Company name HFMX Designated Activity Company
Headline Notice to Noteholders of Series 243

29 September 2023

REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 16 APRIL 2014 ON MARKET ABUSE (THE "MARKET ABUSE REGULATION") REQUIRES DISCLOSURE OF INSIDE INFORMATION RELATING TO THE ISSUER AND THE NOTES.

THIS ANNOUNCEMENT MAY CONTAIN INSIDE INFORMATION AS DEFINED IN ARTICLE 7 OF THE MARKET ABUSE REGULATION AND IS THEREFORE DISCLOSED IN ACCORDANCE WITH THE ISSUER'S OBLIGATIONS UNDER ARTICLE 17 OF THE MARKET ABUSE REGULATIONS.

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

THIS NOTICE CONTAINS IMPORTANT INFORMATION OF INTEREST TO THE OWNERS OF THE NOTES. IF APPLICABLE, ALL DEPOSITARIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO PASS THIS NOTICE TO SUCH OWNERS IN A TIMELY MANNER.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial, legal or other advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriately authorised independent financial adviser.

If you have recently sold or otherwise transferred your entire holding(s) of the Notes referred to below, you should immediately forward this document to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

NOTICE FROM THE ISSUER TO NOTEHOLDERS

HFMX Designated Activity Company
(the "**Issuer**")

SI Project I (Series 243) Notes due 2023
ISIN: XS1887320890 COMMON CODE: 188732089
(the "**Notes**" or the "**Series**" and the holders thereof the "**Noteholders**")

Capitalised terms used but not otherwise defined in this notice shall have the meanings ascribed to them in the Series Memorandum dated 3 October 2018 and the Conditions of the Notes as the same may be amended and / or supplemented from time to time.

BACKGROUND

The Issuer used the entire net proceeds of the Notes to invest in the membership interests of SI Project, LLC, a Delaware limited liability company incorporated on 25 June 2018 with registered office at 8 The Green, Suite A, Dover, Delaware 19901, Kent County (the "**Company**").

The Maturity Date of the Notes is 2 October 2023.

Special Condition 5.3 (*Redemption Amount*) provides that, unless previously redeemed or purchased, the Notes will be redeemed by a payment in respect of each Note of the Redemption Amount on the Final Maturity Payment Date save where Notes are redeemed pursuant to Condition 2.4.6. The Redemption Amount is defined as an amount equal to the greater of (i) zero and (ii) the Net Proceeds. The Special Condition also provides that no interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Maturity Date, to and including the Final Maturity Payment Date.

The calculation of the Net Proceeds is dependent on the determination of the Realisable Value. The Realisable Value is defined as an amount determined by the Calculation Agent being the proceeds of sale or other means of realisation of the Charged Assets less any costs, expenses, taxes and duties incurred in connection with the disposal or transfer of the Charged Assets by the Charged Assets Realisation Agent.

Subject to the Conditions, the Final Maturity Payment Date is defined as the date falling five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition 5.3 (*Redemption Amount*). It is also stipulated that the Final Maturity Payment Date may be significantly later than the Maturity Date (as was disclosed in the "*Risk Factors – Payments*" in the Series Memorandum). Special Condition 5.11 (*Events of Default*) provides that an Event of Default under Condition 4.1.1 shall occur if the Final Maturity Payment Date does not occur within 90 days of the Maturity Date.

On 5 July 2023, the Company contacted the Arranger with respect to a potential extension of the Maturity Date and provided the following explanation with respect to the contemplated extension:

"*As we have mentioned in various quarterly investor calls, the SI Project portfolio has withstood, since 2020, a global health pandemic, unprecedented velocity in inflation, higher interest rate and geopolitical volatility in Brazil which has impacted the USD/BRL exchange rate. Therefore, although the SI Project fund is profitable in the local currency (BRL), the currency devaluation versus US Dollar (USD) of approximately 25.2% since the inception of the fund has resulted in the net performance to be negative to our investors.*

Our allocation and investment in the industrial real estate sector in Brazil has been the largest driver of returns. The fund's warehouses were successfully built and are currently leased at competitive market rates. However, given local interest rates are now at 13.75%, the valuation of these cash flowing assets

is severely discounted to where the market was a couple of years ago.

Our warehouses at Guarulhos Airport with 3,036 m² and Osasco with 7,347m², besides being almost at 100% occupancy,the rates are increasing in price above our expectations. For example, in 2020 the price per square meter was trading at around R$ 19/m² versus today the market is commending a R$ 30/m².

Although we expect interest rates to come down and stabilize in the future, significantly improving the underlying asset pricing in the portfolio, we are faced with a decision today as the fund is set to return investor's capital October 2023. We do not believe this is the best time to liquidate the assets of the portfolio."

At such time, the Company did not request an extension of the Maturity Date but have now formally requested an extension of the Series. However, Special Condition 5.10 of the Notes provides that:

*The term of the Notes may be extended for further periods of up to ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders one (1) calendar month prior to the Maturity Date or any Extended Maturity Date, if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Maturity Date or on the date stated in the final Extension Notice (such date being the "**Extended Maturity Date**").*

The Company did not formally request an extension of the Series at least one calendar month prior to the Maturity Date. As such, no Extension Notice can be given, and the Series may not be extended without an Extraordinary Resolution of the Noteholders. The Arranger is in discussions with the Issuer with respect to requesting the Noteholders to pass an Extraordinary Resolution approving an Extended Maturity Date.

The Issuer hereby provides notice that:

1. The Notes will mature on the Scheduled Maturity Date of 2 October 2023.

2. The provisions of Special Condition 5.3 (*Redemption Amount*) apply so that the Redemption Amount of the Notes will be paid on the Final Maturity Payment Date, which may be significantly later than the Maturity Date.

3. The Arranger will coordinate with the Issuer, in respect of requesting the Noteholders to pass an Extraordinary Resolution approving an Extended Maturity Date.

4. Should the Issuer decide not to proceed with the Extraordinary Resolution per item 3 above, the Redemption Amount and the Final Maturity Payment Date will be determined in due course on the basis of the final determination of the Realisable Value of the Charged Assets, following which the Issuer (i) will inform the Noteholders of the Final Maturity Payment Date and Redemption Amount and (ii) request the cancellation of the listing of the Notes on the Vienna MTF following their redemption.

No action is required by Noteholders at this time. This notice is for information purposes only. Further

information, including whether the Issuer will request the Noteholders to pass an Extraordinary Resolution as referred to above, will be provided once available.

This Notice has not been formulated by the Trustee who expresses no view on it and the Trustee expresses no opinion as to the actions (if any) the Noteholders may take in respect of this Notice. The information contained herein has not been independently verified by the Trustee and the Trustee makes no representation that all relevant information has been disclosed to Noteholders in or pursuant to this Notice. In accordance with normal practice, the Trustee expresses no view as to the truth, veracity, accuracy or completeness of the contents of this Notice. Accordingly, the Trustee recommends that Noteholders consider seeking their own financial, tax, accounting, investment and legal advice in respect of this Notice.

No responsibility or liability is or will be accepted by the Trustee in relation to the accuracy or completeness of this Notice or any other written or oral information made available to any person receiving this Notice or its advisers and any such liability is expressly disclaimed. This Notice made without prejudice to any and all of the Trustee's rights under the Conditions of the Notes and the transaction documents relating to the Notes, all of which are expressly reserved.

PROPOSED ACTION

Other than as disclosed above, the Issuer proposes no further course of action at this time. This notice is for informational purposes only.

Further Information

For further information with regards to your investment in the Notes, please contact the Arranger at: operations@flexfunds.com