
PURE SICAV – RAIF S.A.

*Société anonyme qualifiée de Société d'investissements à capital variable
Fonds d'investissement alternatif réservé*

Financial Statements for the year ended 31 December 2021
with the report of the *réviseur d'entreprises agréé* thereon

PURE SICAV – RAIF S.A.

Société anonyme

Société d'investissement à capital variable – fonds d'investissement alternatif réservé

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MANAGEMENT AND ADMINISTRATION

The Fund

PURE SICAV – RAIF S.A.
2, rue d'Arlon
L-8399 Windhof
Grand Duchy of Luxembourg

Board of Directors of the Fund

Mr Bernard PONS (Chairman), 2 rue d'Arlon, L-8399 Windhof, Grand Duchy of Luxembourg
Mr Tony BUCHE, 2 rue d'Arlon, L-8399 Windhof, Grand Duchy of Luxembourg
Mr Joseph SAMUEL, 23A, 36 Hornsey Road, N7 7AT London, United Kingdom

External Alternative Investment Fund Manager (the « AIFM ») and Domiciliary Agent

Pure Capital S.A.
2, rue d'Arlon
L-8399 Windhof
Grand Duchy of Luxembourg

Investment Advisor

Pontis Capital Management LLP
2nd Floor, Berkeley Square House
Berkeley Square
W1J 6BD London, United Kingdom

Administrative Agent, Registrar, Transfer Agent and Paying Agent

CF Fund Services S.A.
1B, rue Jean Piret
L-2350 Luxembourg
Grand Duchy of Luxembourg

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MANAGEMENT AND ADMINISTRATION (continued)

Depositary bank

ING Luxembourg S.A.
26, Place de la Gare
L-2965 Luxembourg
Grand Duchy of Luxembourg

Cabinet de révision agréé

Deloitte Audit, *Société à Responsabilité Limitée*
20, Boulevard de Kockelscheuer
L-1821 Luxembourg
Grand Duchy of Luxembourg

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REPORT OF THE BOARD OF DIRECTORS

Overview/Strategy

The Pure RAIF - Pontis Bridging Finance Fund was launched in July 2019. The Fund invests in short-term lending opportunities that are asset-backed by primarily UK residential properties. Investments will be highly diversified with conservative LTV's underpinned by rigorous due diligence and risk-management. The Fund aims to achieve consistent, high single digit returns of between 7 – 9 % net of fees per annum to investors.

Asset Under Management (“AUM”)

The AUM increased 20% from EUR 7.1m to EUR 8.5m over the course of 2021. Overall, the Fund had £1.7m of outflows and £2.6m of inflows during 2021. We are having several advanced conversations with larger investors in Switzerland, Dubai, and Israel with the aim of doubling the AUM towards the end of 2022.

Portfolio/Performance

During the first six months of 2021 the Fund was running higher cash balances due to repayment of loans and additional investor money coming into the Fund. In May 2021, Whitecliff was repaid and with that all the initial loans when we launched the Fund in Q3 of 2019 were successfully repaid demonstrating the quality of the deals and the short nature of the portfolio. Towards the end of Q2 we added several new deals with some of the new established lending partnerships. We completed Tottenham in North London, with a mezz lender structured as an STAA (Security Trustee Agency Agreement), and we funded our biggest development loan LTD in New Malden jointly with another lending partner. During Q4 Bark Place redeemed early while Gerrards Cross and Fleet, two further residential developments loans were granted. On the back of the successful completion of these various new deals the Fund performed strongly during Q3 & Q4 and the overall performance for the year was 7.76% for the GBP share class.

Portfolio update Q4

The overall portfolio remained consistent during the 4th quarter albeit we had one early loan redemption during the period. The Barks Place deal was successfully repaid three months ahead of maturity.

With regards to the two bridge loans in North London, as previously reported we appointed the receiver in November after the borrower failed to deliver on his exit strategy to refinance and/or see through the sale of the property(ies). One of the two properties was successfully sold in the auction in December and the second property will be disposed in the open market as individual apartments (a total of five) instead of one unit to maximise the value. The estate agent is confident to sell the various units within the next three months based on the quality of the properties and strong location. As the security trustee for this loan, we work closely with our strategic partner to deliver the best possible result and we remain very comfortable with the security due to the low LTV.

In terms of new loans, we financed the 1st tranche for the development in Fleet with a net-loan value of £175k. The total development loan is approximately £600k and expected to last another 6 months before completion of eight apartments near the centre of the village. Furthermore, we are close to completion on two short-term bridge loans with a very experienced and established borrower who we hope to do a lot more business in the future. The first deal is in Petersfield, Hampshire, for a net loan amount of £900k and an LTV of 63% and the other one is in Pinner for a net amount of £440k with an LTV of 50%. These deals have been completed in February 2022.

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REPORT OF THE BOARD OF DIRECTORS (continued)

Performance

We are happy to report that the Pontis Bridging Finance Fund returned 2.11% for the GBP share class and 2.02% for the USD share class during the 4th quarter of 2021, bringing the full year performance to 7.73% and 7.62% respectively, net of fees for investors. Overall, we are pleased to have achieved another strong result during the Fund's second full year for our investors and we continue to be excited about the opportunities going forward.

Share Class F1 GBP

<u>Year</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>YTD</u>
2021	1.45%	1.43%	2.53%	2.11%	7.73%
2020	2.11%	2.41%	2.17%	1.83%	8.79%
2019			-0.10%*	0.52%	0.42%

* Since the launch of the Fund in July 2019.

Share Class F4 USD

<u>Year</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>YTD</u>
2021	1.43%	1.51%	2.46%	2.02%	7.62%
2020	2.10%	2.46%	2.26%	1.96%	9.07%
2019			-0.13%*	0.84%	0.71%

* Since the launch of the Fund in July 2019.

Pipeline

The pipeline has built up strongly since the start of the year with deals ranging from £500k to £12m and a total overall portfolio volume of over £30m. The larger tickets will be shared with other strategic partners, and as part of that, we are very pleased to announce that we have agreed a new cooperation with a large European asset manager with whom we will be working closely going forward.

In the live category, we have the two deals mentioned above in addition to the previously reported Elstree and Tonedale transactions – all of them are expected to complete in the near term. We have offered terms on multiple different projects, e.g., two student accommodation development projects in Sheffield with LTGDV of up to 55%, a £12m bridge loan in Manchester to develop the site into a landmark building, one other bridge secured by an existing commercial building with approved residential planning and a few other transactions.

UK Real-Estate / Market-update

“Annual house price growth remained in double digits in December at 10.4%, making 2021 the strongest calendar year performance since 2006. Prices rose by 1% month-on-month, after taking account of seasonal effects.

“The price of a typical UK home is now at a record high of £254,822, up £23,902 over the year - the largest rise we've seen in a single year in cash terms. Prices are now 16% higher than before the pandemic struck in early 2020.

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REPORT OF THE BOARD OF DIRECTORS (continued)

“Demand has remained strong in recent months, despite the end of the stamp duty holiday at the end of September. Mortgage approvals for house purchase have continued to run above pre-pandemic levels, despite the surge in activity seen earlier in the year. Indeed, in the first 11 months of 2021 the total number of property transactions was almost 30% higher than over the same period of 2019.

“At the same time, the stock of homes on the market has remained extremely low throughout the year, which has contributed to the robust pace of price growth.

Source: Nationwide

Region	Average Price (Q4 2021)	2021 Annual £ rise	2021 Annual % rise	2020 Annual % rise
Wales	£196,759	£26,913	15.8%	6.6%
N Ireland	£167,479	£18,096	12.1%	5.9%
South West	£294,845	£30,333	11.5%	6.6%
Outer S East	£329,869	£33,579	11.3%	8.0%
North West	£196,806	£19,882	11.2%	8.0%
Yorks & H	£190,855	£18,530	10.8%	7.7%
East Anglia	£268,146	£25,342	10.4%	6.4%
East Mids	£221,813	£20,861	10.4%	8.6%
Scotland	£172,605	£15,836	10.1%	3.2%
West Mids	£227,031	£19,428	9.4%	7.5%
Outer Met	£410,992	£33,316	8.8%	5.6%
North	£148,105	£10,574	7.7%	6.5%
London	£507,230	£20,668	4.2%	6.2%
UK	£253,113	£23,294	10.1%	6.4%

UK Bridging Finance / Market-update

According to Vic Jannels, the CEO of ASTL (Association for Short Term Lenders)

“The bridging market approaches the end of 2021 in a strong position. Our latest lending data, compiled by auditors from data provided by members of the ASTL, shows that the sector continued to deliver strong, sustainable growth in Q3 2021, with applications and loan books both higher than in Q2, while the value of loans in default also fell for the third consecutive quarter.

UK Real-Estate – outlook

Commenting on the market, Robert Gardner, Nationwide's Chief Economist, said:

Will the market cool in 2022?

“It appears likely that the housing market will slow next year, since the stamp duty holiday encouraged many to bring forward their house purchase in order to avoid additional tax. The Omicron variant could reinforce the slowdown if it leads to a weaker labour market. Even if wider economic conditions remain resilient, higher interest rates are likely to exert a cooling influence. Indeed, house price growth has outpaced income growth by a significant margin over the past 18 months and, as a result, housing affordability is already less favourable than before the pandemic struck.

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REPORT OF THE BOARD OF DIRECTORS (continued)

“However, the outlook remains extremely uncertain. The strength of the market surprised in 2021 and could do so again in the year ahead. The market still has significant momentum and shifts in housing preferences as a result of the pandemic could continue to support activity and price growth. Indeed, the Omicron variant could serve to reinforce the shift in preferences in the near term.”

Summary

Pontis Capital Management is pleased with the full year performance of 7.73% (Share Class F1 GBP) and 7.62% (Share Class F4 USD) respectively considering the higher cash levels during the first 6 months. The performance accelerated during the second half of the year and the Fund managed to achieve another strong yearly result for our investors.

Looking ahead, the Fund is well positioned to continue to grow and accomplish high single digit returns. We remain very positive about the future of the residential asset-backed lending market in the UK and are looking forward to delivering for our investors.

London, 24th May 2022

Pontis Capital Management LLP

Berkeley Square House

2nd Floor

Berkeley Square

London W1J 6BD

To the Shareholders of
PURE SICAV - RAIF S.A.
2, rue d'Arlon
L-8399 Windhof
Grand Duchy of Luxembourg

REPORT OF THE *REVISEUR D'ENTREPRISES AGREE*

Opinion

We have audited the financial statements of PURE SICAV - RAIF S.A. (the "Fund"), which comprise the consolidated statement of net assets as at 31 December 2021 and the consolidated statement of operations and the statement of changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2021, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "*Responsibilities of the "réviseur d'entreprises agréé"* for the Audit of the Financial Statements" section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of the "*réviseur d'entreprises agréé*" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the Financial Statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “réviseur d'entreprises agréé” for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "*réviseur d'entreprises agréé*" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "*réviseur d'entreprises agréé*". However, future events or conditions may cause the Fund to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Deloitte Audit, *Cabinet de révision agréé*

Elisabeth Layer, *Réviseur d'entreprises agréé*

Partner

Luxembourg, 29 June 2022

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STATEMENT OF NET ASSETS AS AT 31 DECEMBER 2021

ASSET	Notes	Consolidated EUR	Pontis GBP
Shares in affiliated undertakings	5	86,326.71	72,480.15
Loan Portfolio including accrued interest	6	7,461,420.82	6,264,629.74
Cash at bank		117,686.23	98,809.69
Debtors	4	1,141,052.08	958,030.51
		TOTAL ASSETS	TOTAL ASSETS
		8,806,485.84	7,393,950.09
LIABILITIES			
Creditors		19,639.75	16,489.59
Unrealized loss on Forward Foreign Exchange contracts	7	15,642.83	13,133.76
		TOTAL LIABILITIES	TOTAL LIABILITIES
		35,282.58	29,623.35
NET ASSET VALUE		8,771,203.27	7,364,326.74
Represented by			
Capital contributions	3	7,941,263.23	6,667,506.77
Result brought forward		213,683.91	179,409.61
Result from operations		616,256.12	517,410.36
		8,771,203.27	7,364,326.74

TOTAL NUMBER OF SHARES OUTSTANDING	31/12/2021	31/12/2020	31/12/2019
Manager Shares	-*	30.000	30.000
Ordinary Shares – Class F1 GBP	5,520.451	2,311.321	1,680.000
Ordinary Shares – Class F4 USD	993.451	1,983.980	1,840.000
NET ASSET VALUE PER SHARE			
Manager Shares (in EUR)	-*	796.73	822.50
Ordinary share – Class F1 GBP (in class currency)	1,176.94	1,092.53	1,004.24
Ordinary Share – Class F4 USD (in class currency)	1,182.14	1,098.46	1,007.08

* The reimbursement of the Manager Shares to Pure Capital S.A. has been approved on 4 May 2021.

The accompanying notes form an integral part of these financial statements

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STATEMENT OF OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2021

		Consolidated EUR	Pontis GBP
INCOME	Notes		
Interests on loans	2.2.3	633,536.36	527,514.42
Other Income		32,753.58	27,500.00
		TOTAL INCOME	555,014.42
		666,289.95	555,014.42
EXPENSES			
Bank charges	2.2.2	-22,441.48	-18,841.93
Audit fees		-4,745.52	-3,984.35
Formation expenses	2.2.5	-43,181.38	-36,255.21
Other professional fees		-30,649.30	-25,733.24
Subscription tax	8	-723.65	-607.58
Interest charges		-6,886.70	-1,377.61
		TOTAL EXPENSES	-86,799.92
		-108,628.03	-86,799.92
Realized loss on Forward Foreign Exchange contracts	7	-38,196.94	-32,070.26
Variation of unrealized appreciation on Forward Foreign Exchange contracts		36,928.00	31,004.85
Variation of unrealized appreciation on investments		40,603.93	34,091.17
Total currency translation result	2.2.4	19,259.23	16,170.10
RESULT FROM OPERATIONS		616,256.12	517,410.36

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2021

	Consolidated EUR	Pontis GBP
Total net assets at the beginning of the year	4,906,476.12	4,119,491.04
Result from operations	616,256.12	517,410.36
Capital issued during the year	3,248,471.03	2,727,425.34
Total net assets at the end of the year	8,771,203.27	7,364,326.74

The accompanying notes form an integral part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

Note 1 - General information

PURE SICAV - RAIF S.A. (the "Fund") was incorporated on 13 June 2018 for an unlimited period as a public limited company (*société anonyme*) qualified as a Reserved Alternative Investment Fund ("RAIF") in the form of an investment Fund with variable share capital (*société d'investissement à capital variable - fonds d'investissement alternatif réservé*), governed by the Luxembourg law of 10 August 1915 on commercial companies as subsequently amended (the "Company Law"), the Luxembourg law of 12 July 2013 on Alternative Investment Fund Managers (the "AIFM Law"), the Luxembourg law of 23 July 2016 on Reserved Alternative Investment Funds (the "RAIF Law") and its articles of incorporation dated 13 June 2018.

The registered office of the Fund is established in 2, rue d'Arlon, L-8399 Windhof; and its registration number with the Luxembourg Trade and Companies Register is B 225453.

The Fund was incorporated with a subscribed share capital of thirty thousand euros (30,000 EUR -) divided into thirty (30) fully paid-up shares of no par value, which form a distinct category of shares which may be redeemed at the request of the founding shareholder at their subscription price. At the reporting date the 2 shares classes are available for investors - one in GBP and one in USD.

The Fund qualifies as a RAIF and has appointed Pure Capital S.A., a public limited liability company incorporated under laws of Luxembourg, having its registered office at 2, rue d'Arlon, L-8399 Windhof and registered with the Luxembourg Trade and Companies Register under number B 152461, as Alternative Investment Fund Manager (the "AIFM"). The AIFM has to provide investment management services and such other services as agreed from time to time and in accordance with the AIFM Law, Directive 2011/61/EU on Alternative Investment Fund Managers (the "AIFM Directive") and its delegated acts, subject to the investment policies and objectives set out in the Offering Memorandum.

The exclusive purpose of the Fund is to place the funds available to it in securities of any kind and other assets with the purpose of spreading investment risks and affording its shareholders the results of the management of its portfolios.

The Fund may take any measures and conduct any operations it sees fit for the purpose of achieving or developing its purpose in accordance with the RAIF Law and the Offering Memorandum.

The financial year of the Fund starts on 1 January and ends on 31 December of each year.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021 (continued)

Note 1 - General information (continued)

As at 31 December 2021, the Fund is composed of 1 active Sub-Fund.

- Pure RAIF – PONTIS BRIDGING FINANCE FUND
(Hereinafter called “the Sub-Fund” or “Pontis”)

The objective of the Sub-Fund is to provide short to mid-term bridge financing on primarily residential real properties in the UK, achieving a stable target return of 7 - 9% for investors, while preserving capital. The loans are non-regulated as more defined under the UK Mortgage Credit Directive. Any changes in relevant regulation will be met by either adjusting the types of loans granted or seeking the relevant regulatory permissions.

The Fund is reserved for Eligible Investors (any person who qualify as well-informed investors in accordance with the provisions of Article 2 of the RAIF Law). Within the meaning of this law, a well-informed investor shall be an institutional investor, a professional investor or any other investor who meets the following conditions:

- a) he has stated in writing that he adheres to the status of well-informed investor; and
- b) he invests a minimum of 125,000 EUR or equivalent in another currency in the Reserved Alternative Investment Fund; or
- c) he has been subject to an assessment made by a credit institution within the meaning of Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms by an investment firm within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 or by a Management Company within the meaning of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (“UCITS”) or by an authorized Alternative Investment Fund Manager within the meaning of the Alternative Investment Fund Manager (“AIFMD”), certifying his expertise, his experience and his knowledge to adequately appraise an investment in the Reserved Alternative Investment Fund.

The conditions set forth above and in Article 2 of the RAIF Law do not apply to Directors (*dirigeants*) and other persons involved in the management of the RAIF. For the avoidance of doubt, the term Eligible Investors includes, where appropriate, the Shareholders of the Fund and the Persons who wish to invest in the RAIF who, on the basis of its Offering Memorandum and its Articles of Incorporation, have made their own assessment of the conditions of their participation in the Fund, which has benefited from a softened registration procedure. Accordingly, it is the responsibility of participating Investors, especially those who may hold a minority interest in the Fund, to determine whether their rights and obligations as Shareholders are suitable for them, particularly in connection with the principal of equal treatment of Shareholders of the Fund. Each Sub-Fund corresponds to a distinct part of the assets and liabilities of the Fund.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021 (continued)

Note 2 - Significant accounting policies

2.1 Basis of presentation

The financial statements are expressed in Euro ("EUR") and have been prepared in accordance with Luxembourg legal and regulatory requirements ("Luxembourg GAAP"), as the Luxembourg laws of 19 December 2002 (the "accounting Law") and of 23 July 2016 (the "RAIF Law").

Accounting policies and valuation rules are, in addition to the ones laid down by the accounting law, determined and applied in accordance with the articles of incorporation of the Fund.

The preparation of financial statements in accordance with such principles requires the use of estimates and assumptions that affect the reported amounts and disclosures. Although, these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2.2 Significant accounting policies

The significant accounting policies of the Fund are summarized as follows:

2.2.1 Calculation of the Net Asset Value

The Net Asset Value per Share of each Class is calculated as of each Valuation Day as specified in the Sub-Fund in the currency of the relevant Class. It is calculated by dividing the Net Asset Value attributable to each Class, being the proportionate value of its assets less its liabilities, by the number of Shares of such Class then in issue.

2.2.2 Valuation principles

a) The value of any cash on hand or on deposit, bills or notes payable, accounts receivable, prepaid expenses, cash dividends, and interest accrued but not yet received are equal to the entire nominal or face amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof shall be determined by the Board of Directors of the Fund.

b) Liquid assets and money market instruments are valued at nominal value plus any accrued interest. The management team may, from time to time, assess this method of valuation and recommend changes, where necessary, to ensure that such assets are valued at their fair value as determined in good faith pursuant to procedures established by the Board of Directors of the Fund.

c) Special Purpose Vehicles ("SPV") are not consolidated in the financial statements. They are recognized at their Net Asset Value prepared in accordance with Luxembourg GAAP and adjusted by the fair values of their investments determined by the AIFM in accordance with the following valuation policies.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021 (continued)

Note 2 - Significant accounting policies (continued)

2.2.2 Valuation principles (continued)

d) Securities (equity, debt and structured financial instruments) which are not listed on a stock exchange nor dealt on a regulated market are determined at the fair value based on the reasonably foreseeable sales price determined prudently and in good faith by the management team or an external valuer in good faith and with care.

e) The valuation of the Forward Foreign Exchange contracts is equal to the difference between the value at the time the contract was opened and the value at year-end.

f) The value of any other asset not specifically referenced above are the probable realization value estimated with care and in good faith by the Board of Directors of the Fund using any valuation method approved by the Board of Directors of the Fund.

2.2.3 Interests income on loans

Interest income on loans accrued is recorded, net of any withholding tax.

2.2.4 Foreign currency translation

The Fund maintains its books and records in EUR and the Sub-Fund's Net Asset Value ("NAV") is calculated in GBP.

FX-rates used as at 31 December 2021:

EUR/GBP	1.19104
USD/GBP	1.35445

Any assets or liabilities in currencies other than the reference currency of the Sub-Fund are converted into the reference currency at the exchange rate prevailing at balance sheet date. Income and expenses denominated in currencies other than the reference currency of the Sub-Fund are converted at the exchange rate effective at the time of the transaction. Gains or losses on foreign exchange are included in the statement of operations and changes in net assets.

2.2.5 Formation expenses

The formation expenses are written off on a straight-line basis over a period of 5 years.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021 (continued)

Note 3 - Capital contributions

The initial capital of the Fund is 30,000.00 EUR divided into the 30 shares (manager shares) and has been fully paid-up as at 31 December 2018.

All the shares issued upon incorporation are in registered form without any par value.

As at 31 December 2021, 1 Sub-Fund is active with 2 shares classes, in GBP and in USD.

The movements on the capital during the year are as follows:

	Manager Shares	Ordinary shares Class F1 GBP	Ordinary shares Class F4 USD
	<i>From 1 January 2021 to 31 December 2021</i>		
Number of shares at the beginning of the year	30.000	2,311.321	1,983.980
Number of shares subscribed	-	3,346.426	309.471
Number of shares redeemed	30,000	-137.296	-1,300.000
Number of shares outstanding at the end of the year	-	5,520.451	993.451

The Manager shares were allocated to the umbrella of the Fund and were not allocated to a specific Sub-Fund.

Note 4 - Debtors (becoming due and payable within one year)

	GBP
Formation expenses	116,612.67
Other receivables	
Bank fees	178.42
Arrangement fees	27,500.00
Loan reimbursement (Bark Place)	813,739.42
Total	<u>958,030.51</u>

Note 5 - Shares in affiliated undertakings

	Currency	Value as 31/12/2021	Number of shares held
Pontis Investment SARL	GBP	72,480.15	100

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021 (continued)

Note 6 - Loan Portfolio including accrued interests

As 31 December 2021, the Sub-Fund provides 6 loans to its SPV Pontis Investment SARL. The SPV acts as a borrower and will use the facilities only to provide short to mid-term bridge financing on primarily residential real properties in the UK. Below are the detailed amounts of those 6 loans at Sub-Fund level:

Nominal	Currency	Month rate	Start Date	Loan Maturity	Accrued interests as at 31/12/21	Total value in loan currency
425,000.00	GBP	0.90%	03/02/2021	22/02/2022	39,270.00	464,270.00
496,070.00	GBP	0.85%	10/11/2021	10/11/2022	4,466.37	500,536.37
760,000.00	GBP	0.90%	06/10/2021	06/04/2023	18,924.00	778,924.00
588,500.00	GBP	0.85%	14/06/2021	14/02/2023	32,681.37	621,181.37
1,710,000.00	GBP	0.90%	24/06/2021	24/06/2023	95,418.00	1,805,418.00
1,950,000.00	GBP	1.00%	18/05/2021	18/08/2021	144,300.00	2,094,300.00
5,929,570.00					335,059.74	6,264,629.74

Below are the detailed amounts of the usage of those 6 loans at SPV level:

Nominal	Currency	Month rate	Start Date	Loan Maturity	Accrued interests as at 31/12/21	Total value in loan currency
425,000.00	GBP	1.00%	03/02/2021	22/02/2022	44,058.33	469,058.33
496,070.00	GBP	0.95%	10/11/2021	10/11/2022	4,991.83	501,061.83
760,000.00	GBP	1.00%	06/10/2021	06/04/2023	21,026.67	781,026.67
588,500.00	GBP	0.95%	14/06/2021	14/02/2023	36,526.23	625,026.23
1,710,000.00	GBP	1.00%	24/06/2021	24/06/2023	106,020.00	1,816,020.00
1,950,000.00	GBP	1.083%	18/05/2021	18/08/2021	156,004.40	2,106,004.40
5,929,570.00					368,627.46	6,298,197.46

Note 7 - Unrealized loss on Forward Foreign Exchange contracts

The Sub-Fund held an opened Forward Foreign Exchange contract for hedging purpose as at 31 December 2021:

Amount Bought	Currency Bought	Amount Sold	Currency Sold	Maturity Date	Unrealized loss (in GBP)
1,145,000.00	USD	858,642.67	GBP	28/02/2022	-13,133.76

Note 8 - Taxes

The Fund is subject to the tax laws and regulations of Luxembourg. Under the prevailing laws and regulations, the Fund is subject to a subscription tax of 0.01% per annum of its net assets, calculated and payable at the end of each quarter.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021 (continued)

Note 9 - Related Parties

The Sub-Fund pays an annual fee to the AIFM on quarterly basis up to an annual rate of 0.25% calculated on the gross assets under management value of the Sub-Fund (with a minimum of 30,000 EUR).

In order to support the performance of the Sub-Fund, the Investment advisor took partially in charge all AIFM's fees (Management Company fees, Domiciliation fees, Hedging fees, Out-of-pocket expenses, ...) until 31 December 2021.

Note 10 - Off balance sheet commitments

There is no off balance sheet item.

Note 11 - Significant events during the year

The COVID-19 events have not had been any major impact on the Fund's activities and performances which are less bad than its peers. The Business Continuity Plan of the AIFM has been activated due to the COVID-19 crisis. The AIFM monitors the Fund activity to ensure continuity at any time. There is no gap in the continuity of work and obligations. The legal risk is well covered and the permanent risk management function notes that continuity with the authorities is ensured. The AIFM has ensured and confirms that all the delegated activities are performed as in normal circumstances and that no issue has been raised during this period.

Note 12 - Subsequent events

The Board of Directors of the Fund has decided to proceed with a migration of depositary from ING Luxembourg S.A. to QUINTET Private Bank (Europe) S.A.. The migration has been executed on 29 April 2022.

In accordance with article 17 of the Articles of incorporation, the Board of Directors of the Fund Directors decided on the 16th of March 2022 on the following:

- Modification of article 1 of the Articles of incorporation of the Fund: change of name of the Fund to "PCI RAIF".

On February 24, 2022, Russia launched a military offensive against Ukraine resulting in widespread sanctions on Russia and heightened security and cyber threats.

The situation in the region is rapidly evolving, the Fund Directors continue to monitor the situation carefully and will take whatever steps are necessary and in the best interests of the Fund's shareholders. This includes but is not limited to ensuring that the requirements of all international sanctions are adhered to, managing the assets of the Fund proactively to best mitigate risk and ensuring that the AIFM and other key suppliers continue to operate all protections, protocols and monitoring of heightened cyber threats.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021 (continued)

Note 12 - Subsequent events (continued)

Although the Fund has no direct investments in Ukraine, Russia or their neighboring countries, market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect the performance of the Sub-Funds. The Fund Directors and the AIFM continue to monitor developments and evaluate its impact on the Fund and its sub-funds.

Loan Repayment:

The Tottenham Loan concluded on 18 May 2021 for an amount of 1,950,000 GBP, was supposed to be reimbursed on 18 August 2021 but was delayed slightly because the two collateral buildings were in the process of being sold in order to receive the reimbursement (Exit strategy). In January 2022 a partial repayment has been received resulting from the sale of one of the two buildings. The second building is still being sold. The reimbursement is thus still outstanding.

New loans:

Two new loans were contracted in February 2022 as follows:

- Deal trademark: GBP 906,630 with maturity date on 18/08/2022 but already reimbursed (Principal + Interest) on value date 01/06/2022
- Deal Pinner: GBP 445,560 with a maturity date on 18/08/2022

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OTHER INFORMATION UNAUDITED AS OF 31 DECEMBER 2021

Remuneration Policy

In relation to paragraphs 2 (e) and 2 (f) of article 20 of the law of 12 July 2013 relating to Alternative Investment Fund Managers, and in accordance with the ALFI Guidance dated on 3 October 2014, details of the AIFM's Remuneration Policy are available upon request at its registered office or at www.purecapital.eu.

Remuneration table

This remuneration table does not include the remuneration of investment advisor.

	Number of Beneficiaries	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid	Amount paid directly by the AIF itself to the Management Company (including management company fees; performance fees; domiciliation fees; hedging fees and ad hoc fees) ¹
Total remuneration paid by the Management Company and by the Investment Company during the financial year to executives and senior management	6	3,237,807.58 EUR	1,267,807.58 EUR	1,970,000.00 EUR	79,150.00 EUR
Total remuneration paid by the Management Company and by the Investment Company during the financial year to other staff	14	1,539,778.36 EUR	1,018,278.36 EUR	521,500.00 EUR	

¹ All fees have been borne by the Advisor Pontis Capital Management LLP

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OTHER INFORMATION UNAUDITED AS OF 31 DECEMBER 2021 (continued)

Securities Financing Transactions and of Reuse Regulation (SFTR)

As of the date of the financial statements, the Fund is not in the scope of the publication requirements of SFTR. No corresponding transactions were carried out during the reporting period.

Global Market Risk Exposure

The level of leverage is defined at the level of the portfolio (without considering implied leverage in the underlying investments). These levels are still applicable and have not been revised over the course of the year.

The total amounts of leverage, as defined by the AIFMD, expressed as a percentage of NAV employed by the Sub-Fund as of 31 December 2021 are the following:

- Leverage calculated with the gross method: 111.07 %
- Leverage calculated with the commitment method: 100.40 %

Sustainable Finance Disclosure Regulation (SFDR)

The approach to sustainable finance may evolve and develop over time, both due to a refinement of investment decision-making processes to address ESG factors and risks, and because of legal and regulatory developments. Article 7 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainability investment (the "Taxonomy Regulation") applies to this Sub-Fund. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainability economic activities.