

DEFAULT INVESTMENT

COMMITTEE

OCTOBER 2020

Emerald Managements sarl
30, Bld Royal
2449 Luxembourg

DEFAULT VALUATION COMMITTEE

- ✓ The valuation of the loan once a default occurs, will take into consideration the loss given default for bridge loans in the country the loan was underwritten. If no reliable and public data exists, a best estimate from market participants will be used. In case such best estimate for bridge loans is not available in such country, the Investment Committee will look for a proxy for the loss given default data for a similar country.
- ✓ Once such data is made available, the Default Valuation Committee, will take into account the specifics of the individual loan defaulted and adjust their valuation taking into consideration the following data from the specific loan defaulted, gathered by the Investment Committee:
 - a) Current LTV of the loan, using an independent recent valuation.
 - b) Existence of additional guarantees.
 - c) Existence of the additional interest rates, given default, to be applied to current rates.
 - d) Exit options in the hands of the Fund: Offers to purchase the loan, offers to purchase the project, capacity of the Fund to develop the project.
 - e) Time to completion of the project.Only once such data is available, plus additional specific information necessary for reaching decisions, the Default Investment Committee will be convened, for the members to be able to make an informed decision with such recent data.
- ✓ The Default Valuation Committee will be formed by:
 - a) 2 Directors of the GP, having the right one of them to transfer his voting rights to the other or to an expert, able to bring value into the process.
 - b) 1 representative of the Auditor
 - c) 1 representative of the Administrator
 - d) 1 expert proposed by the Directors if they deem necessary.
 - e) Head of Investment Committee.
 - f) Decisions will be made by the votes of all members present present during the call, except the Auditor, who's only role will be to assess if such approach is proper under their standards.

- ✓ The meetings of the Default Valuation Committee will be able to be done in person or through telephone.
- ✓ The Default Valuation Committee will meet whenever there is doubt or any of the loans may have reasonable doubts of future un-recoverability. In order to meet, one of the Directors of the fund will have to request the Committee to be formed by e-mail to all the parties, and send available data to assess the situation.
- ✓ Once a meeting is called, a valuation decision will be made during the committee by the present members during the call, and be e-mailed to all members right after becoming firm.