DESCRIPTION OF FINANCIAL INSTRUMENTS AND RISKS

1. Introduction

The purpose of this document is to provide to retail investors with a general description of the nature and risks of financial instruments which might be offered by REDFIN CAPITAL LTD (hereinafter the 'Company'), the functioning and performance of the financial instruments in different market conditions as well as the risks particular to each financial instrument in order to help you make your investment decisions on an informed basis.

We stress the fact that the current document does not outline all the risks relevant to trading in financial instruments. Nonetheless, the current document aims in giving investors with an understanding of the characteristics and various risks which they need to take into consideration prior to engaging in any transactions in financial instruments. Investors should not transact in financial instruments unless they have a clear understanding of the financial instruments' nature, characteristics and the extent of their exposure to various risks.

Although investors may gain or loss through their participation in the financial markets, the current document aims to inform investors primarily of the risks that they might get exposed to and which can lead in potential losses and intentionally does not cover any potential gains which might be achieved.

2. Golden Rules

We present below some of the 'golden rules' related to the investments in financial markets:

a. Investors should not make any investment unless they are prepared to tolerate the risk of loss arising from that particular investment;
b. Every financial instrument involves a degree of risk. Even financial instruments and/or strategies that are considered to be of low-risk nature contain a certain element of uncertainty;
c. Past performance is not a reliable indicator of future results;
d. The value of financial instruments may fall or rise. When investing in financial instruments there is a risk that investors may lose part or all of their original investment;
e. Simulated forecasts might not be a reliable indicator of future performance;
f. In cases where investments are denominated in a currency other than the investor's own currency, the overall return of the investment may be reduced, or losses incurred, due to currency fluctuations;
g. Investors should evaluate the transactions they want to make by seeking advice from independent professional accounting, financial, investment, legal, regulatory, tax and other advisors'
h. Even where the return of a particular financial instrument is considered to be "guaranteed", investors are exposed to the risk of default of the underlying "guarantor".

3. Description of financial instruments and related risks

The below table provides a description of the financial instruments that the Company may offer to you and their most significant elements of risk. It should be noted that the risks outlined for each financial instrument are non-exhaustive and do not cover all the risks that might arise when transacting with the particular financial instrument.

Description of Financial Instrument	Risks
Equity Securities: Equity securities represents an ownership interest in an issuer, usually a company. They are also known as equity shares or stock. Investments in equity securities are usually made in order to achieve capital growth and/or a stream of income through the distribution of dividends by the issuer. Nonetheless, capital growth may not be achieved as well as the issued may not distribute any dividends. The investment in equity securities usually involves brokerage costs. In the case of the issuer's insolvency, the issuer's creditors have priority over the issuer's shareholders for the receipt of any repayment of their investment. That is, they will only receive a return for their investment only when all creditors have been repaid, as such, the issuer's shareholders may lose some if not all their investment.	**Market risk:** The value of the shares may increase or decrease as the issuer's current as well as expected profitability and performance increases or deteriorates. **Volatility risk:** The price of the issuer's shares may experience sudden and sometimes very sharp movements. Unforeseeable price fluctuations may result in significant losses. **Credit risk:** In the case of the insolvency of the issuer, the issuer's shareholders shall only be repaid only when all of the other issuer's creditors have been repaid. As such, shareholders may experience severe reduction in, or even total loss of, their entire investment. **Dilution risk:** an issuer may issue new shares in its efforts to raise more capital and/or upon the exercise of certain stock options. In case where the existing shareholders are not protected by the provisions of the issuer's constitution documentation or any other statutory agreement, the overall value of their holding shall be reduced. **Dividend risk:** as any dividend payment depends mainly on the profitability of the issuer as well as its dividend policy, dividend payments may not be distributed as originally expected or even not made at all during periods with poor performance and profitability. **Currency/Foreign Exchange risk:** in cases where the equity security is denominated in a currency other than the currency of the investor, the overall return of the investor may be affected either positively or negatively by the fluctuation of the currency/FX rates. **Liquidity risk:** although shares which are traded on stock exchanges are generally considered to be highly liquid, there might be instances where it will be difficult for the shareholder to sell the shares.

Debt securities: Debt securities, also called fixed income investments, are usually issued by the government, a local authority or a company in their efforts to borrow funds from investors in order to raise capital. As such, debt securities represent a loan to the issuer and the holders of debt securities become the creditors of the issuer. Examples of debt securities are bonds, notes and depositary receipts. The holders of debt securities usually receive a periodic interest payment, also called coupon payment, on an annual or semi-annual basis. Upon maturity of the debt security, the issuer is required to repay the original value of the debt security, also called par or face value, of the debt security. Although the issuers of debt securities have a contractual obligation to make the periodic interest payments as well as the principal repayment upon maturity to the holders of those debt securities, the issuer may not be in a position to do so in case of the issuer's insolvency. As such, investors in debt securities may face non-payment of the periodic interest and/or receive full principal repayment by the issuer upon maturity. In case the issuer of debt securities falls under the scope of the European Bank Recovery and Resolution Directive resolution regime, the debt securities may be subject to bail-in by the resolution authorities.	**Interest rate risk:** generally, the value of debt securities is inversely proportional with the value of interest rates. As such, the value of debt securities increases when interest rates fall and decreases when interest rates rise. **Inflation risk:** generally, the relationship between the value of debt securities is inversely proportional with inflation. As such, the value of debt securities increases when inflation falls and decreases when inflation rises. **Credit risk:** the issuer or guarantor of debt securities may experience financial distress situations or even become insolvent. As such, they may be unable to make the periodic interest payment or principal repayment upon maturity. **Liquidity risk:** if a holder of a debt security wishes sell prior to maturity, there might be a possibility that the holder might not be able to sell at the desired price or sell the security at all. **Currency/Foreign Exchange risk:** in cases where the debt security is denominated in a currency other than the currency of the investor, the overall return of the investor may be affected either positively or negatively by the fluctuation of the currency/FX rates. **Bail-in risk:** if the event of the collapse of the issuer constitutes a threat to overall financial stability of the sector, the resolution authorities may: • cancel the obligations of the issuer to repay the holders of debt securities or amend such obligations, or • convert the debt security into another type of security such as equity securities.
Money market instruments: Money market instruments represent the borrowing of cash by investors for a short period of time, generally up to six months but occasionally up to one year. Money market instruments are considered to be highly liquid instruments in view of their short-term	**Market risk:** during positive economic environments, money market instruments are considered to be of low-risk nature and their anticipated return is usually aligned with the interest rates. Nonetheless, in negative

nature. Examples of money market instruments are commercial paper, treasury bills and certificates of deposit.	markets or during market crises the value of money market instruments may drop and investors suffer a capital loss. **Liquidity risk:** although money market instruments are considered to be highly liquid, during market crises investors who wish to disinvest may not be able to so at their desired price and sell at a discount. **Credit risk:** the issuer of the money market instrument may fail to fulfil its obligation to pay back the amount borrowed by the investor. **Currency/Foreign Exchange risk:** in cases where the underlying asset is denominated in a currency other than the currency of the investor, the overall return of the investor may be affected either positively or negatively by the fluctuation of the currency/FX rates.
Undertakings for Collective Investments in Transferable Securities (UCITS): UCITS is a type of collective investment schemes which is regulated by European Directives. UCITS usually invest in a range of securities issued by different issuers in order to achieve diversification. UCITS are not allowed to invest in highly complex as well as high risk securities.	**Market risk:** the value of a UCITS is aligned with the value of the assets it holds. In market crises, it is likely that the value of the investments of the UCITS shall be reduced. **Investment manager risk:** UCITS are managed by their appointed investment manager. As such the unit holders are not involved in designing and executing the investment strategy of the fund. The performance of the fund is highly dependent on the investment manager's abilities. In case the investment manager ceases to offer its services to the fund and the fund is not in a position to find a replacement investment manager, the fund might have to cease its operations. **Liquidity risk:** under certain conditions the redemption of units might be restricted. **Legal and regulatory risk:** the strict regulatory and/or legal environment in which UCITS operate may limit the ability of the investment manager to invest in certain assets, as such, affecting the performance of the fund.