

ALKIONE



**PRIVATE PLACEMENT MEMORANDUM**

***4% Alkione Swiss Private and SME Debt Bond - Segment 6 (Series I)***

Concerning the issuance of debt securities with a total nominal value of  
max. CHF 50'000'000.-  
Security Number: 45776930

by

**Alkione (Liechtenstein) AG PCC - Segment 6,**  
im Duxer 28, 9494 Schaan, Liechtenstein  
FL-0002.554.130-4  
(hereinafter referred to as the “**Issuer**”)

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## 1. Offer summary

Subject of this memorandum (hereinafter referred to as the “**Memorandum**”) is the offer by Alkione (Liechtenstein) AG PCC – acting for its Segment 6, Im Duxer 28, 9494 Schaan, Liechtenstein, FL-0002.554.130-4 (hereinafter referred to as the “**Issuer**”) – to issue a bond.

### 1.1 Important note

This summary contains a description of the key features and risks related to the Issuer, the bond being offered and the contractual partners. This summary is intended to serve as an introduction to the Memorandum. It is not meant to be used in place of reviewing the entire Memorandum. Reviewing the entire Memorandum is therefore strongly recommended before deciding to purchase or subscribe.

In particular, Section 2.4 (*Risk factors*), which describes the risks associated with the bond, should be read fully and carefully.

Prior to purchase, potential bond purchasers should also carefully read about the legal and tax aspects, and other important aspects pertaining to the bond. If necessary, it is recommended that potential purchasers seek advice from a legal expert or tax advisor.

### 1.2 Summary information regarding the Issuer

The Issuer is a limited company subject to the laws of the Principality of Liechtenstein.

The company’s executive body is its Board of Directors, which consists of three (3) members, comprised as follows:

Christoph M. Mueller, President of the Board of Directors of Rüschtikon, Zurich and Unterkulm, in Rüschtikon

Clemens Laternser, Member of the Board of Directors of Vaduz, in Vaduz

Adrian Roman Rheinberger, Member of the Board of Directors of the Schaan, in Schaan

The purpose of Alkione (Liechtenstein) AG PCC is to issue these and other bonds, the proceeds of which may be used to purchase credit claims from CreditGate24 (Switzerland) AG, Alemannenweg 6, 8803 Rüschtikon, Switzerland (hereinafter referred to as “**CG24**”).

ReviTrust Grant Thornton AG, Bahnhofstrasse 15, 9494 Schaan, Liechtenstein acts as auditor.

Alkione (Liechtenstein) AG PCC was founded on 18 August 2017.

### 1.3 Summary information regarding the bond

The *4% Alkione Swiss SME and Private Debt Bond – Segment 6 (Series I)* is a fixed-term, four-year (4-year) bond expiring on 5 July 2023 with a coupon of 4% p.a. The issuing volume is a maximum of CHF 50,000,000.00. The issue currency is Swiss francs (hereinafter referred to as “**CHF**”) (hereinafter referred to as the “**Bond**”).

The funds received by the Issuer under this Bond shall be used to purchase credit claims on the CG24 primary or secondary market resulting from lending through CG24’s peer-to-peer lending platform. These are credit claims against private persons as well as legal entities and sole proprietors/self-employed persons based in Switzerland or the Principality of Liechtenstein, most of which are denominated in Swiss francs (CHF). The credit claims to be acquired may be secured.

Issuer	Alkione (Liechtenstein) AG PCC – Segment 6 issuing volume up to CHF 50'000'000.-
Issuing price	100%
ISIN	LI0457769300
Minimum subscription	CHF 125'000.-
Denomination	Maximum of 400 à CHF 125'000.-
Initial date of issue	5 July 2019
Issuance	Continuous
Payment	Continuous
Term	Four (4) years until 4 July 2023
Coupon	4% per year in arrears (effective interest method), no-charge interest payment, in each case on semi-annual basis on 5 January and 5 July beginning on 5 January 2019
Interest dates per year	Two (2)
Payout	Half-yearly
Overperformance fee	14 days after maturity of the bond, the Issuer shall distribute 100% of the net proceeds of the compartment (overperformance) to the investors on a pro rata basis, if the price of the bond is >100% (after deduction of fees and coupon payments).
Subscription	Continuous issuance
Redemption	- Up to a maximum of CHF two (2) million accumulated within 30 days: may be redeemed at the end of each month with a notice period of one (1) month - Between CHF two (2) million and CHF four (4) million accumulated within 30 days: may be redeemed at the end of each month with a notice period of four (4) months - More than CHF four (4) million accumulated within 30

	days: may be redeemed at the end of each month with a notice period of six (6) months
Distribution fee	up to 1%
Redemption commission	0.5% (in favour of the Issuer)
Withholding tax	Interest is not subject to withholding tax
Collateral	The credit claims purchased against SMEs are partially or fully collateralised with mortgages, other liens or sureties and/or guarantees and other collaterals
Allocation	Allocation is at the Issuer's discretion
Applicable law	The law of the Principality of Liechtenstein
Auditor	ReviTrust Grant Thornton AG

#### 1.4 Summary of risk factors

This Memorandum constitutes an offer of investment in the form of fixed-rate Debt Securities. Any investment in a company entails risks and its value is subject to operational and market fluctuations, among others. The same is true of this Bond offered by Alkione (Liechtenstein) AG PCC Segment 6. The various risks involved are described in detail in this Memorandum. It is therefore strongly recommended to read this Memorandum thoroughly before deciding to invest. However, the Issuer is unable to guarantee that each and every possible risk is described herein. The reader is hereby explicitly informed that the risks described here are not to be considered an exhaustive list. Additional individual risks may arise in each case. Furthermore, it may be the case that risks emerge not only individually, but also cumulatively.

The occurrence of one or more risks cannot be predicted and therefore cannot be assessed by the Issuer. The reader is hereby explicitly informed that if one or more risks materialise, this may jeopardise payment of interest on the Bond and may affect repayment of the Bond by the Issuer. The result of this may be that investors lose the capital they invested in the Bond, in whole or in part. The investor should consider such potential total loss carefully prior to deciding to invest, taking into account the investor's personal investment objectives and financial circumstances. In the case of leverage, there is a risk of personal bankruptcy.

#### 1.5 Subscription and purchase

The investor submits a binding offer for the purchase of the Bond to the paying agent with the desired nominal value in writing, by email or by telephone. The Bond is purchased upon acceptance of the offer by the Issuer, represented by the paying agent. The Issuer reserves the right not to accept a subscription offer.

The minimum subscription amount is CHF 125,000.00. Any subscription amount higher than that must be divisible by 125,000.

The Bonds are not listed, but the Issuer reserves the right to list the Bonds.

## 1.6 Restrictions on subscription and sale

The Bond offered by the Issuer and described in this Memorandum may only be offered for subscription in Switzerland to qualified investors as defined by Article 10 Paragraph 3, 3bis and 3ter of the Swiss Collective Investment Schemes Act (CISA) and the corresponding provisions to implement the law specified in the Swiss Collective Investment Schemes Ordinance (CISO).

The circulation of this Memorandum and/or a direct or indirect offer of subscription in this Bond is made either by the Issuer itself or by a distribution partner. Generally (but including the limitations stipulated herein), the Bond may be purchased by any individual or legal entity resident in or having its registered seat in Switzerland or in a Member State of the European Union. However, the focus is on investors resident in Switzerland, Liechtenstein, Germany or Austria. Distribution partners may only expand the offer to include other countries with the Issuer's consent. Distribution partners are responsible for complying with the country-specific restrictions applicable in each case.

The following provisions apply only to the non-public offer in place in the European Economic Area (EEA) and are supplemental to the above provisions.

### 1.6.1 Product documentation

This document does not constitute a prospectus as defined by Directive 2010/73/EU of the European Parliament and of the Council, which amends Directive 2003/71/EC of the European Parliament and of the Council.

### 1.6.2 EEA sales restrictions

For the purposes of this provision, the term “public offer of products” in relation to any product in any Member State shall mean a notification, regardless of the form and manner in which it is communicated, which contains sufficient information about the terms and conditions of the offer and the products to be offered in order to aid investors in deciding whether to purchase or engage in subscription with such products (taking into account any modifications effected by the implementing measures in the Member States concerned). The “Prospectus Directive” means Directive 2003/71/EC (as amended from time to time, including the amendments stipulated in the Directive Amending the Prospectus Directive, provided such amendments have been implemented in the Member State in question) and includes all measures implementing it in each relevant Member State. “Directive Amending the Prospectus Directive” means Directive 2010/73/EU.

Within the European Economic Area (EEA), this product may only be offered to qualified investors as defined by the Prospectus Directive or under the other circumstances provided for in Article 3 Paragraph 2 of the Prospectus Directive,



unless this kind of offer necessitates the publication of a prospectus or a supplement to a prospectus.

With respect to each Member State of the European Economic Area that has implemented the Prospectus Directive (each hereinafter referred to as a “**Relevant Member State**”), every distribution partner shall guarantee this product and shall undertake not to publicly offer or have offered any products in the Relevant Member State before a prospectus for said products, having been approved by the competent authority in the Relevant Member State or, where applicable, approved in another Relevant Member State and reported to the competent authority in said Relevant Member State, has been published, with effect from and including the date on which the Prospectus Directive was implemented in the Relevant Member State (hereinafter referred to as the “**Relevant Implementation Date**”). In each case, the distribution partner shall act in accordance with the Prospectus Directive with written confirmation from the Issuer to use the prospectus for the purposes of this offer. However, with effect from and including the Relevant Implementation Date, a distribution partner may offer the product in the Relevant Member State under the following conditions:

- exclusively to legal entities, at any time, who are considered to be qualified investors as defined by the Prospectus Directive;
- to fewer than 150 individuals or legal entities (who are not considered to be qualified investors as defined by the Prospectus Directive), at any time; or
- under the other circumstances provided for in Article 3 Paragraph 2 of the Prospectus Directive, at any time, unless such an offer concerning the Issuer’s product necessitates the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

### 1.6.3 No responsibility of the Issuer

The Issuer accepts no responsibility for any breach of these restrictions to subscription or sale, nor for any resulting consequences.

## 2. Risk factors

### 2.1 General

The Issuer intends to purchase credit claims from CG24 in accordance with the agreement on the sale, assignment and fee-based administration of future (partial) claims from a loan agreement (hereafter referred to as the “**Investor Agreement**”). The credit claims originate from lending by CG24, based on credit checks carried out by CreditGate24 Excellence AG, Alemannenweg 6, 8803 Rüschiikon, Switzerland (hereafter referred to as “**EAG**”). Borrowers may be private persons and legal entities (SMEs) and sole proprietors. Although credit checks have been carried out, EAG and

CG24 are unable to guarantee to the Issuer that borrowers will repay the loans and/or interest on time or at all.

The issue currency of the Bond is CHF. The credit claims to be acquired are claims comprised primarily of Swiss francs.

Potential bondholders should carefully read and consider the following risk factors, in addition to the other information contained in this Memorandum, prior to deciding to invest and/or subscribe in the Debt Securities being offered. The occurrence of one or more of the risks described in the risk factors listed below, or additional risks not yet known to the Issuer or which the Issuer does not currently consider relevant, may negatively impact on the Issuer's business and financial situation, on its own or in conjunction with other known or unknown risks.

In the worst case, the occurrence of one or more risks may lead to the insolvency of the Issuer, which may result in it being unable to repay the Debt Securities and/or interest warrants, or being unable to repay the same in full. Bondholders may suffer a partial or total loss with respect to their Debt Securities and/or interest warrants. As such, only those persons capable of assessing the risks involved in investing in Debt Securities and of bearing the potential losses involved, up to and including a total loss, should invest in the Bond.

The risks listed below do not constitute an exhaustive list of possible risks. Furthermore, they are listed in no particular order with respect to their significance, likelihood or relevance.

## 2.2 Risks concerning the Issuer and its business

### 2.2.1 General economic situation, cyclicity

The Issuer is subject to general economic and political conditions, such as economic growth, the interest rate environment and inflation. Economic conditions, prospects and political climates can deteriorate at any time and, in particular, may lead to borrowers defaulting and the value of any collateral underlying the loans being adjusted. These factors may adversely affect the business of CG24 and the Issuer, and may adversely affect the business, income and financial situation of CG24 and the Issuer.

The Issuer's economic success depends significantly on the payment behaviour of the borrowers associated with the credit claims acquired from CG24. Accordingly, the Issuer's economic success shall require the regular review of CG24's processes and, in particular, its lending policies.

Should a large number of borrowers be unable to repay their loans due to fragile economic conditions, this would lead to loan defaults, which could negatively impact the operating result.

## 2.2.2 Financial markets, credit risks, counterparty risks and trade risks

The Issuer is exposed to various counterparty and credit risks.

The Issuer is exposed to counterparty and credit risks associated with the parties with which it trades. Counterparty risk is the risk of the Issuer's counterparty failing to fulfil an obligation or commitment regarding which it has entered into a contract with the Issuer. This risk may adversely affect the Issuer's ability to make payments to Bondholders.

The Issuer may enter into contracts with companies in the financial sector acting either as service providers or as counterparties to financial contracts. In times of extreme market fluctuations, such companies may be affected by unfavourable developments that adversely affect the Issuer's financial position and therefore the Issuer's ability to make payments to Bondholders. Regulators, self-regulatory organisations and trading centres are entitled to take extraordinary measures in the event of emergency financial market situations. Future regulatory actions may seriously adversely affect the Issuer in this regard.

The Issuer is subject to the risk of default posed by CG24 borrowers. CG24 expects certain default rates depending on the assessment of borrowing capacity and creditworthiness and the assessment of the underlying collateral. In the event of default, there is a risk that either CG24 or an appointed collection agency will be unable to recover sufficient funds from CG24 borrowers and that the underlying collateral will not achieve the desired liquidation value. This risk may adversely affect the Issuer's ability to make payments to Bondholders.

## 2.2.3 CG24 business model and conflict of interest/dependence on CG24

Payments to Bondholders depend on the provision of amortisation, repayment and interest payments related to the purchased loan claims. If a CG24 borrower fails to meet its amortisation, repayment and interest payment obligations in accordance with the contractual terms, the Issuer shall depend on EAG's collection efforts, or those of a collection agency commissioned by CG24 or EAG, to recover payments or any collateral relating to the purchased loan claims. CG24's obligations in this regard are governed by the Investor Agreement concluded between the Issuer and CG24.

Any negative developments related to CG24's business model may adversely affect CG24's performance, traffic on the CG24 platform and payments by CG24 borrowers. This may have a direct impact on the Issuer.

During the term of this Bond, EAG, as a party affiliated with CG24, acts as a mandated service provider and collection agency, among other things, and CG24 acts as the custodian holding the collateral. In fulfilling these obligations, potential or

actual conflicts of interest may arise with the Issuer and the Bondholders. In their various capacities, CG24 and EAG are free and entitled to carry out any transactions and achieve sales or profits.

If CG24 and/or EAG no longer render the services mentioned above, the Issuer may not be able to immediately nominate a successor. Even if a successor can be found, it will take some time for said successor to become operational and take over the roles previously assumed by CG24 and/or EAG.

Each of these risks may adversely affect the Issuer's ability to make payments to Bondholders.

#### 2.2.4 Reinvestment risk

During the term of the Bond, amortisation, repayment and interest payments are paid to the Issuer. The funds released in this way must be used for purchasing new credit claims. If this is not possible in a timely manner, the Issuer will not generate any return on unallocated funds. This risk may adversely affect the Issuer's ability to make payments to Bondholders.

#### 2.2.5 Sales risk

Purchased loan claims from loan agreements with terms that exceed the maturity date of the Debt Securities must be sold prior to maturity. CG24 provides a secondary market for this purpose. There is a possibility that the purchased credit claims cannot be sold or cannot be sold in a timely manner, which may result in delays in repayment of the Debt Securities and may adversely affect payments due to Bondholders.

#### 2.2.6 Payment delays in the event of EAG default

CG24 serves as a platform company that concludes loan agreements and collateral agreements with borrowers and concludes Investor Agreements with the Issuer. Its subsidiary and servicer EAG, which bears the costs, uses all its employees to secure operational activities and services for the benefit of the Issuer and the borrowers. Should EAG fail in its duties, CG24 may resort to a contracted backup servicer, which will assume all the clearing and settlement services for the existing credit portfolio and will ensure payments are processed, outstanding payments are recovered and collateral is claimed. The reorganisation and assumption of service obligations by the backup servicer may result in delays in repayments and interest payments to the Issuer.

This risk may adversely affect the Issuer's ability to make payments to Bondholders.

### 2.2.7 Credit portfolio

This Memorandum does not contain any information about the individual loan claims that will comprise the credit portfolio. Neither the Issuer nor CG24 have any obligation to disclose information regarding the individually purchased loan claims held by CG24 borrowers during or after the term of this Bond. The Issuer shall not carry out a review of CG24 borrowers involved in the loan claims to be purchased. The value of the credit portfolio may fluctuate from time to time. Neither the Issuer, CG24, the central securities depository, the paying agent nor any other party is required to maintain the value of the purchased loan claims.

Among other risks, the credit portfolio is subject to credit, liquidity and interest rate risks, economic conditions and fluctuations, operational risks, changes in conditions on the financial market, political events and developments and trends across all economic sectors. Changes in the circumstances of CG24 borrowers may also adversely affect said borrowers' ability to make payments or their payment behaviour, which, in turn, may adversely affect payments to Bondholders.

### 2.2.8 Concentration risks

A concentration risk in the credit portfolio associated with a single or multiple CG24 borrower(s), an industry or region may increase the economic risk associated with defaults.

### 2.2.9 Unsecured credit claims

The credit claims to be purchased by the Issuer are partially unsecured. In some cases, credit claims may be secured by personal guarantees, collateral, mortgages, assignments of claims and the like. If the borrower and, if applicable, the guarantor do not repay the credit claim and if debt collection procedures do not succeed in recovering collateral, this means that the credit has defaulted and the Issuer has suffered a loss in terms of capital and interest. This may result in the Issuer being unable to continue to meet its obligations under the terms and conditions of the Bond.

### 2.2.10 Payment delays in the event of collateral realisation

In the event of collateral realisation, delays in payment of the proceeds resulting from the liquidation of the security may occur. In addition, the Issuer may suffer losses if, in the process of recovering the collateral, submissions are made late or are missed.

This risk may adversely affect the Issuer's ability to make payments to Bondholders.

#### 2.2.11 Risk of default, even for secured loan claims

Furthermore, with respect to the secured loan claims purchased by the Issuer, it is possible that the proceeds resulting from the realisation of such securities may not be sufficient to fully cover outstanding loan claims. In addition, in the event of security realisation, delays in payment of the proceeds resulting from the liquidation of the collateral may occur. The Issuer may also suffer losses if, in the process of recovering the collateral, submissions are made late or are missed.

CG24's internal policies regarding collaterals or the form of securities may be amended by CG24 at any time. This means that the credit portfolio may change over time.

Each of these risks may adversely affect the Issuer's ability to make payments to Bondholders.

#### 2.2.12 Possibility of CG24's scoring model being inadequate

CG24 gives each CG24 borrower a risk rating when processing their loan application. CG24's risk assessment process (scoring model) uses several basic pieces of information, such as credit information from credit enquiry agencies, information from public registers, information provided by the CG24 borrower and other sources of information. The credit information from credit enquiry agencies and the information provided by CG24 borrowers may be outdated, incomplete or incorrect. Accordingly, the risk profile assigned to a CG24 borrower may not be in line with their true risk profile, which may lead to the scoring model rendering an incorrect assessment. CG24 verifies the information provided by CG24 borrowers. However, such verification is not always possible, and may be incorrect or incomplete. In addition, it is possible for a CG24 borrower to default on another debt or take on further debts after the credit information has been received. Similarly, other undesirable financial or other events may occur.

The risk rating assigned to CG24 borrowers is for informational purposes and is intended to reflect the credit risk assessment provided by CG24 as adequately as possible. Nevertheless, it is not possible to guarantee a CG24 borrower's borrowing capacity and creditworthiness.

The Issuer, CG24 and EAG disclaim any responsibility and liability with respect to any information and risk rating information made public by the CG24 platform. CG24 or EAG is entitled, but not required, to update or change the information or risk rating concerning CG24 borrowers from time to time.

Due to these factors, the credit portfolio may in the future include purchased credit claims that are based on incorrect credit information regarding the CG24 borrower. In addition, the interest rate on a purchased credit claim may not correspond to the

actual risk profile. Any partial or complete default in relation to this by a CG24 borrower may result in the Issuer being unable to continue to meet its obligations under the terms and conditions of the Bond.

#### 2.2.13 Process in case of default

If the interest, the monthly instalment or the loan amount after the term of the loan has expired is not paid on time, or in full by a CG24 borrower, or if said borrower violates the terms of the applicable loan agreement in any other way, EAG is instructed to give notice of default to the borrower and either recover the outstanding amount of such purchased credit claims itself or appoint third parties to do so. If CG24 sends a notice of default, CG24 shall take legal action through EAG against the CG24 borrower. Depending on the circumstances, when enforcing the claim, CG24 or any third party hired by CG24 is entitled for enforcement of a deferred credit claim purchased by the Issuer. These expenses reduce the Issuer's earnings base and may result in the Issuer being unable to continue to meet its obligations under the terms and conditions of the Bond.

#### 2.2.14 Foreign currency risk

Foreign currency risk is the risk that exchange rate fluctuations might negatively impact interest warrant payments and/or repayments. The Issuer may purchase credit claims in various currencies that may be subject to volatile exchange rate fluctuations. As a result of this, defaulting on a loan in a foreign currency may lead to a higher default liability due to the exchange rate that would then be applicable.

As a result, the Issuer is exposed to foreign currency and foreign exchange risk, which may result in the Issuer being unable to continue to meet its obligations under the terms and conditions of the Bond.

#### 2.2.15 Debt Securities as an Issuer liability

The Debt Securities represent liabilities exclusively to the Issuer. In particular, Debt Securities are not liabilities or guarantees from the paying agent, the central securities depository or CG24. No person other than the Issuer shall accept any liability for the Issuer's failure to pay the amounts subject to the debt security due.

#### 2.2.16 Limited funds and liquidity risk

The Issuer's ability to meet its obligation to repay the invested capital and interest on Debt Securities as well as administrative expenses depends solely on the returns on the credit claims (amortisation, interest and repayments). **Such returns notwithstanding, the Issuer has no other means available to fulfil its obligations to Bondholders.** If funds are insufficient, e.g. due to late payments by CG24

borrowers, such defaults shall be borne exclusively by Bondholders. Upon expiry of the term of these Debt Securities, there is no guarantee that the Issuer will have sufficient funds to fully repay the Debt Securities. The Issuer has no right of recourse towards CG24. The Issuer's returns depend exclusively on the payment behaviour of CG24 borrowers. Any partial or complete default by one or more CG24 borrower(s) may result in the Issuer being unable to continue to meet its obligations under the terms and conditions of the Bond.

#### 2.2.17 CG24 IT systems

CG24 operates in part with proprietary software and infrastructure, but also uses third-party services, including with respect to the maintenance of its IT systems. The Issuer relies on the functionality of such services and systems. In connection with the purchase of credit claims and the management of the credit agreements, the Issuer relies on the functionality of CG24's IT systems and on these systems being correctly maintained and monitored.

Any malfunction of the IT system or related services used by CG24 may have significant adverse effects on CG24's ability to operate and may therefore result in it suspending the provision of the services that benefit the Issuer. Certain transactions depend on third-party IT systems that are beyond the control of the Issuer and CG24 is not necessarily in a position to assess the risks or reliability of these systems.

CG24 continuously monitors the functioning of its IT system, but is unable to rule out the possibility of malfunctions or errors. Any such difficulties may lead to delays in processing.

All programs or IT systems used by CG24 or on which CG24 relies may be subject to certain errors, problems or failures, including those caused by 'worms', viruses and network outages. Such outages could adversely affect the processing of loan applications or the granting of loans, lead to incorrect bookkeeping, erroneous recording or transaction processing, and erroneous reports, which, in turn, could interfere with the monitoring of the credit portfolio.

Any such failures or outages may lead to financial losses, operational disruptions, regulatory investigations or damage to the Issuer's reputation. Furthermore, each of these risks may adversely affect the Issuer's ability to make payments to Bondholders.

#### 2.2.18 Force majeure

Natural disasters, military or terrorist incidents, acts of sabotage, etc. may also materially impact the stability of the Issuer and CG24 and may adversely affect the Issuer's ability to make payments to Bondholders.



## 2.2.19 Dependence on the Board of Directors and the Executive Board

The Issuer's economic success significantly depends on the experience and knowledge of the members of the Board of Directors and the Executive Board of CG24 and EAG. It cannot be ruled out that some or all of the current members of the Board of Directors and/or the Executive Board will be replaced by other persons, which may negatively impact CG24's or EAG's business or credit assessment.

## 2.2.20 Dependence on legislative developments

Future changes to cantonal, national and international laws, regulatory and fiscal requirements and other regulations may have an impact on costs and returns and therefore on the Issuer's net operating profit and business activities. In Switzerland and Liechtenstein, in the Issuer's case, these specifically include laws and regulations relating to taxes and contributions, regulatory law, and finance, which may significantly influence the financial and earnings performance of the Issuer or CG24. Amendments to these provisions could mean that the Issuer's business model (purchase of credit claims), or that of CG24, may no longer be used in that form or not at all, which, in turn, may adversely affect the Issuer's business.

## 2.2.21 Project development

The Issuer collaborates with local and international partners. The Issuer relies on the quality of the work carried out by these partners, but cannot exclude the possibility that errors occurring in the implementation and realisation of projects could adversely affect the Issuer's business.

## 2.3 Risks associated with peer-to-peer financing

### 2.3.1 Unpredictability of default probabilities

The default history of CG24 loans is limited and future defaults may be much higher than those reported on the CG24 website as of the date of this Memorandum.

The credit claims to be purchased in the future may have a higher probability of default than expected, which may result in losses for the Issuer.

### 2.3.2 Fraud

Fraud is a risk that affects the credit industry in general. The value of the credit claims purchased by the Issuer may be adversely affected by fraud, misrepresentation or negligence by CG24 borrowers, third parties associated with CG24 borrowers, or other parties involved in the loan. The precautions that CG24 takes to reduce the risk of fraud, misrepresentation or negligence may not be sufficient in all cases to prevent

loans from being granted on the basis of fraudulent activity. Fraudulent activities may adversely affect the value of collateral in relation to a purchased credit claim, or may adversely affect the potential to enforce the contractual rights of the Issuer under the purchased credit claim and the ability of the CG24 borrower to make payments on the loan. In the event of fraudulent activities involving purchased credit claims, CG24 is entitled to demand early repayment on the loan by the CG24 borrower. It is not possible to guarantee the ability to enforce this right. Each of these risks may adversely affect the Issuer's ability to make payments to Bondholders.

### 2.3.3 Money laundering

CG24 is a member of the Financial Services Standards Association (VQF, a self-regulatory organisation) and complies with all legal requirements and guidelines issued by the VQF regarding money laundering, which must be met by CG24 in order to tackle money laundering. Any material failure by CG24 to comply with the money laundering provisions in this regard may result in fines and penalties. Such fines or penalties may significantly adversely affect CG24's ability to meet its obligations to investors and may thereby adversely affect the Issuer.

### 2.3.4 Amendment to applicable legislation or regulations

The peer-to-peer business model is relatively new, as is the legislation and regulatory environment relating to this area. Legislation and regulatory environments may change over time. In some aspects, the current legal situation has not been fully clarified. CG24 is subject to national and local laws and regulations and the Issuer depends, or may in future depend, on such laws and regulations. Any changes to laws or regulatory frameworks may have material adverse effects on CG24 and the Issuer.

## 2.4 Risks concerning Bonds

### 2.4.1 Placement risk

In order to carry out its business activities, the Issuer relies heavily on funds made available to it, either as borrowed capital or equity. The willingness of investors to provide borrowed capital to the Issuer or to invest in the Issuer's equity not only depends on the Issuer's ability to operate successfully, but also on the general situation on the capital markets. Accordingly, there is no certainty regarding subscription in the Bond offered at the maximum level planned, or that the intended amount can be issued. The possibility that the Issuer will receive fewer liquid assets than planned cannot be excluded. This may have a negative impact on the structure of the credit portfolio and therefore on the Issuer's returns.

#### 2.4.2 Illiquidity of Debt Securities

The Bond is not listed on any stock exchange and is not traded on any trading system. As such, there is no guarantee that the Bondholder will find a buyer for the Debt Securities prepared to buy such Debt Securities or pay the requested purchase price. Debt Securities may be subscribed by any person domiciled or resident in Switzerland or a Member State of the European Union, or transferred to such persons, under the restrictions specified herein. However, this offer focuses primarily on investors resident in Switzerland, Liechtenstein, Germany or Austria.

If a buyer for the Debt Securities can be found in the first place, the purchase price must be negotiated on an individual basis. There is no market price for the Debt Securities.

#### 2.4.3 Other borrowed capital

Subject to the applicable statutory provisions, the Issuer is not subject to any restrictions that would prevent it from engaging in additional borrowing. Unless precluded by any mandatory laws, in the event of insolvency, the additional borrowed capital that has been raised shall rank higher than or equally with this Bond. Borrowing additional outside capital may reduce the recoverable amount or bankruptcy receivable by the Bondholder for their Debt Securities and/or interest warrants.

#### 2.4.4 No rating

The Debt Securities are not rated by a rating agency.

#### 2.4.5 Forward-looking statements

This Memorandum contains forward-looking statements, i.e. statements that are not just about historical events. These forward-looking statements include, but are not limited to, those relating to the financial performance, strategy, plans, objectives, and future business of the Issuer. Such forward-looking statements are based on the assumptions and expectations of the Issuer and involve known and unknown risks, uncertainties and other factors that may cause these forward-looking statements to be inaccurate or that involve these forward-looking statements differing from the actual results.

Important factors that could cause actual results to differ significantly from those contained or implied in forward-looking statements include the Issuer's ability to implement its business strategy, the Issuer's financial situation and liquidity, changes in world and regional markets, currency fluctuations and other factors referred to in this Memorandum. These forward-looking statements are made solely as of the date

of this Memorandum. The Issuer assumes no obligation to update the information in question should there be changes to the expectations or facts on which the forward-looking statements are based.

### **3. Information about the Issuer**

#### **3.1 Company name and registered office**

Alkione (Liechtenstein) AG PCC – acting on behalf of Segment 6, im Duxer 28, FL-9494 Schaan.

#### **3.2 Formation, term and legal form**

The core was established on 18 August 2017 for an indefinite period and was entered in the commercial register of the Principality of Liechtenstein under number FL-0002.544.130-4 as a public limited company under Liechtenstein law.

#### **3.3 Purpose**

Pursuant to Section I (3) of the Issuer's articles of incorporation, the Issuer is pursuing the following activities:

*The activity of the segment is focused on the purchase, administration and realisation of receivables, equity holdings in Liechtenstein and abroad as well as copyrights, patents, trademarks, designs or models directly or indirectly related to Group companies. In this regard, the segment may grant loans with or without collateral, including to shareholders and segment shareholders, acquire intangible rights, as well as ownership of movables and immovable property, and may invest the segment assets in investment forms of any kind anywhere in the world. The segment may conduct business dealings and enter into contracts that are conducive to the segment's area of activity or are directly or indirectly related thereto.*

#### **3.4 Financial year**

The Issuer's financial year commences on 1 January and ends on 31 December of each calendar year.

#### **3.5 Judicial, arbitration and administrative procedures**

The Issuer is not subject to any judicial, arbitration or administrative proceedings that could have a material impact on its economic situation, nor are such any proceedings imminent to the best of the Issuer's knowledge.

#### **3.6 Business description**

For details on the Issuer's legal structure, please refer to Section 1.2.

The Issuer serves as a pure special purpose vehicle (SPV) and financing segment with respect to the investment opportunities provided by CG24's business. The loan applications reviewed and approved by CG24 may be financed by the Issuer via a claim purchase in accordance with CG24's business model. In doing so, the Issuer becomes the creditor of the credit claims it has acquired from CG24.

### 3.7 Information about management bodies

#### 3.7.1 Board of Directors

The members of the Board of Directors of Alkione (Liechtenstein) AG PCC are elected for a term of one (1) year. Their term of office ends on the date of the next shareholders' general meeting, notwithstanding prior resignation or dismissal. New members are admitted for the term of office of those they are replacing.

As of the date of this Memorandum, the Issuer's Board of Directors is comprised as follows:

Christoph M. Mueller, Rüşchlikon, Zurich and Unterkulm, in Rüşchlikon, President of the Board of Directors,

Clemens Laternser, Vaduz, in Vaduz, Member of the Board of Directors,

Adrian Roman Rheinberger, Schaan, in Schaan Member of the Schaan Board of Directors

#### 3.7.2 Executive Board

The Board of Directors has yet to avail itself of the powers conferred on it by the articles of incorporation to delegate management to one of its members or to third parties. The Issuer's Board of Directors currently carries out management duties itself, with its members forming the Executive Board. In the short term, plans are already in place for one person to take on the management role.

#### 3.7.3 Auditing firm

ReviTrust Grant Thornton AG, with its registered office at Bahnhofstrasse 15, 9494, Schaan, Liechtenstein, has been selected as the Issuer's auditing firm for a one-year term of office.

### 3.8 Information on capital structure

### 3.8.1 Share capital

As of the date of this Memorandum, the share capital issued by the Issuer totals CHF 50,000 and is divided into 50,000 registered shares with a nominal value of CHF 1 each. The shares are fully paid.

As of the date of this Memorandum, the Issuer holds neither authorised nor conditional share capital.

### 3.8.2 Company-held ownership rights

As of the date of this Memorandum, the Issuer does not hold its own ownership rights.

### 3.8.3 Share register

The Issuer's Board of Directors keeps a share register in which the names and addresses of the Issuer's shareholders and their beneficiaries are recorded. In relation to the Issuer, a shareholder or beneficiary is only recognised as such if they are entered in the Issuer's share register. As of the date of this Memorandum, one individual holds 100% of the Issuer's ownership rights.

### 3.8.4 Voting rights

Each share entitles the bearer to one vote at the shareholders' general meeting.

### 3.8.5 Dividends

The Issuer has not distributed any dividends since its formation.

### 3.8.6 Restrictions on the transfer of shares

The transfer of shares, whether for the purposes of ownership or beneficial use, must always be approved by the Issuer's Board of Directors.

The Board of Directors may reject the request for approval if, on behalf of the Issuer, it offers to acquire the shares from the seller for their account, for the account of other shareholders or for the account of third parties at the actual value at the time of the request, or if the purchaser does not expressly state that they have acquired the shares in their own name and for their own account. The Issuer shall be subject to the same liability of compensation, provided that it refuses to consent to transfer as a result of inheritance, the settlement of an estate, matrimonial property regimes and enforcement.

## **4. Description of the Issuer's business**

### **4.1 Business operations and purpose**

The core of the segmented legal entity is a Liechtenstein-based public limited company founded on 18 August 2017 in the form of a protected cell company (PCC) with its registered office at Im Duxer 28, 9494 Schaan, Liechtenstein. The auditing firm is ReviTrust Grant Thornton AG of Liechtenstein.

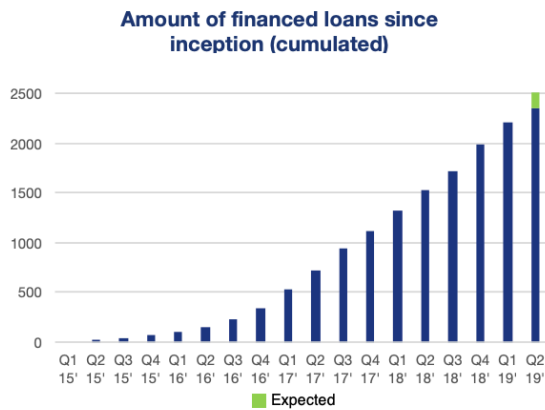
A protected cell company must necessarily consist of two organisational parts: the core (also called the non-cellular part) and one or more separate segments (called cells). One particular feature of a protected cell company is that the assets of the individual cells are and will remain separate from one other and from the assets of the core. The individual cells do not have their own legal personality; only the protected cell company itself does. The sole purpose of the cells is to issue this and other Bonds, the proceeds of which may be used to purchase credit claims from CG24.

The Issuer, acting on behalf of its Segment 6, purchases credit claims from CG24 arising from the latter's lending via the CG24 platform. These are credit claims involving private persons and legal entities (small and medium-sized enterprises) or sole proprietors based in Switzerland and the Principality of Liechtenstein. The credit claims may be secured (including mortgages, other liens or sureties and/or guarantees).

### **4.2 CreditGate24 (Switzerland) AG**

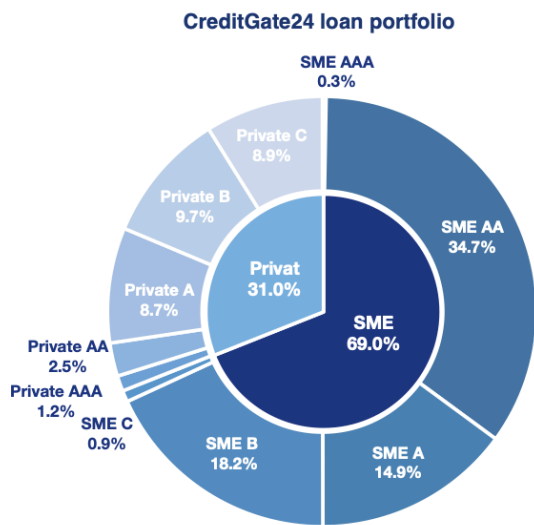
CG24 operates exclusively as a platform company that brings together borrowers and investors, grants loans and concludes loan agreements and investment agreements with investors. CG24's automated platform (peer-to-peer model) brings borrowers together with private and institutional investors, provides efficient, transparent and scalable loan processing, and ensures high-quality processes. CG24 operates exclusively online, eliminating the need for branch offices and high administrative costs so as not to diminish returns for investors and in order to minimise borrower costs.

As of 1 June 2019, CG24 had granted loans totalling over CHF 250 million across a total of more than 2,300 loan agreements.



**CreditGate24 at a glance**

- >CHF 250 Mio.**  
Total financed loan volume
- >2'300**  
Total amount of financed loans
- >18'000**  
Registered users on the platform
- 33**  
Employees



All data as of 31.05.2019

CG24 is a member of the Financial Services Standards Association (VQF), the largest Swiss self-regulatory organisation. CG24 has a licence to issue consumer loans from the Canton of Zurich's Office for Economy and Labour, as well as a licence to provide consumer loans from the Canton of Zurich's Office for Economy and Labour. It is a member of the Swiss central credit information bureau (Zentralstelle für Kreditinformationen, ZEK) and Consumer Finance Switzerland (Konsumfinanzierung Schweiz, KFS).

**4.3 CreditGate24 Excellence AG**

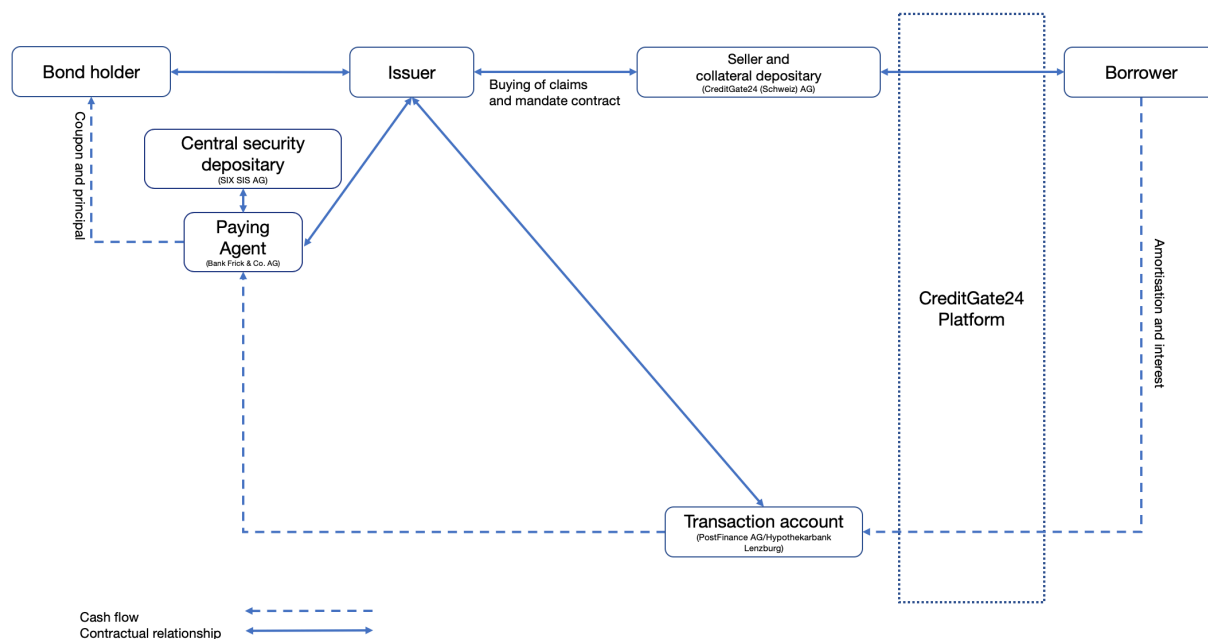
EAG is the servicer for and a wholly owned subsidiary of CG24. By way of a service contract, EAG primarily performs credit sourcing, credit servicing, asset sourcing, asset management and collection activities as well as any related legal, compliance, IT and marketing activities for CG24. EAG therefore performs all services related to the loans and investments on behalf of CG24.

EAG features a professional credit check process and has developed its own scoring model with rating groups ranging from AAA to E. At the time of publication of this memorandum, only loans in rating groups AAA to C were being serviced.



The entire EAG team, which is comprised of 33 employees, has extensive experience in banking law and compliance, private equity, finance, investment banking and private banking, as well as experience in insurance and with institutions such as Credit Suisse, Partners Group, PWC, Raiffeisen, Swiss Life, UBS and Zurich Cantonal Bank.

#### 4.4 Schematic overview of contractual relationships and cash flows



#### 4.5 Allocation of funds raised by Bond

The funds raised by the Issuer under this Bond shall be used to purchase a debt portfolio comprised of private and SME loans (amortising and short-term SME loans) from CG24 in rating groups AAA to C. The ideal target allocation is expected to be allocated to the rating levels as follows:

AAA SME instalment loan target 5%  
 AA SME instalment loan target 10%  
 A SME instalment loan target 10%  
 B SME instalment loan target 10%  
 C SME instalment loan target 7.5%

AAA SME short-term loan target 0%  
 AA SME short-term loan target 5%  
 A SME short-term loan target 7.5%  
 B SME short-term loan target 10%  
 C SME short-term loan target 7.5%

AAA private loan target 5%  
AA private loan target 5%  
A private loan target 7.5%  
B private loan target 5%  
C private loan target 5%

Various factors (such as larger credit claims) may cause the actual allocation to differ significantly from the target allocation specified, in particular over the period of portfolio expansion.

#### 4.6 CG24 secondary market for credit claims

The Issuer and each third-party investor have the option to sell credit claims purchased on the CG24 secondary market to third-party investors before the expiry of the term of the loan. Although the option to sell exists, CG24 is unable to guarantee the completion of a sale because there is a possibility that no buyer will purchase the credit claim.

#### 4.7 Documents on display

A hard copy of the Issuer's articles of incorporation may be viewed at its registered office during the validity period of this Memorandum.

### **5. Bond information**

#### 5.1 General

##### 5.1.1 Parties responsible

The Issuer assumes responsibility for the content of this Memorandum and declares that, to the best of its knowledge, the information in this Memorandum is correct and that no material circumstances have been omitted. The Issuer hereby declares that it has taken the necessary care to ensure that the information contained in this Memorandum is accurate to the best of its knowledge and that no facts have been omitted that have accordingly been omitted from the statement of the Memorandum.

##### 5.1.2 Bond-related risk factors

Disclosure of risk factors that may affect the Issuer's ability to honour its obligations under the Bond is provided in Section 2.

##### 5.1.3 Important information

The interests of individuals and legal entities involved in the issue/offer, the persons involved who provide advisory or sales-related services to the Issuer, either directly or indirectly, shall be reimbursed at standard market rates. Otherwise, no material interests of individuals or legal entities are involved.

## 5.2 Information on the securities to be offered

The terms and conditions of the Bond (hereinafter referred to as «**Bond Terms and Conditions**» or simply the «**Terms and Conditions**» or «**Condition**» in the singular), relating to the 4% p.a. Bond, which shall mature on 4 July 2023 and was issued pursuant to a resolution by the Issuer's Board of Directors on 26 June 2019, shall govern the rights and obligations of the Issuer and each Bondholder in respect of the Bond and are as follows:

### 5.2.1 Nominal value and denomination

The 4% Alkione Swiss Private and SME Debt Bond – Segment 6 (Series I) shall have a total nominal value of up to CHF 50 million (in words: fifty million Swiss francs), divided into as many as 400 equal partial debentures in the form of bearer bonds of CHF 125,000.00 each (in words: one hundred twenty-five thousand Swiss francs) and multiples thereof (hereafter referred to as the “**Debt Securities**”). The Issuer plans to issue additional series of the same Bond.

### 5.2.2 Subscription period, form of subscription and payment under subscription

The Bond may be subscribed for the entire term and shall be issued consecutively after the initial issue date. The Bondholder shall submit a binding offer for the purchase of the Bond to the paying agent with the desired nominal amount in writing, by email or by telephone, and shall do so in trust, represented by its custodian bank. The Bond is purchased upon acceptance of the offer by the Issuer, represented by the paying agent. The Issuer reserves the right not to accept a subscription offer.

Subscription orders may be placed with the paying agent on bank working days (Liechtenstein) during usual bank opening hours, between 8:00 am and 6:00 pm (CET) and are received via the following channels:

Email: [trading@bankfrick.li](mailto:trading@bankfrick.li)

Fax: 00423 388 21 15

Telephone: 00423 388 21 25

Postal address: Bank Frick & Co. AG, Trading, Landstrasse 14, 9496 Balzers, Liechtenstein

The Debt Securities shall be delivered to the Bondholder electronically via SIX SIS Ltd, Baslerstrasse 100, 4600 Olten, Switzerland, in exchange for payment of the principal amount plus any interest accrued since 5 January or 5 July, i.e. the most

recent interest payment date, to the account managed by Bank Frick & Co. AG, Landstrasse 14, 9496 Balzers, Liechtenstein at SIX SIS AG (central securities depository).

Settlement of the transaction shall take place on the valuation date (order issuance plus two business days) on a delivery-versus-payment (DVP) basis. In this case, the Bondholder's custodian bank acts on a fiduciary basis as an investor (on the Bondholder's behalf) in the Debt Securities and carries out the transaction directly with the paying agent by means of the aforementioned procedure. This ensures that the payment and the transfer of the Debt Securities take place at the same time and only if both parties have issued the same instructions.

The Issuer is entitled to refuse corresponding subscriptions from third-party financial institutions unless an appropriate subscription form has been submitted prior to the order being submitted.

#### 5.2.3 Allocation

Debt Securities are allocated at the Issuer's discretion. There is no entitlement to an allocation, in whole or in part.

#### 5.2.4 Global securitisation and safekeeping

The Debt Securities are securitised for their entire term by one or more global certificates (hereinafter referred to as the "**Global Certificate**") without interest vouchers. The (respective) Global Certificate shall be deposited with SIX SIS Ltd, Baslerstrasse 100, 4600 Olten, Switzerland (hereinafter referred to as "**SIX SIS**"). The Global Certificate(s) shall be signed by an authorised representative of the Issuer. The right to issue individual Debt Securities or interest vouchers is excluded.

#### 5.2.5 Clearing

The Debt Securities are transferable. The holders of Debt Securities (hereafter referred to as "**Bondholder(s)**") are entitled to co-ownership shares in or rights to the Global Certificate, which may be transferred in accordance with the applicable laws and the rules and regulations of SIX SIS. Debt Securities may be subscribed to by any person domiciled or resident in Switzerland or a Member State of the European Union or transferred to such persons. However, this offer focuses primarily on investors resident in Switzerland, Liechtenstein, Germany or Austria.

#### 5.2.6 Issuance of additional Bonds

The Issuer reserves the right to issue further Debt Securities from time to time, without the consent of the Bondholders, with the same configurations such that they

are combined with these Debt Securities to form a single Bond and increase their total nominal amount. The defined term “Debt Securities” also includes such additionally issued bonds in the case of such an increase. The Issuer further reserves the right to issue additional bonds that do not form a single unit with this Bond or to issue similar financial instruments.

#### 5.2.7 Term

The term is four (4) years, commencing on 5 July 2019 and expiring on 4 July 2023.

#### 5.2.8 Interest rate and dates of interest payment

The Debt Securities shall bear interest at a rate of 4% (hereinafter referred to as the «**Interest Rate**») on their nominal amount starting on 5 July 2019 (inclusive) (hereinafter referred to as the «**Issue Date**»). This interest shall be payable in arrears on a semi-annual basis (in each case on an «**Interest Payment Date**») on 4 January and 4 July, starting on 4 January 2019. The final interest payment is payable on 4 July 2023. The interest on the Debt Securities shall stop accruing at the end of the day preceding the day on which the Debt Securities become due for repayment.

#### 5.2.9 Interest eligibility

Bondholders eligible to receive interest payments are those Bondholders notified to the Issuer by 4 January and 4 July respectively. For example, a new Bondholder who purchases Bonds on 4 January notified to the Issuer is entitled to receive interest for the entire half-year in question.

#### 5.2.10 Settlement where interest is not paid by the Interest Payment Date

If the Issuer is late in paying interest to Bondholders with respect to the Interest Payment Date in question, such late interest payment shall bear interest at a rate of 4%. The interest payment(s) due may be deferred until the end of the term. The interest payment(s) due may be settled at any time.

#### 5.2.11 Payment delay

If and insofar as the Issuer does not repay the Debt Securities upon their maturity in accordance with Section 5.2.13, the Debt Securities shall bear interest at the Interest Rate beyond the maturity date.

#### 5.2.12 Day count fraction

Interest calculated over a period of less than one (1) year is calculated on the basis of the actual number of days that have elapsed divided by 365 (or, if part of that period falls during a leap year, is based on the sum of (i) the actual number of days of the period falling in that leap year divided by 366, and (ii) the actual number of days of the period not falling in the leap year divided by 365).

#### 5.2.13 Final maturity

The Debt Securities shall be repaid on 4 July 2023 at their nominal amount plus accrued interest, unless they have been repaid or bought back prior to this. In addition, potential excess returns shall be paid to Bondholders if and insofar as Segment 6 is able to derive a profit from the investment activity involved in such issuance, less all costs in connection with this issuance.

#### 5.2.14 Buyback

The Issuer and/or its affiliate is entitled to purchase Debt Securities at any time. The repurchased Debt Securities may be held, voided or resold.

Each Bondholder is entitled to offer to sell the Issuer any number of Debt Securities at any price at any time. However, the Issuer is not required to purchase the Debt Securities offered by the Bondholder in question in this manner. Any buyback must be in accordance with the applicable legal and regulatory requirements.

Debt Securities held by the Issuer do not entitle the Issuer to attend the Bondholders' general meeting and are considered as non-outstanding for the purpose of calculating the quorum at the Bondholders' general meeting.

#### 5.2.15 Early redemption at the Issuer's discretion

The Issuer may prematurely repay the Bond, in whole or in part, at any time at its own discretion. Early redemption shall be at 100% of the nominal amount repaid plus interest accrued. In addition, potential excess returns shall be paid to Bondholders if and insofar as Segment 6 is able to derive a profit from the investment activity involved in such issuance, less all costs in connection with this issuance.

#### 5.2.16 Assumption of debt

The Issuer shall be entitled to transfer its rights and obligations under the relevant Bond to another legal entity at any time without obtaining the Bondholders' consent, provided that:

- i) the new issuer accepts all the Issuer's liabilities arising out of or in connection with the Bond and proves that it can meet all the payment obligations arising out of or in connection with said Bond; and
- ii) the Issuer has issued an unconditional and irrevocable guarantee in accordance with Section 880a of the Civil Code of Liechtenstein (Allgemeines Bürgerliches Gesetzbuch [ABGB]) with regard to all liabilities arising from the Bond.

In the case of assumption of debt, any reference to the Issuer contained in these Terms and Conditions shall also apply to the new issuer.

#### 5.2.17 Restriction on transfer / Issuer's consent

The transfer of Debt Securities and/or interest warrants to another legal entity shall require the prior written consent of the Issuer. Debt Securities may be subscribed to by any person domiciled or resident in Switzerland or a Member State of the European Union or transferred to such persons, subject to the restrictions set out in this Memorandum. However, this offer focuses primarily on investors resident in Switzerland, Liechtenstein, Germany or Austria.

#### 5.2.18 Currency

All payments made on the Debt Securities shall be made by the Issuer exclusively in Swiss francs.

#### 5.2.19 Paying Agent

The Issuer has appointed Bank Frick & Co. AG, Trading, Landstrasse 14, 9496 Balzers, Liechtenstein as the paying agent (hereinafter referred to as the «**Paying Agent**»). The Paying Agent acts solely as a vicarious agent of the Issuer. In doing so, it shall assume no obligations to Bondholders and it shall not enter into any contractual or fiduciary relationships with Bondholders.

#### 5.2.20 Replacement of the Paying Agent

The Issuer shall ensure that a Paying Agent is always appointed. The Issuer may appoint another recognised bank as the Paying Agent at any time with a notice period of at least 30 days. The Issuer is further entitled to terminate the appointment of a bank as the Paying Agent. In the event of such termination, or if the appointed bank can no longer or no longer wishes to serve as Paying Agent, the Issuer shall appoint another recognised bank as the Paying Agent. Such appointment or termination of any appointment shall be promptly announced in accordance with Section 5.2.26 or, where this is not possible, in any other suitable manner.

#### 5.2.21 Payments

Payments of principal, interest and any other cash amounts payable on the Debt Securities shall be made by the Issuer to the Paying Agent (Section 5.2.19) on the relevant payment date (Section 5.2.23) for transmission to SIX SIS to be credited to the accounts of the respective account holders at SIX SIS, for onward transmission to the respective Bondholder, subject to the applicable tax and other statutory provisions and regulations. All payments to or at the instruction of SIX SIS shall exempt the Issuer from its liabilities resulting from the Bonds in the amount of the payments made.

#### 5.2.22 Business day

If a day on which payments on the Debt Securities are due is not a business day, the payment in question shall be made on the next business day, without any interest being charged as a result of this deferred payment. A “business day” within the meaning of this provision is any day on which banks in Zurich and SIX SIS are open for business and payments can be settled in CHF.

#### 5.2.23 Payment date/maturity date

For the purposes of these Terms and Conditions, «payment date» means the date on which the payment must actually be made, possibly having been deferred pursuant to Section 5.2.22. “Maturity date” means the date of payment provided for herein, without taking into account any such deferment.

#### 5.2.24 Status, rank

All payments resulting from this Bond (repayment and interest payments) to Bondholders shall constitute direct, unconditional and non-subordinated liabilities of the Issuer. As a matter of principle, they are therefore ranked equally to all other current and future non-subordinated liabilities of the Issuer. However, these liabilities are secondary to the third-party borrowed capital claims stipulated in Section 2.4.3, which must be settled first.

#### 5.2.25 Limitation

The interest on Debt Securities shall cease to accrue upon the final interest payment.

Rights to demand interest payments shall become statute-barred within three (3) years as of the maturity date. Pursuant to Section 1489a ABGB, compensation claims shall lapse three (3) years as of the date on which the injured party became aware of the damages and the person of the injuring party or the person responsible



for compensation, but in any case, within ten (10) years as of the date on which the deed was done.

#### 5.2.26 Notifications

Any notices sent to Bondholders by the Issuer shall be lawfully sent by registered letter and/or by a single publication in the Swiss Official Gazette of Commerce (SHAB) and the Official Journal of Liechtenstein (Amtsblatt).

#### 5.2.27 Amendment to Bond Terms and Conditions

The Issuer may amend these Terms and Conditions at any time, provided that any such amendments are editorial in nature and do not significantly restrict or substantially impair the status of Bondholders.

#### 5.2.28 Set-off

The offsetting of Bond claims against claims by the Issuer or by one of its Group companies is excluded with respect to any Bondholder.

#### 5.2.29 Partial invalidity

Should individual provisions of these Bond Terms and Conditions prove invalid or unenforceable or become invalid, in whole or in part, or in the event of any lacunae, the remaining content of these Terms and Conditions shall not be affected. To the extent legally permissible, the invalid provisions and/or lacunae shall be replaced with a provision that most closely approximates the economic intent of the ineffective provision or the meaning of these conditions.

#### 5.2.30 Applicable law and place of jurisdiction

This Bond is exclusively subject to the laws of Liechtenstein to the exclusion of any international private law provisions.

Any and all disputes between Bondholders and the Issuer to which the Debt Securities and/or interest warrants may give rise shall fall within the jurisdiction of the ordinary courts of Vaduz, where Vaduz is the place of jurisdiction. This agreement as to jurisdiction shall also apply to the cancellation of Debt Securities and/or interest warrants. Payment to a Bondholder recognised as a creditor by a legally valid decision by a Liechtenstein court shall constitute the full discharge of the Issuer's obligations.

## 6. Liabilities

The Issuer may incur additional liabilities as part of its business model.

## **7. Taxes**

The following information is of a general nature and represents a general description of some important tax implications that may be significant in connection with the purchase, holding or amortisation of a Debt Security under Swiss law as of the date of this Memorandum.

The following information does not purport to offer a complete description of all possible tax-related aspects that may be relevant to making an investment decision. This summary refers to the applicable law in Switzerland and is subject to future legislative changes, court decisions, changes in administrative practice and other changes, including retroactive changes, where applicable. The following information does not constitute legal or tax advice and cannot be construed as such. Future holders of Debt Securities should consult their tax advisors to obtain information on specific tax implications.

### **7.1 Taxation of holders of Debt Securities in Switzerland**

#### **7.1.1 Taxation of holders of Debt Securities resident in Switzerland who hold their Debt Securities in private assets**

##### **7.1.1.1 Taxation of income from interest**

Interest income from a Debt Security held by Bondholders considered subject to taxation in Switzerland must be declared on tax returns as income from movable property and is subject to income tax and, where applicable, church tax.

Interest income forms part of the total income taxable by the Swiss Confederation and the cantons and/or their subordinate authorities (districts and/or municipalities). The amount of the tax burden depends on various factors, including the place of residence of the holder of the Debt Security, their total income, their marital status, etc.

Losses in connection with a Debt Security are not relevant in private assets.

Under Swiss tax law, the Issuer itself is not required to withhold income tax on the interest paid or profits earned from the redemption or sale of the Debt Security.

##### **7.1.1.2 Capital gains taxation**

Gains made on the sale or repayment of a Debt Security held as a private asset are exempt from income tax as private capital gains, subject to certain exceptions (commercial securities traders).

### 7.1.1.3 Wealth tax

A holder of a Debt Security resident in Switzerland is subject to wealth tax on the Debt Security at the cantonal and municipal level within the scope of its taxable net assets. No property taxes are levied at the federal level.

## 7.1.2 Taxation of holders of Debt Securities resident in Switzerland who hold their Debt Securities in business assets

### 7.1.2.1 Taxation of income from interest and capital gains taxation

Interest income and capital gains on Debt Securities owned by holders resident in Switzerland (individuals resident or ordinarily resident in Switzerland or legal entities domiciled or engaging in business operations in Switzerland) that hold Debt Securities in business assets are generally subject to income tax and/or taxes on profits.

Losses resulting from the sale or redemption of a Debt Security can generally be used for offsetting against other income.

### 7.1.2.2 Wealth tax, taxes on capital

A holder of a Debt Security resident in Switzerland is subject to wealth tax (for individuals) or capital tax (for legal entities) on the Debt Security at the cantonal and municipal level, within the scope of its taxable net assets. Neither property nor capital tax is charged at the federal level.

## 7.2 Withholding tax

Payments in connection with this Debt Security are not subject to Swiss withholding tax.

## 7.3 Emission tax

The issue or redemption of a Debt Security is not subject to emission tax.

## 7.4 Turnover tax

The transfer of ownership of Debt Securities in exchange for payment may also be subject to a turnover tax of 0.15%.

## 7.5 Responsibility for tax implications

Neither the Issuer nor the Paying Agent assumes responsibility for the individual tax implications for investors resulting from the purchase, holding or sale of the Debt Security.

#### 7.6 Automatic exchange of information

Until the end of 2015, the agreement between the Principality of Liechtenstein and the European Community applied to schemes equivalent to those of Council Directive 2003/48/EC on the taxation of savings income (Interest Taxation Agreement, Liechtensteinische Landesgesetzblatt 2005 no. 111). This expired on 31 December 2015 and was replaced by the Agreement on the Automatic Exchange of Information with the EU. Holders of Debt Securities are therefore required to provide the relevant information on their respective tax returns.

### 8. Financial figures

The Issuer was founded on 19 July 2018 with an extended financial year. The company's annual financial statements may be viewed at the company's headquarters by prior arrangement or requested from the company. Because the Issuer generates low costs, the figures consist solely of the share capital and a small number of expenses such as fees and charges.

### 9. Responsibility for this Memorandum

Alkione (Liechtenstein) AG PCC, acting on behalf of its Segment 6, assumes responsibility for the content of this Memorandum and declares that, to the best of its knowledge, all the information is correct and that no material circumstances have been omitted.

Schaan, 26 June 2019



Christoph M. Mueller  
President of the Board of Directors