

Risk Disclosure

The investment in Tokenized Securities is associated with various risks. These can occur individually or also cumulatively, whereby several occurring risks can also reinforce each other. The risks presented here are not exhaustive, but represent the most significant risks. **In the worst case, the total loss of the invested capital may occur.**

The Issuer did not publish a securities prospectus, because the (initial) total issuance amount is limited to EUR 8 Mio. Available from the issuer is only a PRIIPs-KID (short information sheet) and the Terms & Conditions. This means that an investor doesn't get all information that are usually described in a securities prospectus.

BvdH does not make any personal recommendations to customers regarding the purchase or sale of Tokenized Securities, in particular BvdH does not provide any investment advice. It is therefore recommended to seek the advice of a suitable advisor, e.g. investment, financial and tax advisor, prior to any transaction.

The following risk factors may affect the ability of the issuer to fulfil its obligations under the Tokenized Securities.

The risk factors are presented in a limited number of categories depending on their nature. In each category the two most material risk factors are mentioned first according to the assessment of BvdH. BvdH assesses the materiality of the risk factors based on the probability of their occurrence and the expected magnitude of their negative impact.

1. RISKS RELATING TO THE ISSUER

The following descriptions of the risk factors relating to the Issuer and their occurrence within a risk category, with the two most material risk factor presented first in each category, should be understood as descriptions of residual risks, i.e. of the remaining risks following all counter measures taken in order to avoid such risks or limit their adverse effects.

1.1 Risks related to the Issuer's business activities

Risks related to the limited business objective of the Issuer.

The focus of the Issuer's business activities is the issuance of tokenized securities linked to underlyings in the form of shares of investment funds issued by a capital management company. The Issuer will not carry out any other business than the issue of securities which are linked to different types of underlyings. Because of this limited business objective, the Issuer is exposed to the risk that the underlyings do not become successful or become less successful going forward and the Issuer cannot adapt to such changed circumstances. Due to this limited business objective the Issuer may then be unsuccessful in carrying out its business which could have an adverse impact on the Issuer's business and financial situation.

The Issuer does not have a long and comprehensive track record.

The Issuer was registered with the commercial register of the local court (Amtsgericht) of Frankfurt am Main, Germany on 18 November 2021. Due to such a short period of existence, the Issuer does not have a long and comprehensive track record of successfully operating the business activity described herein. On 14 April 2022 the Issuer has issued securities in the amount of EUR 2,926.90 but has not carried out any other business activity since. Hence, there is a risk that the Issuer will not be successful in issuing the Tokenized Securities, and that the Issuer will not make profits, despite this being the Issuer's aim. If the Issuer becomes unsuccessful in the issuance of securities, the Issuer may cease its business activities as issuer or ultimately become insolvent. Although, the Issuer takes reasonable efforts to develop its business, there can be no assurance that the planned business activities will be

successful in the future which could have an adverse impact on the Issuer's business and financial situation.

Reputation.

The Issuer depends on its reputation and the reputation of associated parties to maintain and grow its core business. Any material adverse event could impact the Issuer's reputation, which could, in turn, depress the Issuer's profitability, creditworthiness and fundraising capacity. This, in turn, can affect the demand for and liquidity of any Series of Tokenized Securities and price of any Series of Tokenized Securities on the market related to the prices of the relevant underlyings and – in case such development triggers an Issuer Call Redemption Event in relation to a Series of Tokenized Securities – may result in the Issuer giving an Issuer Call Redemption Notice.

1.2 Legal and regulatory risks

Compliance.

Pursuant to the regulatory framework which is currently applicable to the Issuer, it faces relatively low compliance requirements, as it is, for example, not directly responsible for "know your client" ("**KYC**") checks or anti-money laundering ("**AML**") checks of end investors. However, the Issuer takes reasonable efforts to establish the nature of counterparty and customer activities. In this respect the Issuer relies on its Authorised Participants which have implemented the relevant KYC systems and procedures. Any breach of the compliance processes of the Issuer, Authorised Participants or service providers could have a material adverse effect on the Issuer's core business, including reputational damage and significant legal and financial impact.

Risks related to regulation of blockchain technologies and digital assets.

The Tokenized Securities are issued in the form of tokenized securities. With the exception of the German Electronic Securities Act (Gesetz zur Einführung elektronischer Wertpapiere – eWpG), there is currently very little regulatory guidance regarding the issuance and trading of securities via the blockchain. Various legislative and executive bodies in Germany, on a European level and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the future development of securities issued in tokenized form. Failure by the Issuer or certain investors to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines and may negatively affect the rights of investors under a Series of Tokenized Securities.

Dependence on certain service providers and potential conflicts of interest.

The Issuer is dependent on a number of service providers to maintain the issue of a Series of Tokenized Securities and the security relating to such Series of Tokenized Securities. These include Tradias GmbH, who is operating the platform as well as Authorised Participants, the Paying Agent, the Security Trustee and the Crypto Custodian. Should there be a material adverse change in cooperation with any existing service provider and a suitable alternative be unavailable or impracticable, the Issuer shall have the right to redeem the Tokenized Securities. In addition, the role of service providers may give rise to conflicts of interest, which are adverse to the interests of any Tokenholders.

1.3 Internal control and IT risks

Attacks by "hackers" and sabotage from outside the Issuer.

The whole business of the Issuer depends on certain information technology (IT) infrastructure. Additionally, service providers (e.g. Tradias GmbH) also rely on IT systems to provide services to the Issuer. Both the Issuer's IT systems and IT systems of such service providers may be hacked by criminals. The Issuer is exposed to the risk of being partially, temporarily or even permanently prevented

from carrying out its business activities or it may become in breach of its covenants and even become insolvent, and any Tokenholders may lose a part or all of their investment in a Series of Tokenized Securities due to such security breach.

2. RISKS RELATING TO THE TOKENIZED SECURITIES

An investment in a Series of Tokenized Securities involves certain risks associated with the characteristics, specification and type of the Tokenized Securities which could lead to substantial losses that Tokenholders would have to bear in the case of selling their Tokenized Securities. Risks regarding a Series of Tokenized Securities comprise, inter alia, the following risks:

2.1 Risks related to the nature and the Terms and Conditions of the Tokenized Securities

Risks in connection with a potential termination by the investors

Pursuant to the Terms and Conditions, each Tokenholder has the option to request redemption of its Tokenized Securities at any time. Tokenized Securities will at the option of the investor either be redeemed in cash or by delivery of units of the Underlying.

There is a risk that the Issuer may not be able to redeem the Tokenized Securities, at all or in a timely manner. The Issuer's ability to redeem Tokenized Securities will be limited by its access to funds or units of the Underlying, respectively, at the time of redemption. At the time of redemption, the Issuer may be required to redeem the Tokenized Securities and any other amounts owed by it under other outstanding indebtedness immediately. The funds or units of the Underlying for such redemption would be derived from available cash or other sources. However, there can be no assurance that sufficient funds or units of the Underlying will be available to make such repayments and any required redemption of the Tokenized Securities.

Furthermore, if a Tokenholder exercises its termination right due to a specific value of the Underlying and there is a delay in the redemption process, there is a risk that the value of the Underlying can fluctuate/decrease in that time period.

The Issuer is allowed at any time to perform a mandatory redemption in case certain events as specified in the Terms and Conditions materialise.

The Issuer may at any time, in its sole and absolute discretion, elect to terminate and redeem all but not some of the Tokenized Securities in case of occurrence of certain events as further specified in the Terms and Conditions (each an "**Issuer Call Redemption Event**"). In exercising such discretion, the Issuer is not required to have any regard to the interests of the investors, and investors may receive less, or substantially less, than their initial investment. There is a risk that the Issuer exercises the Issuer Call at a time that when the Cash Euro Equivalent is lower than the Issue Price and the investor therefore suffers a loss or does not receive the expected yield on his investment.

Furthermore, there is also the risk that the investors can only reinvest the amount received from the redemption at a lower yield.

No recourse and no guarantee.

Pursuant to the Terms and Conditions, the Tokenized Securities will be obligations solely of the Issuer. In particular, the Tokenized Securities will not be obligations of, or guaranteed by any partner or affiliate of the Issuer or any direct or indirect holder of the Issuer.

No person has guaranteed the performance of the Issuer's obligations, and no investor has any direct rights of enforcement against any such person. As a result, investors bear the risk of a loss of part or all of their investment.

The Tokenized Securities are subject to transaction costs and charges.

When Tokenized Securities are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of the Tokenized Securities. These incidental costs may significantly reduce or eliminate any profit from holding the Tokenized Securities. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including, but not limited to, domestic dealers or brokers in foreign markets, investors may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). In addition to such costs directly related to the purchase of securities (direct costs), potential investors must also take into account any follow-up costs (such as custody fees).

The specific risk is that such additional costs may lower the yield of the investment substantially. Therefore, potential investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Tokenized Securities before investing in the Tokenized Securities.

There is no limitation on the amount of debt which the Issuer may incur in the future.

There is no restriction on the amount of indebtedness that the Issuer may incur in the future. Any raising of additional debt capital by the Issuer which is not subordinated to the Tokenized Securities will increase the Issuer's debt ratio unless its own funds are also increased to a corresponding extent. An increased level of indebtedness simultaneously increases the risk of a default by the Issuer under the Tokenized Securities due to the fact that the Issuer is exposed to increased payment obligations as a result of raising additional debt. In addition, the raising of additional debt capital may reduce the amount that the investors will receive on their claims in the event of liquidation or insolvency of the Issuer. In such case, the market price of the Tokenized Securities may be negatively affected, and the investors might not be able to realize the expected yield from the investment in the Tokenized Securities.

2.2 Risks related to the Underlying

A decline in the value of the Underlying will affect the value of the Tokenized Securities.

Price volatility of the Underlying

The value of the Tokenized Securities is affected by the price of the Underlying. The performance of the capital management company has a direct impact on the value of the Tokenized Securities. The amount received by Tokenholders upon redemption of the Tokenized Securities is either a cash amount in euro at which the capital management company is willing to purchase the number of units of the Underlying or the respective number of units itself (the "Cash Euro Equivalent"). In case the value of the Underlying declines the Cash Euro Equivalent declines as well and an investor might suffer a loss.

Investing in the Tokenized Securities does not correspond to a direct investment in the Underlying.

Investors should be aware that the market value of the Tokenized Securities does not exclusively depend on the prevailing price of the Underlying and changes in the prevailing price of the Underlying may not necessarily result in a comparable change in the market value of the Tokenized Securities. The performance of the Tokenized Securities may differ significantly from direct holdings of the Underlying as a result of negative effects of fees and charges, in addition to the negative effect of any other risks described herein. The return on the Tokenized Securities may not reflect the return if the investor had actually owned the Underlying and held such investment for a similar period.

2.3 Other related risks

Liquidity Risk

The Tokenized Securities are not admitted to trading on any stock exchange or other trading venue. They can only be sold over-the-counter (OTC) by the investors. There is a risk that an active and liquid secondary market for the Tokenized Securities may not develop or, if it does develop, that it will not

continue. The liquidity of the Tokenized Securities could also be subject to fluctuations and could deteriorate, in particular, as a result of repurchases and redemptions. Since the Tokenized Securities are not admitted to trading on any stock exchange or other trading venue, their saleability is severely limited or may not be possible at all. In an illiquid market, an investor might not be able to sell its Tokenized Securities at any time at fair market prices. In the worst case, the investor will not be able to sell its Tokenized Securities at all. In addition, there will be no price determined on the stock exchange.

Currency Risk

Potential investors should bear in mind that an investment in the Tokenized Securities involves currency risks. This presents certain risks relating to currency conversions if financial activities of an investor are denominated principally in a currency or currency unit other than the euro. If, after the purchase of the Tokenized Securities by the relevant investor, the Euro loses value against the home currency of the purchaser, the investor will receive, if so chosen by the investor and assuming the solvency of the Issuer, at redemption of the Tokenized Securities the same amount in Euro that it provided to the Issuer at the time. However, converted into the investor's home currency, this Euro amount may correspond to a lower equivalent value than the investor had to spend for the purchase of the Tokenized Securities. Changes in currency exchange rates result from various factors, such as macro-economic factors, speculative transactions and interventions by central banks and governments. In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less redemption amounts than expected.

The investor has no influence on the use of the proceeds raised by the issue of the Tokenized Securities.

The Issuer is free in its decision on the use of the proceeds of the issue. In particular, is there no guarantee that the Issuer will invest the Issue Price in a stock of assets to secure the performance of its obligations under the Tokenized Securities. The investors have no claim against the Issuer for a specific use of the net proceeds from the issue of the Tokenized Securities. There is therefore a risk that the net proceeds may be used by the Issuer in a different way than intended and that this different use of the net proceeds may impair or preclude the Issuer's ability to make any redemptions under the Tokenized Securities.

Internet disruptions

The functionality of the register in which the Tokenized Securities are registered (the "Register") and of the digital wallet of the investors depends on the functionality of the internet or the internet connection. A significant disruption of the internet or the internet connection could significantly impair the functionality and operation of the Register and the digital wallet or prevent it entirely until the internet disruption is resolved. Such disruption could adversely affect an investment in the Tokenized Securities and the Issuer's ability to operate. During this time, an investor would not be able to access its digital wallet and thus the Tokenized Securities.

Risks associated with blockchain technology

The Tokenized Securities are issued on the basis of the blockchain technology, which is a relatively young and unproven technology. There is a risk that this technology is subject to technical difficulties or that its functionality is impaired by external influences. A partial or complete breakdown of the blockchain used jeopardizes the repayment of the Tokenized Securities.

Risk of losses of Tokenized Securities due to fraud, accident or similar

Investors should be aware of the risk of losing their Tokenized Securities provided that they hold or deposit the Tokenized Securities in a digital wallet. The Tokenized Securities are stored in a digital wallet on a computer, laptop or smartphone. Digital wallets have a public key and a private key or password that allows their owners to access them. However, digital wallets are not impervious to hacking.

Therefore, similar to traditional wallets, the Tokenized Securities or money from digital wallets could be stolen. In addition, the loss of the key or password to a digital wallet (including unauthorized copies of the key or password or any portion thereof) could result in the Tokenized Securities or money stored in the digital wallet being lost forever. There are no central offices that record passwords or issue replacement passwords.

Hacks of digital wallets or the Register.

There are various types of hacks of digital wallets or of the Register. Such a hack could adversely affect an investment in the Tokenized Securities. In this context, a "hack" refers to any unauthorized access to the private keys necessary to sign transactions on the blockchain transferring value out of the relevant digital wallet. This includes "brute force" attacks (i.e. attacks seeking to obtain the information regarding the private keys through a trial-and-error method, whereby software is used to generate a large number of consecutive guesses). While such attacks are currently unlikely, it should be noted that the development of quantum computing is expected to make such attacks possible. A hack of the investor's digital wallet or the Register could result in the loss of the Tokenized Securities. Although significant measures are taken to prevent a hack of the Register, it is not possible to completely eliminate this risk.

Security granted to secure the Tokenized Securities may be unenforceable or enforcement of the Security may be delayed.

Pursuant to the Terms and Conditions the Issuer has granted to the Security Trustee a lien on the Hedging Account for the benefit of the investors as collateralisation of the claims of the investors under the Tokenized Securities. These security arrangements may not be sufficient to protect the investors in the event of the Issuer's bankruptcy or liquidation due to various reasons. There is a legal risk that the security interest is not enforceable and there could be uncertainties on how to enforce such Security or changes in legislation. In addition, the enforcement of the Security may be delayed.

Fraud risk arising from third parties.

The Issuer is interacting with a number of third parties, including, but not limited to, Tradias GmbH as platform operator, the Security Trustee, the Paying Agent, the Crypto Custodian etc. The Issuer is also relying on its own staff for its operations. As a result, the Issuer is exposed to the risk of misconduct, negligence or fraud by these third parties and its employees. This could result in serious reputational or financial harm or damage to the assets of the Issuer which are pledged as a security for the Tokenized Securities and also result in losses for the investors in the Tokenized Securities. It is not always possible to deter misconduct and the internal control systems set up by the Issuer or the relevant third parties may not always be effective. Also, these risks may not be fully covered by insurance.

Realisation of Security and role of the Security Trustee.

The Security Trustee may take any action permitted by the Terms and Conditions and the relevant security documents in an enforcement scenario without having regard to the effect of such action on individual investors. Fees, costs and expenses for the Security Trustee will need to be paid in advance. All fees, costs and expenses related to the enforcement will be the sole responsibility of, and will be deducted from any payments made to, the relevant investors.