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DISCLOSURE OF RISKS AND RISK MANAGEMENT (MITIGATION)

Notes are securities backed by foreclosure return. They allow investors to invest in the foreclosure, i.e., process aimed at the recovery (working out) of the non-performing mortgage debt secured by real estate (residential apartments and residential houses, located in the popular regions of Spain). Each Note is attributable to the foreclosure of one specific real estate that secures non-performing loan issued by a regulated entity. You get exposure to both the return and risk of the foreclosure of the chosen collateral and non-performing loan. Investing in the Notes has risks, including risks relating to the financial instruments and to the investment platform. **The description of the risks below is a short summary of the risks.** Before making an investment, potential investors should carefully consider all associated risks carefully (including the ones described in the Base Prospectus of the Notes) and assess whether potential investor is in a position to bear these risks. **Investor should be aware that the value of the investments in the Notes could decline due to any of these risks and Investor may lose all or a part of the investments**. Past performance does not guarantee future success.

Risk description	Risk management/mitigation
Risks associated with Notes	
Foreclosure return risk: mortgaged real estate might lose its value; changes in the real estate market's liquidity, the collateral may become unenforceable, debtor may dispute/challenge the non-performing loan and the collateral, insufficient due diligence of the non-performing loan and collateral.	To manage risks associated with investments in financial instruments, consider applying the following basic risk management measures: - Diversify your portfolio across different types of notes, issuers/loan originators, Foreclosure Agents and geographic regions. This helps to spread risk and minimize losses in the event of a market downturn.

The maturity date provided is based on the assumptions and is just an estimation. The actual maturity date can occur earlier or significantly later. It will depend solely on the final results of the Foreclosure and performance by Foreclosure Agent.	- Monitor market conditions and stay up-to-date on economic news and events that may affect the value of your notes and underlying real estate. This can help make informed decisions and adjust your portfolio as needed. - Keep cash reserves to cover unexpected expenses or emergencies, so you do not need to sell notes at an inopportune time.
Issuer' s default risk: There is a chance that the company issuing the notes won't fulfil its promises to investors, which could cost investors their principal and interest payments. However, the issuer is created as a special purpose vehicle for issuing the notes. It is fully owned by INDEMO and is not involved in any other business operations, which effectively minimizes the risk of default associated with the issuer.	
Foreclosure Agent's risk: The Foreclosure Agent may experience losses due to various business events and factors which may lead to Foreclosure Agent' s insolvency. Risk that the Foreclosure Agent may default or fail to perform their obligations in foreclosure of the non-performing loans. The Foreclosure Agent may lose its authorization for a number of reasons. This can lead to a reduction in the value of the notes, lower than expected returns, or even a complete loss of the investment.	
Liquidity risk: Notes cannot be sold on the secondary market, except to another investor on the Platform.	
Risk associated with INDEMO	
Platform risk: INDEMO could lose its financial stability, have its license withdrawn, or be unable to provide customer service. However, INDEMO is an investment firm licensed and supervised by the Latvijas Banka (Central Bank of Latvia). INDEMO is a member of the national investors' protection scheme which protects investors by providing compensation if Indemo SIA fails to perform its obligations	To address risks associated with using investment platform you should: - Research the platform thoroughly before investing. Review the platform's history, reputation, and track record.

towards investors. The maximum compensation an investor can claim under the scheme is €20 000.	- Carefully review fees and charges associated with the investment platform, including transaction fees, management fees, and other charges. Compare the fees with other platforms and determine if they are reasonable. - Monitor the performance of your investments on the platform and make necessary adjustments to your portfolio. - Stay informed about any changes or updates from the investment platform. Read newsletters, updates, and other communication from the platform to stay up-to-date with any changes in policies, fees, or investment options. - Keep personal information secure by applying the following measures: use of a strong password; use of two-factor authentication; use of secure devices; regularly monitor your accounts; keep software up-to-date. - Get familiar with other documents describing INDEMO's regulatory liabilities and corporate governance practices (https://www.indemo.eu/docs).
Operational risk: The investor's ability to access their account, place trades, or keep track of their investments may be impacted by operational risks like breaches of the internal procedures, human mistakes, technological glitches, errors, or cyberattacks. However, to reduce the effects of operational risks, INDEMO employs effective operational risk management procedures in place, such as routine system maintenance, security testing, and incident reaction plans.	
Regulatory risk: Changes in regulations, compliance requirements, or legal issues could impact the platform's ability to operate, which could impact the investor's investments. However, our legal and compliance teams are constantly keeping an eye on legal and regulatory events that might have a negative impact on platform's operations, servicing customers.	
IT and cybersecurity risk: These risks include the potential for data breaches, hacking, and other cyberattacks that could compromise the security of investors' personal information and financial transactions. In addition, IT risks such as system failures or technical malfunctions could result in disruption of service, lost data, or other negative impacts. However, INDEMO performs regular monitoring and testing of systems, implementation of strong security protocols and controls, independent audits and ongoing training and education of employees and investors.	
Conflicts of interest risk: This risk can arise in the work of an investment platform when the interests of the platform, Foreclosure Agent or its employees conflict with the interests of investors.	