Compartment A – Finance Participation Fund  Investment Compartment B – Finance Participation Fund 2  Investment Compartment C – Finance Participation Fund 3
<b>Investors' Profile:</b>	Professional and well-informed
<b>Geographical Region of Operations:</b>	Cyprus, UK, EU, EEA, Eastern Europe, CIS, Asia
<b>External Manager of the Fund:</b>	Consulco Capital Ltd
<b>Directors of the Fund:</b>	Mr. Marios Hajiroussos Mr. Dmitry Khenkin
<b>Secretary of the Fund:</b>	Consulco Secretarial Ltd
<b>Depository:</b>	Eurobank Cyprus Ltd
<b>Legal Advisors to the Fund:</b>	Antis Triantafyllides & Sons LLC
<b>Fund Administrator</b>	KPMG Limited
<b>Auditors:</b>	BDO Ltd

## DEFINITIONS

The following definitions apply throughout this Offering Memorandum unless the context otherwise requires: -

**“Administration Agreement”** Means the administration agreement made between the Fund and the Administrator. A copy of the Administration Agreement may be obtained from the External Manager.

**“Administrator”** : Means the person appointed from time to time by the External Manager by means of a relevant written delegation agreement to provide one or more of the administration functions laid down in Article 6(1)(b)(i) of the AIF Law (if applicable), otherwise such person being at all times the External Manager.

- “Affiliate” or “Associate”** : Means any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality), a Subsidiary of such an entity or a Holding Company of such an entity or any other Subsidiary of that Holding Company
- “AIF” or “Alternative Investment Fund”** : means any collective investment undertaking, including investment compartments thereof, which, collectively:
- a) raises capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors; and
  - b) does not require authorization pursuant to section 9 of the Open-ended Undertakings for Collective Investments Law of 2012 or pursuant to the legislation of another Member State which harmonizes the article 5 of the Directive 2009/65/EC;
- as defined in section 2 of the AIF Law.
- “AIF Law”** : Means the Alternative Investment Funds Law of 2018, No. 124(I)/2018 or any law substituting or amending the same.
- “AIFM”** : Means an authorised alternative investment fund manager pursuant to the provisions of the AIFM Law..
- “AIFM Law”** : means the Alternative Investment Fund Managers Law of 2013 or any law substituting, amending or replacing the same.
- “AIFMD”** : Means EU Directive 2011/61/EU of 6 June 2011, on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010
- ‘AIFM Regulation’** : Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.
- “AML Law”** : Means the Prevention and Suppression of Money Laundering and Terrorist Financing Laws of 2007 – 2019 or any law substituting, amending or replacing the same.
- “Application Package”** : Means the application package that prospective investors may obtain from the Fund, the Administrator or the External Manager for the purpose of applying to subscribe for participation in the Fund and which includes among other, Key Information Document (KID), the Subscription Form, the Subscription Agreement, the Articles of the Fund, documentation that must be completed in accordance with international and domestic law on AML,

Data Protection, tax and the Common Reporting Standard.

- “Articles”** : Means the Memorandum and Articles of Association as defined in the Companies Law, approved by CySEC and filed with the Registrar of Companies and Official Receiver in the English language only.
- “Auditor”** : Means the ‘statutory auditor’ as defined in Section 2(1) of the Auditors Law of 2017 (N. 53(I)/2017) or any law substituting, amending or replacing the same.
- “Business Day”** : Means a day which is a bank business day in Cyprus or such day or days as may be specified in the relevant Supplement with respect to a particular Investment Compartment.
- “Capital Contribution”** : Means, in respect of each Investor, the total amount to be paid by such investor in cash or in kind, as its contribution to the capital of the Fund in consideration of acquiring Investor Shares including any Duties and Charges.
- “Class”** : Means a particular division or a sub-class of Investor Shares, in an Investment Compartment with certain characteristics, including but not limited to distribution of revenues, tax treatment, minimum investment amount, minimum holding amount, currency denomination or any other characteristics as the Directors may in their discretion determine from time to time..
- “Companies Law”** : Means the Cyprus Companies’ Law, Cap. 113, or any law substituting or amending the same.
- “Compartment” or “Investment Compartment”** : Means a compartment of the Fund representing the designation by the Directors of a particular class or classes of Investor Shares as a compartment the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and policies applicable to such compartment and which is established by the Directors from time to time with the prior approval of the CySEC and to which all liabilities, income and expenditure attributable or allocated to such compartment shall be applied and charged. Compartments may be established as open-ended, limited liquidity or closed-ended funds.
- “Compartment Supplement” or “Supplement”** : Means any supplement to the Prospectus of the Fund forming an integral part thereto and which is to be read in conjunction thereto, outlining information in respect of an Investment Compartment and its Class(es).
- “Conflict of Interest”** : Means any situation where a person, whether natural or legal or its Affiliate or Subsidiary, which has an interest of any kind or may in any way benefit or acquire any advantage whether directly or indirectly, actually or contingently in any matter, issue, business or transaction of any nature whatsoever which may contravene and/or not comply fully and/or be in competition with the Fund and/or the business or any part thereof and/or

the Directors and/or the Investment portfolio and/or any Subsidiary or Affiliate of the Fund and/or any entity which the Fund may directly or indirectly control.

- Cyprus** : Means the Republic of Cyprus.
- “CySEC” or “the Commission” or “Regulator”** : Means the Cyprus Securities and Exchange Commission, which operates pursuant to the Law Regulating the Structure, Responsibilities, Powers, Organisation of the Securities and Exchange Commission and other related issues, as amended and any other applicable Secondary legislation and/or directive.
- CySEC Directives** : Means the directives issued by CySEC in exercise of its powers under the provisions of the AIF Law and the AIFM Law, as published in the official gazette of the Republic of Cyprus.
- “Depository”** : Means the legal person entrusted with at least one of the depository tasks set out in article 24 of the AIFM Law.
- “Directors”** : Means a member, at any specific time, of the board of Directors of the Fund. The initial board of Directors is composed of the persons set out in under the section “Key-Men” of this Prospectus. The directors shall hereafter be referred to collectively as the “Directors”.
- “Distributor”** : Means Distributor(s) appointed by the Fund to promote and market a Compartment and which are authorised to sell or assist in selling the Investor Shares through the receipt of the Subscription Form from Professional and/or Well-Informed Investors as defined in this Prospectus and transmitting same to the External Manager or the Administrator on its behalf for processing.
- “Distributing Class of Investor Shares” or Distributing Classes of Investor Shares:** Means a Class or Classes (as the case may be) which may distribute the net income attributable to such Class or Classes (as the case may be) as more particularly described in the relevant Supplement.
- “Distributions”** : Means payment effected by the AIF to its unitholder, exclusive of payments relating to the redemption or repurchase of units.
- “Duties and Charges”** : Means all stamp duty and other duties, taxes, governmental charges, valuation fees, agents fees, brokerage fees, commissions, bank charges, transfer fees, registration fees, whether in respect of the constitution or increase of the assets of the Fund or the creation, issue, redemption or transfer of Investor Shares of any Compartment or Class or the purchase of Investments by or on behalf of the Fund or in respect of the issue or cancellation of Investor Shares of any Compartment or Class or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation, including Redemption Fees, Administration fees, Management Fees, Performance

Fees or Entry Fees (if any) payable on the redemption and issue of Investor Shares respectively.

- “Entry Fee” or “Subscription Fee”** : Means an amount (if any) payable on the issue of the Investor Shares which may be deducted from the Subscription Price, as determined by the Directors and as further detailed in the Articles, the Prospectus and/or the relevant Compartment Supplement.
- “External Manager”** : Means a person appointed to manage the investments of an AIF or RAIF or AIFLNP, including the AIF which is an internally managed AIF and the AIFLNP which is an internally managed AIFLNP.
- Externally Managed AIF** : Means an AIF authorised to operate subject to the provisions of Chapter 2 of Part II.
- “External Valuer”** : Means an internationally or nationally recognised valuation firm appointed to conduct valuations of the certain assets of the relevant Compartment, when required and such External Valuer will be paid at normal commercial rates.
- “Fair Value”** : Means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
- “Fund” or “Company”** : Means LC London Credit AIF V.C.I.C. Public Ltd, a public company limited by shares which has the form of variable investment company within the meaning of Part XA of the Companies Law and licensed by the Cyprus Securities and Exchange Commission on 4<sup>th</sup> March 2019, to operate as an Alternative Investment Fund under the AIF Law, having license no. AIF50/2018, the activities and operation of which shall be governed by the terms and conditions of its Articles of Association and the Prospectus.
- “Gate”** : Means the restriction placed by the Fund, if any, whereby the amount of redemptions in a Compartment are limited on a particular Redemption Day to a stated maximum percentage of the respective Compartment's assets, as such shall be determined in the relevant Supplement as may be applicable.
- “GDV” or “Gross Development Value”** : Means the aggregate market value of the proposed development, assessed on the special assumption that the development is complete on the date of the external valuation in the market conditions prevailing on that date
- “Holding Company”** : Means a company with shareholdings in one or more other companies:
- a) the commercial purpose of which is to carry out a business strategy or strategies through, either its subsidiaries or associated companies, or participations in order to contribute to their long-term value; and
  - b) which is either a company: (i) operating on its own account and whose shares are admitted to trading on a regulated market in the Union; or (ii) whose main purpose is not generating returns for its investors by means of divestment of its subsidiaries or associated companies, as evidenced in its annual report or other official documents;

<b>“Hurdle Rate”</b>	: Means the minimum pre-set threshold rate of return (if any) of the relevant Investment Compartment over and above which the External Manager is entitled to receive the fee.
<b>“Income Tax Law”</b>	: Means the Cyprus Income Tax Law N118(I)/2002 as may be amended from time to time.
<b>“International Financial Reporting Standards or IFRS”</b>	: Has the meaning attributed to this term by article 2(1) of the Companies Law
<b>“Initial Offering Period”</b>	: Means the period (if any) as may be determined by the Directors in the relevant Supplement, during which Investor Shares of any Compartment may be offered by the Fund for subscription at a fixed Subscription Price. For the avoidance of doubt, this period may be shortened or extended at the Directors’ discretion.
<b>“Initial Subscription Date”</b>	<p>: (i) The Business Day immediately following the last day of the Initial Offering Period in respect of Investor Shares in a particular Compartment, or</p> <p>(ii) Such Subscription Day or such other day or days as the Directors may determine on which the first subscription(s) for the relevant Compartment will have been accepted at a fixed Subscription Price.</p> <p>The launch of a particular Compartment takes place on such Initial Subscription Day</p>
<b>“Introducer”</b>	Means any person or entity that acts as referrer/client introducer of a potential Investor to the Fund, subject to any authorisations which may be required and may receive compensation for such act. For the avoidance of doubt such introducer is not acting as a Distributor as described in this Prospectus.
<b>“Investment”</b>	: Means any investment made or asset or other interest acquired on behalf of any Compartment of the Fund in accordance with the Investment Strategy and/or in the course of pursuing the objectives described in each Compartment Supplement of this Offering Memorandum.
<b>“Investment Compartment A – Finance Participation Fund”</b>	: Means the initial investment compartment of the Fund governed by the specific policies contained in the Compartment Supplement for Investment Compartment “A”–Finance Participation Fund.
<b>“Investment Compartment B – Finance Participation Fund 2”</b>	Means the investment compartment of the Fund governed by the specific policies contained in the Compartment Supplement for Investment Compartment “B”–Finance Participation Fund 2.

**“Investment  
Compartment C –  
Finance  
Participation  
Fund 3”**

Means the investment compartment of the Fund governed by the specific policies contained in the Compartment Supplement for Investment Compartment “C”–Finance Participation Fund 3.

**“Investor  
Shares”**

: Means a share in the capital of an Investment Compartment which is designated as such and is available for Investors and may be divided in one or more Classes and has been issued in accordance with the Information Memorandum, including the relevant Supplement, and the provisions of the Articles.

**“Investor  
Shareholder”**

: Means the sole or joint holder of record of one or more Investor Shares, who qualifies at all times as a Professional Investor or a Well-Informed Investor.

**“Investment  
Strategy”**

: Means the investment strategy of each Compartment of the Fund as set out in the “Investment Strategy” section of each Compartment Supplement of this Offering Memorandum.

**“Key-Persons”**

: Means the persons designated as such as set out in the section “Key-Persons” of this Offering Memorandum.

**KID**

: Means key information document, within the meaning of Regulation (EU) no 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs).

**“Leverage”**

: Means the method by which:

- (a) the External Manager increases the exposure of an AIF it manages to risk; or
- (b) The AIF, in case it is internally managed, increases its exposure to risk, Whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

**“Lock-up Period”**

: Means the period in a Compartment starting from the relevant Subscription Day and/or the relevant Subscription Day during which the Investor Shareholders are prohibited from redeeming their Investor Shares including any Classes thereof and as determined for such particular Compartment in the relevant Supplement.

**“London Credit  
Ltd”**

: Means a company incorporated in England and Wales with registration number 9889336 having its main establishment at 4<sup>th</sup> Floor, 22 Soho Square, London W1D 4NS .

**“LTGDV” or  
“Loan- to  
Gross  
Development  
Value”**

: Means the ratio percentage, of the loan given out against the aggregate market value of the proposed development offered as security, assessed on the special assumption that the development is complete on the date of the external valuation in the market conditions prevailing on that date

**“LTV” or “Loan-  
to-Value”**

: Means the ratio percentage, of the loan given out against the value of the property offered as security for that loan.



<b>“Management Agreement”</b>	: Means the management agreement made between the Fund and the External Manager. A copy of the Management Agreement may be obtained from the External Manager.
<b>“Management Fee”</b>	: Means a fee payable to the AIFM as further described in the Prospectus and/or the relevant Compartment Supplement.
<b>“Management Shareholder”</b>	: Means any person who acquires Management Shares of the Fund and has voting rights. The Fund’s Management Shareholder is an Affiliate to the Fund Manager, namely Consulco Management Services Ltd.
<b>“Management Shares”</b>	: Means the non-redeemable, voting shares in the capital of the Fund, which are not used for investment purposes and are not available for Investors.
<b>“Minimum Holding”</b>	: Means the minimum amount or value of Investor Shares as may be determined by the Directors that must be held by an Investor at any time and further defined in the relevant Supplement.
<b>“Minimum Subscription Amount”</b>	: Means the minimum amount that must be invested by a prospective investor in respect of the subscription of Investor Shares in a Compartment or Class as shall be determined by the Directors and specified in the relevant Supplement (subject to the discretion of the Directors who may, in certain cases, accept subscriptions for a lesser amount).
<b>“Minimum Additional Subscription Amount”</b>	: Means the minimum amount that must be invested by an existing investor in respect of the subscription of additional Investor Shares in a Compartment or Class as shall be determined by the Directors and specified in the relevant Supplement (subject to the discretion of the Directors who may, in certain cases, accept additional subscriptions for a lesser amount).
<b>“Marketing” or “Marketing of Investor Shares”</b>	: Means a direct or indirect offering or placement at the initiative of the external manager or on behalf of the external manager, of Investor Shares of an AIF it manages, to investors:  (a) domiciled in the European Union or in a third country, in case they are natural persons; or (b) having their corporate seat or with a registered office in the European Union or in a third country, in case they are legal persons.
<b>“Material Change</b>	: Means any change to any aspect of the Fund or a particular Compartment which would potentially have a significant impact on the rights of the Investors, or a particular group of Investors. Such changes shall include any change in the Investment strategy/ Policy or a change in this Prospectus which causes a reduction in the Investors’ rights or imposes material costs upon the Investors.
<b>“Net Asset Value”</b>	: Designates all of the net assets of the Investment Compartment, with respect to any Class or sub-class, calculated in accordance with the terms and conditions of this Prospectus/Offering Document.

- “Net Asset Value per share”** : Means the relevant Net Asset Value divided by the number of Investor Shares, including Classes thereof, in issue within the relevant Investment Compartment.
- “Offering”** : Means the offering of participation in one or more Compartments of LC London Credit AIF V.C.I.C. Public Ltd, as provided for in this Prospectus and each Compartment Supplement.
- “Offering Memorandum” or “Prospectus”** : Means this information memorandum, within the meaning of the AIF Law, which has been produced in accordance with the relevant provisions of the AIFM Law and of the AIF Law as it may be modified or supplemented from time to time in accordance therewith subject to the prior approval of CySEC.
- “Open-Ended”** : Means an AIF type where its shares are, at the request of any of its Shareholders, repurchased or redeemed prior to the commencement of its liquidation phase or wind-down, directly or indirectly, out of the assets of the AIF and in accordance with the procedures and frequency set out in the AIF’s Articles of Association and Prospectus.
- “Performance Fee”** : Means a fee payable to the AIFM as further described in the Prospectus and/or the relevant Compartment Supplement.
- “Positive Performance”** : Means positive return generated by the fund determined on each Valuation Date.
- “Professional Investor”** : Means an investor which is considered to be a professional client or may, on request, be treated as a professional client within the meaning of Annex II of the Investment Services and Activities and Regulated Markets Law as amended.
- “Prohibited Person”** : Mean any Person applying for subscription of Investor Shares or an existing Investor (i) that does not meet or has ceased to meet the requirements of a Well-informed Investor /Professional Investor, and/or (ii) that for legal, tax, regulatory or any other reason which from time to time is determined by the Directors, in their sole discretion, is prohibited from being an Investor.
- “Redemption”** : Means the sale to or purchase by the Fund of the Investor Shares held by a Compartment’s Investor Shareholders.
- “Redemption Date” or “Redemption Day”** : Means such day or days as the Directors may from time to time determine as of which Investor Shares may be redeemed, subject to the Lock-Up Period (as applicable) and as further determined in the relevant Supplement
- “Redemption Form”** : Means the Form completed by each Investor Shareholder requesting redemption of the Investor Shares. The Redemption Form may be obtained from the Fund, the External Manager or the Fund’s Administrator.

- “Redemption Notice Period”** : Means the notice period for receiving requests for redemption of Investor Shares, prior to the Redemption Date, subject to the Lock-Up Period, unless otherwise determined by the Directors and as set forth in the Articles, the Prospectus and/or the relevant Compartment Supplement.
- “Redemption Price”** : Means the calculated price at which the Investor Shares in a Compartment shall be redeemed by the Fund at the request of Investor Shareholders pursuant to the provisions of this Offering Memorandum, the Compartment Supplement relevant to the Investor Shares being redeemed and the Articles.
- “Reference Currency”** : The currency in which the Fund is denominated being the GBP and is the currency (i) in which the unitary financial statements for the aggregate of the Compartments are drawn, and (ii) in which the share capital of the Fund is expressed.
- “Register”** : Means the register of Shareholders of each Compartment of the Fund, which shall include, amongst others, the following information:
- (a) name and address of each Shareholder;
  - (b) details of that Shareholder’s participation;
  - (c) details regarding when such participation was acquired and, if applicable, transferred or disposed;
  - (d) any other information that might be required to comply with the AIF Law.
- “Shareholder or Member”** : Means the holder of Shares in the Fund.
- “Share”** : Means a share issued in the Fund as recorded in the Register and includes any Management Share and/or Investor Share as the context may require.
- “Subscription Agreement”** : Means the agreement between the Investor Shareholders and the Fund, which forms an integral part of this Offering Memorandum, included in the Application Package and also obtained from the Fund, Administrator or External Manager.
- “Subscription Date” or “Subscription Day”** : Means after the Initial Offer period, the date or dates on which Investor Shares are issued and allotted to Investor Shareholders, as further determined in the relevant Supplement.
- “Subscription Form”** : Means the Form completed by each prospective Investor Shareholder. The Subscription Form may be obtained from the Fund, the External Manager or the Fund’s Administrator.
- “Subscription Notice period”** : The notice period for receiving requests for subscription of Investor Shares prior to the Subscription Day selected for subscription unless otherwise determined by the Directors and as described in the Prospectus and/or the relevant Supplement.

- “Subscription Price”** : Means the Investor Share price, as set out in the Compartment Supplement, up to the Initial Subscription Date and at the Fund NAV thereon after, as calculated at the Valuation Day following receipt of the Subscription Form. The above price is net of any applicable sum which the Directors may in their absolute discretion determine as an appropriate provision for Duties and Charges in respect of the issue of Investor Shares and which is to be paid over and above the Subscription Price. Such price to be initially fixed by the Directors and thereafter, being the prevailing Net Asset Value per Share.
- “Subsidiary”** : Means in relation to an individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality) an entity:
- (a) which is controlled, directly or indirectly, by the first mentioned entity, or
  - (b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned entity; or
  - (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation;
    - a) and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body
- “Sustainability Risk”** Means an environmental, social or governance (ESG) event or condition that, if it occurs, could cause actual or potential material negative impact on the value of the investment.
- “Sustainability Factors”** Sustainability factors are environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters
- “Term”** : The term of the Fund is indefinite. The Directors may at their sole discretion decide to terminate the Fund for reasons that they deem would benefit the investors.
- “Total Assets”** : Means tangible and intangible fixed assets, Investments, cash and cash equivalents, receivables and inventories of the relevant Investment Compartment or the Fund (as the case may be).
- “Total Liabilities”** : Means short and long-term borrowings, deferred taxation, creditors and other current liabilities of the Fund or of the relevant Investment Compartment (as the case may be).

- : Means any natural person who ultimately owns or controls the customer and/or the natural person on whose behalf a transaction or activity is being conducted and includes at least:
- (a) in the case of corporate entities:
    - (i) the natural person who ultimately owns or controls a corporate entity through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in that corporate entity, including through bearer shareholdings, or through control via other means, other than a company listed on a regulated market that is subject to disclosure requirements consistent with European Union law or subject to equivalent international standards which ensure adequate transparency of ownership information.

Provided that-

- (a) an indication of direct shareholding shall be a shareholding of 25% plus one share or an ownership interest of more than 25% in the customer held by a natural person; and
- (b) an indication of indirect ownership shall be a shareholding of 25% plus one share or an ownership interest of more than 25% in the customer held by a corporate entity, which is under the control of a natural person, or by multiple corporate entities, which are under the control of the same natural person or persons.

Provided further that the control by other means can be verified, inter alia, based on the criteria provided for in section 142 (1) (b) and section 148 of the Companies Law;

- (i) the natural person who holds the position of senior managing official if, after having exhausted all possible means and provided there are no grounds for suspicion, no person under sub paragraph (i) of the present paragraph is identified, or if there is any doubt that the person identified is the beneficial owner:

Provided that the obliged entity shall keep record of the actions taken in order to identify the beneficial ownership under sub paragraphs (i) and (ii);

- (b) in the case of trusts:
  - (i) the settlor;
  - (ii) the trustee or commissioner;
  - (iii) the protector, if any;
  - (iv) the beneficiary, or where the individual benefiting from the legal arrangement or legal entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;
  - (v) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means; and
- (c) in the case of legal entities, such as foundations, and legal arrangements similar to trusts, the natural person holding equivalent or similar positions to the person referred to in paragraph (b);

**“Umbrella AIF”**

: Means an AIF established and operating as an AIF with more than one investment compartments or which has been converted to and operates as an AIF with more than one investment compartments.

**“Valuation Date”  
or “Valuation  
Day”**

: Means a Business Day or any day or days as the Directors may from time to time determine as of which the Net Asset Value will be calculated in accordance with the provisions of this Prospectus and/or relevant Compartment Supplement, the Articles and IFRS-EU for the purpose of determining the price at which Investor Shares may be issued, cancelled or redeemed provided that there shall be at least one valuation day in respect of each Subscription Day and, Redemption Day and as at the end of each annual and half-yearly reporting period.

**“Variable Capital  
Investment  
Company” or  
“V.C.IC.”**

: Means a company established or converted into a variable capital investment company in accordance with the Companies Law and is licensed to operate as an AIF in accordance with Chapter 2 of Part II or as an AIFLNP in accordance with Part VIII, in the form of a variable capital investment company pursuant to the AIF Law.

**“VAT”**

: Means value added tax

**“Well-informed  
Investor”**

: means an investor who is not a professional investor but fulfils the following criteria:

(a) the investor confirms in writing:

i. that he has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks associated with the prospective investment and that he is aware of the risks associated with the prospective investment; or

ii. that this business activity is related to the management, acquisition or sale of assets, either on the investor's own account or on behalf of third parties, and are of the same type as the investments of the AIF; and

(b) (i) invests at least €125,000 in the AIF; or

(ii) has been assessed by a credit institution, an AIFM, a UCITS Management Company, an Investment Firm or an external manager of AIFs authorised in Cyprus or another Member State for the

management of AIFs whose assets do not exceed the limits provided for in article 4(2) of AIFM Law, or the corresponding article 3(2) of Directive 2011/61/EU, and the above assessment shows that he has the necessary knowledge and experience in financial and business matters, to evaluate the merits and risks associated with the AIF's prospective investment based on the AIF's investment policy; or

(iii) is employed by one of the persons referred to in subparagraph (ii) of paragraph (b) hereof, receiving total remuneration that takes him into the same remuneration bracket as the natural persons who effectively conduct the business of that persons at issue or the executive members of their governing body, who effectively conduct their business.

- (c) By way of derogation from paragraphs (a) and (b) hereof, the investor is a person who effectively directs the business of the AIF or its external manager or is a person engaged in the AIF's investment management functions.

In this Offering Memorandum, unless otherwise specified, all references to "billion" are to one thousand million, to "Dollars", "US\$" or "cents" are to United States dollars or cents, to "GBP" or "£" are to Pounds Sterling and to "Euro" or "€" are to the unit of single currency as defined in the Regulations on the introduction of the Euro which was entered into force on January 1, 1999 being the starting date of the third stage of European Economic and Monetary Union.

## **OVERVIEW OF THE FUND**

The Fund is structured and established under the Companies Law as a Public company and authorized to operate as an open-ended umbrella investment company of variable capital of indefinite term permitted to set up investment Compartments, each of which operates as a distinct AIF with its own investment strategy, assets, liabilities, classes of Shares and investment duration as described in its Compartment Supplement.

The registered office of the Fund is at 73 Metochiou Street Engomi 2407, Nicosia Cyprus.

The appointed External Manager of the Fund is Consulco Capital Ltd ("the External Manager"), information on its controlling persons can be found under the sub-heading "**Key People**" and on its functions and responsibilities under the sub-heading "**The External Manager**".

The appointed Depositary of the Fund is Eurobank Cyprus Ltd and information on its functions and responsibilities can be found under the sub-heading "**The Depositary**".

The investment framework of the Compartments of the Fund is contained in detail within this Prospectus in each relevant Compartment Supplement.

The share capital of the Fund is variable and the issued share capital shall at all times be equal to the sum of the net assets of all of the Investment Compartments converted into GBP on the Valuation Date. The authorised share capital of the Fund is 100,100 shares of no par value divided into:

- a) 100 Management Shares of no par value offered at £1 each, held by Consulco Management Services Limited, and
- b) 100,000 Unclassified Investor Shares of no par value.

The Shares within a Compartment and/or in each compartment of the Fund may have different rights and features, including the policy on subscription, redemption, transfer, investment, lock-up, fees.

The rights conferred upon the Management Shareholder and the Investor Shareholders in relation to the Management Shares and the Investor Shares they hold respectively are described in the Articles of the Fund.

**Reference currency of the Fund**

The Reference Currency of the Fund shall be the GBP. Unless otherwise decided by the Directors for a particular Investment Compartment or Class and set out in the relevant Supplement, financial statements will be prepared, and the Net Asset Value shall be calculated in the Reference Currency of the Fund, and the subscription and payment of redemption proceeds shall be made in such Reference Currency.

**Term of the Fund**

The Fund is constituted for an indefinite term although any Compartment which may be created by the Fund from time to time may be created with or for an indefinite or a definite term as may be specified in the relevant Supplement. This provision shall apply mutatis mutandis to the creation of a Class.

**Distribution policy**

The Board will examine the prospects of each Compartment's investment policy and its target market and accordingly decide whether profits shall be distributed or re-invested in other opportunities. Additional or differentiating terms with respect to dividend distribution of a particular Compartment or Class may apply, as these shall be set out in each Supplement. Further provisions as to dividends are set out in the Articles.

**Several Compartments & Classes of Shares**

The Fund is organised as an umbrella fund composed of several investment compartments within the meaning of section 9 of the AIF Law. The Fund will issue Investor Shares in different Compartments as determined by the Directors from time to time.

A Compartment's license may be revoked by CySEC and this shall not affect the license of the rest of the Fund's Compartments.

Each Compartment of the Fund may be dissolved and liquidated as a separate AIF, and such process, including distribution of profits to the Shareholders, shall involve only the assets and liabilities of that Compartment.

**Segregated liability of Compartments**

Each Compartment shall have separate assets and investments, held in accordance with the Investment Objective of the Fund and any additional specific provisions of the respective Compartments, outlined in the Compartment Supplement. Although the Fund is a single entity, the assets of one Compartments are only responsible for the debts, engagements and obligations attributable to this Compartments. Each Investment Compartment will be separately valued and each Compartments will be maintained separately with separate accounting records.

The investment policy and terms of investment for each Compartments will be as determined in the respective Supplement.

The rights of Investors created by the constitution, operation or dissolution of a particular Compartments are limited to the assets of this Compartments, corresponding in the case of Investors to the Investor Shares for which they subscribed. The dissolution of a Compartments as well as the withdrawal of an operational license from CySEC of a Compartments is without prejudice to the remaining Compartments. The investment policy and offering methods of each Compartments and/or Class will be communicated at the appropriate time by an update to the Prospectus in the form of a Supplement.



**Classes of Shares**

In respect of each Compartments, the Directors may decide with (where required) the approval of the Regulator and without giving prior notice to, or receiving consent from existing Investors, issue one or more Classes of Investor Shares, which may differ inter alia in the fee structure, the type of targeted investor, the Investor Shares distribution policy, liquidity, currency etc and invested pursuant to the specific investment policy of the relevant Supplement. The features of the relevant Classes issued within each Compartment will be as set out in the relevant Supplement.

In case of the creation of an additional Class or Classes of Investor Shares in a Compartments, the relevant Supplement will be amended accordingly.

All Investor Shares of the same Class have equal rights and privileges. Each Investor Share is upon issue, entitled to participate equally in the profits, dividends and other distributions of the Compartments attributable to the relevant Class to which such Investor Share belongs, as well as in the liquidation proceeds of such Compartments.

The assets and liabilities attributable to a Class of Investor Shares in that Compartments does not constitute a separate patrimony from the assets and liabilities attributable to the other Classes of Investor Shares in the same Compartments.

**Allocation of assets and liabilities**

The Company operates as a fund with multiple Investment Compartment, and that it is made up of several Compartments each of which represents a segregated pool of assets and liabilities and has a separate investment policy. Each Compartment shall be treated as a separate entity generating its own assets, liabilities, costs and expenses. The assets of any particular Compartment will only be available to satisfy the debts, liabilities, and obligations which relate to that Compartment. The assets, liabilities, costs, and expenses which are not attributable to any specific Compartment shall be allocated to the various different Compartment in equal parts or in proportion to their respective net assets to the extent that the sums in question justify this.

In respect of each Compartments, the Directors or their delegate shall establish and maintain separate records and accounts to which the relevant provisions of the Articles shall apply.

A Compartment is not a legal person separate from the Fund but the Fund may sue and be sued in respect of a particular Compartments and may exercise the same rights of set-off, if any, as between its Compartments as apply at law in respect of companies and the property of a Compartments is subject to orders of the court as it would have been if the Compartments were a separate legal person.

In any proceedings brought by any Investor holding Investor Shares, any liability of the Fund to such Investor in respect of such proceedings shall only be settled or any proved liability paid out of the assets of the Compartments in which the Investor Shares in question are in issue without recourse in respect of such settlement or liability or any allocation thereof of any other Compartments.

**Cross Investments**

In accordance with the AIF Law, a Compartment (the “investor-compartment”) may invest in another Compartment (the “target-compartment”) on the basis of the following principles:

- (a) the investor-compartment invests up to 35% of its assets in the target-compartment;
- (b) the target-compartment does not acquire Shares in the investor-compartment;
- (c) the value of the investments relating to a) above are not calculated twice when calculating the Fund's NAV;
- (d) no fees, commissions, management/performance/subscription/redemption fees apply in relation to the investment of the investor-compartment into the target-compartment within the Fund.

**Leverage**

The Fund may employ a maximum level of any type of leverage for each Compartment, should this be regarded necessary to meet that Compartment's investment strategy and purpose. Reference to any leverage restrictions applicable to any Compartment by the Fund is made in the relevant Supplement.

Loans made to the Fund or one of its Investment Compartments will be on a non-recourse basis to the Investors.

- The types of leverage employed may consist of cash and/or securities and/or exposure through derivatives.
- The sources of leverage will be regulated brokers and/or credit institutions
- The leverage arrangements will be collateralized and subject to asset reuse arrangements

The Fund's ability and extent as to the use of leverage shall always be subject to any imposed CySEC restrictions.

**KEY PERSONS**

The members of the Board of Directors of the Fund are Mr. Marios Hajiroussos (Executive Director), and Mr. Dmitry Khenkin (Executive Director), who also serve as Directors of the External Manager, and the details relating to their position and duties are described in this section of the Prospectus.

The secretary of the Fund is Consulco Secretarial Ltd, a limited liability company incorporated under the laws of the Republic of Cyprus with registration number HE369449 carrying out secretarial and ancillary services.

**Marios Hajiroussos**

Executive Director of the Fund

Non – Executive Director of the External Manager

Member of the Investment Committee of the External Manager



Marios Hajiroussos is the co-founder and CEO of the Consulco Group which was established in 1993 and it is a group of regulated entities in the fields of fiduciary, administrative services as well as tax and corporate advisory. Marios has work experience that spans over thirty years. He has graduated from the London School of Economics in 1987 with a specialization in accounting and finance. Up until 1993, he worked for a Cyprus based company dealing with International Commercial activities.

Marios has extensive experience in the credit industry as he is one of the founding members and directors of a London based lender since 2010, engaged in the provision of bridge financing. Since 2017, the relevant bridge financing activities have been assumed by London Credit Ltd, which has grown to be a significant short-term lender today. Marios has also co-founded Consulco Capital Ltd, a regulated entity authorised to provide investment advice including tracing London residential and commercial real estate opportunities for investment purposes. (further information of the Consulco Group can be found below).

**Dmitry Khenkin**

Executive Director of the Fund

Executive Director of the External Manager

General Manager and Portfolio Manager of the External Manager



Dmitry Khenkin co-founded the Consulco Group in 1993 and has been in charge of the promotion of the products provided by the Consulco entities worldwide, with specific focus in Russia and Eastern Europe. In addition, Dmitry has been certified by the

Regulator in relation to the provision and promotion of investment advice and products.

Dmitry's career started in 1985 with Ricoh copiers followed by Manufacturers Hanover Trust Bank and KPMG, all in New York. In Cyprus Dmitry worked for Coopers & Lybrand and Bank of Cyprus at the Treasury.

All Key-Men have been found fit and proper for their role by CySEC.

## THE EXTERNAL MANAGER

The Fund's investment and risk management functions will be carried out by Consulco Capital Ltd, a limited liability company incorporated under the laws of the Republic of Cyprus (registration number HE330560) authorised by the Commission as an Alternative Investment Fund Manager with license number AIFM05/56/2013. The External Manager's authorization is in relation to funds engaged in Real Estate, and Multi-Strategy Private Equity Funds, including Mezzanine Capital Funds.

Information on the investment and risk management techniques the External Manager will deploy shall be proportionate and according to each Compartment's investment strategy and can be found in each Compartment Supplement of this Prospectus.

The External Manager has arranged for the availability of additional own funds in place of professional indemnity insurance coverage, to cover for the risks involved in its operation and functioning, in accordance with the relevant law, and may at any time make alternative arrangements for professional indemnity insurance by a reputable insurance firm.

The External Manager shall exercise its discretionary investment management function and

more specifically shall identify opportunities and operate within the parameters outlined by the Investment Strategy and policies set forth for each compartment in this Offering Memorandum and the Articles of the Fund. The External Manager is responsible for monitoring the performance of the assets on a daily basis and for identifying the most opportune moment in which to dispose of an asset.

In relation to money belonging to the Fund, the External Manager shall open in its own name and specifying that it is doing so in its capacity as External Manager of the Fund, a bank account with the Depositary or with a UK or Cyprus banking institution as permitted by the applicable laws and with CySEC's permission.

Save to the extent stipulated in the AIF Law or the directives and circulars published by CySEC, the External Manager does not accept any liability, in the absence of its own gross negligence, fraud or wilful default, for any loss of value in the investments undertaken by any Compartment of the Fund.

The property of the Fund will not be lent to, or deposited by way of collateral with, any third party, but money may be borrowed on behalf of the Fund against the security of such property on the terms to be agreed by the External Manager.

## **THE ADMINISTRATOR**

KPMG Limited ("the Administrator") is a private limited liability company, incorporated in the Republic of Cyprus. The Administrator is also a regulated entity providing professional services i.e. audit, risk advisory, tax and regulatory services to fund managers.

## **THE DEPOSITARY**

Eurobank Cyprus Ltd, a Cyprus' banking institution, as the Depositary (notwithstanding any delegation of any depositary tasks pursuant to section 28(1) of AIF Law), shall ensure among others that the AIF's cash flows are properly monitored and shall, in particular ensure that –

- a. all payments made by or on behalf of Shareholders upon the subscription of Shares of an AIF have been received; and
- b. all cash of the AIF has been booked in cash accounts opened in the name of the AIF or on the name of the AIFM acting on behalf of the AIF

Where the cash accounts are opened in the name of the Depositary acting on behalf of the Fund, no cash of the entity referred to in paragraph (b) of subsection (1) of Article 24 the AIFM Law and none of the Depositary's own cash shall be booked on such accounts.

The assets of the Fund shall be entrusted to the Depositary for safe-keeping, as follows:

- i. The depositary shall verify the ownership of the Fund of such assets and shall maintain a record of those assets for which it is satisfied that the Fund holds the ownership of such assets;
- ii. The assessment whether the Fund holds the ownership shall be based on information or documents provided by the Fund and, where available, on external evidence;

iii. The depositary shall keep the record referred to in point (i) up-to-date.

In addition, the depositary shall:

i. Ensure that the sale, issue, re-purchase, redemption and cancellation of Shares of the AIF are carried out in accordance with the applicable national law and the Fund's instruments of incorporation; and

ii. Ensure that the value of the shares of the Fund is calculated in accordance with the applicable national law, the Fund's instruments of incorporation and the procedures laid down in section 19 of the AIFM Law; and

iii. Carry out the instructions of the External Manager, unless they conflict with the applicable national law or the Fund's instruments of incorporation; and

iv. Ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; and

v. Ensure that the Fund's income is applied in accordance with the applicable national law and the Fund's instruments of incorporation.

The assets referred to in subsection (3) of Article 24 of the AIFM Law, shall not be reused by the depositary without the prior consent of the Fund or the External Manager acting on behalf of the Fund.

In case of the Depositary resigning, it must inform the Fund and/or the External Manager in writing at least 3 months prior to such resignation. The Fund and/or the External Manager shall inform CySEC of the Depositary's intention to resign and shall propose a Depositary in substitution of the existing one.

The Depositary has power to delegate the whole or any part of its custodial functions, but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping.

### **Other Service Providers**

Details of any service provider as may, from time to time be appointed and engaged to provide services as may be required in respect of each Compartment, shall be provided in the relevant Supplement.

### **Change of Service Providers**

The AIFM and/or the Fund may change any service providers and may agree to different contractual terms with new or existing service providers at any time without prior notice or approval of the Investor Shareholders, other than where required notification or approval by CySEC as appropriate.

### **Distributors and Introducers**

The External Manager may decide to appoint distributors (as defined herein) or Introducers for the purpose of assisting it in the distribution of the Investor Shares or referral of Investors (as applicable) provided that they are duly licensed (if necessary) to carry out the relevant services in any relevant jurisdiction.

As this relate to the distributor, it will carry out activities of marketing, placement and sale of Investor Shares of the Fund. The distributor may intervene in the relationship between the investors and the Fund in collecting subscription orders for Investor Shares. Subject to the

provisions of the relevant distribution agreement, such distributor may be authorised to receive the subscription, redemption and conversion orders from the investors for the account of the Fund, and to offer Investor Shares at a price based on the applicable Net Asset Value per Share increased, as the case may be, by any entry fee.

The distributor will transmit to the External Manager or the Administrator as its delegate any application for subscription or redemption of Investor Shares. Investors may subscribe for Shares by applying directly to the Fund without having to subscribe through one of the distributors. Distributors may, at their own expense, control, supervision and ultimate responsibility, but always subject to prior authorisation of the External Manager, appoint sub-distributors for the purpose of distributing Investor Shares.

Where required, self-certification forms shall be used to verify the status of the potential Investor as Professional or Well-Informed.

Where the use of Distributors and/or Introducers may give rise to conflicts of interest, the External Manager shall take measures to avoid the creation of such conflicts of interest and/or mitigate their effect.

Example:

A Distributor / Introducer may be induced to overlook or bypass procedures and/or regulatory requirements with a view to benefiting from the potential investors' subscription to the Fund. The External Manager intends to mitigate such a risk and maintain a consistent level of compliance by awarding compensation to the Distributor and/or Introducer after completion of the onboarding process and subscription of the potential Investor to Investor Shares, thus ensuring that all checks required have been successfully completed.

## **INVESTMENT OBJECTIVES**

Short and medium-term finance is rapidly becoming the way to provide capital solutions to individuals and private companies currently underserved by traditional lenders. These direct lending opportunities typically offer the potential for above-market, risk-adjusted returns to high net worth individuals and professional investors globally. The investment objective is for the Fund to provide investors with high returns on solid collateral by participating in the short and medium-term lending carried out by established enterprises in the alternative finance market.

The investment objective, policy and strategy of each Compartment Supplement is set out in the respective Supplement and will be formulated by the Board of Directors and the External Manager. The investment objective, investment policy and investment strategy will be changed by means of a relevant decision of the External Manager, subject to approval by the Directors. Investor Shareholders concerned will be bound by such change and will be having the right to request Redemption or repurchase of their Investor Share (as the case may be) in accordance with the provisions of the Articles and the Information Memorandum, including the relevant Compartment Supplement:

- (a) within ten (10) calendar days from the notification of the change to them, where the Redemption or repurchase of Investor Shares (as the case may be) takes place on a daily basis;
- (b) within one (1) month from the notification of the change to them, where the Redemption or repurchase of Investor Shares (as the case may be) takes place, at least, weekly;
- (c) by the date at which the one after the next scheduled date of Redemption or repurchase of Investor Share shall take place, where the Redemption or repurchase of Investor Shares (as the case may be) takes place on a monthly basis; and

(d) by the next scheduled Redemption or repurchase date, in every other case, on the condition that between the notification of the amendment to the Investor Shareholders affected by the change so notified and the expiry of the right of Redemption or repurchase of their Investor Shares according to the provisions of the Articles prior the change, there is a time period of, at least, thirty (30) days.

All investments involve risks and there can be no guarantee against loss resulting from an investment in any Shares, nor can there be any assurance that a Compartment's investment objectives will be attained in respect of its overall performance. Investors should therefore ensure (prior to any investment being made) that they are satisfied with the risk profile of the overall objectives disclosed.

## **INVESTOR PROFILE**

Investors should be aware that the "Typical investor profile" section included in each Compartment supplement is for indicative purposes only. Before making an investment, investors should consider carefully the information contained in this Prospectus and the KID. Investors should consider their own personal circumstances including their level of risk tolerance, financial circumstances and investment objectives.

It is highly recommended for all prospective investors to consult with their legal, tax and financial advisers before making any decision to invest in the Company.

## **SUSPENSION OF SHARE DEALINGS**

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended.

The Board of Directors of the Fund may, following a relevant decision taken by the External Manager and prior approval by the CySEC, and subject to the provisions of the Articles and the interests of Investor Shareholders of the Investment Compartments(s) concerned, is authorised to suspend the calculation of the Net Asset Value of the Shares of one or more of the Compartments or of one or more of the Classes or Sub-Classes, on a temporary basis, together with issues, redemptions, and conversions, in the following cases:

- i) Any period when any of the principal stock exchanges or other markets on which a substantial portion of the investments of the Fund attributable to such Investment Compartment, from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended, provided that such restriction or suspension affects the valuation of the investments of the Fund attributable to such Investment Compartment quoted thereon;
- ii) The existence of any state of affairs which constitutes an emergency in the opinion of the External Manager as a result of which disposal or valuation of assets of the Fund attributable to the Investment Compartment concerned would be impracticable;
- iii) Any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of an Investment Compartment, including Classes thereof, or the current price or value on any stock exchange or other market in respect of the assets attributable to such Investment Compartment or Class;



- iv) Any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Investor Shares of such Investment Compartment, including Classes thereof, or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Investor Shares cannot, in the opinion of the Directors, be effected at normal rates of exchange;
- v) When for any other reason the prices of any investments of the Fund attributable to such Investment Compartment cannot promptly or accurately be ascertained; or
- vi) When such suspension is required or decided by the CySEC as being in the best interest of the Investors.

## **INVESTMENT TARGETS:**

The Fund will approach enterprises providing short or medium-term funding, with property/ies as security that:

- a) satisfy the underwriting criteria set by the Directors of the Fund, and
- b) even in forced sale would allow a Compartment to recover the funds lent including interests and charges. Preference will be given to companies with good banking record.

Such enterprises shall be offering participation in the short and medium-term loans they give out with attractive profit margins and should also be able to demonstrate their experience in the alternative finance field.

## **RESTRICTIONS**

The Fund's investments will be restricted in the categories described in the Prospectus' Investment Objectives sections and in accordance with the applicable laws and regulations.

## **RISK FACTORS**

There are a number of risk factors which a prospective investor should take into account prior to deciding to participate in the Fund. This section outlines general risks pertaining to the participation in the Fund, and each Compartment Supplement contains risk factors linked to the investment each Compartment engages in and detailed information on such risks.

### **1. INVESTMENT VALUATION RISK**

Valuation risk is the financial risk that an asset is overvalued and is worth less than expected when it matures or is sold. Factors contributing to valuation risk can include incomplete data, market instability, financial modelling uncertainties and poor data analysis by the people responsible for determining the value of the asset.

### **2. MANAGEMENT/OPERATIONAL RISK**

The investment techniques and risk analysis used by the External Manager may not produce the desired results. Because the investment process relies heavily on its asset allocation process, market movements that are counter to the External manager's expectations may have a significant adverse effect on the Fund's net asset value. Further, part of the successful operation of the Fund depends, on the skills and ability of its various advisors. No assurance can be given that any particular advisor will continue to be retained by the Fund. No assurance can be given that particular directors or senior managers of the Manager, Advisor to the

Manager or of the Fund Manager, who are qualified to assess the commercial arrangements into which the Fund must enter, will remain directors or senior managers of the Manager, or Advisor to the Manager.

### **3. LEGAL AND TAX RISK**

Returns from the Fund could be materially and adversely affected by (i) any changes to current tax law, practice and procedures set by tax case law; or (ii) the imposition of added taxes and levies relating to the acquisition and/or disposal of assets or the distribution of dividends.

### **4. LEVERAGE RISK**

The use of leverage, although increasing the chances of obtaining higher yields of return on Investments, increases at the same time the risk that any Compartment of the Fund may suffer greater losses in case of fluctuation of the Investments' Fair Value. In almost all cases and forms of lending, the borrower, in this case the Fund, bears the cost of the Investments' diminishing in value before there is any negative effect on the lender, e.g. a banking institution. Leverage risk constitutes a residual risk as it is interlinked with many forms of risk such as the legal/tax risk, market risk, and currency/interest fluctuation risk.

### **5. CROSS-LIABILITY RISK**

In terms of section 9 of the AIF Law the assets and liabilities of each Compartment are, for the purposes of law, considered to be separate and distinct from the assets and liabilities of other Compartments. The Fund should not be liable as a whole to third parties and there should not be the potential for cross contamination of liabilities among different Compartments. However, these provisions have yet to be tested in foreign courts, in particular in satisfying local creditors' claims. Accordingly, there can be no guarantee or categorical assurance that courts seized with the jurisdiction of a dispute in relation to a Compartment or the Fund (other than the Courts of the Republic of Cyprus) will follow the same principles of law.

### **6. SUSTAINABILITY RISKS**

As per Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended from time to time ("SFDR"), sustainability risk is defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

In compliance with the obligations under the SFDR, the External Manager integrates Sustainability Risks into the investment decisions, meaning, a process is followed by which first such risks (if any) are identified and, where relevant, monitors and manages such risks which may impact the Fund in a manner considered to be appropriate to the particular investment strategy of the Fund and consistent with the best interests of the Investor Shareholders. Nevertheless, the approach taken to the integration of Sustainability Risks into the investment decision-making processes may evolve over time in line with the continually evolving nature of Sustainability Risks.

The External Manager's Senior Management ensures that the Sustainability Risks posed to the Fund are integrated effectively and investment strategies and the risk limits of the Fund under management are properly and effectively implemented. In addition, the External Manager retains the necessary resources and expertise for the effective integration of sustainability risks.

The External Manager will ensure that when identifying the types of conflicts of interest, the existence of which may damage the interests of the Fund, including conflicts that may arise as a

result of the integration of sustainability risks, relevant actions will be taken to manage and prevent such conflicts. It should be noted that no conflicts of interest arise in terms of sustainability risks.

The Fund's investment strategy focuses on participating through subsidiary/ies in bridge and development financing granted mainly to UK borrowers and secured with UK Real Estate as described further in this Prospectus. The enterprise granting the loans, and which will act as the loan originator and servicer is London Credit Ltd ("London Credit"), a London-based short-term lender operating in the bridge finance market for more than 10 years.

Sustainability Risks are part of the investment risk management framework taken into consideration along with other risk factors as part of the wider investment decision making process. The Fund identifies, assesses and monitors sustainability risks that may arise when making investment decisions. The main sustainability risks that indirectly relate to the Fund at the moment are environmental risks which can be divided into physical risks and transition risks.

In order to get a more informed view of the sustainability risks, London Credit's external legal advisors, as part of the due diligence performed on collateralized property, obtain and analyze Environmental Reports prepared by certified industry experts. Such reports provide future-focused, property-specific ratings for property transactions that combine and summarize physical risk to property from, inter alia, flooding, subsidence, and coastal erosion in a changing climate. For properties, such reports provide comprehensive transition risk information, including Energy Performance (EPC) ratings.

Following due diligence measures taken and risk mitigation, the Fund considers that current sustainability risks on the investment portfolio are of a lower risk and the impact of such risks on investment returns is not considered as material. If, however, in the future sustainability risks identified may have a material and negative impact on the returns of the Fund, relevant risk mitigation strategies will be put in place.

Principal adverse impacts on sustainability factors refer to adverse impacts of investment decisions on sustainability factors that mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The External Manager does not consider any adverse impacts of its investment decisions on sustainability factors in respect of the Fund under management as the investment strategies of the Fund under management do not regard sustainability factors to be material to their investment strategy. In the event that sustainability factors do, in the future, become material, the External Manager will consider the principal adverse impacts of its investment decisions on sustainability factors.

Furthermore, investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities.

## **ADMINISTRATION FUNCTIONS**

### **REPORTING, NET ASSET VALUE CALCULATION AND PRICING METHODOLOGY**

#### **1. External Manager's Reports**

The Company is an AIF whose External Manager is an AIFM. The External Manager will prepare the half yearly and the annual report for submission to CySEC and shall be providing them to the Investors at their request.

The Company is under the obligation to produce its annual report, in accordance with the

provisions of Article 29 of the AIFM Law. The content of the annual report has to comply with content requirements of Article 29(3) of the AIFM Law, as such Article is further substantiated under Chapter V of the AIFM Regulation. The said report will be made available to Investors on the External Manager's website and can also be obtained from the Administrator.

The consolidated accounts of the Company shall be presented in GBP, being the Reference Currency.

The annual and half-yearly report of the AIF shall be communicated to the CySEC by the External Manager of the Fund, and made available to the investors by the External Manager of the Fund at the points of distribution of its units within the following time limits from the end of the period to which they relate:

- six months in the case of the annual report; or
- two months in the case of the half-yearly report.

The half yearly reports will be prepared in accordance with the IFRS Standard No 34, within 2 months from the end of the six-month period and shall include the interim non- audited financial statements of the Fund. The annual report will be prepared, audited and submitted to CySEC within 6 months from the end of the fiscal year. The External Manager will further periodically (semi-annually) disclose to the investors:

- a. The total assets and total liabilities of each Compartment of the Fund;
- b. the percentage of the Fund's assets which are subject to special arrangements arising from their illiquid nature;
- c. any new arrangements for managing the liquidity of the Fund and any changes to the maximum level of leverage determined by the External Manager;
- d. the current risk profile of the Fund and the risk management systems employed by the External Manager to manage those risks, and
- e. an income and expense account for the relevant period.

The Administrator will deliver to each Shareholder upon request annual reports with audited financial statements under IFRS; and semiannual reports with unaudited financial statements incorporating the Valuer's fair value. Each semiannual report will be accompanied by narrative reports regarding the Fund's Investments.

## **2. NAV Reports / Calculation / Pricing Methodology**

The Fund has delegated the calculation of the Net Asset Value of the Fund and the Net Asset Value per Share to the Administrator. The Administrator will calculate the Net Asset Value of the Fund, and the Net Asset Value per Share as at each Valuation Day, and a separate NAV will be calculated for each Compartment.

The Net Asset Value shall be calculated by ascertaining the value of the relevant assets of the relevant Compartment and deducting the total liabilities of the Compartment. The Net Asset Value attributable to the relevant Class within a Compartment shall be ascertained by calculating that portion of the Net Asset Value of the relevant Compartment attributable to the relevant Class subject to adjustment to take account the assets and/or liabilities attributable to the Class. The Net Asset Value per Share shall be determined by dividing the Net Asset Value of the relevant Compartment or attributable to a Class by the total number of Investor Shares in issue in the Compartment or Class at the relevant Valuation Day and rounding the resulting total to two decimal places. The Fund's Net Asset Value will be calculated in GBP.

In calculating the Net Asset Value, the Administrator shall rely on the estimation of the Fair

Value of Investments, as estimated by the Valuer. Depending on the Auditor's opinion as to the appropriate valuation methodology under IFRS, the Fair Value of Investments recorded in the Fund's audited financial statements may differ from the estimates shown in the semiannual Financial Reports (see below).

In determining the Fair Value of an Investment the Valuer will use judgment and take into consideration those specific terms of the Investment that impact on its Fair Value. More information on how the Fair Value of each asset/instrument is derived, is contained in the Fund's Articles. The Valuer will exercise judgment to select the valuation methodology that is most appropriate for a particular Investment. Methodologies will be applied consistently from period to period except where a change in methodology would result in better estimates of Fair Value.

The assets of the Investment Compartments of the Fund principally include receivable loans, accrued interest and cash held as at the valuation date. The AIF's liabilities principally include any provisions for defaults, accrued interest on loans and accrued expenses such as operational expenses and other foreseeable and unforeseeable expenses.

The liabilities of each Compartment include accrued or payable expenses such as the Management, Performance and depositary fees, professional advisors and/or service provider fees, accounts payable, known liabilities and provisions for unknown liabilities.

Where an asset or liability of the Fund cannot be considered as being attributable to a particular Compartment, subject to the approval of the Auditor, the Directors shall in their absolute discretion determine the basis upon which any such asset or liability shall be allocated among all or any of the Compartments, and they shall further have the power at any time and from time to time to vary such basis. Provided that when issuing a Class of Investor Shares in regard to any Compartment, the Directors may allocate any Duties and Charges and ongoing expenses on a basis which is different from that which applies in the case of Investor Shares in other Classes in the Compartment.

In accordance with and in cases listed in the Articles of the Fund, the NAV calculation may be temporarily suspended, during which period the subscription and redemption of Shares is also suspended.

The Net Asset Value of each Investment Compartment and the respective subscription or redemption price of the Shares shall be communicated to the Investors by email or in the manner requested by the Investors.

### **3. Conflicts of Interest in Valuation of Assets**

Potential conflicts of interest regarding valuation of assets can arise in a number of ways. For example, while the External Manager remains ultimately responsible for overseeing the implementation of the Fund's valuation policies and procedures, in some cases the External Manager can have input into the appropriateness of a particular valuation. For example, in cases involving complex or illiquid assets that are hard to value, the External Manager may in practice be the most reliable or only source of information about pricing for a particular asset. However, the External Manager has a conflict of interest with regard to the Fund's valuations, particularly as its fees are calculated based on the Fund's assets under management. As a result, the External Manager has an incentive to overvalue the Fund assets to increase its fees.

Conflicts of interest can be addressed in a number of ways. For example, reviews of valuations that are independent of the External Manager can help to ensure that the valuations of assets have been determined fairly and in good faith, and protect investors as the Fund must redeem and sell their shares at NAV. In order to meet this objective, any

of the following approaches will be adopted:

1. A review of the valuation provided by the External Manager that is hierarchically and functionally independent of the Fund's portfolio management function. Similarly, the internal auditor could review the valuations.
2. Automating the valuation process to reduce the possibility of human error, where possible, can help to reduce the possibility of improper influence on valuations.
3. Use of the Fund's Depositary, as applicable, to seek to ensure that the External Manager carries out the Fund appropriately, therefore providing an independent check on the valuation policy and the way it is implemented.
4. Use of an independent pricing service or other experts to assist the Fund in obtaining independent valuations, as appropriate.

A conflict of interests' policy is defined, implemented and maintained by the External Manager designed to manage conflicts associated with the valuation process.

As a measure to manage such potential conflict of interest, the External Manager will enlist the services of one or more independent External Valuers with experience in valuing private equity investments and in using models that pertain to the valuation methodologies described in this Prospectus.

Although the Management Agreement with the External Manager has been negotiated on terms no less favorable to the Company than could reasonably have been obtained had the dealing been effected with an independent third party, prospective Investor Shareholders should consider the potential conflict of interest.

In addition, The External Manager of the Fund, or any of its affiliates or any person connected with it, may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Fund. As the External Manager's Performance Fee is determined by reference to the positive performance, the External Manager of the Fund may have a conflict of interest in providing valuations. To mitigate such risk, the External Manager will rely on the valuation from an independent regulated entity.

Such conflicts of interest may not be a complete list of all the potential conflicts of interest associated with investing the Fund. Therefore, prospective investors should read this Offering Memorandum in its entirety. Should a conflict of interest arise, the Board will endeavor to ensure that it is resolved timely and fairly.

The Fund shall not purchase from or sell to any member of the Investment Committee or officer of the Directors, the External Manager and their affiliates, any Investment unless duly declared and described in the Compartment Supplement and for Fair Value.

By acquiring an interest in the Fund, each Shareholder will be deemed to have acknowledged the existence of such potential conflicts of interests and to have waived any claim with respect to any liability arising from the existence of any such conflict should this conflict be disclosed to the investors prior to the investment being concluded.

#### **4. Compliance – Anti-Money Laundering ("AML")**

The External Manager has appointed an internal officer for both Compliance and AML functions experienced in these areas and approved by CySEC. The said officer shall ensure compliance with all regulatory requirements of the Fund and implement adequate measures and procedures to ensure that AML laws are followed both at the onboarding stage and during on-going compliance in relation to Shareholder, the investments each Compartment engages in.

In the case of the investor delaying or not providing the required documents, the subscription order may not be accepted and, in the case of redemption, the payment of the redemption proceed may not be made. The Company shall not be responsible for delays in execution or nonexecution of transactions resulting from the investor not having furnished the required documentation or having supplied incomplete documentation. Existing investors may be required from time to time, to furnish additional documents or updates, in compliance with legal and regulatory requirements.

Pursuant to Section 58D of the AML Law, and CySEC's Directive for the Prevention and Suppression of Money Laundering and Terrorist Financing, the External Manager has designated a member of the Board of Directors which shall be responsible for the implementation of the provisions of the AML Law as well as the directives and/or circulars and/or regulations issued pursuant thereto, including any relevant acts of the European Union and an alternate AML Compliance Officer.

The Company shall be in line with the recent provisions of the Law, CySEC's Directive circulars relating to relating to Money Laundering and Terrorist Financing matters. As a result, the Administrator must principally ascertain the identity of the subscriber and beneficial owners in accordance with Cyprus laws and regulations. The Administrator may require subscribers to provide any document it deems necessary to effect such identification. In any case of delay or failure by an applicant to provide the required documents, the application for subscription will not be accepted. Investors may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations as well as internal requirements.

## **5. Note to U.S. Persons**

This Prospectus does not constitute an offer or solicitation in respect of any US Person. The Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States of America, its territories or possessions or to US Persons. Neither the Shares nor any interest therein may be beneficially owned by any other US Person. Any re-offer or resale of any of the Shares in the United States or to US Persons is prohibited. Each applicant for the Shares must certify that it is not a US person as defined in Regulation S under the US Securities Act and United States Commodity Futures Trading Commission (CFTC) Rule 4.7 and not a US resident within the meaning of the United States Investment Company Act of 1940, as amended.

## **6. Subscription, Redemption, Transfer Procedures**

### **Subscription**

Notwithstanding the Subscription Procedure duly described below, prospective investors interested in participating by subscribing for Investor Shares in one or more Compartments of the Fund shall request the Application Package from the External Manager. Upon reading the Articles and the Prospectus and forming the opinion that the investment contemplated in one or more of the Compartments of the Fund suit their circumstances and expectations, Investor Shareholders shall complete the Subscription Form and return it to the External Manager together with their Capital Contribution paid in full, for finalizing their subscription at the Subscription Price.

The Minimum Subscription and Minimum Additional Subscription for each Investment Compartment are as set out in the relevant Supplement, including minimum holding requirement (if applicable). The Directors may, in their discretion, or as otherwise may be delegated to the External Manager, waive or modify such minimum limits.

**Subscription procedure**

Unless otherwise set forth in the relevant Supplement, potential investors may apply to subscribe for Investor Shares at any time during each Initial Offer Period and thereafter within the Subscription Notice Period, being not later than 5:00 pm (Nicosia time) at least fifteen (15) clear calendar days prior to the relevant Subscription Day (or such later time as may be agreed by the Directors in their sole discretion) selected for subscription.

An application for Investor Shares may only be made by completion and submission to the External Manager c/o the Administrator (as their delegate) of the Subscription Form and Subscription Agreement duly completed and all schedules thereto by facsimile, electronic mail or registered post. The Subscription Agreement lays down the terms which the Investors should have knowledge of and accept, in order to subscribe for Investor Shares, in particular the acceptance of the Articles.

The (co)Investor(s) will have to fill out the Subscription Agreement which evaluates his/their suitability for the investment in the Fund. The Subscription Agreement contains all the information required in order for the Investor to be subscribed in the Fund. Information includes among others personal information of the Investor, subscription amount, adherence to the terms of the Articles, additional holders if any, details of the beneficial owners of the Investor Shares in question, bank details etc. In addition, the Subscription agreement along with the Application Package, include all the required documents that need to be submitted from the prospective or existing (in case of subsequent Subscription) Investor in order for the Board of Directors, or otherwise as may be delegated to the External Manager, to be able to evaluate whether the Investor is proper and fit in accordance with the requirements of Law 188 of 2007 on Prevention and Suppression of Money Laundering and Terrorist Financing Law as amended from time to time (the AML Law). The documentation requested to be obtained is also needed for the KYC (Know your Client) and AML (Anti-Money Laundering) procedures to be followed by the Fund subject to the requirements of the AML Law. The Subscription Agreement also includes the representation and warranties that each party will make to each other as part of the agreement. These “reps and warranties” are statements that one party gives certain assurances to the other, and on which the other party can rely.

The Board of Directors, or as may be delegated to the External Manager or the Administrator reserves the right to request additional information on an Investor’s background or expect more information regarding source and origin of funds to be invested in the Company, if deemed necessary.

Where subscription documents are initially sent by facsimile or electronic mail the original form must thereafter be delivered to the Administrator by registered post in order to complete the transaction. The External Manager and the Administrator accept no responsibility for any loss caused as a result of non-receipt of any subscription documents sent by facsimile or electronic mail or other forms of delivery for which confirmation of receipt is not provided. It is the duty of the applicant to enquire after the receipt of such Subscription Form and Subscription Agreement by the Administrator in cases where delivery of such documents is via a service for which no signature is required upon receipt.

The Directors reserve the right from time to time to resolve to close, suspend or restrict the Fund or any Investment Compartment or a Class to new subscriptions, either for a specific period or until they otherwise determine and either in respect of all Investors or new investors only.

**Timing of payment**

The subscription monies must be received by the Fund in cleared funds at any time during the Initial Offer Period and thereafter, one (1) Business Day prior to the relevant Subscription Day and where payment is not received in due time the Directors may at their discretion reject the subscription. Subscription monies shall be remitted by bank wire transfer in accordance with the instructions contained in the relevant Supplement and/or Subscription Form.



Investor Shares will be treated as having been issued with effect from the relevant Initial Subscription Day or Subscription Day (as appropriate) notwithstanding that the applicant for those Investor Shares may not be entered in the Register until after the Initial Subscription Day or relevant Subscription Day (as applicable).

Subject to the discretion of the Directors to determine otherwise, if the relevant subscription documents as well as subscription monies are not received as described above, the application will be held over until the next following Subscription Day and Investor Shares will then be issued at the Subscription Price on that following Subscription Day.

#### Confirmation of subscription

Following the issue of Investor Shares, a confirmation statement will be sent by the Administrator to the relevant Investor (or its nominated agent if so requested by the Investor) by ordinary post, electronic mail or facsimile as soon as reasonably practicable after the relevant Subscription Day, and in any event within 10 (ten) Business Days, detailing the number of Investor Shares held by it.

#### Register and registration of shares

Investor Shares are issued only in registered form, and the Directors or the Administrator at their order maintains the Register. The title of an Investor to the Investor Shares subscribed by it shall be evidenced by having its name, address and the number of Investor Shares held by him entered in the Register.

#### Subscription/Entry Fee

Unless otherwise set out in a relevant Supplement with respect to a particular Compartment, the Fund shall be entitled to charge an Entry Fee calculated as a percentage on the Capital Contribution for the purpose of paying any service providers managing the administration and contracts with the intermediaries and advisers as determined by the Directors and further detailed in the relevant Supplement.

The Subscription/Entry fee will be automatically waived when an existing Investor Shareholder of one Fund Compartment redeems his investment with the purpose of investing the redeemed investment into another Fund Compartment assuming (1) Said investment funds never leave the bank accounts of the Fund for a period exceeding 15 business days and (2) Said investment funds are re-invested into a share class in another Fund Compartment carrying the same Subscription/Entry fee across the Fund Compartments.

The External Manager reserves the right to reduce or waive any Subscription Fee.

Any taxes, commissions and other fees incurred in the respective countries or jurisdictions in which Investor Shares are sold will also be charged, if any, to the Shareholders

Should the valuation of the Shares at any point be suspended in a Compartment on any ground, no Subscription Forms shall be accepted for subscription in that Compartment during the said suspension.

#### Redemption

##### Redemption Procedure

Investor Shareholders wishing to redeem any or all of their Investor Shares in a Compartment shall complete the Redemption Form and return it by facsimile, electronic mail or registered post to the External Manager accompanied by the Investor Share registry details. Where redemption documents are initially sent by facsimile or electronic mail the

original form must thereafter be delivered to the Administrator by registered post in order to complete the transaction. The External Manager and the Administrator accept no responsibility for any loss caused as a result of non-receipt of any redemption documents sent by facsimile or electronic mail or other forms of delivery for which confirmation of receipt is not provided. It is the duty of the applicant to enquire after the receipt of such Redemption Form by the Administrator in cases where delivery of such documents is via a service for which no signature is required upon receipt.

Should the valuation of the Investor Shares at any point be suspended in a Compartment on any ground, no Redemption Forms shall be accepted for redemption of Investor Shares in that Compartment during the said suspension.

The availability for redemption and the Redemption Dates are described in each Compartment Supplement. Further terms in relation to redemption of Investor Shares are contained in the Articles of the Fund.

There are instances where the External Manager shall determine that compulsory redemption is required, and such instances are described in the Fund's Articles.

Unless otherwise set forth in the relevant Supplement, redemption will be allowed on any Redemption Day and shall be for the total or part of Investor Shares held by such redeeming Investor in a relevant Compartment or Class at the Redemption Price, which shall then be adjusted in the manner prescribed in this Prospectus and as may be further detailed in the relevant Supplement to determine the applicable redemption proceeds.

A request for redemption must be made on the Redemption Form and must be given to the External Manager c/o the Administrator (as their delegate) during the Redemption Notice Period, being at least 6 (six) months prior to the Redemption Day selected for redemption unless otherwise stipulated in the relevant Supplement for a particular Compartment. If the redemption request is received after the lapse of the Redemption Notice Period for any particular Redemption Day, it shall be held over for redemption on the next Redemption Day, at the Redemption Price at such time. During the Redemption Notice Period any re-investment of Distributions in relation to the Investor Shares which are the subject of a Redemption Form is not permitted. This also applies in cases of partial redemption requests.

#### Redemptions of re-invested Distributions

Any Distributions that are re-invested will not be subject to the Lock-up Period provided that the Lock-up Period for the Investor Shares for which a Distribution is made has lapsed.

#### Confirmation of redemption

Following the redemption of Investor Shares, a confirmation statement will be sent by the Administrator to the relevant Investor (or its nominated agent if so requested by the Investor) by ordinary post, electronic mail or facsimile as soon as reasonably practicable after the relevant Redemption Day, and in any event within 1 calendar month, detailing the redemption proceeds due.

If any application for redemption is received in respect of any one Redemption Day, which either singly or when aggregated with other such applications so received exceeds the applicable Gate of any Compartment, the Directors reserve the right, in their sole and absolute discretion and without liability and provided in the reasonable opinion of the Directors to do so is in the best interests of the remaining Investor Shareholders, to scale down the number of Investor Shares to be redeemed in response to each redemption request on a pro rata basis to such extent as may be necessary to ensure that the foregoing

limit is not exceeded.

### Settlement

The Fund will dispatch the redemption proceeds within 1 calendar month of the Redemption Day. The Fund may withhold up such percentage of the Redemption Proceeds ("Holdback") if in the reasonable opinion of the Directors the determination of the Net Asset Value of the Compartment or Class, as applicable, on the relevant Valuation Day requires verification. Such percentage, where applicable, shall be set out in the relevant Supplement. In such case, the remaining redemption proceeds shall be paid to the Investors after an audit is conducted by the Auditor of the Fund. Any discrepancies between the estimated Net Asset Value and the audited Net Asset Value will be adjusted in the pay-out of the remaining portion of the redemption proceeds.

Redemption proceeds will be paid in the Reference Currency of the relevant Compartment or share class (as applicable) or, at the discretion of the Fund, in a freely transferable currency as requested by the Investor and to the account designated by the Investor in the Redemption Form; any currency conversion expense shall be on the Investor's account. No interest will accrue on the redemption proceeds pending the payment date.

### In specie redemptions

The Directors may in their absolute discretion (but shall not be bound to) elect to satisfy a redemption in whole or in part by way of the transfer in specie of assets attributable to the Compartment or Class of Investor Shares being redeemed provided that such an in-specie redemption will not materially prejudice the interests of remaining Investors issued in respect of the relevant Compartment or Class. This is subject however to the relevant applicable laws. The costs of effecting such an in-specie redemption shall be deducted from the redemption proceeds.

### Partial redemption

Partial redemptions of Investor Shares of any Compartment or Class shall be allowed by the Directors in their full discretion and in any case shall always be subject to any Minimum Holding or as otherwise set forth in the relevant Supplement.

### Redemption Fee

Unless otherwise set out in a relevant Supplement with respect to a particular Compartment, the Fund shall be entitled to charge a Redemption Fee calculated as a percentage on the Redemption Price which shall be used to cover any costs associated with the redemption as determined by the Directors and further detailed in the relevant Supplement.

### Transfer

An Investor Shareholder may transfer all or part of his Investor Shares, in accordance with the relevant provisions of the Articles and applicable laws.

Investor Shares are freely transferrable save as hereinafter provided by the Investor Shareholder (as "**transferor**") by instrument in writing, countersigned by the person(s) to whom such Investor Shares are transferred (the "**transferee(s)**"), in any usual or common form or any other form which the Directors may approve from time to time. The completed instrument of transfer, together with such evidence as the Directors may reasonably require showing the right of the transferor to make the transfer, must be sent to the AIFM c/o the Administrator (as their delegate).

The Directors retain the right to decline the register of Investor Share(s) where such transfer:

- (a) is made to a Person who is a Prohibited Person; or
- (b) would result in either the transferor or transferee holding Investors Shares with a value of less than the Minimum Subscription Amount; or
- (c) would result in the Person to whom the Investor Share(s) is/are transferred to be in breach of any law or requirement of any country or governmental or regulatory authority.

The transfer shall only be effective upon registration of the transferee in the Register. Furthermore, before registering any transfer, the identity of the transferee must be verified to the satisfaction of the External Manager or the Administrator (as their delegate) pursuant to the procedures for the Prevention of Money Laundering. Accordingly, a transferee will be required to adhere to like terms as the original Investor Shareholder and provide full documentation required by the Fund before the transfer is registered.

If the Directors decline to register a transfer of any Investor Share they shall, as soon as reasonably practicable after the date on which the transfer was lodged with the Fund, send to the transferee notice of the refusal.

## **7. Record Keeping**

The External Manager has a number of advanced software and experienced personnel for the purpose of providing administration services such as maintaining a Record of Shareholders and service providers, the issuing and redeeming of Investor Shares and keeping records of the same, the safekeeping of contracts, official documentation and engagement/appointment letters, the production of reports, and relevant documents for reporting to authorities such as the Registrar of Companies, tax and other governmental authorities, and bookkeeping of the accounts of the Fund including the calculation of its net asset value on the Valuation Dates.

The relevant software and personnel shall be used for the record keeping, accounting and reporting demands of the Fund for the purpose of providing it with top class administration services.

## **8. Investment Committee**

The External Manager has established a specific investment committee for the purpose of conducting certain studies and providing non-binding recommendations to the portfolio manager of the External Manager, in relation to potential investments or divestments relating to the Fund. The External Manager is at liberty to decide against a specific investment, even if such investment has received the positive recommendation of the Investment Committee.

## **FEES AND EXPENSES**

During its normal operations the Fund will incur various fees and expenses, which will be attributable to the Fund, and will thus have a bearing on the value of the Investors' Shares. Each Investment Compartment will bear its own fees and Expenses, which are listed and described in detail in each Compartment Supplement. Where an expense is not considered by the Directors to be attributable to any one Compartment, the expense will normally be allocated to all Compartments in proportion to the Net Asset Value of the Compartments, or otherwise on such basis as the Directors in their discretion deem fair and equitable

### **Set-up costs**

The costs for setting up the Fund, including the fees of professional advisors and for issuing its marketing material, which are estimated to be in the region of Euro 50.000 shall be borne by the Fund and amortised in such period as determined by the External Manager at its absolute discretion. The Directors believe that such treatment is more equitable than expensing the entire amount during the first year of operation, as is required by IFRS-EU. Accordingly, the Auditor's opinion of the Fund's financial statements may contain a qualification to this treatment if the Auditors determine that such costs are material to the financial statements. A redeeming Investor may be charged his pro rata share of any organisational expenses that remain unamortised at the time of redemption.

Such costs, including the expenses incurred pertaining to the Fund's maintenance, shall be apportioned among all Compartments based on their latest NAV or on a basis considered fair and reasonable by the External Manager. The cost of establishing additional Compartments will be borne by that relevant Compartment, as shall be further set out in the relevant Supplement. Any expenses which relate to the formation, structuring and organisation of the Fund as a whole and which are not specifically attributable to the formation and structuring of the first Compartments, may be apportioned amongst and be recovered also from other Compartments established from time to time by the Fund in such proportion and on the basis of such criteria as the Directors may deem to be reasonable under the circumstances.

### **Value added tax**

Some fees and charges may be subject to value added tax ("VAT") in Cyprus or abroad at the applicable VAT rate. Such VAT will be paid by the Fund (as may be appropriate) and recovered to the extent possible.

### **Operating Expenses**

The Fund bears operating expenses for the ongoing conduct of legal, audit and accounting services for the Fund.

The Fund also bears the costs of its investment program, including, but not limited to valuation, market reports, banking charges, interest, taxes, telecommunications and postage, as well as professional fees of its auditors and attorneys.

Additionally, the Fund intends to acquire director and officer liability insurance, the cost of which shall be an expense of the Fund.

### **PERFORMANCE FEES**

If so provided in the Supplement relating to a specific Investment Compartment, the External Manager shall, if so determined by the Directors and in addition to the Management Fee, be entitled to receive a performance fee relating to the performance of the Net Asset Value of a specific Investment Compartment, respectively up to a maximum of 20% of the increase in the relevant Net Asset Value above a Hurdle Rate (if applicable) or any other threshold (e.g. High Watermark) as may be set out in the relevant Supplement. The Performance Fee in relation to each Investment Compartment to which it might apply, shall be accrued, calculated and payable in accordance with the provisions set out in the relevant Supplement.

### **Management Fees**

The External Manager shall be entitled to receive from each Compartment a Management Fee in relation to each Compartment as further detailed in the relevant Supplement of the relevant Investment Compartment. The Management Fee in relation to each Investment Compartment shall be accrued, calculated and payable in accordance with the provisions set out in the relevant Supplement.

### **Fund Administrator Fees**

The Company shall pay to the Administrator out of the assets of the relevant Compartment an annual fee applicable to each such Compartment as further set out in the relevant Supplements, pursuant to the Administration Agreement.

The Administrator will also be entitled to be repaid out of the assets of the Company all of its reasonable and properly documented out-of-pocket expenses incurred on behalf of the Company, with each Compartment bearing its proportion of such expenses.

**Subscription/Entry Fee**

On subscription, a Subscription Fee may be calculated and payable as described in the relevant Supplement.

Any Subscription Fee shall be payable to the External Manager who may discharge all or part of the sales charge to Distributors and/or authorized intermediaries.

The Subscription/Entry fee will be automatically waived when an existing Investor Shareholder of one Fund Compartment redeems his investment with the purpose of investing the redeemed investment into another Fund Compartment assuming (1) Said investment funds never leave the bank accounts of the Fund for a period exceeding 15 business days and (2) Said investment funds are re-invested into a share class in another Fund Compartment carrying the same Subscription/Entry fee across the Fund Compartments.

The External Manager reserves the right to reduce or waive any Subscription Fee.

Any taxes, commissions and other fees incurred in the respective countries or jurisdictions in which Investor Shares are sold will also be charged, if any, to the Shareholders.

**Redemption Fee**

On redemption, the External Manager reserves the right to charge with respect to any Investment Compartment or Class a Redemption Fee as described in the relevant Supplement.

**Other Charges**

In addition to the above fees and expenses, the following expenses can be charged to the property of the Fund:

- 1) brokers' commission, fiscal charges and other disbursements which are:
  - necessary to be incurred in effecting transactions for the Fund; and
  - normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 2) any interest on borrowings and charges applicable to such borrowings;
- 3) any applicable taxes and duties payable in respect of the property of the Fund, the Scheme or the issue of Shares;
- 4) the cost of Shareholders' meetings requested by Shareholders;
- 5) any expenses or disbursement of the Fund Administrator whose duties may include:
  - delivery of stock to the Fund Administrator or its delegate;
  - collection and distribution of income;
  - submission of tax returns;
  - handling tax claims;
  - preparation of the Fund Administrator's annual report;
  - such other duties as the Fund Administrator is required by law to perform;

6) the cost of modifying the Offering Memorandum either to:

- implement legislative changes; or
- conform to changes in the law; or
- serve the interests of Shareholders if it is expedient to do so as a result of any changes in fiscal legislation; or
- remove obsolete provisions in the Offering Memorandum;

7) any sums due or payable by virtue of any provisions of the applicable law and regulations.

### **Due Diligence Fee**

In the event that the External Manager deems that a certain investment opportunity will require external expertise to conduct full due diligence, the External Manager may appoint external, expert consultants for the conduct of commercial, financial, legal or technological due diligence as the case may be with the approval of the Fund's Board by majority. Such due diligence expenses will be borne by the Fund.

### **External Auditors' and Legal Advisors Fees**

The remuneration of the Auditors for the audit of the Fund, calculated on a retained basis (plus applicable VAT) is charged separately to the assets of the Fund.

The remuneration of the Legal Advisors of the Fund calculated on a retained basis (plus applicable VAT) is charged separately to the assets of the Fund.

## **DISSOLUTION OF THE FUND**

The Fund may be dissolved:

- (a) In case CySEC revokes its authorisation; or
- (b) When the period of the Fund's operation provided in the Articles of Association lapses; or
- (c) at any time by Special Resolution of the holders of the Management Shares, if it becomes illegal, impracticable or inadvisable for the Fund to continue operations; or
- (d) Where the assets of the Fund are reduced to less than two thirds of the threshold for the minimum assets as such is determined under section 14(1) of the AIF Law, at a general meeting of the Shareholders (to be called within forty days from the reduction and where it is not required for a quorum to be formed) with the decision of simple majority of the Shareholders being present in person or by proxy; and
- (e) Where the assets of the Fund are reduced to less than one fourth of the threshold for the minimum assets as such is determined under section 14(1) of the AIF Law, at a general meeting of the Shareholders (to be called within forty days from the reduction and where it is not required for a quorum to be formed) with the decision of one quarter of the Shareholders being present in person or by proxy.
- (f) In case the total of its Shares are redeemed
- (g) In case of liquidation, bankruptcy, resignation, mandatory administration or revocation of the operation licence of the External Manager or of the Depositary, if no substitute has been assigned; or

In case of revocation of the Company's operation license, the CySEC may apply to the Court for liquidation and for the appointment of a liquidator or a temporary liquidator, in accordance with the provisions of the Companies Law, Cap.113.

## **APPLICABLE LAW AND JURISDICTION**

The Fund shall be governed by the Laws of Cyprus and any dispute arising under or in connection with this Prospectus shall be subject to the exclusive jurisdiction of the Cyprus

Courts.

The External Manager, on behalf of the Fund, shall have rights of remedial action under Articles of the Fund, the Management and Administration Agreement and various other (but not necessarily all) agreements from time to time between the Fund and professional advisors, creditors and other parties. In case the External Manager and/or the Fund delay and/or omit to take such action for more than 3 months from the time the cause of action has arisen, a Shareholder may do so in accordance with the AIF Law.

The recognition and enforcement of any judgments against the AIFM or the depositary delivered by a Cyprus court does not require further legal instruments, since the respective registered office of the AIFM and the depositary is located in Cyprus. Should a non-Cyprus court deliver a judgment against the AIFM or the depositary on the basis of local applicable law, the Council Regulation (EC) No 44/2001 and 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, the Lugano Convention of 30 October 2007 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters or Cyprus private international law, as the case may be, is applicable.

## **FAIR TREATMENT OF INVESTORS**

The External Manager ensures that the Fund details are made available for review by each Investor, such that each Investor is informed about his/her rights and obligations. The External Manager seeks to ensure fair treatment of all Investors in the Fund by complying with the terms of the Fund and applicable law. The Fund does not envisage to allow the right of preferential treatment to any Investor including any person with legal or economic links with the Fund or the External Manager.

### Amendments to the Prospectus

Investors should note that, unless otherwise provided in this Prospectus, by subscribing for Investors Shares they accept that the terms of this Prospectus may be amended or supplemented by the Board of Directors, subject to the prior notification and (where required) approval of the CySEC, without any advance notification to, or consent of, the relevant Investors. Any Material Changes to this Prospectus will be notified to the Investors immediately upon their adoption.

Dissenting Investors to any such Material Changes have the right to request the redemption of their Investor Shares in accordance with the provisions of the Prospectus applying prior to the implementation of such Material Changes and the provisions of section 60 of the AIF Law. Such redemption may be requested under the terms as specified in the relevant Supplement for each Investment Compartment.

Should any amendments of the Prospectus entail an amendment to the Articles and decision to be made by the general meeting of shareholders of the Fund, such decision shall be passed by a resolution at an extraordinary meeting of the Fund with the form, quorum and majority requirements set for in the Articles and in compliance with the Cyprus applicable laws.

### Complaints

Any complaint should be referred to the Board of Directors at the Fund's registered office during usual business hours on any Business Day. The Fund will confirm receipt of this complaint within 5 (five) Business Days and inform the complainant of the procedure and timeframes to be followed. Such receipt shall be accompanied with information regarding the handling of such complaint. The filing of complaints, and the provision of information regarding the complaints handling policy and procedures of the Fund shall be free of charge.



## **INDEMNIFICATION**

To the extent permitted by law, neither the Fund, the Directors, any Investment Committee member, nor their respective shareholders, principals, directors, officers, employees, agents, representatives, consultants and affiliates (each an "Indemnified Person"), will be liable to the Fund or any Shareholder for any act or failure to act, unless such act or failure to act was not in good faith and/or results from wilful misfeasance, gross negligence or an act of fraud on the part of the Indemnified Person or by reason of such Indemnified Person's reckless disregard of its obligations and duties.

To the extent permitted by law, the Fund, out of its own assets, shall indemnify and hold harmless each Indemnified Person from and against any and all claims or liabilities of any nature whatsoever, including attorneys' fees, arising out of, or in connection with, any action or failure to act by any Indemnified Person, unless such act or failure to act was not in good faith and/or results from wilful misfeasance, gross negligence or an act of fraud on the part of the Indemnified Person or by reason of such Indemnified Person's reckless disregard of its obligations and duties. The amount of any indemnification award will be limited to the extent of the Fund's assets.

## **GENERAL FUND INFORMATION**

### **Termination**

Notwithstanding the provisions of this Offering Memorandum as to the dissolution of the Fund, should the directors of the Fund decide to dissolve, the Fund will be liquidated by the Directors or a liquidator appointed by the Directors. The Directors or the liquidator shall proceed to sell all remaining assets in the Portfolio and prepare a final distribution to all Shareholders pursuant to the distribution provisions of this Offering Memorandum.

### **Distribution**

The Fund is accumulating and reinvesting its profits. It may however allow for extraordinary distributions as it necessitates following the approval of the Board of Directors.

### **Final Distribution**

At dissolution, the Fund's assets shall be liquidated in an orderly manner. A liquidator appointed by the Directors shall wind up the affairs of the Fund.

The liquidator shall pay or provide for the satisfaction of the Fund's liabilities and obligations to creditors. In performing its duties, the liquidator is authorized to sell, exchange or otherwise dispose of the assets of the Fund in such reasonable manner as it shall determine to be in the best interest of the Shareholders.

Final Distributions will be made in cash or in kind to all Shareholders in proportion to the Shares held in the Fund, or by transfer of ownership of real estate to their name.

The expenses incurred by the liquidator in connection with winding up the Fund, all other losses or liabilities of the Fund incurred in accordance with the terms of this Offering Memorandum, and reasonable compensation for the services of the liquidator, if any, shall be borne by the Fund.

**Fiscal Year / Auditors**

The fiscal year of the Fund will end on 31 December each year. The Directors may appoint and remove the Auditors from time to time.

**Information to Shareholders**

Under the AIFM Law, the External Manager must periodically disclose to Shareholders certain information in relation to the Fund. This includes providing disclosure on the Fund's risk profile. Shareholders will also be provided with information regarding changes to: (i) the maximum level of leverage which the Fund may employ; or (ii) the rights for re-use of collateral under the Fund's leveraging arrangements; or (iii) any guarantee granted under the Fund's leveraging arrangements. This information will be made available to Shareholders, without undue delay following the occurrence of that change. Where required, such change will be preceded by notification to Shareholders.

The following information will be made available to Shareholders, as a minimum, as part of the Fund's annual report:

- a) the percentage of the Fund's assets which are subject to special arrangements arising from their illiquid nature;
- b) the current risk profile of the Fund and the risk management systems employed by the External Manager to manage those risks; and
- c) the total amount of leverage employed by the Fund.

Should the Fund activate liquidity management arrangements or if the External Manager decides to suspend redemptions the Investor Shareholders will be immediately notified, further to the liquidity management arrangements contained in this Prospectus.

## **Tax Section**

### **1. Offering Memorandum – Tax Section**

The following is a discussion of certain Cyprus tax consequences on the acquisition, ownership and disposal of Investor Shares by the Investors as well as any tax implications inferred on the Fund from the carrying out of its activities. It is based on the Cypriot current law and practice all of which are subject to change, possibly with retroactive effect, and does not discuss any other considerations relating to the Fund. The information provided below does not purport to be a complete or exhaustive summary of the tax laws and practice currently applicable in Cyprus. Prospective Investors should consult their own tax advisors as to the consequences, both under the tax law of the country of which they are resident for tax purposes and the Cyprus tax law, of acquiring, holding and disposing of the Shares and receiving profit distributions or other payments under the Shares.

#### **1.1. Tax Residency**

##### **1.1.1 Individuals**

For Cyprus Income Tax Law (“ITL”) purposes an individual is resident if he stays in Cyprus for a period or periods exceeding in aggregate 183 days in the tax year. As from 1 January 2017 an individual can be a tax resident of Cyprus even if the individual spends 183 days or less in Cyprus subject to the fulfillment of all the following conditions cumulatively within the same tax year (1 January – 31 December):

- The individual does not spend more than 183 days in any other country;
- the individual is not a tax resident of any other country;
- the individual spends at least 60 days in Cyprus;
- the individual maintains a permanent home in Cyprus that is either owned or rented; and
- the individual carries on a business in Cyprus, is employed in Cyprus or holds an office in a Cyprus tax resident company at any time during the tax year.

If the employment/business or holding of an office is terminated during the year, then the individual would cease to be considered a Cyprus tax resident for that tax year.

Non-resident individuals are taxed on their Cyprus-source income only whilst resident individuals are taxed on worldwide income.

##### **1.1.2 Companies**

A company is considered to be tax resident in Cyprus if its management and control is exercised in Cyprus. There is no definition in the Cyprus income tax laws as to what constitutes “management and control” however in applying the rules, the Cyprus Tax Department (“CTD”) draws influence from traditional definitions of the “place of effective management” as analysed in past OECD Commentaries. Based on the definition followed by practice by Cyprus, management and control may be considered to be exercised where the board of directors of a company meets and makes decisions and where the majority of the members of the board of directors are resident.

#### **1.2 Domicile**

For Special Contribution for the Defence (“SCD”) Law purposes an individual’s needs to be both tax resident as above and Cyprus domiciled. Companies are not affected by the domicile rule. Under the provisions of the SCD Law, a person is considered domiciled in Cyprus if his domicile of origin is Cypriot excluding:

- (i) A person who has a domicile of choice outside Cyprus provided that he has not been a Cyprus tax resident for any period of at least 20 consecutive years prior to the tax year.
- (ii) A person who was not a Cyprus tax resident for a period of at least 20 consecutive years immediately preceding the effective start date of the Law (which is 16/07/2015).

Irrespective of domicile of origin, an individual that has been a Cyprus tax resident for at least 17 out of the 20 years prior to the tax year in question, shall be considered as domiciled in Cyprus. Under the Wills and Succession Law, domicile of origin is the domicile obtained by a person at his birth, while domicile of choice is the domicile obtained or maintained by a person through his own act, if that is different from his domicile of origin. Moreover, for a person born while his father was alive, the person's domicile of origin will be the same as his father's domicile at the time when the person was born.

An individual that, under the above tests, is not a Cyprus domicile is exempted from SCD on income from dividends, interest and rents, until such individual is deemed domiciled in Cyprus (see below).

### **1.3 Tax Considerations for the Fund**

#### **1.3.1 Taxation of Business Income**

##### **1.3.1.1 Financing Income**

Interest income accrued by the Fund is explicitly treated as deriving from the Fund's ordinary activities and as such is taxable under corporate income tax at the rate of 12,5% following the deduction of allowable expenses as provided by the Cyprus Income Tax Law.

Such expenses include but are not limited to:

- (i) Management fees, Investment Advisor Fees and other professional fees paid by the Fund to the Fund Manager and/or other intermediaries for services rendered including loan administration purposes
- (ii) Overheads, utilities and other fees necessary for the operation of the Fund.
- (iii) Notional Interest Deduction on the equity raised.

##### **1.3.1.2 Notional Interest Deduction**

Notional Interest Deduction is in essence granted as an expense on the new equity (fully paid by shares) imputed in the company in the same manner an interest expense would be deducted on a loan.

The NID will be calculated on the basis of a reference interest rate on new equity held by the company and used in the business and capped at 80% of the Company's taxable income.

For NID to be deducted, the amount of the equity funds used would need to be used in the production of taxable income.

Reference Interest Rate is the interest rate of the 10-year government bond yield of the country in which the new equity is invested or of Cyprus (as at 31st December of the previous tax year), whichever is the highest, increased by 3%. NID interest rates for selected jurisdictions are published annually by the Cyprus Tax Department ("CTD") on its website. For 2019, NID rates have been set at 5.302% for Cyprus and 4.275% for the United Kingdom leading to the use of the Cypriot rate for the year.

NID will be allowed for the period of the tax year the new equity was introduced into the business (i.e. for the period the new equity was issued and fully paid) and shall cease to be allowed with the withdrawal of the new equity from the business (i.e. through reduction of capital).

Anti-avoidance provisions apply.

**1.3.1.3 Dividend Income**

Dividend income is not subject to corporate income tax in Cyprus provided that such dividends are not allowed as a tax deduction in the jurisdiction of the foreign paying company.

Dividends distributed to a Cyprus tax resident company from another Cyprus tax resident company, are also exempt from Special Defense Contribution save in the case of dividends paid indirectly after the lapse of four years from the end of the year in which the profits out of which the said dividends derive were generated.

Further dividends distributed to a Cyprus tax resident company from a company abroad, are also exempt from Special Defense Contribution, if one of the following two conditions are satisfied:

- The company paying the dividend must not engage more than fifty percent directly or indirectly in activities which lead to passive income (non-trading income), or
- the foreign tax burden on the income of the company paying the dividend is not substantially lower than the tax burden in Cyprus.

If the above conditions are not satisfied, then dividends will be taxed at the rate of seventeen percent (17%).

In the event of dividends being subject to tax, credit shall be provided in respect of the same income. The credit shall not be available in the case of an arrangement, which having been put into place for the main purpose of obtaining a tax advantage, is not genuine, having regard to all relevant facts and circumstances. An arrangement shall be regarded as not genuine to the extent that it is not put into place for valid commercial reasons which reflect economic reality.

**1.3.1.4 Deemed Dividend Distribution****General Rule**

A company which is resident in the Republic, is deemed to have distributed seventy per cent (70%) of its profits arising or accruing in the year of assessment, after their reduction by the corporation tax paid or payable on such profits, in the form of dividends to its interested shareholders as at the end of the period of two years from the end of the year of assessment to which the profits relate, and the interested shareholders concerned shall be assessed accordingly to special contribution on such dividends at the applicable rate of 17%. Any special contribution payable by the shareholder concerned in consequence of a deemed dividend distribution shall in the first instance be paid by the company which will debit such contribution to the shareholders.

The provisions of Deemed Dividend Distribution are applicable only to the extent where the company's ultimate beneficial owners are Cyprus tax resident and Cyprus domiciled individuals.

**Liquidation**

In the case of liquidation of a company, the total of the profits of the last five years before the liquidation which have not been distributed or have not been deemed to have been distributed shall be deemed as distributed dividends upon liquidation and the shareholders shall be deemed that they have received this dividend; in this respect, deemed dividend distribution would apply.

**Reduction of capital**

In the case of a reduction of capital, any amounts paid or payable to the individual shareholder (that is both tax resident and domiciled in Cyprus), exceeding the amount of share capital that was actually paid by such shareholder, are deemed as distributed dividends.

The redemption of a Share in an AIF is not treated as a reduction of share capital.

### 1.3.2 Gains from the sale of securities

Any income/gain arising from the sale of securities is completely exempt from corporate tax. The term 'Securities' includes but is not limited to: ordinary and preference shares, founder's shares, options on titles, debentures, bonds, short positions on titles, futures/forwards on titles, swaps on titles, depositary receipts on titles, rights of claims on bonds and debentures, index participations (only if they represent titles), repurchase agreements or Repos on titles, participations in companies, Shares in open-end or closed-end collective investment schemes such as Mutual Funds, International Collective Investment Schemes (ICIS) and Undertakings for Collective Investments in Transferable Securities (UCITS).

Under the provisions of the income tax law, the redemption of a Share in an AIF is considered to be a disposal of the Share.

### 1.3.3 Stamp Duty

Cyprus stamp duty is levied on 'documents' (i.e. written agreements/contracts) relating to assets located in Cyprus and/or matters or things taking place in Cyprus. Cyprus situated real estate and shares of Cyprus companies are considered to be "property in Cyprus" for the purposes of the Stamp Duty Law.

Stamp duty is calculated on the value of the agreement at 0.15% for amounts exceeding EUR€5.000 but do not exceed EUR€170.000 and at 0.2% thereafter with a maximum cap of €20.000 per stampable agreement. The person legally liable to pay such stamp duty (unless otherwise stated on the agreement) is the purchaser. The due date for such stamp duty payment is within 30 days from the day of the 'signing' of a document which is considered to be subject to stamp duty.

Under the AIF Law, no stamp duty is imposed on the establishment of an AIF or to the disposal, redemption, settlement and transfer of the Shares in an AIF.

### 1.3.4 Withholding taxes

- No withholding taxes apply on dividend payments to Investors that are not tax residents of Cyprus regardless of whether such Investors are legal entities or individuals.
- A withholding tax of 17% applies on dividend payments to Cyprus tax resident individual investors that are also considered to be domiciled in Cyprus. Cyprus tax resident individuals that are not Cyprus domiciled are exempt from any withholding.
- Cyprus tax resident companies are exempt from withholding.

## 1.4 Tax Considerations for the SPV

### 1.4.1 Financing Income

Interest income not derived from, or closely related to, the company's ordinary trading activities is exempt from corporate income tax; it may however be taxed as investment income under Special Contribution for the Defence Law at the rate of 30% on a gross basis. Interest derived from, or closely related to, the company's ordinary trading activities is taxed under corporate income tax at 12,5% following the deduction of allowable expenses as provided by the Cyprus Income Tax Law.

### 1.4.2 Deductible Expenses

Expenses wholly and exclusively incurred in the production of taxable income shall be allowed as deductions from taxable income. Such expenses include but are not limited to:

- (i) Commission Fees and other professional fees paid by the SPV to loan originators and intermediaries.
- (ii) Overheads, utilities and other fees necessary for the operation of the SPV.
- (iii) Notional Interest Deduction on the equity raised.
- (iv) Interest expenses on any debt financing obtained for the purposes of the business, subject to the interest restriction limitations posed by the Cyprus Income Tax Law in implementing the provisions of the EU Anti-Tax Avoidance Directive (EC2016/1164) as of January 1, 2019; under such restrictions any interest expense in excess of financial income may be partially disallowed as a deduction whilst a positive interest income balance will not lead to any restrictions.

#### 1.4.3 Arm's Length and Other considerations

Where a business in the Republic of Cyprus participates directly or indirectly in the management, control or capital of a business of another person; or the same persons participate directly or indirectly in the management, control or capital of two or more businesses; or a company is connected with another company, conditions are imposed between the two businesses in their commercial or financial commitments/relations which differ from those which would be made between independent parties, then any profits which would, but for those terms/conditions, have accrued to one of the businesses, but, by reason of those conditions, have not so accrued, may be included in the profits of that business and taxed accordingly.

In this respect, financing transactions in terms of income and expense should also adhere to the arm's length principle and in the event of intra-group financing a margin in accordance with transfer pricing principles would need to be maintained. Under certain conditions, taxpayers carrying out a purely intermediary intra-group financing activity may opt for a Simplification Measure (resulting in a minimum 2% after-tax return on assets)

#### 1.4.4 Distribution of Dividends to the Fund

Dividends distributed by the SPV to the Fund are not subject to any withholding tax and are also exempt from Special Defense Contribution save in the case of dividends paid indirectly after the lapse of four years from the end of the year in which the profits out of which the said dividends derive were generated.

#### 1.4.5 Deemed Dividend Distribution

The provisions of the Cyprus tax laws in respect of deemed dividend distribution will also apply in respect of the SPV.

#### 1.4.6 Stamp Duty

Cyprus stamp duty is levied on 'documents' (i.e. written agreements/contracts) relating to assets located in Cyprus and/or matters or things taking place in Cyprus.

### 1.5 Tax Considerations for the Investors

#### 1.5.1 Dividend Income

##### 1.5.1.1 Cyprus Tax Resident Investors

- Dividends distributed by the Fund to Corporate Investors (i.e. companies) will be exempt from tax in Cyprus, provided that the profits do not derive from a tax year that is four years prior to the year of distribution.
- Dividends distributed by the Fund to Cyprus tax resident individuals that are not however considered as domiciled in Cyprus, will not be subject to any withholding tax.
- Dividends distributed by the Fund to Cyprus tax resident individuals that are considered as domiciled in Cyprus, will be subject to withholding tax under the Special Contribution for the Defence at the rate of 17%.

#### **1.5.1.2 Non-Cyprus Tax resident Investors**

No withholding taxes are imposed on dividend payments to investors that are not Cyprus tax residents regardless of their form, domicile or country of residence.

#### **1.5.2 Redemption Income**

Income deriving from the redemption of a Share will be treated as a gain from the disposal of the Share (i.e. a sale) and will be taxed accordingly.

#### **1.5.3 Gains from the disposal of the Shares**

Gains from the disposal of the Shares in the Fund will be exempt from income tax. Such gain will be subject to Capital Gains Tax if the Fund owns, both directly and indirectly Cyprus situated immovable property.

#### **1.5.4 General Healthcare System**

Cyprus tax resident individuals and non-tax resident individuals will be subject to the General Healthcare System ("GHS") contributions on income received falling under Sections 5(1) and 5(2) of the ITL respectively. Contributions to the Cyprus General Healthcare System applicable as of 1 March 2019, on a maximum income of EUR 180, 000, are at the rate of 1.70% for the period 1 March 2019 – 28 February 2020 and at the rate of 2.65% from 1 March 2020 onwards. Cyprus non- tax resident individuals receiving dividends from Cyprus are not subject to GHS contributions.

#### **1.5.5 Stamp Duty**

Under the AIF Law, no stamp duty is imposed on the establishment of an AIF or to the disposal, redemption, settlement and transfer of the Shares in an AIF.



**COMPARTMENT SUPPLEMENTS****INVESTMENT COMPARTMENT 'A' –FINANCE PARTICIPATION FUND**

Belonging to LC London Credit AIF V.C.I.C. Public Ltd, an Open-Ended umbrella AIF addressed to Professional and well-informed Investors.

This Compartment Supplement forms an integral part of and should be read in conjunction with the Prospectus of LC London Credit AIF V.C.I.C. Public Ltd. The content of this Compartment Supplement relates to the specific parameters of Investment Compartment 'A' –Finance Participation Fund.

**Market Opportunity**

During the past decade, access to capital for businesses in Europe has become a hurdle, especially when seeking money from the traditional sources of capital such as banks. In addition, a survey taken by the European Central Bank in June 2018 showed Small Medium Enterprises (SMEs) reporting higher demand for non-bank financing rather than bank financing.

It has become evident from the recent financial crisis, that SMEs' access to bank credit is positively correlated with the overall state of the economy. Thus, it is vital to ensure the availability of alternative sources of financing in order to provide a shield in times of economic distress.

Loan origination by investment funds has the potential to play a key role in providing this protection.

**The UK Market**

The conditions and environment created following the recent economic crisis and the uncertainty around Brexit, have paved the way for the bridge financing market, making it particularly profitable to be engaged in the provision of this type of credit. Further, the fact that the banks had to restrict their lending activities due to being imposed with several capital adequacy rules, made it even more appealing for alternative sources of financing, such as bridging finance, to flourish.

A unique opportunity is now presented to non-bank institutions to provide credit considering that:

- a) borrowers are currently seeking for alternative sources of finance and are gradually moving away from the traditional credit sources; thus lenders can choose from a larger pool of prospective borrowers;
- b) lenders are in a position to request more security as collateral and get an interest rate premium;
- c) due to the significant rise of the asset values, lenders have become more conservative in the security taken, by lowering LTV ratios. Furthermore, real estate experts are forecasting continued rises in property prices limiting the downside risk to the value of the underlying security of loans.

In accordance to the Bank of England's reviews, reported in the publication "Credit Conditions Review 2019 Q1", demand for lending from SMEs is expected to remain unchanged, in contrast to medium and large corporates, where the demand is expected to decrease, something which reflects Brexit uncertainty and concerns about UK political stability.

As such, the current market environment introduces an opportunity for the Fund, and for investors in the Fund to gain investment exposure to this opportunity.

**Brexit and the Market**

Direct lending from non-bank corporations such as investment funds remains strong and popular due to borrowers seeking flexibility and speed of execution to facilitate the capital raising required to achieve their commercial plans. Despite the Brexit vote, both local and international enterprises are expanding in the UK and from this their demand stems for a loan to fund their expansion.

In May 2019, Bank of England raised its growth forecast for the year 2019 to 1.5%, up from 1.2% in February 2019. Further, in the Inflation Report, published in May 2019, the Bank stated that Brexit fears would subside, business investment recovers, global growth would stabilize and support demand would grow.

The figures provided by the UK's Association of Short-Term Lenders (ASTL) May 2019, indicate that in Q1 of 2019 the applications for short/medium term finance were the highest ever, reaching an increase by 13.6%, and the short/medium term finance lender loan books reached an increase of 7.9%, which is the highest since Q1 2018.

The Fund's investment strategy outlined in section "Overview of the Fund" in this Offering Memorandum describes the relatively low exposure of the loans to be granted to real estate market fluctuations, by for example participating in loans with low LTV loans against primarily residential property, the prices of which are more resilient to economic turmoil than the commercial property prices.

Therefore, any potential negative impact that the developments which will follow from the exit of the UK from the European Union may have on the Fund are restricted and eliminated.

## **FINANCE PARTICIPATION FUND – OVERVIEW**

### **Investment Strategy**

Finance Participation Fund's investment strategy is participation through subsidiary/ies in enterprises that provide lending solutions to individuals and private companies currently underserved by traditional lenders. These lending opportunities typically offer the potential for above-market risk-adjusted returns.

More specifically, the investment strategy focuses on participation in short-medium term debt secured with UK real estate as described in this Prospectus.

Finance Participation Fund shall aim to invest a minimum of 90% of each Shareholder's Capital Contribution in loan participations and up to 10% in Cash.

### **Participation in Loans**

Finance Participation Fund will be participating through subsidiary/ies in bridge financing granted to mainly UK borrowers and secured with first or second legal charge of properties in Greater London and other major UK cities. All loans granted are solely for commercial purposes in the borrower's course of business and thus are, in accordance with the relevant parts of the UK Consumer Credit Act 1974, exempt from FCA regulation. No leverage shall be employed for Finance Participation Fund.

The enterprise granting the loans, and which will act as the loan originator and servicer is London Credit Ltd ("London Credit"), a London-based short-term lender operating with an outstanding performance in the bridge finance market for more than 8 years, which is related to the External Manager. London Credit shall be charging the Fund a fee of up to 2% per annum on the loans it originates and services.

London Credit has offices in central and North London and a team of Business Development Managers (BDMs), who are in contact and cooperate with UK licensed credit brokers for the purpose of being introduced to prospective borrowers interested in obtaining short term lending.

Once the interest of prospective borrowers is established, and the fact that the relevant interest

is within the lending criteria set and amended from time to time by the Fund's Board of Directors, the prospective borrowers complete a Loan Application Form with all the information required for the due diligence of the prospective borrower and the property offered as security for the loan.

London Credit will be responsible for carrying out the due diligence on the prospective borrower, as well as on the property which will be offered as security to the loan. For the purposes of the property due diligence, it will engage Royal Institute of Chartered Surveyors (RICS) registered valuers to produce a valuation report, and it will instruct its legal advisors to carry out the borrowers' due diligence.

The Finance Participation Fund will be investing into lending opportunities granted by, London Credit, usually between £100,000 and £3,000,000. The finance is 'short to medium term' and loans generally range in terms from 9 months to 5 years.

London Credit recognizes that businesses are facing difficulties in receiving funding from traditional lenders at their momentum, which results in losing opportunities due to insufficient capital at the given moment.

Practically, London Credit locates lending opportunities and after granting the loans it shall be offering participation to them to the Finance Participation Fund.

**Investment Policy:**

The Finance Participation Fund will invest via subsidiaries in Loan Participation as permitted by the relevant regulation, law and directives. The geographic focus of the properties securing the loans will be in the UK, including the Greater London area and other major UK cities.

The charge over the loans' security properties shall be first or second charge security over property in the UK (typically England). The total amount of participation in loans with second charge security will not exceed 15% of the Fund, irrespective of additional security may be required by the Fund, such as personal guarantees, and fixed/floating charges.

The Finance Participation Fund shall aim for the security property of the loans participating in to be primarily residential property, however it shall not participate with more than 35% of its assets under management against loans secured with other real estate assets (e.g. commercial property). The maximum acceptable LTV shall be 75% or less of the current market value of the property and provided that the LTV maximum is not exceeded, Finance Participation Fund can also lend against development property.

**EXAMPLE TRANSACTIONS**

- A.** A common example of short-term financing into which the Finance Participation Fund shall be investing, is loans for the acquisition of investment property which will be let to tenants. In this instance, the borrower typically requires borrowing of the acquisition price, and has a clear exit strategy of either refinancing through a retail bank or selling the property at a substantially profitable value.
- B.** The borrower acquires a property for business purposes at auction, pays the 10% deposit and is required to repay the remaining purchase price in less than 30 days, without interrupting his business cash-flow. Addressing this need to a retail bank most certainly involves a lengthy procedure of at least 60 days and is therefore not an option for the borrower. Thus, the borrower turns to bridge financing for meeting the 30-day

repayment requirement, while in the meantime applying to a retail bank for refinancing of the auction price.

- C. A prospective borrower requires a short/medium term loan to facilitate his enterprise activity and gives as security a residential property which he rents out to tenants. The exit strategy for repayment of this loan (known as buy-to-let) is refinancing with a retail bank, or sale of an investment property he owns.

## BUSINESS FRAMEWORK AT A GLANCE

<b>The Investment</b>	<b>The Finance Participation Fund will invest, via subsidiaries, in loan participation in bridging and buy-to-let loans asset-backed by real estate.</b>
<b>Minimum Holding</b>	<b>EUR 125,000.00 subject to the Directors' discretion who may waive the Minimum Holding if the Investor qualifies as a Well-Informed Investor</b>
<b>Subscription Date</b>	<b>First Business Day and twelfth Business Day of each calendar month, or such other day or days as may be determined by the Directors, provided that where a Subscription Day is not a Business Day, the Subscription Day shall be the next Business Day.</b>
<b>Initial Offering Period</b>	<b>The activation date of the Fund, i.e. 4<sup>th</sup> March 2019, until the 31<sup>st</sup> January 2021; or upon raising a minimum of £1,400,000.00 (One Million Four Hundred Thousand pounds Sterling); whichever occurs first (may be shortened or extended by the Directors subject to notification to CySEC)</b>
<b>Term</b>	<b>The Term of Compartment A is indefinite.</b>
<b>Distribution policy</b>	<b>The Directors will have absolute discretion as to the payment of dividends. They may declare annual or interim distributions on a quarterly basis in arrears, i.e. on 31 March, 30 June, 30 September, 31 December of every calendar year out of the positive performance of the Finance Participation Fund.</b>
<b>Reference Currency</b>	<b>GBP</b>
<b>Redemption Day</b>	<b>First Business Day and twelfth Business Day of each calendar month, or such other day or days as may be determined by the Directors (subject to the Lock up Period and the Redemption Notice Period) provided that where a Redemption Day is not a Business Day, the Redemption Day shall be the next Business Day.</b>
<b>Redemption Notice Period</b>	<b>At least 6 months (concurrent with Lock-up Period)</b>
<b>Investors' Profile</b>	<b>Professional and Well-Informed Investors</b>

<b>Gate</b>	<b>10%</b>
<b>Holdback</b>	<b>10% of redemption proceeds</b>
<b>Use of Leverage</b>	<b>No</b>
<b>Class of shares</b>	<b>Nine Classes</b>
<b>Geographical Region of Operations</b>	<b>Cyprus, EU, EEA, UK, Eastern Europe, CIS, Asia</b>
<b>NAV Frequency</b>	<b>Last Business Day and eleventh Business Day of each calendar month, or such other day or days as may be determined by the Directors</b>
<b>LTV of Loans</b>	<b>Loan principal of 75% or less of the current market value of the security property (as determined by an independent valuer in each instance)</b>
<b>Reporting</b>	<b>Investors will be sent a quarterly investor letter and a report annually.</b>
<b>Investment Strategy as per ESMA guidelines</b>	<b>Private Equity</b>
<b>Loan Origination criteria by Service Provider</b>	
<b>Service Provider Lending Rates</b>	<b>From 0,50% per month</b>
<b>Loan sizes</b>	<b>Loans usually between £100,000 and £3,000,000; a maximum loan size of 20% of the size of the Finance Participation Fund</b>
<b>Loan Durations</b>	<b>Up to 5 years</b>

**Security**

First or second charge security over property in the UK (typically England). The total amount of participation in loans with second charge security will not exceed 15% of the Finance Participation Fund. Primarily residential property, however the Fund generally does not invest more than 35% of its assets under management against other real estate assets (e.g. commercial property). Provided that the LTV maximum (below) is not exceeded, it can also invest in development property-backed loans.

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## CLASSES OF SHARES OFFERING (per Currency)

### Pounds Sterling (GBP)

Share Class	Class A	Class A2	Class B
Sub-Class	GBP	GBP	GBP
Minimum Subscription amount	125.000	500.000	1.000.000
Minimum Additional Subscription Amount	50.000	-	-
Initial Subscription Price per Investor Share	1.000	1.000	1.000
Target Return	5%+ per annum	5%+ per annum	5%+ per annum
Lock-up period	12 months	24 months	36 months
Subscription / Entry Fee	1% of the capital invested by an Investor Shareholder	0.5% of the capital invested by an Investor Shareholder	None
Redemption Fee	None	None	None
Management Fee on assets under management charged in arrears on a weighted average basis	1,65%	1,525%	1,40%
Performance Fee rate	20%, above Target Return	20%, above Target Return	20%, above Target Return



US Dollar (USD)

Share Class	Class C	Class C2	Class D
Sub-Class	USD	USD	USD
Minimum Subscription amount	150.000	500.000	1.000.000
Minimum Additional Subscription Amount	50.000	-	-
Initial Subscription Price per Investor Share	1.000	1.000	1.000
Target Return	5%+ per annum	5%+ per annum	5%+ per annum
Lock-up period	12 months	24 months	36 months
Subscription / Entry Fee	1% of the capital invested by an Investor Shareholder	0.5% of the capital invested by an Investor Shareholder	None
Redemption Fee	None	None	None
Management Fee on assets under management charged in arrears on a weighted average basis	1,65%	1,525%	1,40%
Performance Fee rate	20%, above Target Return	20%, above Target Return	20%, above Target Return

Euro (EUR)

Share Class	Class E	Class E2	Class F
Sub-Class	EUR	EUR	EUR
Minimum Subscription amount	125.000	500.000	1.000.000
Minimum Additional Subscription Amount	50.000	-	-
Initial Subscription Price per Investor Share	1.000	1.000	1.000
Target Return	4%+ per annum	4%+ per annum	4%+ per annum
Lock-up period	12 months	24 months	36 months
Subscription / Entry Fee	1% of the capital invested by an Investor Shareholder	0.5% of the capital invested by an Investor Shareholder	None
Redemption Fee	None	None	None
Management Fee on assets under management charged in arrears on a weighted average basis	1,65%	1,525%	1,40%
Performance Fee rate	20%, above Target Return	20%, above Target Return	20%, above Target Return

**FEES & EXPENSES**

Below is the list of fees and expenses that will be borne by the Investors of Finance Participation Fund.

<b>Fees &amp; Expenses</b>	
<b>Investors' Fees</b>	
Entry/Subscription Fee	Upon subscription of Investor Shares in this Investment Compartment, the External Manager reserves the right to charge a Subscription Fee of up to 1% of the subscription monies, payable by the Investors to the benefit of intermediaries in the distribution network (including business partners). The External Manager reserves the right to reduce or waive any Subscription Fee.
Redemption Fees	As described in each Share Class offering table.
<b>Annual Fees</b>	
Depository Fee	To be agreed with Depository
Fund Administration Fee	To be agreed with Administrator
Distributor Fee	To be agreed with Distributor (if applicable)
Professional Fees	<ol style="list-style-type: none"> <li>1. Legal fees on a retained basis.</li> <li>2. Audit fees on a retained basis.</li> </ol>
Directors' Fees	Each Director may be entitled to a fee which will not exceed €1,000 per month per Director.
Other charges	Charges as indicated in the Other Charges section of this Offering Memorandum which are not expected to exceed €50,000.

**RISK FACTORS**

Investment in the Finance Participation Fund involves a high degree of risk and should be regarded as speculative. There is no assurance that the Finance Participation Fund's investments will be successful or that its objectives will be attained. As a result, only sophisticated investors who can reasonably afford a loss of their investment should consider the purchase of interests in the Finance Participation Fund.

Prospective investors should consider all material risks including general market risk and specific risk exposure. The length of time over which the risk is measured and the level of risk should reflect the investment horizon and other contingencies that are idiosyncratic to a particular investor. Prospective investors should fully consider, in addition to the matters set forth elsewhere in this Prospectus, the following non-exhaustive list of risk factors:

**1. Business Risk**

There can be no assurance that the Investment Compartment will achieve its investment objective in respect of any of the strategies employed. The investment results of the Investment Compartment are reliant upon the success of the Manager. Investors should be aware that the value of investment may fall as well as rise and may be less than the principal.

**2. Interest Rate Risk**

Interest rates and debt instrument prices carry an inverse relationship; as interest rates fall, the price of debt instrument trading in the marketplace generally rises. Conversely, when interest rates rise, the price of debt instrument tends to fall. Prolonged periods of low interest rates may lead to sudden rises that can have adverse effect on the value of the debt instrument. However, this risk is negated if the debt instruments are held to maturity.

**3. Concentration Risk**

The Investment Compartment may be susceptible to an increased risk of loss, including losses due to adverse occurrences affecting the Investment Compartment more than the real estate market as a whole, to the extent that the Investment Compartment's investments are concentrated in certain locations, types of properties or property uses.

**4. Counterparty Risk**

Counterparties that enter into transactions may not settle a transaction due to a credit or liquidity problem.

**5. Credit or Default Risk**

In case a borrower is unable to repay his loan (or interest) when payable, the loan in which the Finance Participation Fund has participated may default. In such instance, London Credit Ltd may be required to take possession of a security property and to seek to sell that property to recover the loan principal, interest and other costs associated with the relevant loan and enforcement. In this instance, it may take a considerable amount of time to recover the amount owed and the Finance Participation Fund may not be in a position to receive the expected profit.

**6. Lack of Investment Liquidity Risk**

Liquidity risk exists when particular investments are difficult to purchase or sell. This can reduce the Investment Compartment's returns because the Investment Compartment or an Underlying Fund's investments may be unable to transact at advantageous times or prices.

The Finance Participation Fund shall be investing in short/medium term loans which may, at the request of a borrower, be extended, and such an extension will have a direct impact on its liquidity levels. Further, the risk of default described here above also affects the liquidity levels of the Finance Participation Fund, which may result in it being obliged to defer the redemption request of an Investor Shareholder to a period where its liquidity levels permit the said redemption.

This risk is managed and mitigated by the imposition of budget controls, maintaining the Finance Participation Fund's cash flow up to date, planning ahead and prior to placing funds for investment, conducting stress tests under normal and exceptional liquidity conditions simulating shortage of liquidity of its assets and atypical redemption requests, and other financial management tools.

## **7. Currency / Exchange Rate Risk**

In case an investor's funds are initially in a currency ("the initial currency") other than the Reference Currency, e.g. in EURO or USD, his investments will be affected by exchange rate fluctuations between the GBP and the initial currency at the point where the investor decides to convert the funds invested back to the initial currency. This risk can be mitigated through hedging via future contracts.

## **8. Market Risk**

Market risk is of a general nature, affecting all types of investment. Returns from the Finance Participation Fund could be materially and adversely affected by (i) conditions in the property market; (iii) any changes in landlord and tenant law and/or land law; or (v) changes in planning, partnership or environmental law, making the market stagnant and illiquid; any changes in global, national, regional or local economic, demographic or capital market conditions; acts of war or terrorism; any changes in laws, regulations and fiscal policies, including increases in property taxes, and directly affecting the disposal of properties which are the main form of security for the loans participated in.

## **9. Valuation Risk**

Valuations of the proposed security properties are undertaken by external professional valuers who are members of the RICS that have substantial professional indemnity. The financial risk is that a security property may be overvalued and worth less than expected when revalued for refinance purposes or when sold.

## **10. Credit & ID fraud risk**

As part of the due diligence review of potential loans to participate in, the Finance Participation Fund will rely on third-party consultants and advisors (valuers, solicitors who have their own Professional Indemnity in place). Due diligence is conducted in a professional manner and the assessment is based on the resources available, including information provided by an underlying borrower and third-party investigations. The due diligence investigation may not reveal or highlight all relevant facts necessary or helpful and may result in the loan participating in being on a defective collateral. There can be no assurance that all irregularities or other fraudulent practices can be detected or prevented or that any risk management procedures implemented will be adequate. In the event of fraud partial or total loss of the loan may be suffered.

## **11. Legal & Title Ownership Risk**

Legal title of the property could be materially and adversely affected by mortgage fraud, boundary issues, defective documents, sellers' misrepresentation and incapacity of prior owners. This can directly affect the disposal of properties which are the main form of security for the loans granted.

**12. Compliance and regulatory risk**

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss of reputation as a result of failing to comply with laws and regulations.

Regulatory risk is the effect of a change in laws and regulations that could potentially cause losses to the business, sector or market. Regulatory risks could increase the costs of running a business, change the competitive landscape, make the business practices illegal, reduce the attractiveness of an investment.

**13. Planning Risk (where applicable)**

Where the underlying investment had or will have structural or usage alterations (e.g. extension or change of use) certain risk factors may arise like non-compliance with planning, lack of planning, delays in obtaining planning which could potentially impact the value, marketability and mortgage ability of the property. When the structural or usage alterations were in existence at the time of granting the loan these will be checked by the external solicitors (who also have their own Professional Indemnity). When such alterations will happen after drawdown, there is always the risk of non-compliance.

**14. Development Risk (where applicable)**

Where the underlying investment involves development there are potential risks associated with it including increases in interest rates which can increase holding expenses; increases in construction costs due to increases in materials or labour; a downturn on the property market; social changes; disputes with contractors; changes to the laws and regulations; delays; unexpected structural defects in renovation projects.

**15. Real estate investments risk**

Real estate and related investments can be hurt by any factor that makes an area or individual property less valuable. Specifically, investments in real estate holdings or related businesses or securities (including interests in mortgages) can be hurt by natural disasters, economic declines, overbuilding, zoning changes, tax increases, population or lifestyle trends, environmental contamination, defaults on mortgages, failures of management, and other factors that may affect the market value or cash flow of the investment.

**16. Sustainability Risk**

The risk arising from an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment.

**TYPICAL INVESTOR PROFILE**

The Compartment is specifically intended for investors wishing to invest in companies participating in bridging and buy-to-let loans asset-backed in real estate.

The recommended minimum investment period is 5 (Five) years.

The performance of the Compartment will be described in the KID for the Investment Compartment. Past performance is no guide to future results.

**COMPARTMENT SUPPLEMENT****INVESTMENT COMPARTMENT 'B' –FINANCE PARTICIPATION FUND 2**

Belonging to LC London Credit AIF V.C.I.C. Public Ltd, an Open-Ended umbrella AIF addressed to Professional and Well-informed Investors.

This Compartment Supplement forms an integral part of and should be read in conjunction with the Prospectus of LC London Credit AIF V.C.I.C. Public Ltd. The content of this Compartment Supplement relates to the specific parameters of Investment Compartment 'B' –Finance Participation Fund 2.

**Market Opportunity**

During the past decade, access to capital for businesses in Europe has become a hurdle, especially when seeking money from the traditional sources of capital such as banks. In addition, a survey taken by the European Central Bank in June 2018 showed Small Medium Enterprises (SMEs) reporting higher demand for non-bank financing rather than bank financing.

It has become evident from the recent financial crisis, that SMEs' access to bank credit is positively correlated with the overall state of the economy. Thus, it is vital to ensure the availability of alternative sources of financing in order to provide a shield in times of economic distress.

Loan origination by investment funds has the potential to play a key role in providing this protection.

**The UK Market**

The conditions and environment created following the recent economic crisis and the uncertainty around Brexit, have paved the way for the bridge financing market, making it particularly profitable to be engaged in the provision of this type of credit. Further, the fact that the banks had to restrict their lending activities due to globally rising interest rates and being imposed with several capital adequacy rules, made it even more appealing for alternative sources of financing, such as bridging finance, to flourish.

A unique opportunity is now presented to non-bank institutions to provide credit considering that:

- a) borrowers are currently seeking for alternative sources of finance and are gradually moving away from the traditional credit sources; thus lenders can choose from a larger pool of prospective borrowers;
- b) lenders are in a position to request more security as collateral and get an interest rate premium;
- c) due to the significant rise of interest rates, lenders have become more conservative in the security taken, by lowering LTV ratios. Furthermore, real estate experts are forecasting continued rises in property prices limiting the downside risk to the value of the underlying security of loans.

In accordance to the Association of Short Term Lenders ('ASTL'), bridging completions, applications and loan books all continued to grow in Q3 2022.

As such, the current market environment introduces an opportunity for the Fund (through Investment Compartment B – Finance Participation Fund 2), and for investors in the Fund to gain investment exposure to this opportunity.



**FINANCE PARTICIPATION FUND 2 – OVERVIEW****Investment Strategy**

Finance Participation Fund 2's investment strategy is participation through subsidiary/ies in enterprises that provide lending solutions to individuals and private companies currently underserved by traditional lenders. These lending opportunities typically offer the potential for above-market risk-adjusted returns.

More specifically, the investment strategy focuses on participation in short-medium term debt secured with UK real estate as described in this Prospectus.

Finance Participation Fund 2 shall aim to invest a minimum of 90% of each Shareholder's Capital Contribution in loan participations and up to 10% in Cash.

**Participation in Loans**

Investment Compartment B - Finance Participation Fund 2 will be participating through subsidiary/ies in bridge financing granted to mainly UK borrowers and secured with first or second legal charge of properties in the UK, including Greater London and other major UK cities. All loans granted are solely for commercial purposes in the borrower's course of business and thus are, in accordance with the relevant parts of the UK Consumer Credit Act 1974, exempt from FCA regulation. No leverage shall be employed for Finance Participation Fund 2.

The enterprise granting the loans, and which will act as the loan originator and servicer is London Credit Ltd ("London Credit"), a London-based short-term lender operating with an outstanding performance in the bridge finance market for more than 8 years, which is related to the External Manager. London Credit shall be charging the Fund a fee of up to 2% per annum on the loans it originates and services.

London Credit has offices in central and North London and a team of Business Development Managers (BDMs), who are in contact and cooperate with UK licensed credit brokers for the purpose of being introduced to prospective borrowers interested in obtaining short term lending.

Once the interest of prospective borrowers is established, and the fact that the relevant interest is within the lending criteria set and amended from time to time by the Fund's Board of Directors, the prospective borrowers complete a Loan Application Form with all the information required for the due diligence of the prospective borrower and the property offered as security for the loan.

London Credit will be responsible for carrying out the due diligence on the prospective borrower, as well as on the property which will be offered as security to the loan. For the purposes of the property due diligence, it will engage Royal Institute of Chartered Surveyors (RICS) registered valuers to produce a valuation report, and it will instruct its legal advisors to carry out the borrowers' due diligence.

The Finance Participation Fund 2 will be investing into lending opportunities granted by, London Credit between £100,000 and £5,000,000. The finance is 'short to medium term' and loans generally range in terms from 9months to 5 years.

London Credit recognizes that businesses are facing difficulties in receiving funding from traditional lenders at their momentum, which results in losing opportunities due to insufficient capital at the given moment.

Practically, London Credit locates lending opportunities and after granting the loans it shall be offering participation to them to the Finance Participation Fund 2.

**Investment Policy:**

The Finance Participation Fund 2 will invest via subsidiaries in Loan Participation as permitted by the relevant regulation, law and directives. The geographic focus of the properties securing the loans will be in the UK, including the Greater London area and other major UK cities.

The charge over the loans' security properties shall be first or second charge security over property in the UK (typically England). The total amount of participation in loans with second charge security will not exceed 20% of the Finance Participation Fund 2, irrespective of additional security that may be required by the Finance Participation Fund 2, such as personal guarantees, and fixed/floating charges.

Investment Compartment B - Finance Participation Fund 2 shall aim for the security property of the loans participating in to be primarily commercial and semi-commercial property but will also include residential property. The maximum acceptable LTV shall be 75% or less of the current market value of the property for residential property and 65% or less of the current market value of the property for commercial and semi-commercial property. Provided that the LTV maximum is not exceeded, Finance Participation Fund 2 can also lend against development property.

**EXAMPLE TRANSACTIONS**

- A.** A common example of short-term financing into which the Finance Participation Fund 2 shall be investing, is loans for the acquisition of investment property which will be let to tenants. In this instance, the borrower typically requires borrowing of the acquisition price, and has a clear exit strategy of either refinancing through a retail bank or selling the property at a substantially profitable value.
- B.** The borrower acquires a property for business purposes at auction, pays the 10% deposit and is required to repay the remaining purchase price in less than 30 days, without interrupting his business cash-flow. Addressing this need to a retail bank most certainly involves a lengthy procedure of at least 60 days and is therefore not an option for the borrower. Thus, the borrower turns to bridge financing for meeting the 30-day repayment requirement, while in the meantime applying to a retail bank for refinancing of the auction price.
- C.** A prospective borrower requires a short/medium term loan to facilitate his enterprise activity and gives as security a residential property which he rents out to tenants. The exit strategy for repayment of this loan (known as buy-to-let) is refinancing with a retail bank, or sale of an investment property he owns.

**BUSINESS FRAMEWORK AT A GLANCE**

<b>The Investment</b>	The Finance Participation Fund 2 will invest, via subsidiaries, in loan participation in bridging and buy-to-let loans asset- backed by real estate.
<b>Minimum Holding</b>	EUR 125,000.00 subject to the Directors' discretion who may waive the Minimum Holding if the Investor qualifies as a Well-Informed Investor
<b>Subscription Date</b>	First Business Day and twelfth Business Day of each calendar month, or such other day or days as may be determined by the Directors, provided that where a Subscription Day is not a Business Day, the Subscription Day shall be the next Business Day.
<b>Initial Offering Period</b>	The activation date of the Finance Participation Fund 2, i.e. 5 <sup>th</sup> June 2023, until the 29 <sup>th</sup> September 2023; or upon raising a minimum of £2,000,000.00 (Two Million pounds Sterling); whichever occurs first (may be shortened or extended by the Directors subject to notification to CySEC)
<b>Term</b>	The Term of Compartment B is indefinite.
<b>Distribution policy</b>	The Directors will have absolute discretion as to the payment of dividends. They may declare annual or interim distributions on a quarterly basis in arrears, i.e. on 31 March, 30 June, 30 September, 31 December of every calendar year out of the positive performance of the Finance Participation Fund 2.
<b>Reference Currency</b>	GBP
<b>Redemption Day</b>	First Business Day and twelfth Business Day of each calendar month, or such other day or days as may be determined by the Directors (subject to the Lock up Period and the Redemption Notice Period) provided that where a Redemption Day is not a Business Day, the Redemption Day shall be the next Business Day.
<b>Redemption Notice Period</b>	At least 6 months (concurrent with Lock-up Period)
<b>Investors' Profile</b>	Professional and Well-Informed Investors
<b>Gate</b>	10%
<b>Holdback</b>	10% of redemption proceeds
<b>Use of Leverage</b>	No

<b>Class of shares</b>	<b>Nine Classes</b>
<b>Geographical Region of Operations</b>	<b>Cyprus, EU, EEA, UK, Eastern Europe, CIS, Asia</b>
<b>NAV Frequency</b>	<b>Last Business Day and eleventh Business Day of each calendar month, or such other day or days as may be determined by the Directors</b>
<b>LTV of Loans</b>	<p><b>Loan principal of 75% or less of the current market value of the security property for residential property (as determined by an independent valuer in each instance)</b></p> <p><b>Loan principal of 65% or less of the current market value of the security property for commercial and semi-commercial property (as determined by an independent valuer in each instance)</b></p>
<b>Reporting</b>	<b>Investors will be sent a quarterly investor letter and a report annually.</b>
<b>Investment Strategy as per ESMA guidelines</b>	<b>Private Equity</b>
<b>Loan Origination criteria by Service Provider</b>	
<b>Service Provider Lending Rates</b>	<b>From 0,50% per month</b>
<b>Loan sizes</b>	<b>Loans usually between £100,000 and £3,000,000; a maximum loan size of 20% of the size of the Finance Participation Fund 2 after its assets under management (held via subsidiaries) exceed £5,000,000.</b>
<b>Loan Durations</b>	<b>Up to 5 years</b>

**Security**

First or second charge security over property in the UK. The total amount of participation in loans with second charge security will not exceed 20% of the Finance Participation Fund 2. Primarily commercial and semi-commercial property but will also include residential property. Provided that the LTV maximum (above) is not exceeded, it can also invest in development property-backed loans.

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## CLASSES OF SHARES OFFERING (per Currency)

### Pounds Sterling (GBP)

Share Class	Class A	Class A2	Class B
Sub-Class	GBP	GBP	GBP
Minimum Subscription amount	125.000	500.000	1.000.000
Minimum Additional Subscription Amount	50.000	-	-
Initial Subscription Price per Investor Share	1.000	1.000	1.000
Target Return	6%+ per annum	6%+ per annum	6%+ per annum
Lock-up period	12 months	24 months	36 months
Subscription / Entry Fee	1% of the capital invested by an Investor Shareholder	0.5% of the capital invested by an Investor Shareholder	None
Redemption Fee	None	None	None
Management Fee on assets under management charged in arrears on a weighted average basis	1,65%	1,525%	1,40%
Performance Fee rate	20%, above Target Return	20%, above Target Return	20%, above Target Return

US Dollar (USD)

Share Class	Class C	Class C2	Class D
Sub-Class	USD	USD	USD
Minimum Subscription amount	150.000	500.000	1.000.000
Minimum Additional Subscription Amount	50.000	-	-
Initial Subscription Price per Investor Share	1.000	1.000	1.000
Target Return	6%+ per annum	6%+ per annum	6%+ per annum
Lock-up period	12 months	24 months	36 months
Subscription / Entry Fee	1% of the capital invested by an Investor Shareholder	0.5% of the capital invested by an Investor Shareholder	None
Redemption Fee	None	None	None
Management Fee on assets under management charged in arrears on a weighted average basis	1,65%	1,525%	1,40%
Performance Fee rate	20%, above Target Return	20%, above Target Return	20%, above Target Return

Euro (EUR)

Share Class	Class E	Class E2	Class F
Sub-Class	EUR	EUR	EUR
Minimum Subscription amount	125.000	500.000	1.000.000
Minimum Additional Subscription Amount	50.000	-	-
Initial Subscription Price per Investor Share	1.000	1.000	1.000
Target Return	5%+ per annum	5%+ per annum	5%+ per annum
Lock-up period	12 months	24 months	36 months
Subscription / Entry Fee	1% of the capital invested by an Investor Shareholder	0.5% of the capital invested by an Investor Shareholder	None
Redemption Fee	None	None	None
Management Fee on assets under management charged in arrears on a weighted average basis	1,65%	1,525%	1,40%
Performance Fee rate	20%, above Target Return	20%, above Target Return	20%, above Target Return



**FEES & EXPENSES**

Below is the list of fees and expenses that will be borne by the Investors of Finance Participation Fund 2.

<b>Fees &amp; Expenses</b>	
<b>Investors' Fees</b>	
Entry/Subscription Fee	Upon subscription of Investor Shares in this Investment Compartment, the External Manager reserves the right to charge a Subscription Fee of up to 1% of the subscription monies, payable by the Investors to the benefit of intermediaries in the distribution network (including business partners). The External Manager reserves the right to reduce or waive any Subscription Fee.
Redemption Fees	As described in each Share Class offering table.
<b>Annual Fees</b>	
Depository Fee	To be agreed with Depository
Fund Administration Fee	To be agreed with Administrator
Distributor Fee	To be agreed with Distributor (if applicable)
Professional Fees	<ol style="list-style-type: none"> <li>1. Legal fees on a retained basis.</li> <li>2. Audit fees on a retained basis.</li> </ol>
Directors' Fees	Each Director may be entitled to a fee which will not exceed €1,000 per month per Director.
Other charges	Charges as indicated in the Other Charges section of this Offering Memorandum which are not expected to exceed €50,000.

**RISK FACTORS**

Investment in the Finance Participation Fund 2 involves a high degree of risk and should be regarded as speculative. There is no assurance that the Finance Participation Fund 2's investments will be successful or that its objectives will be attained. As a result, only sophisticated investors who can reasonably afford a loss of their investment should consider the purchase of interests in the Finance Participation Fund 2.

Prospective investors should consider all material risks including general market risk and specific risk exposure. The length of time over which the risk is measured and the level of risk should reflect the investment horizon and other contingencies that are idiosyncratic to a particular investor. Prospective investors should fully consider, in addition to the matters set forth elsewhere in this Prospectus, the following non-exhaustive list of risk factors:

**1. Business Risk**

There can be no assurance that the Investment Compartment will achieve its investment objective in respect of any of the strategies employed. The investment results of the Investment Compartment are reliant upon the success of the Manager. Investors should be aware that the value of investment may fall as well as rise and may be less than the principal.

**2. Interest Rate Risk**

Interest rates and debt instrument prices carry an inverse relationship; as interest rates fall, the price of debt instrument trading in the marketplace generally rises. Conversely, when interest rates rise, the price of debt instrument tends to fall. Prolonged periods of low interest rates may lead to sudden rises that can have adverse effect on the value of the debt instrument. However, this risk is negated if the debt instruments are held to maturity.

**3. Concentration Risk**

The Investment Compartment may be susceptible to an increased risk of loss, including losses due to adverse occurrences affecting the Investment Compartment more than the real estate market as a whole, to the extent that the Investment Compartment's investments are concentrated in certain locations, types of properties or property uses.

**4. Counterparty Risk**

Counterparties that enter into transactions may not settle a transaction due to a credit or liquidity problem.

**5. Credit or Default Risk**

In case a borrower is unable to repay his loan (or interest) when payable, the loan in which the Finance Participation Fund 2 has participated may default. In such instance, London Credit Ltd may be required to take possession of a security property and to seek to sell that property to recover the loan principal, interest and other costs associated with the relevant loan and enforcement. In this instance, it may take a considerable amount of time to recover the amount owed and the Finance Participation Fund 2 may not be in a position to receive the expected profit.

**6. Lack of Investment Liquidity Risk**

Liquidity risk exists when particular investments are difficult to purchase or sell. This can reduce the Investment Compartment's returns because the Investment Compartment or an Underlying Fund 2's investments may be unable to transact at advantageous times or prices.

The Finance Participation Fund 2 shall be investing in short/medium term loans which may, at the request of a borrower, be extended, and such an extension will have a direct impact on its liquidity levels. Further, the risk of default described here above also affects the liquidity levels of the Finance Participation Fund 2, which may result in it being obliged to defer the redemption request of an Investor Shareholder to a period where its liquidity levels permit the said redemption.

This risk is managed and mitigated by the imposition of budget controls, maintaining the Finance Participation Fund 2's cash flow up to date, planning ahead and prior to placing funds for investment, conducting stress tests under normal and exceptional liquidity conditions simulating shortage of liquidity of its assets and atypical redemption requests, and other financial management tools.

## **7. Currency / Exchange Rate Risk**

In case an investor's funds are initially in a currency ("the initial currency") other than the Reference Currency, e.g. in EURO or USD, his investments will be affected by exchange rate fluctuations between the GBP and the initial currency at the point where the investor decides to convert the funds invested back to the initial currency. This risk can be mitigated through hedging via future contracts.

## **8. Market Risk**

Market risk is of a general nature, affecting all types of investment. Returns from the Finance Participation Fund 2 could be materially and adversely affected by (i) conditions in the property market; (iii) any changes in landlord and tenant law and/or land law; or (v) changes in planning, partnership or environmental law, making the market stagnant and illiquid; any changes in global, national, regional or local economic, demographic or capital market conditions; acts of war or terrorism; any changes in laws, regulations and fiscal policies, including increases in property taxes, and directly affecting the disposal of properties which are the main form of security for the loans participated in.

## **9. Valuation Risk**

Valuations of the proposed security properties are undertaken by external professional valuers who are members of the RICS that have substantial professional indemnity. The financial risk is that a security property may be overvalued and worth less than expected when revalued for refinance purposes or when sold.

## **10. Credit & ID fraud risk**

As part of the due diligence review of potential loans to participate in, the Finance Participation Fund 2 will rely on third-party consultants and advisors (valuers, solicitors who have their own Professional Indemnity in place). Due diligence is conducted in a professional manner and the assessment is based on the resources available, including information provided by an underlying borrower and third-party investigations. The due diligence investigation may not reveal or highlight all relevant facts necessary or helpful and may result in the loan participating in being on a defective collateral. There can be no assurance that all irregularities or other fraudulent practices can be detected or prevented or that any risk management procedures implemented will be adequate. In the event of fraud partial or total loss of the loan may be suffered.

## **11. Legal & Title Ownership Risk**

Legal title of the property could be materially and adversely affected by mortgage fraud, boundary issues, defective documents, sellers' misrepresentation and incapacity of prior owners. This can directly affect the disposal of properties which are the main form of security for the loans granted.

**12. Compliance and regulatory risk**

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss of reputation as a result of failing to comply with laws and regulations.

Regulatory risk is the effect of a change in laws and regulations that could potentially cause losses to the business, sector or market. Regulatory risks could increase the costs of running a business, change the competitive landscape, make the business practices illegal, reduce the attractiveness of an investment.

**13. Planning Risk (where applicable)**

Where the underlying investment had or will have structural or usage alterations (e.g. extension or change of use) certain risk factors may arise like non-compliance with planning, lack of planning, delays in obtaining planning which could potentially impact the value, marketability and mortgage ability of the property. When the structural or usage alterations were in existence at the time of granting the loan these will be checked by the external solicitors (who also have their own Professional Indemnity). When such alterations will happen after drawdown, there is always the risk of non-compliance.

**14. Development Risk (where applicable)**

Where the underlying investment involves development there are potential risks associated with it including increases in interest rates which can increase holding expenses; increases in construction costs due to increases in materials or labour; a downturn on the property market; social changes; disputes with contractors; changes to the laws and regulations; delays; unexpected structural defects in renovation projects.

**15. Real estate investments risk**

Real estate and related investments can be hurt by any factor that makes an area or individual property less valuable. Specifically, investments in real estate holdings or related businesses or securities (including interests in mortgages) can be hurt by natural disasters, economic declines, overbuilding, zoning changes, tax increases, population or lifestyle trends, environmental contamination, defaults on mortgages, failures of management, and other factors that may affect the market value or cash flow of the investment.

**16. Type of real estate property risk**

The associated risks of investing in UK commercial property are usually considered higher than investing in UK residential property. Where the underlying investment involves UK commercial property there are potential risks associated with it including, among others, greater barriers to exit which may lead to being invested in a hard asset that may not be easily liquidated (liquidity risk); a downturn on the property market which usually tends to unfavorably impact UK commercial properties in a greater way than UK residential properties (market risk); tenant vacancies are usually longer for UK commercial property compared to UK residential property (tenant risk). All the above can decrease property value and/or make it harder for a borrower to exit a bridging loan.

**17. Sustainability Risk**

The risk arising from an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment.

**TYPICAL INVESTOR PROFILE**

The Compartment is specifically intended for investors wishing to invest in companies participating in bridging and buy-to-let loans asset-backed in real estate.

The recommended minimum investment period is 5 (Five) years.

The performance of the Compartment will be described in the KID for the Investment Compartment. Past performance is no guide to future results.

**COMPARTMENT SUPPLEMENT****INVESTMENT COMPARTMENT 'C' –FINANCE PARTICIPATION FUND 3**

Belonging to LC London Credit AIF V.C.I.C. Public Ltd, an Open-Ended umbrella AIF addressed to Professional and Well-informed Investors.

This Compartment Supplement forms an integral part of and should be read in conjunction with the Prospectus of LC London Credit AIF V.C.I.C. Public Ltd. The content of this Compartment Supplement relates to the specific parameters of Investment Compartment 'C' –Finance Participation Fund 3.

**Market Opportunity**

During the past decade, access to capital for businesses in Europe has become a hurdle, especially when seeking money from the traditional sources of capital such as banks. In addition, a survey taken by the European Central Bank in June 2018 showed Small Medium Enterprises (SMEs) reporting higher demand for non-bank financing rather than bank financing.

It has become evident from the recent financial crisis, that SMEs' access to bank credit is positively correlated with the overall state of the economy. Thus, it is vital to ensure the availability of alternative sources of financing in order to provide a shield in times of economic distress.

Loan origination by investment funds has the potential to play a key role in providing this protection.

**The UK Market**

The conditions and environment created following the recent economic crisis and the uncertainty around Brexit, have paved the way for the bridge and development financing market, making it particularly profitable to be engaged in the provision of this type of credit. Further, the fact that the banks had to restrict their lending activities due to globally rising interest rates and being imposed with several capital adequacy rules, made it even more appealing for alternative sources of financing, such as bridging and development finance, to flourish.

A unique opportunity is now presented to non-bank institutions to provide credit considering that:

- a) borrowers are currently seeking for alternative sources of finance and are gradually moving away from the traditional credit sources; thus lenders can choose from a larger pool of prospective borrowers;
- b) lenders are in a position to request more security as collateral and get an interest rate premium;
- c) due to the significant rise of interest rates, lenders have become more conservative in the security taken, by lowering LTV ratios. Furthermore, real estate experts are forecasting continued rises in property prices limiting the downside risk to the value of the underlying security of loans.

As such, the current market environment introduces an opportunity for the Fund (through Investment Compartment C – Finance Participation Fund 3), and for investors in the Fund to gain investment exposure to this opportunity.

**FINANCE PARTICIPATION FUND 3 – OVERVIEW****Investment Strategy**

Finance Participation Fund 3's investment strategy is participation through subsidiary/ies in enterprises that provide lending solutions to individuals and private companies currently underserved by traditional lenders. These lending opportunities typically offer the potential for above-market risk-adjusted returns.

More specifically, the investment strategy focuses on participation in short-medium term debt secured with UK real estate as described in this Prospectus.

Finance Participation Fund 3 shall aim to hold up to 10% of Shareholder's Capital Contribution in Cash.

**Participation in Loans**

Investment Compartment C - Finance Participation Fund 3 will be participating through subsidiary/ies in development and bridge financing granted to mainly UK borrowers and secured with first or second legal charge of property in Greater London and other major UK cities. All loans granted are solely for commercial purposes in the borrower's course of business and thus are, in accordance with the relevant parts of the UK Consumer Credit Act 1974, exempt from FCA regulation.

The enterprise granting the loans, and which will act as the loan originator and servicer is London Credit Ltd ("London Credit"), a London-based short-term lender operating with an outstanding performance in the bridge finance market for more than 9 years, which is related to the External Manager. London Credit shall be charging the Fund a fee of up to 2% per annum on the loans it originates and services.

London Credit has offices in Central London and a team of Business Development Managers (BDMs), who are in contact and cooperate with UK licensed credit brokers for the purpose of being introduced to prospective borrowers interested in obtaining short to medium term lending.

Once the interest of prospective borrowers is established, and the fact that the relevant interest is within the lending criteria set and amended from time to time by the Fund's Board of Directors, the prospective borrowers complete a Loan Application Form with all the information required for the due diligence of the prospective borrower and the property offered as security for the loan.

London Credit will be responsible for carrying out the due diligence on the prospective borrower, as well as on the property which will be offered as security to the loan. For the purposes of the property due diligence, it will engage Royal Institute of Chartered Surveyors (RICS) registered valuers to produce a valuation report, and it will instruct its legal advisors to carry out the borrowers' due diligence. For Development Loans, London Credit will also engage a Quantity Surveyor who will monitor each individual case/project.

The Finance Participation Fund 3 will be investing into lending opportunities granted by London Credit between £100,000 and £5,000,000. The finance is 'short to medium term' and loans generally range in terms from 9 months to 5 years.

London Credit recognizes that businesses are facing difficulties in receiving funding from traditional lenders at their momentum, which results in losing opportunities due to insufficient capital at the given moment.

Practically, London Credit locates lending opportunities and after granting the loans it shall be offering participation to them to the Finance Participation Fund 3.

Investment Compartment C - Finance Participation Fund 3 may employ leverage as and when it is considered appropriate.

**Use of Leverage:**

It is intended that the Finance Participation Fund 3 will not incur long term borrowings which would cause the total long-term indebtedness to exceed 50% of the higher of the two following amounts: (i) the total value of the investment portfolio as at each valuation date held by the subsidiaries of the Finance Participation Fund 3 and; (ii) the aggregate acquisition cost(s) of the investment portfolio held by the subsidiaries of the Finance Participation Fund 3.



Finance Participation Fund 3 may use hedging techniques to proactively manage the interest rate exposure of the external borrowings of the Compartment. In order to efficiently access the interest hedging market the Finance Participation Fund 3 may engage the services of a third party advisor to assist in the assessment and execution of the hedge and any such fees will be for the account of the Finance Participation Fund 3.

- The types of leverage employed may consist of cash and/or securities and/or exposure through derivatives
- The sources of leverage will be regulated brokers and/or credit institutions
- The leverage arrangements will be collateralized and subject to asset reuse arrangements

**Investment Policy:**

The Finance Participation Fund 3 will invest via subsidiaries in Loan Participation as permitted by the relevant regulation, law and directives. The geographic focus of the properties securing the loans will be in the UK, including the Greater London area and other major UK cities.

The charge over the loans' security properties shall be first or second charge security over property in the UK (typically England). The total amount of participation in loans with second charge security will not exceed 20% of the Finance Participation Fund 3, irrespective of additional security that may be required by the Finance Participation Fund 3, such as personal guarantees, and fixed/floating charges.

Investment Compartment C - Finance Participation Fund 3 shall aim to predominantly lend against development property. The purpose of the loans is to finance the acquisition of land or a property (it may be residential, commercial, or semi-commercial) and the subsequent property development. Development finance loans can be used for the following purposes: Residential property development, Commercial/Semi-commercial property development, Renovations/conversions/refurbishments, New builds, Development exit funding. The maximum acceptable LTV shall be 75% or less of the Gross Development Value ('GDV') of the project. Provided that the LTV maximum is not exceeded, Finance Participation Fund 3 can also lend against erected residential, commercial, and semi-commercial properties ('Bridging loans'). The maximum acceptable LTV for Bridging loans shall be 75% or less of the current market value of the property for erected residential property and 65% or less of the current market value of the property for erected commercial and semi-commercial property.

**EXAMPLE TRANSACTIONS**

- A. The prospective borrower is acquiring an existing office building and has planning permission to convert the property into ten flats. The borrower will need a development finance loan towards the acquisition and construction costs. Exit will be sale of the individual flats or refinance onto an investment loan if renting out the flats.
- B. The prospective borrower owns a plot of land with planning permission to build four houses. The borrower will require a development finance loan which will refinance the existing bridge lender who was in place to help the borrower acquire the property whilst they were applying for planning permission. The loan will also cover the construction costs to erect the houses. Exit will be sale of the individual houses.
- C. A common example of a bridging loan is a loan acquired for the acquisition of investment property which will be let to tenants. In this instance, the borrower typically requires borrowing of the acquisition price, and has a clear exit strategy of either refinancing through a retail bank or selling the property at a substantially profitable value.

**BUSINESS FRAMEWORK AT A GLANCE**

<b>The Investment</b>	The Finance Participation Fund 3 will invest, via subsidiaries, in loan participation in development finance, bridging and buy-to-let loans asset- backed by real estate.
<b>Minimum Holding</b>	EUR 125,000.00 subject to the Directors' discretion who may waive the Minimum Holding if the Investor qualifies as a Well-Informed Investor
<b>Subscription Date</b>	First Business Day and twelfth Business Day of each calendar month, or such other day or days as may be determined by the Directors, provided that where a Subscription Day is not a Business Day, the Subscription Day shall be the next Business Day.
<b>Initial Offering Period</b>	The activation date of the Finance Participation Fund 3, i.e. 1 <sup>st</sup> November 2024, until the 1 <sup>st</sup> May 2025; or upon raising a minimum of £2,000,000.00 (Two Million pounds Sterling); whichever occurs first (may be shortened or extended by the Directors subject to notification to CySEC)
<b>Term</b>	The Term of Compartment C is indefinite.
<b>Distribution policy</b>	The Directors will have absolute discretion as to the payment of dividends. They may declare annual or interim distributions in arrears of every calendar year out of the positive performance of the Finance Participation Fund 3.
<b>Reference Currency</b>	GBP
<b>Redemption Day</b>	First Business Day of each calendar month, or such other day or days as may be determined by the Directors (subject to the Lock up Period and the Redemption Notice Period) provided that where a Redemption Day is not a Business Day, the Redemption Day shall be the next Business Day.
<b>Redemption Notice Period</b>	At least 6 months (concurrent with Lock-up Period)
<b>Investors' Profile</b>	Professional and Well-Informed Investors
<b>Gate</b>	10%
<b>Holdback</b>	10% of redemption proceeds
<b>Use of Leverage</b>	Yes

<b>Class of shares</b>	<b>Nine Classes</b>
<b>Geographical Region of Operations</b>	<b>Cyprus, EU, EEA, UK, Eastern Europe, CIS, Asia</b>
<b>NAV Frequency</b>	<b>Last Business Day and eleventh Business Day of each calendar month, or such other day or days as may be determined by the Directors</b>

#### **Development Finance**

Loan principal of 75% or less of the current gross development value of the security property for development finance loans (as determined by an independent valuer in each instance)

**‘Loan to value’ and ‘Loan to gross development value’ of Loans**

#### **Bridging Finance**

Loan principal of 75% or less of the current market value of the security property for residential property (as determined by an independent valuer in each instance)

Loan principal of 65% or less of the current market value of the security property for commercial and semi-commercial property (as determined by an independent valuer in each instance)

<b>Reporting</b>	<b>Investors will be sent a quarterly investor letter and a report annually.</b>
<b>Investment Strategy as per ESMA guidelines</b>	<b>Private Equity</b>

#### **Loan Origination criteria by Service Provider**

<b>Service Provider Lending Rates</b>	<b>From 0,50% per month</b>
<b>Loan sizes</b>	<b>Loans usually between £100,000 and £5,000,000; a maximum loan size of 20% of the size of the Finance Participation Fund 3 after its assets under management (held via subsidiaries) exceed £20,000,000.</b>
<b>Loan Durations</b>	<b>Up to 5 years</b>
<b>Security</b>	<b>First or second charge security over property (land, residential, commercial &amp; semi-commercial property) in the UK. The total amount of participation in loans with second charge security will not exceed 20% of the Finance Participation Fund 3.</b>

## CLASSES OF SHARES OFFERING (per Currency)

### Pounds Sterling (GBP)

Share Class	Class A	Class A2	Class B
Sub-Class	GBP	GBP	GBP
Minimum Subscription amount	125.000	500.000	1.000.000
Minimum Additional Subscription Amount	50.000	-	-
Initial Subscription Price per Investor Share	1.000	1.000	1.000
Target Return	7%+ per annum	7%+ per annum	7%+ per annum
Lock-up period	18 months	30 months	42 months
Subscription / Entry Fee	1% of the capital invested by an Investor Shareholder	0.5% of the capital invested by an Investor Shareholder	None
Redemption Fee	None	None	None
Management Fee on assets under management charged in arrears on a weighted average basis	1,65%	1,525%	1,40%
Performance Fee rate	20%, above Target Return	20%, above Target Return	20%, above Target Return

US Dollar (USD)

Share Class	Class C	Class C2	Class D
Sub-Class	USD	USD	USD
Minimum Subscription amount	150.000	500.000	1.000.000
Minimum Additional Subscription Amount	50.000	-	-
Initial Subscription Price per Investor Share	1.000	1.000	1.000
Target Return	7%+ per annum	7%+ per annum	7%+ per annum
Lock-up period	18 months	30 months	42 months
Subscription / Entry Fee	1% of the capital invested by an Investor Shareholder	0.5% of the capital invested by an Investor Shareholder	None
Redemption Fee	None	None	None
Management Fee on assets under management charged in arrears on a weighted average basis	1,65%	1,525%	1,40%
Performance Fee rate	20%, above Target Return	20%, above Target Return	20%, above Target Return

Euro (EUR)

Share Class	Class E	Class E2	Class F
Sub-Class	EUR	EUR	EUR
Minimum Subscription amount	125.000	500.000	1.000.000
Minimum Additional Subscription Amount	50.000	-	-
Initial Subscription Price per Investor Share	1.000	1.000	1.000
Target Return	6%+ per annum	6%+ per annum	6%+ per annum
Lock-up period	18 months	30 months	42 months
Subscription / Entry Fee	1% of the capital invested by an Investor Shareholder	0.5% of the capital invested by an Investor Shareholder	None
Redemption Fee	None	None	None
Management Fee on assets under management charged in arrears on a weighted average basis	1,65%	1,525%	1,40%
Performance Fee rate	20%, above Target Return	20%, above Target Return	20%, above Target Return

**FEES & EXPENSES**

Below is the list of fees and expenses that will be borne by the Investors of Finance Participation Fund 3.

<b>Fees &amp; Expenses</b>	
<b>Investors' Fees</b>	
Entry/Subscription Fee	Upon subscription of Investor Shares in this Investment Compartment, the External Manager reserves the right to charge a Subscription Fee of up to 1% of the subscription monies, payable by the Investors to the benefit of intermediaries in the distribution network (including business partners). The External Manager reserves the right to reduce or waive any Subscription Fee.
Redemption Fees	As described in each Share Class offering table.
<b>Annual Fees</b>	
Depository Fee	To be agreed with Depository
Fund Administration Fee	To be agreed with Administrator
Distributor Fee	To be agreed with Distributor (if applicable)
Professional Fees	<ol style="list-style-type: none"> <li>3. Legal fees on a retained basis.</li> <li>4. Audit fees on a retained basis.</li> </ol>
Directors' Fees	Each Director may be entitled to a fee which will not exceed €1,000 per month per Director.
Other charges	Charges as indicated in the Other Charges section of this Offering Memorandum which are not expected to exceed €50,000.
Interest on borrowings	Any interest on borrowings and charges applicable to such borrowings.

**RISK FACTORS**

Investment in the Finance Participation Fund 3 involves a high degree of risk and should be regarded as speculative. There is no assurance that the Finance Participation Fund 3's investments will be successful or that its objectives will be attained. As a result, only sophisticated investors who can reasonably afford a loss of their investment should consider the purchase of interests in the Finance Participation Fund 3.

Prospective investors should consider all material risks including general market risk and specific risk exposure. The length of time over which the risk is measured and the level of risk should reflect the investment horizon and other contingencies that are idiosyncratic to a particular investor. Prospective investors should be aware that the value of investment may fall as well as rise and may be less than the principal. Prospective investors should fully consider, in addition to the matters set forth elsewhere in this Prospectus, the following non-exhaustive list of risk factors:

**1. Business Risk**

There can be no assurance that the Investment Compartment will achieve its investment objective in respect of any of the strategies employed. The investment results of the Investment Compartment are reliant upon the success of the Manager. Investors should be aware that the value of investment may fall as well as rise and may be less than the principal.

**2. Interest Rate Risk**

Interest rates and debt instrument prices carry an inverse relationship; as interest rates fall, the price of debt instrument trading in the marketplace generally rises. Conversely, when interest rates rise, the price of debt instrument tends to fall. Prolonged periods of low interest rates may lead to sudden rises that can have adverse effect on the value of the debt instrument. However, this risk is negated if the debt instruments are held to maturity.

**3. Concentration Risk**

The Investment Compartment may be susceptible to an increased risk of loss, including losses due to adverse occurrences affecting the Investment Compartment more than the real estate market as a whole, to the extent that the Investment Compartment's investments are concentrated in certain locations, types of properties or property uses.

**4. Counterparty Risk**

Counterparties that enter into transactions may not settle a transaction due to a credit or liquidity problem.

**5. Credit or Default Risk**

In case a borrower is unable to repay his loan (or interest) when payable, the loan in which the Finance Participation Fund 3 has participated may default. In such instance, London Credit Ltd may be required to take possession of a security property and to seek to sell that property to recover the loan principal, interest and other costs associated with the relevant loan and enforcement. In this instance, it may take a considerable amount of time to recover the amount owed. An event of default may cause the value of investment to fall and may be less than the principal.

**6. Lack of Investment Liquidity Risk**

Liquidity risk exists when particular investments are difficult to purchase or sell. This can reduce the Investment Compartment's returns because the Investment Compartment or an Underlying Fund 3's investments may be unable to transact at advantageous times or prices.



The Finance Participation Fund 3 shall be investing in short/medium term loans which may, at the request of a borrower, be extended, and such an extension will have a direct impact on its liquidity levels. Further, the risk of default described here above also affects the liquidity levels of the Finance Participation Fund 3, which may result in it being obliged to defer the redemption request of an Investor Shareholder to a period where its liquidity levels permit the said redemption.

This risk is managed by the imposition of budget controls, maintaining the Finance Participation Fund 3's cash flow up to date, planning ahead and prior to placing funds for investment, conducting stress tests under normal and exceptional liquidity conditions simulating shortage of liquidity of its assets and atypical redemption requests, and other financial management tools.

#### **7. Currency / Exchange Rate Risk**

In case an investor's funds are initially in a currency ("the initial currency") other than the Reference Currency, e.g. in EURO or USD, his investments will be affected by exchange rate fluctuations between the GBP and the initial currency at the point where the investor decides to convert the funds invested back to the initial currency. This risk can be managed through hedging via forward contracts.

#### **8. Market Risk**

Market risk is of a general nature, affecting all types of investment. Returns from the Finance Participation Fund 3 could be materially and adversely affected by (i) conditions in the property market; (iii) any changes in landlord and tenant law and/or land law; or (v) changes in planning, partnership or environmental law, making the market stagnant and illiquid; any changes in global, national, regional or local economic, demographic or capital market conditions; acts of war or terrorism; any changes in laws, regulations and fiscal policies, including increases in property taxes, and directly affecting the disposal of properties which are the main form of security for the loans participated in.

#### **9. Valuation Risk**

Valuations of the proposed security properties are undertaken by external professional valuers who are members of the RICS that have substantial professional indemnity. The financial risk is that a security property may be overvalued and worth less than expected when revalued for refinance purposes or when sold.

#### **10. Credit & ID fraud risk**

As part of the due diligence review of potential loans to participate in, the Finance Participation Fund 3 will rely on third-party consultants and advisors (valuers, solicitors who have their own Professional Indemnity in place). Due diligence is conducted in a professional manner and the assessment is based on the resources available, including information provided by an underlying borrower and third-party investigations. The due diligence investigation may not reveal or highlight all relevant facts necessary or helpful and may result in the loan participating in being on a defective collateral. There can be no assurance that all irregularities or other fraudulent practices can be detected or prevented or that any risk management procedures implemented will be adequate. In the event of fraud partial or total loss of the loan may be suffered.

#### **11. Legal & Title Ownership Risk**

Legal title of the property could be materially and adversely affected by mortgage fraud, boundary issues, defective documents, sellers' misrepresentation and incapacity of prior owners. This can directly affect the disposal of properties which are the main form of security for the loans granted.

**12. Compliance and regulatory risk**

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss of reputation as a result of failing to comply with laws and regulations.

Regulatory risk is the effect of a change in laws and regulations that could potentially cause losses to the business, sector or market. Regulatory risks could increase the costs of running a business, change the competitive landscape, make the business practices illegal, reduce the attractiveness of an investment.

**13. Planning Risk**

Where the underlying investment had or will have structural or usage alterations (e.g. extension or change of use) certain risk factors may arise like non-compliance with planning, lack of planning, delays in obtaining planning which could potentially impact the value, marketability and mortgage ability of the property. When the structural or usage alterations were in existence at the time of granting the loan these will be checked by the external solicitors (who also have their own Professional Indemnity). When such alterations will happen after drawdown, there is always the risk of non-compliance.

**14. Development Risk**

Where the underlying investment involves development there are potential risks associated with it including increases in interest rates which, among others, can increase holding expenses; increases in construction costs due to increases in materials or labour; a downturn on the property market; social changes; disputes with contractors; changes to the laws and regulations; delays; unexpected structural defects in development projects. Investors should be aware that the value of investment may fall as well as rise and may be less than the principal.

**15. Real estate investments risk**

Real estate and related investments can be hurt by any factor that makes an area or individual property less valuable. Specifically, investments in real estate holdings or related businesses or securities (including interests in mortgages) can be hurt by natural disasters, economic declines, overbuilding, zoning changes, tax increases, population or lifestyle trends, environmental contamination, defaults on mortgages, failures of management, and other factors that may affect the market value or cash flow of the investment.

**16. Type of real estate property risk**

The associated risks of investing in UK commercial property are usually considered higher than investing in UK residential property. Where the underlying investment involves UK commercial property there are potential risks associated with it including, among others, greater barriers to exit which may lead to being invested in a hard asset that may not be easily liquidated (liquidity risk); a downturn on the property market which usually tends to unfavorably impact UK commercial properties in a greater way than UK residential properties (market risk); tenant vacancies are usually longer for UK commercial property compared to UK residential property (tenant risk). All the above can decrease property value and/or make it harder for a borrower to exit a bridging loan.

**17. Risk of leverage**

The Finance Participation Fund 3's Investments and operation will be leveraged through debt financing raised. It is likely that any debt financing will be secured by the Finance Participation Fund 3's assets. The Finance Participation Fund 3 will therefore be subject to all the risks arising from secured debt financing, including a variety of factors; the net revenue generated by the assets may be less than expected and thus insufficient to satisfy loan interest or amortization payments as and when required; that, in the event of a failure to make such payments, creditors may foreclose on the secured assets, resulting in the loss of such assets and in the value of equity investments in the Fund being substantially reduced or even eliminated; that it may not be possible to re-finance the initial indebtedness of the Fund or to do so terms as favorable as those of the initial indebtedness; that, by reason of a variety of factors (including, without limitation, changing market condition and changes in the prudential requirements to which lending institutions are subject) interest rates and other financing costs may rise, thus limiting the Fund's ability to raise sufficient financing and/or from time to time increasing the cost to the Fund of its then existing indebtedness.

Changes in overall market leverage, deleveraging as a consequence of a decision by the counterparties with which an Investment Compartment enters into repurchase/reverse repurchase agreements or derivative transactions in an effort to reduce the level of leverage available, or the liquidation by other market participants of the same or similar positions, may adversely affect the Investment Compartment's portfolio.

The use of leverage creates special risks and may significantly increase the Investment Compartments' investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase the exposure of an Investment Compartment to capital risk.

**18. Sustainability Risk**

The risk arising from an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment.

**TYPICAL INVESTOR PROFILE**

The Compartment is specifically intended for investors wishing to invest in companies participating in bridging, development and buy-to-let loans asset-backed in real estate.

The recommended minimum investment period is 5 (Five) years.

The performance of the Compartment will be described in the KID for the Investment Compartment. Past performance is no guide to future results.