



GENERAL RISK DISCLOSURE

**DAMREV (Pty) Ltd "DAMREV",
Registration Number 2023/162999/07**

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DAMREV is a leading FinTech service provider specializing in ISO 20022 Blockchain Tokenization and Smart Contract Development. The company focuses on Security Token Offerings (STOs) and employs the Stellar Blockchain to tokenize real-world assets.

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VERSION HISTORY.

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1. INTRODUCTION.

Welcome to DAMREV, a pioneering digital asset management firm dedicated to revolutionizing the realm of Real World Asset (RWA) tokenization. As we navigate the cutting-edge intersection of blockchain technology and asset management, it is crucial to ensure that our investors are fully aware of the inherent risks associated with this innovative investment landscape. This Comprehensive Risk Disclosure aims to provide a detailed overview of the potential risks involved in investing in RWA tokens through DAMREV.

Investing in RWA tokens represents a significant shift from traditional investment vehicles, offering the promise of enhanced liquidity, increased transparency, and greater accessibility. However, with these potential benefits come a variety of risks that must be carefully considered. The blockchain technology that underpins RWA tokens is still evolving, and the market for these digital assets can be highly volatile. This document serves to inform you of the multifaceted risks associated with RWA token investments, ensuring you are equipped with the knowledge needed to make informed financial decisions.

The information contained within this document should be read in conjunction with our Security Token Offering (STO) Risk Disclosures, as well as other relevant materials provided by DAMREV. We emphasize that this document does not encompass all possible risks and should not replace the advice of financial, legal, and tax professionals. Instead, it provides a foundation for understanding the primary risks associated with RWA tokens and our services.

As an investor, it is essential to recognize that DAMREV does not offer investment advice or recommendations. We do not assess your personal financial situation, needs, or investment goals. Our role is to facilitate access to innovative investment opportunities, and it is your responsibility to ensure these opportunities align with your financial objectives and risk tolerance. Before making any investment decisions, you should conduct thorough research, evaluate the risks, and consider consulting with professional advisors to tailor your investment strategy to your specific circumstances.

The global regulatory environment for digital assets and RWA tokens is complex and continuously evolving. Different jurisdictions may have varying regulations that impact the legality and operational aspects of RWA token investments. It is vital for you to understand the legal and regulatory frameworks governing your investments in your respective jurisdictions. DAMREV is committed to compliance with applicable regulations, but it remains your responsibility to ensure that your investments adhere to local laws.

Technological advancements and the rapid pace of innovation in the blockchain space present both opportunities and risks. While the underlying technology of RWA tokens can offer greater security and efficiency, it is also susceptible to potential technological failures, cyberattacks, and other security breaches. Understanding these risks and implementing robust security measures is crucial to safeguarding your investments.

In conclusion, the purpose of this Comprehensive Risk Disclosure is to provide you with a detailed understanding of the risks associated with investing in RWA tokens through DAMREV. By outlining these risks, we aim to foster transparency and trust, empowering you to make well-informed investment decisions. As you proceed, remember that investing in digital assets requires careful consideration, thorough research, and a clear understanding of the potential risks and rewards. Your financial future is important to us, and we are committed to supporting you in navigating the dynamic landscape of RWA tokenization.

2. UNDERSTANDING INVESTMENT RISKS.

Investing always involves risks. The following sections highlight various types of risks you may encounter. This list is not exhaustive, and additional significant risks may apply. Always conduct your own research and consult with necessary advisors before investing.

DAMREV does not provide investment recommendations or take into account your personal financial situation, needs, or goals.

3. KEY RISKS OF INVESTING IN RWA TOKENS.

- 3.1. **Volatility and Market Risks:** Investments in RWA tokens are speculative and volatile. They are only suitable for investors willing to bear the risk of loss and sharp drawdowns. The value and performance of RWA tokens are influenced by external market factors, which are determined by multiple third-party segments and not controlled by DAMREV.
- 3.2. **No Insurance or Guarantees:** Investments in RWA tokens are not insured or guaranteed by DAMREV, its partners, or any governmental agency. You are solely responsible for evaluating the merits and risks associated with your investments.
- 3.3. **Assessing Your Financial Position:** Before making any financial decision, assess your financial situation and capacity. Only use funds you can afford to lose. Ensure you understand the suitability and appropriateness of the transactions you enter into and the extent of your exposure to loss.

4. DIVERSE TYPES OF INVESTMENT RISKS.

- 4.1. **Inflation Risk:** The value of your money may decrease over time if the rate of inflation is higher than your investment returns. This is particularly relevant for cash holdings. Inflation risk can erode the purchasing power of your returns, making it crucial to consider investments that have the potential to outpace inflation.
- 4.2. **Market Risk:** Market risks affect all investment classes, including stocks, bonds, property, and RWA tokens. Market volatility can lead to significant changes in the value of your investments. Factors such as economic conditions, political events, and market sentiment can cause fluctuations that impact your investment portfolio.
- 4.3. **Interest Rate Risk:** Changes in interest rates can impact the value of your investments. Fixed-rate deposits, bonds, stocks, and property are all affected by interest rate fluctuations. Rising interest rates may lead to lower bond prices and can affect the overall return on interest-bearing investments.

- 4.4. **Capital Risk:** There is always a potential for loss of part or all of your investment. Higher returns are typically associated with higher risks, which can lead to significant capital decline. Understanding your risk tolerance and investment horizon is crucial to managing capital risk effectively.
- 4.5. **Performance Risk:** Performance differences between similar investments can occur due to varying asset selections. This can lead to different levels of volatility and returns. Factors such as management decisions, market conditions, and sector performance can impact the performance of your investments.
- 4.6. **Liquidity Risk:** The ability to buy or sell RWA tokens at a market-related price within a short time frame can be affected during periods of market volatility. Illiquid markets can result in significant premiums or discounts, making it challenging to execute transactions at desired prices.
- 4.7. **Currency Risk:** Investments denominated in foreign currencies are subject to changes in exchange rates, which can affect the value of your investment. Currency fluctuations can impact returns, especially for investments held in foreign assets or markets.
- 4.8. **Regulatory Risk:** Changes in laws and regulations can significantly impact the viability and value of RWA tokens. Ensure you understand the legal and regulatory environment of your jurisdiction. Regulatory changes can affect the marketability, liquidity, and overall performance of your investments.
- 4.9. **Technological Risk:** Technological failures, bugs, or security breaches in the blockchain or other underlying technologies can impact the value and security of your investments. The rapidly evolving nature of technology introduces risks related to obsolescence, system failures, and cyber threats.

5. MANAGING AND MITIGATING RISKS.

- 5.1. **Conducting Due Diligence:** Conduct thorough research and due diligence before making any investment. Understand the technology,

the team behind the project, the use case, and the market conditions. Evaluate the credibility, track record, and strategic vision of the project developers.

- 5.2. **Implementing Security Measures:** Secure your investments with strong passwords, two-factor authentication (2FA), and by following best practices for securing your private keys. Be vigilant against phishing attempts and other security threats. Regularly update your security protocols to protect against emerging threats.
- 5.3. **Staying Informed:** Keep yourself informed about the latest developments in the RWA token markets, including regulatory updates, technological advancements, and market trends. Subscribe to industry news, follow reputable analysts, and participate in relevant forums and discussions.

6. EMOTIONAL CONSIDERATIONS IN INVESTING.

Understand your risk tolerance and how you will react to market changes. High-risk portfolios may experience value drops, requiring patience and a steady nerve to hold out for long-term rewards. Emotional decision-making can lead to impulsive actions that may negatively impact your investment strategy.

7. ACCOUNT AND DATA SECURITY.

- 7.1. **Protecting Your Account:** DAMREV follows strict internal security practices. However, you must take precautions to ensure that you are the only person with access to your account. Use strong, unique passwords and enable 2FA. Regularly review and update your security settings to ensure optimal protection.
- 7.2. **Recognizing Security Threats:** Be aware of common methods scammers use, such as phishing, malware, and identity theft. Protect your personal documents and be cautious of sharing sensitive information. Regularly monitor your account for suspicious activity and report any concerns immediately.

8. RISKS SPECIFIC TO DAMREV'S SERVICES.

- 8.1. **Technological and Operational Risks:** Technological difficulties may prevent access to your account or delay transactions. Malicious attacks and breaches could compromise assets. Information on our site is provided without warranties of accuracy. Ensure you have contingency plans in place for potential technical disruptions.
- 8.2. **Legal and Regulatory Risks:** Changes in laws and regulations can significantly impact the viability and value of your investments. Ensure you understand the legal and regulatory environment of your jurisdiction. Stay informed about potential regulatory changes that could affect your investment strategy.
- 8.3. **Custodial Risks:** DAMREV does not offer custodial or fiduciary services. Your DAMREV account is not a deposit account covered by insurance. If you lose your private keys, you will lose access to your tokens permanently. Use reputable and secure storage solutions for your digital assets.

9. USER RESPONSIBILITIES AND PRECAUTIONS.

- 9.1. **Regular Review and Monitoring:** Regularly review and monitor your investments. Be proactive in understanding how market conditions, regulatory changes, and technological advancements may affect your portfolio. Adjust your investment strategy as needed to align with changing circumstances.
- 9.2. **Diversification:** Diversify your investments to spread risk across different asset classes. Avoid putting all your capital into a single type of investment or RWA token. Diversification can help mitigate the impact of market volatility and reduce overall portfolio risk.
- 9.3. **Professional Advice:** Seek advice from qualified financial, legal, and tax advisors to ensure that your investments align with your financial goals and comply with relevant laws and regulations. Professional guidance can help you navigate complex investment decisions and optimize your portfolio.

10. TRANSPARENCY AND REPORTING.

- 10.1. **Regular Updates and Reports:** DAMREV is committed to providing regular updates on the performance of RWA tokens and the status of underlying assets. Investors will receive periodic reports detailing key metrics and developments. Transparent reporting helps build trust and ensures you are informed about your investments.
- 10.2. **Audit and Assurance:** Our RWA token offerings undergo regular audits by reputable third-party firms to ensure transparency and integrity. These audits verify the existence and value of the underlying assets. Independent verification enhances credibility and investor confidence.

11. ADDITIONAL CONSIDERATIONS.

- 11.1. **Economic and Geopolitical Risks:** Economic downturns, political instability, and geopolitical events can impact the performance of your investments. Consider these factors when evaluating the potential risks and rewards of investing in RWA tokens.
- 11.2. **Technological Advancements:** Stay informed about technological advancements that could affect the blockchain industry and your investments. Innovations in technology can create new opportunities but also introduce new risks.
- 11.3. **Environmental and Social Factors:** Consider the environmental and social impact of the projects you invest in. Sustainable and socially responsible investments can align with your values and mitigate certain risks.

12. CONCLUSION.

In concluding this Comprehensive Risk Disclosure, we aim to underscore the importance of fully understanding the intricacies and potential pitfalls associated with investing in Real World Asset (RWA) tokens through DAMREV. As a trailblazer in the digital asset management space, DAMREV is committed to transparency, security, and compliance, ensuring that our investors are well-

informed and prepared to navigate the complexities of this innovative investment landscape.

Investing in RWA tokens is a forward-thinking approach that bridges the gap between traditional asset management and cutting-edge blockchain technology. However, this promising intersection comes with its own set of challenges and risks. The volatility of the market, the evolving regulatory environment, and the inherent uncertainties of technological advancements all play significant roles in shaping the investment landscape. As an investor, it is imperative to remain vigilant, continuously educate yourself, and seek professional advice to manage these risks effectively.

We have detailed various types of risks, including market volatility, inflation risk, interest rate risk, capital risk, performance risk, liquidity risk, currency risk, regulatory risk, and technological risk. Each of these risks has its own implications and requires specific strategies to mitigate. Diversification, thorough due diligence, regular monitoring, and professional guidance are essential tools for managing these risks. By spreading your investments across different asset classes and maintaining a well-balanced portfolio, you can reduce exposure to any single risk factor.

Security is another paramount concern. DAMREV employs stringent internal security measures to protect your investments, but it is equally crucial for you to take personal responsibility for safeguarding your account. Utilize strong, unique passwords, enable two-factor authentication, and stay alert to potential security threats such as phishing and malware. Regularly reviewing and updating your security protocols can significantly enhance the protection of your digital assets.

Transparency and reporting are core components of our commitment to you. DAMREV provides regular updates and reports on the performance of RWA tokens, ensuring you have access to accurate and timely information. Our offerings undergo rigorous audits by independent third-party firms, providing an additional layer of assurance and building trust in our processes.

The global landscape for digital assets and RWA tokens is dynamic and subject to change. Economic and geopolitical factors, technological advancements, and environmental and social considerations all influence the performance of your investments. Staying informed about these broader trends and understanding their potential impact on your portfolio is crucial for making sound investment decisions.

In summary, the journey of investing in RWA tokens through DAMREV is one of both opportunity and caution. The potential for significant returns is coupled with the need for a thorough understanding of the associated risks. By embracing a proactive approach to risk management, leveraging professional advice, and staying informed, you can navigate this innovative investment landscape with confidence.

We at DAMREV are dedicated to supporting you in this journey, providing the tools, information, and transparency needed to make informed decisions. Your financial future is important to us, and we strive to offer a secure, compliant, and innovative platform for managing your digital assets. Thank you for choosing DAMREV as your partner in exploring the future of asset management.