

**OPUS – CHARTERED ISSUANCES S.A.**

*(incorporated as a public limited liability company (société anonyme)  
under the laws of the Grand Duchy of Luxembourg)*

acting in respect of its **Compartment 80**

**Up to EUR 100,000,000 5.50 per cent North America Water  
Infrastructure Bonds 2017(24) (R III) due 2024**

**Issue Price: EUR 1,000 per Bond**

Opus – Chartered Issuances S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg (**Luxembourg**), having its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, registered with the Luxembourg trade and companies register (*registre de commerce et des sociétés, Luxembourg*) under number B.180859 (the **Company**), subject, as an unregulated securitisation undertaking, to the provisions of the Luxembourg act dated 22 March 2004 on securitisation, as amended (the **Securitisation Act 2004**) and acting in respect of the Compartment (as defined below) (the **Issuer**) will issue on the Initial Issue Date (as defined in the Conditions, as defined below), and may issue on Further Issue Dates (as defined in the Conditions), the up to EUR 100,000,000 5.50 per cent North America Water Infrastructure Bonds 2017(24) (R III) due 2024 (the **Bonds**).

The Bonds are subject to, and are governed by, the terms and conditions (the **Conditions**) set out in this prospectus (the **Prospectus**). Each Bond has a nominal value of EUR 1,000 (the **Nominal Value**) and the minimum subscription amount per holder of the Bonds (each, a **Holder** and collectively, the **Holder**s) is EUR 5,000. Thereafter, the minimum trading amount in each individual transaction in respect of the Bonds is EUR 1,000. The Bonds will be represented by one or more Global Bonds (as defined in the Conditions). A Global Bond representing the Bonds is exchangeable for definitive Bonds only in limited circumstances.

The Bonds have been issued in respect of a separate compartment called “Compartment 80” created by the board of directors of the Company (the **Compartment**). The Compartment is a separate part of the Company's assets and liabilities. The Compartment Assets (as defined in the Conditions) are, in principle, exclusively available to satisfy the rights of the Holders and the rights of the creditors whose claims have arisen as a result of the creation, the operation or the liquidation of the Compartment, as contemplated by the articles of incorporation of the Company (the **Articles**). The Bonds constitute unsecured unsubordinated obligations of the Issuer and rank *pari passu* and rateably among themselves and with all other unsecured and unsubordinated outstanding liabilities of the Issuer in respect of the Compartment, subject to the priority of payments set out in Condition 4(f). The Issuer has the obligation to make payments under the Bonds only to the extent of payments received by it in respect of the Compartment Assets and proceeds from a sale or termination of such Compartment Assets.

Application has been made to the Liechtenstein Financial Market Authority (the **FMA**) in its capacity as competent authority of the country of origin in line with the Directive 2003/71/EC, as amended (the **Prospectus Directive**) (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**)) and as stipulated in article 29 of the Liechtenstein Prospectus Act (“*Wertpapierprospektgesetz*”) (the **Prospectus Act**) to approve this document as a prospectus for the purposes of offering the Bonds to the public in any Member State of the European Union (the **EU**) where the publication of a prospectus in accordance with Article 3 of the Prospectus Directive is required.

Application will be made to Düsseldorf Stock Exchange (*Börse Düsseldorf*) for the Bonds to be admitted to trading and listed on the open market (*Freiverkehr*).

The Issuer has also requested the FMA in accordance with article 23 of the Prospectus Act to provide the competent authority in the Federal Republic of Germany (and, together with the Principality of Liechtenstein, the **Public Offer Jurisdictions** and each, a **Public Offer Jurisdiction**) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Act. The publication of the Prospectus will be made at least one Business Day (as defined in the Conditions) prior to the commencement of an offer to the public of the Bonds in the relevant Public Offer Jurisdiction.

The FMA assumes no responsibility as to the economic and financial soundness of the Bonds or the quality or solvency of the Issuer in accordance with Article 30a of the Prospectus Act.

The Holders are entitled to receive a fixed-rate annual interest payable semi-annually in accordance with, and subject to, Condition 5(a). Furthermore, the Holders may receive an additional interest amount if the conditions set out in Condition 5 (b) have been fulfilled. In the case of the redemption of the Bonds on the Maturity Date (as defined in the Conditions), a Holder will be paid, in respect of each outstanding Bond held by it, the amount equal to the Basket Value per Bond (as defined in the Conditions) calculated in accordance with Condition 6(a). The Basket Value per Bond is determined by reference to the NORTH AMERICA WATER INFRASTRUCTURE BASKET (R III), a basket (the **Reference Basket**) consisting of interest participations (subject to currency hedges) in certain water infrastructure projects in North America (each, a **Reference Project**) as well as the Notional Cash Reserve Account (as defined in the Conditions), the exact composition of which is subject to the provisions set out in Condition 6(b).

If the Bonds are redeemed prior to their Maturity Date in accordance with Condition 9, the Issuer will procure the liquidation of the Compartment Assets and pay to a Holder, in respect of each outstanding Bond held by it, the Early Redemption Amount. The payment of any amounts due to the Holders in respect of the Bonds will at all times be subject to the available Compartment Assets.

The net issue proceeds of the Bonds (equal to the Issued Principal Amount minus the Upfront Fees and the One-Off Intermediary Fees (all terms as defined in the Conditions) will be used by the Issuer to invest in the Underlying Assets (as defined in the Conditions) in order to hedge its payment obligations under the Bonds. The Issuer endeavours to hold at any time the Underlying Assets that are, in its reasonable opinion, suitable to ensure full and punctual payment of the amounts due to the Holders under the Bonds. The Issuer shall not be obliged to invest, directly, indirectly, or synthetically, in interest participations in the same water infrastructure projects as may be included in the Reference Basket.

This Prospectus may only be used for the purposes for which it has been published.

**The Holders, by subscribing to or otherwise acquiring the Bonds, expressly acknowledge and accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular, the provisions on limited recourse, non-petition, subordination and priority of payments, which are embedded in the Conditions.**

**The Bonds are complex financial instruments. An investment in the Bonds is suitable only for experienced and financially sophisticated investors who are in a position to evaluate the risks and who have sufficient resources to be able to bear any losses which may result from such investment. Before subscribing to or otherwise acquiring any Bonds, prospective investors should specifically ensure that they understand the structure of, and the risk inherent to, the Bonds and should specifically consider the risk factors set out under the section "*Risk Factors*" below.**

The Prospectus comprises a prospectus for the purposes of the Prospectus Directive and for the purposes of the Prospectus Act and for the purpose of giving information with regard to the Issuer, which, according to the particular nature of the Issuer and the Bonds, is necessary to enable an investor to make an informed assessment concerning the Issuer and the Bonds.

The Issuer accepts responsibility for the information contained in this Prospectus and, to the best of its knowledge (having taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in the sections “*Risk Factors*” (other than the sections “*Risk Factors relating to Reference Projects*” and “*Risk Factors relating to the Underlying Assets*” and “*Descriptions of the Parties*” (other than the information relating to the Issuer) has been provided by Chartered Investment Germany GmbH or have been reproduced from publicly available information. The information contained in the sections “*Risk Factors relating to Reference Projects*”, “*Risk Factors relating to the Underlying Assets*” and “*Description of the Reference Projects and the Underlying Assets*” has been provided by Signina Capital AG. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from such information, no facts have been omitted which would render the reproduced information materially inaccurate or misleading.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see the section “*Documents Incorporated by Reference*” below). This Prospectus should be read and construed on the basis that such documents are incorporated by reference and form part of the Prospectus.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Prospectus or its delivery nor any other information supplied in connection with the offering, sale or delivery of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer that any recipient of this Prospectus or any other information supplied in connection with the offering, sale or delivery of the Bonds should purchase any Bonds. Each investor contemplating acquiring any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and should conduct its own examination of the terms and conditions of the Bonds and the investments referenced in the Reference Basket. Save for the approval of the Prospectus by the FMA and save as described herein, neither this Prospectus nor any other information supplied in connection with the offering of the Bonds constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe to, or otherwise acquire, any Bonds.

Neither the delivery of the Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same.

**THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, (THE SECURITIES ACT) AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS. FOR A FURTHER DESCRIPTION OF CERTAIN RESTRICTIONS ON THE OFFERING AND SALE OF THE BONDS AND ON DISTRIBUTION OF THIS DOCUMENT, SEE THE SECTION “SUBSCRIPTION AND SALE” BELOW.**

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale or delivery of Bonds may be restricted by law in certain jurisdictions. The Issuer does not represent that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered or sold, in compliance with any applicable registration or other requirements

in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering or sale of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about and observe any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States and the European Economic Area, including the Public Offer Jurisdictions (please see the section "*Subscription and Sale*" below).

This Prospectus has been prepared on the basis that any offer of the Bonds in any Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), other than offers (the **Permitted Offers to the Public**) which are contemplated in this Prospectus in the Public Offer Jurisdictions once the Prospectus has been approved by the FMA and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in Germany, will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Bonds. Accordingly any person making or intending to make an offer in that Relevant Member State of Bonds which are the subject of the offering contemplated in this Prospectus, other than the Permitted Offers to the Public, may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. The Issuer neither has authorised, nor does it authorise, the making of any offer (other than Permitted Offers to the Public) of Bonds in circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such offer.

#### **Consent given in accordance with Article 3.2 of the Prospectus Directive**

In the context of Permitted Offers to the Public, the Issuer expressly consents to the use of the Prospectus in the Public Offer Jurisdictions by apano GmbH (the **Intermediary**) and any financial intermediary authorised by the Intermediary after the date of this Prospectus and whose name is published on the Issuer website (each such financial intermediary, an Authorised Offeror) and accepts responsibility, in the Public Offer Jurisdictions, for the content of this Prospectus in relation to any person who purchases any Bonds in a Permitted Offer to the Public made by the Intermediary or any Authorised Offeror, where that offer is made during the Offer Period ( as defined below) and provided that the conditions attached to the giving of consent for the use of this Prospectus are complied with.

**Except in the circumstances set out in the following paragraphs, the Issuer has not authorised the making of any offer to the public of Bonds by any offeror and the Issuer has not consented to the use of this Prospectus by any other person in connection with any Permitted Offers to the Public. Any offer to the public of Bonds made without the consent of the Issuer is unauthorised and neither the Issuer nor, for the avoidance of doubt, the Intermediary accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.**

The Issuer's consent to the use of this Prospectus by the Intermediary and any Authorised Offeror in the context of Permitted Offers to the Public is only valid during the Offer Period.

**The Intermediary and any Authorised Offeror are required, for the duration of the Offer Period, to publish on their respective websites an acceptance statement by which they accept the Issuer's offer to grant consent to the use of this Prospectus.**

**In the event of an offer being made by the Intermediary or any Authorised Offeror, the Intermediary or such Authorised Offeror (as applicable) will provide information to investors on the terms and conditions of the offer at the time the offer is made.**

Supplements (if any) to this Prospectus will be approved by the FMA and published on the website of the Issuer ([www.chartered-opus.com](http://www.chartered-opus.com)) in accordance with article 17(3)(c) of the Prospectus Act.

All references in the Prospectus to **dollars**, **USD** and **\$** refer to United States dollars. All references in this Prospectus to **CAD** and **C\$** refer to Canadian dollar. All references in the Prospectus to **euro**, **EUR** and **€** refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Any websites included in the Prospectus are for information purposes only and do not form part of the Prospectus.

All references in the Prospectus to business day(s), unless specified otherwise, are references to Business Day(s) (as defined in the Conditions).

References to the Issuer may, where relevant and if the context so requires, be construed as a reference to the Company and *vice versa*.

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## SUMMARY OF THE PROSPECTUS

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E. This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary with the mention of 'not applicable'.

### Section A – Introduction and warnings

Element	Title	
A.1	<b>Warnings that the summary should be read as an introduction and provision as to claims</b>	<ul style="list-style-type: none"> <li>• <b>This summary should be read as an introduction to this prospectus (the Prospectus).</b></li> <li>• <b>Any decision to invest in the up to EUR 100,000,000 5.50 per cent North America Water Infrastructure Bonds 2017(24) (R III) due 2024 (the Bonds) should be based on consideration of the Prospectus as a whole by the investor.</b></li> <li>• <b>Where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</b></li> <li>• <b>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.</b></li> </ul>
A.2	<b>Consent as to use of the Prospectus, period of validity and other attached conditions</b>	<p>The Issuer expressly consents to the use of the Prospectus by the Intermediary (as defined below) and any financial intermediary authorised by the Intermediary after the date of this Prospectus and whose name is published on the Issuer website (<a href="http://www.chartered-opus.com">www.chartered-opus.com</a>) (each, an <b>Authorised Offeror</b>) and accepts responsibility, in the Public Offer Jurisdictions (as defined below), for the content of this Prospectus in relation to any person (who purchases any Bonds as contemplated by this Prospectus (as made by the Intermediary or an Authorised Offeror, where that offer is made during the Offer Period (as defined below) and provided that the conditions attached to the giving of consent for the use of this Prospectus are complied with.</p> <p>The Issuer's consent to the use of this Prospectus by the Intermediary and any Authorised Offeror in the context of Permitted Offers to the Public (as defined below) is only valid during the Offer Period.</p> <p>The Intermediary and any Authorised Offeror are required, for the duration of the Offer Period, to publish on their respective websites an acceptance statement by which they accept the Issuer's offer to</p>

Element	Title	
		<p>grant consent to the use of this Prospectus.</p> <p>In the event of an offer being made by the Intermediary or any Authorised Offeror, the Intermediary or such Authorised Offeror (as applicable) will provide information to investors on the terms and conditions of the offer at the time the offer is made.</p> <p><b>Public Offer Jurisdictions</b> means the Principality of Liechtenstein and the Federal Republic of Germany.</p> <p><b>Permitted Offers to the Public</b> means offers that are contemplated in this Prospectus in the Public Offer Jurisdictions.</p>

### Section B – Issuer

Element	Title																															
<b>B.1</b>	Legal and commercial name of the Issuer	Opus - Chartered Issuances S.A. (the <b>Company</b> ) acting in respect of the Compartment (the <b>Issuer</b> ), where the <b>Compartment</b> means a separate compartment called “Compartment 80”.																														
<b>B.2</b>	Domicile/ legal form/ legislation/ country of incorporation	The Issuer is a public limited liability company ( <i>société anonyme</i> ) incorporated under the laws of the Grand Duchy of Luxembourg ( <b>Luxembourg</b> ) and domiciled in Luxembourg. The registered office of the Issuer is at 6, rue Eugène Ruppert, L-2453 Luxembourg.																														
<b>B.4b</b>	Trend information	Not applicable. The Issuer is not aware of any significant recent trends that may affect its operations.																														
<b>B.5</b>	Description of the group	Not applicable																														
<b>B.9</b>	Profit forecast or estimate	Not applicable – No profit forecast or estimates have been made in the Prospectus.																														
<b>B.10</b>	Audi report qualifications	Not applicable – No qualifications are contained in any audit (or review) report included in the Prospectus.																														
<b>B.12</b>	Selected historical key financial information	<p>The summary information is extracted from the Company's audited financial statements as at 31 December 2015 and 31 December 2016:</p> <p><b>Combined balance sheet</b></p> <p>(in EUR1,000)</p> <table border="1"> <thead> <tr> <th></th> <th>2016</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td><b>ASSETS</b></td> <td></td> <td></td> </tr> <tr> <td><b>Fixed Assets</b></td> <td>133,640</td> <td>98,350</td> </tr> <tr> <td><b>Current Assets</b></td> <td>18,242</td> <td>6,331</td> </tr> <tr> <td><b>Prepayments</b></td> <td>6,342</td> <td>430</td> </tr> <tr> <td><b>Total Assets</b></td> <td>158,225</td> <td>105,111</td> </tr> <tr> <td><b>LIABILITIES</b></td> <td></td> <td></td> </tr> <tr> <td><b>Capital Reserves</b></td> <td>42</td> <td>34</td> </tr> <tr> <td><b>Provisions</b></td> <td>0</td> <td>0</td> </tr> <tr> <td><b>Non subordinated debt / Creditors</b></td> <td>158,183</td> <td>105,077</td> </tr> </tbody> </table>		2016	2015	<b>ASSETS</b>			<b>Fixed Assets</b>	133,640	98,350	<b>Current Assets</b>	18,242	6,331	<b>Prepayments</b>	6,342	430	<b>Total Assets</b>	158,225	105,111	<b>LIABILITIES</b>			<b>Capital Reserves</b>	42	34	<b>Provisions</b>	0	0	<b>Non subordinated debt / Creditors</b>	158,183	105,077
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<b>Non subordinated debt / Creditors</b>	158,183	105,077																														

Element	Title			
		<b>Deferred Income</b>	0	0
		<b>Total Liabilities</b>	158,225	105,111
<b>B.13</b>	Recent events impacting the Company's solvency	Not applicable – There are no recent events particular to the Issuer or the Company that are, to a material extent, relevant to the evaluation of the Company's solvency.		
<b>B.14</b>	Dependence upon other group entities	Not applicable.		
<b>B.15</b>	Principal Activities	The principal activities of the Company are to enter into, perform and serve as a vehicle for, any securitisation transactions as permitted by the Luxembourg act dated 22 March 2004 on securitisation, as amended (the <b>Securitisation Act 2004</b> ).		
<b>B.16</b>	Controlling shareholders	Stichting Opus - Chartered Issuances, a foundation ( <i>stichting</i> ) incorporated under the laws of The Netherlands, having its registered office at De Boelelaan 7, 1083HJ Amsterdam, The Netherlands.		
<b>B.17</b>	Credit ratings	Not applicable – Neither the Issuer nor the Bonds have been rated.		

### Section C – Securities

Element	Title			
<b>C.1</b>	Description of Bonds/ISIN	The up to EUR 100,000,000 5.50 per cent North America Water Infrastructure Bonds 2017(24) (R III) due 2024 will be issued by the Issuer.  International Securities Identification Number ( <b>ISIN</b> ): DE000A2HED48		
<b>C.2</b>	Currency	The currency of the Bonds is Euro.		
<b>C.5</b>	Restrictions on transferability	Not applicable - There are no restrictions on the free transferability of the Bonds.		
<b>C.8</b>	Rights attached to the Bonds, including ranking and limitations on those rights	<p><b>Rights:</b> In respect of rights to receive interest and redemption payments please refer to C.9 below.</p> <p><b>Status:</b> The obligations under the Bonds constitute unsubordinated obligations of the Issuer ranking <i>pari passu</i> and rateably among themselves. The Bonds represent limited recourse obligations of the Issuer. Holders of Bonds (the <b>Holder</b>s) shall have the right to receive payments under the Bonds only to the extent of payments received by the Issuer under the assets allocated to the Compartment (the <b>Compartment Assets</b>) and proceeds from a sale or termination of the Compartment Assets by the Issuer.</p> <p><b>Securitisation Act 2004:</b> By subscribing for the Bonds, or otherwise acquiring the Bonds, the Holders expressly acknowledge and accept, and will be deemed to have accepted and acknowledged, that the Company (i) is subject to the Securitisation Act 2004 and (ii) has created the Compartment in respect of the Bonds to which all assets, rights, claims and agreements relating to the Bonds will be allocated. Furthermore, the Holders acknowledge and accept that they have recourse only to the Compartment Assets and not to the assets</p>		

Element	Title	
		<p>allocated to any other compartment created by the Company or any other assets of the Company. The Holders acknowledge and accept that once all the Compartment Assets have been realised, they are not entitled to take any further steps against the Issuer or the Company to recover any further sums due and the right to receive any such sum shall be extinguished. The Holders accept not to attach or otherwise seize the assets of the Issuer allocated to the Compartment or to other compartments of the Company or other assets of the Company. In particular, no Holder shall be entitled to petition or take any other step for the winding-up, the liquidation and the bankruptcy of the Company or any similar insolvency related proceedings.</p> <p><b>Redemption at the option of the Holders:</b> Except as provided in the terms and conditions of the Bonds, the Bonds may not be redeemed early at the option of the Holders.</p> <p><b>Governing law:</b> The Bonds are governed by, and shall be construed in accordance with, Luxembourg law.</p>
C.9	Interest/Redemption	<p>Please refer to element C.8 for information on ranking and limitations on rights of Holders.</p> <p><b>Interest (all relevant terms as defined below)</b></p> <p>The Issuer will pay to the Holders on each Interest Payment Date all accrued Fixed Interest Amounts and Additional Interest Amounts.</p> <p><b>Redemption (all relevant terms as defined below)</b></p> <p><i>Final Redemption</i></p> <p>Unless otherwise previously redeemed and exchanged or purchased and cancelled, the Issuer will redeem each outstanding Bond on the Maturity Date by cash payment at the Basket Value per Bond as determined by the Issuer on the Final Reference Basket Calculation Date.</p> <p><i>Early redemption</i></p> <p>In certain circumstances, the Issuer may at its option issue a notice to the Holders by which it informs the Holders about the early redemption of the Bonds (in whole but not in part). The Issuer shall redeem the Bonds by paying the Early Redemption Amount to the Holders.</p> <p><b>Additional Interest Amount:</b> the amount by which the balance of the Cash Reserve Account exceeds 2.5% of the Principal Amount Outstanding after deduction of (i) the amounts received by the Issuer in respect of the redemption, termination or sale of the Underlying Assets and (ii) the provision for any future Annual Fees, Handling Fees, Annual Intermediary Fees, fees due to the Asset Sourcing Agent and Liquidator Fees, as determined by the Calculation Agent in its sole discretion.</p> <p><b>Aggregate Basket Value</b> means the Basket Value per Bond multiplied by the number of the Bonds outstanding.</p> <p><b>Allocation Limits</b> means, in relation to each Basket Component, the Minimum Weight and the Maximum Weight of such Basket</p>

Element	Title													
		<p>Component in the Reference Basket, subject to adjustments, as set out below:</p> <table border="1" data-bbox="699 324 1519 544"> <thead> <tr> <th>Basket Component</th> <th>Minimum Weight</th> <th>Maximum Weight</th> </tr> </thead> <tbody> <tr> <td>Canada Waste to Water</td> <td>15%</td> <td>65%</td> </tr> <tr> <td>US Hydro</td> <td>20%</td> <td>55%</td> </tr> <tr> <td>US Waste Water</td> <td>15%</td> <td>65%</td> </tr> </tbody> </table> <p><b>Annual Fee</b> means 0.35% <i>per annum</i> of the Principal Amount Outstanding deducted by the Issuer from the Cash Reserve Account to cover its general operational expenses and to pay fees of some of the Agents.</p> <p><b>Annual Intermediary Fee</b> means an amount equal to 0.25% <i>per annum</i> of the Principal Amount Outstanding payable to the Intermediary.</p> <p><b>Asset Sourcing Agent</b> means Signina Capital AG.</p> <p><b>Basket Component</b> means a certain type of water infrastructure investment within a certain geographic region, consisting of one or more Reference Projects.</p> <p><b>Basket Value per Bond</b></p> $\left( \sum_{i=1}^N (n_{i,t} * p_{i,t}) + Cash\_Reserve\_Account_t - Fees - Taxes \right) / Bonds_t$ <p>where</p> <p><math>N</math> = Number of Reference Projects in the Reference Basket as advised by the Asset Sourcing Agent</p> <p><math>n_{i,t}</math> = Investment Face Value in relation to Reference Project i on date t</p> <p><math>p_{i,t}</math> = Valuation Amount in relation to Reference Project i on date t</p> <p><math>p_{i,0}</math> = Initial Fixing Level in relation to Reference Project i on the Initial Fixing Date</p> <p><math>p_{i,T}</math> = Valuation Amount in relation to Reference Project i on the Final Fixing Date</p> <p><math>Fees</math> = Sum of any unpaid Annual Fees, One-Off Intermediary Fees, Annual Intermediary Fees, Handling Fees (if any), costs and expenses of the Asset Sourcing Agent (if any) and the Liquidator Fee (if any)</p> <p><math>Cash\_Reserve\_Account_t</math> = Balance of the Notional Cash Reserve Account including its accrued interest on date t</p> <p><math>Taxes</math> = Any taxes which might become due from the Notional</p>	Basket Component	Minimum Weight	Maximum Weight	Canada Waste to Water	15%	65%	US Hydro	20%	55%	US Waste Water	15%	65%
Basket Component	Minimum Weight	Maximum Weight												
Canada Waste to Water	15%	65%												
US Hydro	20%	55%												
US Waste Water	15%	65%												

Element	Title	
		<p>Investor</p> <p><math>Bonds_t</math> = Number of Bonds outstanding on date t</p> <p>The Basket Value per Bond based on the Initial Fixing Level equals EUR 1,000.</p> <p><b>Business Day</b> means a day on (other than a Saturday and a Sunday) on which credit institutions are open for general business in Luxembourg and Düsseldorf and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is operating.</p> <p><b>Calculation Agent</b> means Chartered Investment Germany GmbH.</p> <p><b>Cash Reserve Account</b> means EUR denominated money market account of the Issuer relating to the Compartment.</p> <p><b>Early Redemption Amount</b> means Liquidation Proceeds (after payment of any amounts due from the Issuer in accordance with the priority of payments) divided by the number of the Bonds outstanding.</p> <p><b>Early Redemption Date</b> means the date falling no later than ten (10) Business Days from receipt of the Liquidation Proceeds by the Issuer.</p> <p><b>Final Fixing Date</b> means, for each Reference Project, the date falling no later than three (3) Business Days prior to the Final Reference Basket Calculation Date on which the Notional Investor into the Reference Project would have received, as the case may be, the redemption amount or other type of repayment under the Reference Project Terms or the proceeds from a sale or termination of the interest participation in the Reference Project.</p> <p><b>Final Reference Basket Calculation Date</b> means the date falling on the third (3rd) Business Day prior to the Maturity Date.</p> <p><b>Fixed Interest Amount</b> means 5.50% <i>per annum</i> calculated on the Nominal Value of each Bond from and including the Interest Commencement Date to but excluding the Interest Payment Date immediately preceding the Redemption Date.</p> <p><b>Handling Fees</b> means, in relation to the replacement of one Reference Project by another Reference Project, in accordance with the Allocation Limits applicable to the Basket Components, 0.10% of the amount subject to such replacement.</p> <p><b>Holdings</b> means the holders of one or more Bonds and <b>Holder</b> means any of them.</p> <p><b>Holding Company</b> means the company with an interest in a particular Reference Project and through which an investment in such Reference Project may be made.</p> <p><b>Initial Fixing Date</b> means, for each Reference Project, the first date on which it would have been possible for the Notional Investor to negotiate and make an investment in the Reference Project during the Initial Fixing Period.</p> <p><b>Initial Fixing Period</b> means the period starting on (but excluding)</p>

Element	Title	
		<p>the Initial Issue Date and ending on (and including) 31 May 2018.</p> <p><b>Initial Fixing Level</b> means (A) divided by (B), where (A) means the full acquisition cost (which includes but it is not limited to items (a) to (d) (inclusive) below) of the interest participation in the Reference Project that the Notional Investor would have paid in Euro on the relevant Initial Fixing Date and (B) means the Investment Face Value, as determined, on a best effort basis, by the Calculation Agent. The full acquisition cost referred to above may comprise the following costs and expenses:</p> <ul style="list-style-type: none"> <li>(a) the hypothetical purchase price (including, without limitation, any transaction, legal and due diligence costs) that the Notional Investor would have paid;</li> <li>(b) any expenses for a currency conversion;</li> <li>(c) any accrued interest; and</li> <li>(d) an amount equal to the sum of the Upfront Fees.</li> </ul> <p><b>Initial Issue Date</b> means 22 December 2017.</p> <p><b>Interest Commencement Date</b> means 31 May 2018.</p> <p><b>Interest Payment Date</b> means 31 May and 30 November of each year, starting on 30 November 2018.</p> <p><b>Intermediary</b> means Apano GmbH.</p> <p><b>Investment Face Value</b> means the aggregate principal value of the interest participation in the Reference Project held by the Notional Investor.</p> <p><b>Liquidation Proceeds</b> means the amounts received in respect of the liquidation of the Compartment Assets.</p> <p><b>Liquidator Fee</b> means a fee payable to the administrator appointed by the Issuer to liquidate the Compartment Assets (if applicable).</p> <p><b>Maturity Date</b> means 22 December 2024.</p> <p><b>Nominal Value</b> means EUR 1,000 (one thousand Euros).</p> <p><b>Notional Cash Reserve Account</b> means a hypothetical EUR denominated money market account of the Notional Investor in which any sums received by the Notional Investor in connection with the Reference Projects shall be deposited.</p> <p><b>Notional Investor</b> means any existing or hypothetical Luxembourg-domiciled securitisation vehicle which, factually or hypothetically, has or would have invested in the Reference Projects and who is the holder of the Notional Cash Reserve Account.</p> <p><b>One-Off Intermediary Fee</b> means, in respect of each new Bond, an amount equal to 2% of the Nominal Value payable to the Intermediary.</p> <p><b>Principal Amount Outstanding</b> means the aggregate principal amount of the Bonds outstanding at any given time.</p> <p><b>Redemption Date</b> means, in respect of any Bond to be redeemed, the earlier of (i) the Maturity Date and (ii) the Early Redemption</p>

Element	Title	
		<p>Date, as applicable.</p> <p><b>Reference Basket</b> means the NORTH AMERICA WATER INFRASTRUCTURE BASKET (R III), a basket of interest participations (subject to currency hedges) in certain Reference Projects and the Notional Cash Reserve Account, subject to the Allocation Limits and some adjustments.</p> <p><b>Reference Project</b> means each of the water infrastructure projects in North America identified by the Asset Sourcing Agent.</p> <p><b>Reference Project Terms</b> means any agreement entered into between the Notional Investor and the relevant project company in relation to the interest participation in a particular Reference Project (including but not limited to any loan agreement and the related security agreements).</p> <p><b>Servicer</b> means Chartered Investment Germany GmbH.</p> <p><b>Subscription Price</b> means the subscription price per Bond equal to the Nominal Value.</p> <p><b>Underlying Assets</b> means, subject to advice of the Servicer, (i) an investment by the Issuer in the interest participations (subject to currency hedges) in such Reference Projects as may be included in the composition of the Reference Basket either through convertible bonds or preferred shares issued by, or membership (without voting rights) in, the Holding Companies and/or through a derivative contract on the Aggregate Basket Value and the Fixed Interest Amounts entered into by the Issuer with a credit institution having at least an "investment grade" rating according to Moody's and Fitch Ratings in order to secure the Issuer's payment obligations under the Bonds or any other investment that would enable the Issuer to fulfil its payment obligations under the Bonds, (ii) any non-cash assets received by the Issuer under or in connection with its investment referred to as item (i) above and (iii) the Cash Reserve Account.</p> <p><b>Upfront Fee</b> means a one-off fee equal to 0.30% of the Nominal Value of each Bond deducted by the Issuer from the Subscription Price to cover its general operational expenses and to pay fees of various agents appointed in connection with the Bonds.</p> <p><b>Valuation Amount</b> means (A) divided by (B), where (A) means the amount of proceeds, as determined, on a best effort basis, by the Calculation Agent, that the Notional Investor would have obtained from a sale of the interest participation in a Reference Project to a third party investor at any given time during the lifetime of such Reference Project, after deduction of any costs and expenses relating to: (i) such sale (including but not limited to fees payable to any intermediaries and legal advisers), (ii) the holding of such interest participation through the Underlying Assets, (iii) currency hedges and (iv) the winding up of the Underlying Asset and (B) means the Investment Face Value of the relevant interest participation at that time.</p> <p><i>Representative of Holders</i></p> <p>Not Applicable – No representative of the Holders has been</p>

Element	Title	
		appointed by the Issuer.
C.10	Derivative component in the interest payments	Not applicable.
C.11	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question.	Not applicable. Application will be made to the Düsseldorf Stock Exchange ( <i>Börse Düsseldorf</i> ) for the Bonds to be admitted to trading and listed on the open market ( <i>Freiverkehr</i> ).
C.15	A description of how the value of the investment is affected by the value of the underlying instrument(s).	Unless otherwise previously redeemed and exchanged or purchased and cancelled, each Bond will be redeemed on the Maturity Date at the Basket Value per Bond, as described in element C.9 above. Accordingly, the value of the Bonds on the Maturity Date will depend on the value of the Reference Basket.
C.16	The expiration or maturity date of the derivative securities.	Maturity Date of the Bonds is 22 December 2024.
C.17	A description of the settlement procedure of the derivative securities.	Each Bond will be sold against payment of the Subscription Price and the subscription fee per Bond of up to 5% of the Nominal Value (the <b>Subscription Fee</b> ) to the Issuer or to any agent designated by the Issuer. Each investor will be notified of the settlement arrangements in respect of the Bonds at the time of such investor's application.
C.18	A description of how the return on derivative securities takes place.	On the Maturity Date, each outstanding Bond will be redeemed by the Issuer in cash at the Basket Value per Bond, calculated as described in element C.9. If redeemed prior to the Maturity Date, each Bond will be redeemed in cash at the Early Redemption Amount.
C.19	The exercise price or the final reference price of the underlying.	On the Maturity Date, each Bond will be redeemed at the Basket Value per Bond determined by the Issuer on the Final Reference Basket Calculation Date.
C.20	A description of the type of the underlying and where the information on the underlying can be found.	The Basket Value per Bond is determined by reference to the NORTH AMERICA WATER INFRASTRUCTURE BASKET (R III), a basket consisting of interest participations (subject to currency hedges) in certain water infrastructure projects in North America as well as the Notional Cash Reserve Account. The Reference Projects are described in the Prospectus relating to the Bonds.

#### Section D – Risks

Element	Title	
D.2	Key risks regarding the Issuer	The Company is a special purpose vehicle.

Element	Title	
		<p>The Issuer is established as a securitisation undertaking (<i>société de titrisation</i>) within the meaning of the Securitisation Act 2004 and may create, from time to time, separate compartments, each of which is a separate and distinct part of the Issuer's estate (<i>patrimoine</i>).</p> <p>With respect to the Bonds, the board of directors of the Company has established the Compartment and the claims of the Holders under the Bonds against the Issuer will be limited to the net Compartment Assets.</p> <p>The Compartment Assets are in principle available to satisfy the rights of the Holders and any other creditor whose claims have arisen at the occasion of the creation, the operation or the liquidation of the Compartment. It cannot be ruled out that there may be other creditors that have access to assets allocated to the Compartment.</p> <p> Holders will not be able to petition for the winding up, the liquidation or the bankruptcy of the Company in the event of any shortfall under the Bonds or to take any similar proceedings.</p> <p>The Issuer has not created any security interest over the Underlying Assets to secure its obligations in respect of the Bonds or any other liabilities.</p> <p>The Issuer is party to contracts with a number of third parties, who have agreed to perform a number of services in relation to the Bonds, the failure of which may adversely affect the Holders.</p> <p>There are potential conflicts of interests in relation to the investment policies applicable to the various compartments of the Company and the agents performing obligations in connection with the Bonds.</p>
<b>D.3</b>	Key risks regarding the Bonds	<p>The obligations of the Issuer under the Bonds are limited recourse obligations. Any payment to be made by the Issuer under the Bonds will depend exclusively on payments received by the Issuer under the Underlying Assets.</p> <p>The Bonds may not be a suitable investment for all investors.</p> <p>The Bonds have features which may contain particular risks for potential investors, in particular they (i) may, under certain circumstances, be redeemed early by the Issuer, and (ii) provide for payments of certain fees and expenses before any payments to the Holders.</p> <p>Certain matters affecting the interests of Holders generally are subject to votes by general meetings which permit defined majorities of Holders to pass resolutions that bind all Holders.</p> <p>Payments under the Bonds are subject to the tax legislations of Luxembourg and other Member States of the European Union.</p> <p>The rights and obligations of the Holders may be adversely affected by any change of law applicable to the Bonds.</p> <p> Holders have no direct right to enforce the Underlying Assets.</p> <p>Potential investors should consider options for hedging the risk relating to an investment in the Bonds.</p>

Element	Title	
		<p>There are risks arising in relation with the financing of an investment in the Bonds by way of a loan.</p> <p>Prospective investors should note that an investment in the Bonds is a long-term investment with no certainty of return.</p> <p>The payment at maturity will depend only on the performance of the Reference Projects.</p> <p>The Bonds are unsecured. The right of the Holders to participate in the assets of the Issuer are limited to the assets of the Compartment (including the Underlying Assets).</p> <p>The Bonds are exposed to:</p> <ul style="list-style-type: none"> <li>A. to the risk factors relating to the Reference Basket and the Asset Sourcing Agent;</li> <li>B. the general risks of the Reference Projects, which include but are not limited to, (i) risks in respect of the general economic conditions in relation to the water infrastructure market, (ii) funding risks, (iii) construction risks, (iv) operation risk, (v) production risk, (vi) project maintenance risk, (vii) risks in relation to the reliance of key contracts/clients, (viii) risk in relation to the currently used technology, (ix) risks in respect of the changes in technology, prices, industry standards and other similar factors, (x) political risks, (xi) risks in relation to changes to national and international support, (xii) risks in relation to climate change and climatic conditions and (xiii) environmental risks; and</li> <li>C. the risks in relation to the project companies, which include but are not limited to, (i) legal and economic risks in relation to any agreement entered into by a Notional Investor with the relevant project company, (ii) risks in relation to misinterpretation of the past performance of the Reference Project, (iii) risks in relation to the valuation methodologies of the Reference Project, (iv) risks in relation to fluctuations in the operating results of the Project Company, (v) exposure to credit risk in respect of transactions with counterparties, (vi) risks in relation to health, safety, environmental and other laws and regulations, (vii) risks in relation to reliance on third-party contractors and suppliers, (viii) risks in relation to catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, or criminal or terrorist acts at the plants, facilities and construction sites, (ix) risks in relation to insurances, (x) risks in relation to infringing upon the intellectual property rights of third parties, (xi) operation risks, (x) risks in relation to the senior management and key employees and (xi) tax risks.</li> </ul> <p>While subscribing for, or otherwise acquiring the Bonds, Holders will gain exposure to the performance (positive or negative) of the Reference Projects and the Underlying Assets.</p>

Element	Title	
D.6		By subscribing to the Bonds, the Holders incur the risk that they will lose all or part of their investment in the Bonds. However, the liability of the Holder is limited to the value of his investment in the Bonds.

### Section E – Offer

Element	Title	
E.2b	Reasons for the offer and use of proceeds	The net issue proceeds of the Bonds will be applied by the Issuer for the purpose of investment in the Underlying Assets. The Underlying Assets, together with any amount received by the Issuer in connection therewith, will be allocated by the Issuer to the Compartment.
E.3	Terms and conditions of the offer	<p>(a) Offer Period</p> <p>The <b>Offer Period</b> will start on the day following the date of this Prospectus and finish on 31 May 2018, which is the last date of the Initial Fixing Period, provided that the Offer Period will not commence in Germany until the day following the banking day in Germany on which the Federal Financial Supervisory Authority (BaFin), as registration office, has been notified of the intended offer to the public. During the Offer Period, the Issuer may determine in its own discretion to issue Bonds on one or more Further Issue Dates, in addition to the Initial Issue Date, where <b>Further Issue Date</b> means each date falling within the Initial Fixing Period on which the Issuer may decide to issue Bonds.</p> <p>(b) Price during the Offer Period:</p> <p>During the Offer Period, the Issuer will offer and sell each Bond at the Subscription Price (EUR 1,000) plus the Subscription Fee.</p> <p>(c) Conditions of the offer:</p> <p>The Issuer reserves the right to withdraw the offer and/or cancel the issuance of the Bonds for any reason at any time on or prior to the Issue Date, where <b>Issue Date</b> means the Initial Issue Date or any of the Further Issue Dates, as applicable.</p> <p>(d) The time period during which the offer of the Bonds will be open and description of the application process:</p> <p>The offer of the Bonds will be open during the Offer Period. Applications for the purchase of Bonds can be made to the Intermediary.</p> <p>(e) Details of the minimum and/or maximum amount of application:</p> <p>The minimum application of Bonds per investor is five Bonds. The maximum allocation of Bonds will be subject only to availability at the time of the application.</p> <p>(f) Details of the method for paying up and delivering the</p>

Element	Title	
		<p>Bonds:</p> <p>Each Bond will be sold against payment of the subscription price, which is EUR1,000, and the Subscription Fee that is retained by the Intermediary to the Issuer or to any agent designated by the Issuer. Each investor will be notified of the settlement arrangements in respect of the Bonds at the time of such investor's application.</p> <p>(g) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: Not Applicable.</p> <p>(h) Manner and date in which results of the offer are to be made public: The offer volume is up to 100,000 Bonds with a nominal value of EUR1,000 each. The Issuer will also regularly inform the Holders during the Offer Period about the number of Bonds sold to investors by publishing the relevant information on the website of the Issuer (<a href="http://www.chartered-opus.com">www.chartered-opus.com</a>).</p> <p>(i) Description of the offer of the Bonds: Offers may be made in the Federal Republic of Germany and the Principality of Liechtenstein to any person during the Offer Period. In other EEA countries during the Offer Period offers may only be made pursuant to an exemption from the obligation under the Directive 2003/71/EC as amended, as implemented in such countries, to publish a prospectus. In all jurisdictions outside of the Offer Period, offers will only be made pursuant to an exemption from the obligation under the Directive 2003/71/EC, as implemented in such countries, to publish a prospectus.</p>
<b>E.4</b>	Interest of natural and legal persons involved in the issue/offer	Not applicable. Other than as mentioned in the relevant Elements above and so far as the Issuer is aware, no person involved in the issue of the Bonds has an interest material to the offer, including conflicting interests.
<b>E.7</b>	Expenses charged to the investor by the Issuer or an offeror	During the Offer Period, each Bond is offered at the Subscription Price plus the Subscription Fee. The Issuer will deduct from the Subscription Price (i) the Upfront Fee and (ii) the One-Off Intermediary Fee.

## RISK FACTORS

Prospective investors in the Issuer and the Bonds should ensure that they fully understand the nature of the Bonds, as well as the extent of their exposure to risks associated with an investment in the Bonds. They should consider the suitability of an investment in the Bonds in light of their own particular financial, fiscal and other circumstances. In particular, prospective investors should be aware that the Bonds, the Reference Projects and the Underlying Assets may decline in value and should be prepared to sustain a substantial or total loss of their investment in the Bonds and ensure that their acquisition is fully consistent with their financial needs and investment policies, is lawful under the laws of the jurisdiction of their incorporation and/or in which they operate, and is a suitable investment for them to make.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds, the Reference Projects and the Underlying Assets are described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds and the Underlying Assets, but the inability of the Issuer to pay principal or other amounts under or in connection with the Bonds may occur for other reasons, which may not be or may not have been considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

The defined terms that are not otherwise defined in this section shall have the meaning given to them in the Conditions.

### 1. RISK FACTORS RELATING TO THE COMPANY

#### 1.1 Company is a special purpose vehicle

The Issuer's sole business is the raising of money by issuing securities for the purposes of acquiring assets or risks relating to assets generally.

#### 1.2 Securitisation Act 2004 and compartments generally

- (a) The Company is established as a securitisation undertaking (*société de titrisation*) within the meaning of the Securitisation Act 2004. The board of directors of the Company (the **Board**) may establish one or more compartments (within the meaning of articles 62 *et seq.* of the Securitisation Act 2004), each of which is a separate and distinct part of the Company's estate (*patrimoine*) and which may be distinguished by the nature of acquired risks or assets, the terms and conditions of the obligations incurred in relation to the relevant compartment, their reference currency or other distinguishing characteristics.
- (b) By subscribing to or otherwise acquiring the Bonds, the Holders will, and shall be deemed to, fully adhere to, and be bound by, the Articles. The text of the Articles in force as of the date of this Prospectus have been filed with the Luxembourg trade and companies register and are available for inspection at the Luxembourg trade and companies register during normal business hours. As and when restated versions (*statuts coordonnés*) of the Articles are produced, such restated versions will be filed with the Luxembourg trade and companies register and will be available for inspection. Each amendment to the Articles will be published in the official gazette in Luxembourg, the *RESA, Recueil électronique des sociétés*.

### 1.3 The Compartment relating to the Bonds

- (a) With respect to the Bonds, the Board has established a separate compartment called Compartment 80. Pursuant to the Securitisation Act 2004, claims against the Issuer by the Holders and of the other Compartment Parties (as defined below) will be limited to the net assets of the Compartment. If the Compartment is liquidated, its assets shall be applied in accordance with the Conditions of the Bonds.
- (b) The Board shall establish and maintain separate accounting records for the Compartment in order to ascertain the rights of Holders and of the other Compartment Parties in respect of the Compartment for the purposes of the Articles and the Conditions, such accounting records being conclusive evidence of such rights in the absence of proven manifest error.
- (c) The assets of the Compartment (the **Compartment Assets**) shall include the following rights and assets of the Issuer:
  - (i) the Underlying Assets, including the cash proceeds of the issue of the Bonds, to the extent not applied in making payments under the agreements entered into by the Issuer in connection with the issue of the Bonds and the investment in the Underlying Assets (the **Transaction Documents** and each a **Transaction Document**); and
  - (ii) the rights, title and interest of the Issuer in, to and under each of the Transaction Documents.
- (d) The Compartment Assets will be distributed among the creditors of the Issuer in accordance with the priority of payments set out in Condition 4(f). In particular, the Issuer will be required to pay any costs and expenses relating to the Bonds and the Compartment prior to making any payment to the Holders under the Bonds.

### 1.4 There may be other creditors in respect of the Compartment

- (a) Pursuant to the Securitisation Act 2004, the Compartment Assets are exclusively available to satisfy the rights of the Holders and the rights of any other creditor whose claims have arisen at the occasion of the creation, the operation or the liquidation of the Compartment (each such creditor, a **Compartment Party**). The amounts payable or deliverable by the Issuer to the Compartment Parties under the Transaction Documents are referred to as **Compartment Liabilities**.
- (b) The Issuer is not aware of any claims of persons other than the Holders and the Compartment Parties that have arisen or may in the future arise on terms that such claims would be entitled, under the Securitisation Act 2004, to be satisfied from the Compartment Assets. However, if such claims exist at the issue date of the Bonds or will arise in the future, they may have a material and adverse effect on the value of the Compartment Assets available to meet the claims of the Compartment Parties and the Holders, and therefore the Compartment Assets may not be sufficient to satisfy all amounts scheduled to be paid to the Holders and the Compartment Parties.

### 1.5 Limited recourse and non-petition

- (a) The rights of Holders and other Compartment Parties to participate in the assets of the Issuer are limited to the Compartment Assets. If the payments and/or deliveries received by the Issuer in respect of the Compartment Assets are not sufficient to discharge all Compartment Liabilities and the obligations towards Holders, the obligations of the Issuer in respect of the Compartment Liabilities and the Bonds will be limited to the Compartment Assets. The Issuer will not be obliged to make any further payments and/or deliveries to any Compartment Parties and/or Holders in excess of the amounts received upon the realisation of the Compartment Assets. Following the application of the proceeds of realisation of the Compartment Assets in accordance with the Conditions and the Articles, the claims of the Holders and any other Compartment Parties for any shortfall shall be

extinguished and the Holders and the other Compartment Parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall.

- (b) In particular, no such party has the right to petition for the winding-up, the liquidation or the bankruptcy of the Company as a consequence of any shortfall or to take any similar proceedings. Failure to make payment in respect of any shortfall shall in no circumstances constitute an event of default under the Conditions. Any shortfall under the Compartment shall be borne by the Holders and the Compartment Parties specified in the Conditions
- (c) The Holders may be exposed to competing claims of other creditors of the Company, the claims of which have not arisen in connection with the creation, the operation or the liquidation of the Compartment if foreign courts, which have jurisdiction over assets of the Company allocated to a compartment (such as, the Compartment) do not recognise the segregation of assets and the compartmentalisation, as provided for in the Securitisation Act 2004. The claims of these other creditors may affect the scope of assets which are available for the claims of the Holders and the Compartment Parties. If as a result of such claims, a shortfall arises, such shortfall will be borne by the Holders and the Compartment Parties specified in the Conditions.

## **1.6 Consequences of Winding-up Proceedings**

- (a) The Company is structured to be an insolvency-remote vehicle. The Issuer will aim at contracting with each Compartment Party with respect to Compartment Liabilities only upon terms that such party agrees not to make application for the commencement of winding-up, liquidation and bankruptcy or similar proceedings against the Issuer. Legal proceedings initiated against the Issuer in breach of these provisions shall, in principle, be declared inadmissible by a Luxembourg court.
- (b) Notwithstanding the foregoing, if the Company fails for any reason to meet its obligations or liabilities (that is, if the Company is unable to pay its debts and may obtain no further credit), a creditor who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of the Company is entitled to make an application for the commencement of insolvency proceedings against the Company. In that case, such creditor should, however, not have recourse to the assets of any compartment but should exercise its rights on the general assets of the Company unless its rights would arise in connection with the creation, operation or liquidation of a specific compartment, in which case the creditor would have recourse to the assets allocated to that compartment. Furthermore, the commencement of such proceedings may, in certain conditions, entitle creditors to terminate contracts with the Company and claim damages for any loss created by such early termination. The Company is insolvency-remote but under no circumstances insolvency-proof.

## **1.7 No security interests**

The Issuer has not created any security interest over the Underlying Assets to secure its obligations in respect of Compartment Liabilities and in respect of the Bonds and no such security interests exist for the benefit of the Compartment Parties or the Holders.

## **1.8 Reliance on third parties**

The Issuer is party to contracts with a number of third parties who have agreed to perform a number of services in relation to the Bonds. In particular, the Calculation Agent and the Paying Agent have agreed to provide services with respect to the Bonds and the Transaction Documents.

If any such third party fails to perform its obligations under any relevant agreement, investors may be adversely affected.

No assurance can be given that the creditworthiness of the parties to the Transaction Documents will not deteriorate in the future. This may affect the performance of their respective obligations under the respective Transaction Documents.

## **1.9 Potential conflicts of interest**

The Company may create compartments under which it may invest in the same assets as, or in similar assets to, already existing compartments. Furthermore, the investment policy of a compartment set up by the Compartment may compete, as the case may be, or be in conflict with the investment policy of other compartments set up or to be set up by the Compartment, as the case may be. Investors do not have the right to switch from one compartment to another compartment or to receive any compensatory payments whatsoever as a result of such competing investment policy.

Any Agent or a member of its group, or any other person connected with it may, when it performs the obligations in connection with the Bonds, have an interest, relationship or arrangement that is material to, or may conflict with, such obligations. The Holders understand that neither any Agent nor a member of its group shall be required to disclose such interests, relationships or arrangements to the Holders, or to account for or disclose any profit, charge, commission or other remuneration arising in respect of such interests, relationships or arrangements, unless required by law.

Given that the Calculation Agent acts also as the Servicer to the Issuer in connection with the Bonds, it might have a conflict of interests in determining calculations and valuations. It should be noted that such calculations and valuations are not verified by an independent audit company.

Any Agent or a member of its group, or some other person connected with it may receive non-public information with respect to the Compartment Assets, which is or may be of significance in relation to the Bonds. Neither any Agent, nor a member of its group, nor any other person connected with it, intends to make such information available to the Holders, unless required by law.

## **1.10 Alternative Investment Fund Managers Directive**

The EU Directive 2011/61/EU on Alternative Investment Fund Managers (the **AIFMD**), which became effective on 22 July 2013, provides, amongst other things, that all alternative investment funds (each, an **AIF**) must have a designated alternative investment fund manager (an **AIFM**) with the responsibility for portfolio and risk management. The AIFMD was implemented into Luxembourg law by virtue of the Law of 12 July 2013 on alternative investment fund managers (the **AIFM Law**). The application of the AIFMD to securitisation vehicles such as the Company is unclear. The Company does not operate in the same manner as a typical alternative investment fund. The Company has been established solely for the purpose of entering into, performing and serving as a vehicle for any securitisation transactions as permitted under the Securitisation Act 2004. However, the definitions of AIF and AIFM in the AIFMD are broad in scope and there is only limited guidance as to how such definitions should be applied in the context of a securitisation vehicle such as the Company.

On 23 October 2013, the *Commission de Surveillance du Secteur Financier* of Luxembourg (the **CSSF**) issued an update to its Frequently Asked Questions on securitisation vehicles (the **FAQs**). The update addresses the consequences of the implementation of the AIFMD into Luxembourg law on securitisation vehicles governed by the Securitisation Act 2004. The AIFM Law provides for an exemption in relation to “securitisation special purpose entities” within the meaning of Regulation (EC) n°24/2009 of the European Central Bank of 19 December 2008 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (the **ECB Regulation**) and the guidance note relating thereto. Thus, an undertaking falling within the definition of “securitisation special purpose entities (*structures de titrisation ad hoc*) of the AIFM Law, meaning an entity whose sole object is to carry out one or more securitisation transactions within the meaning of ECB Regulation, will not constitute an AIF under the AIFM Law.

The Securitisation Act 2004 defines “securitisation” in broader terms than the ECB Regulation. Hence, certain transactions may qualify as securitisation transactions under the Securitisation Act 2004 but not under the ECB Regulation. As a consequence, the undertaking carrying out such a transaction may fall within the scope of the Securitisation Act 2004 but will fail to qualify as a “securitisation special purpose entity” under the AIFM Law and will not benefit from the exemption.

The CSSF’s updated FAQs emphasises that each securitisation undertaking is required to carry out a self-assessment to determine whether it constitutes an AIF by reference to the criteria set out in the AIFM Law or whether it benefits from the exemption provided for by the AIFM Law in relation to “securitisation special purpose entities” as construed by the ECB Regulation.

The CSSF considers that the following undertakings, which may qualify as securitisation undertakings under the Securitisation Act 2004, do not, according to the ECB Regulation, constitute “securitisation special purpose entities” under the AIFM Law. They may, insofar as they meet the AIF criteria, constitute AIFs under the AIFM Law:

- (i) securitisation undertakings acting primarily as first lenders (i.e. undertakings that originate new loans) since there is no transfer of assets (and therefore no transfer of credit risk) by such entities;
- (ii) securitisation undertakings set up primarily to create or otherwise offer synthetic exposure to non-credit related assets, i.e., where the transfer of credit risk is only accessory to the principal activity of the entity.

The CSSF further considers that securitisation undertakings that issue debt instruments only do not constitute AIFs.

Finally, securitisation undertakings that are not managed in accordance with a defined investment policy do not constitute AIFs. This would be the case for securitisation undertakings that issue structured products offering synthetic exposure to assets based on a pre-established formula and that acquire underlying assets and/or enter into derivative contracts for hedging purposes.

The positions expressed by the CSSF in the FAQs are subject to any future changes and clarifications at European level.

If the Company (or the Issuer) is found to be an AIF or an AIFM, or any Agent acting in respect of the Bonds is found to be acting as an AIFM with respect to the AIF, the AIFM would be subject to the AIFMD. Owing to the special purpose nature of the Issuer, it would be unlikely that the AIFM could comply fully with the requirements of the AIFMD. In such circumstance, the Issuer would be likely (at its discretion and subject to the Conditions) to exercise its early redemption right as a result of a Regulatory Event (as defined in the Conditions).

No assurance can be given as to how the European Securities and Markets Authority or national regulators might, in the future, interpret the AIFMD or whether any such interpretation might find the Company (or the Issuer) to be an AIF or an AIFM, or find any Agent appointed in connection with the Bonds to be acting as an AIFM with respect to the Issuer.

## **2. RISK FACTORS RELATING TO THE BONDS**

### **2.1 Limited Recourse**

- (a) All payments to be made by the Issuer in respect of the Bonds will be made only from the assets and rights comprised in, and any monies received from time to time by or on behalf of the Issuer in respect of the Compartment Assets. The Holders will consequently bear, amongst other things, the insolvency risk of the obligors under the Compartment Assets.

- (b) To the extent that the Compartment Assets are less than the minimum amount which the Holders then outstanding were scheduled to receive (the difference being referred to herein as a **shortfall**), such shortfall will be borne by the Holders.
- (c) Each Holder, by subscribing to or purchasing the Bonds, accepts and acknowledges, and will be deemed to accept and acknowledge, that:
  - (i) the Holders shall look solely to the Compartment Assets for payments and (if any) deliveries to be made by the Issuer under the Bonds;
  - (ii) the monies received in respect of the Compartment Assets will be used first to pay various costs before distributions will be made to the Holders;
  - (iii) the obligations of the Issuer to make payments and deliveries under the Bonds will be limited to the Compartment Assets and the Holders shall have no further recourse to the Issuer (or any of its rights, assets or properties) in respect of the Bonds;
  - (iv) following application of the Compartment Assets, and without prejudice to the foregoing, any right of the Holders to claim payment of any amounts or assets exceeding the Compartment Assets shall be automatically extinguished; and
  - (v) the Holders shall not be able to petition for the winding up, the liquidation or the bankruptcy of the Issuer as a consequence of any shortfall or otherwise.
- (d) For the avoidance of doubt, none of the Agents or a shareholder of the Company has any obligation to any Holder for payment or delivery of any amount by the Issuer in respect of the Bonds. There is no guarantee from any such person to the Holders that they will recover any amounts payable or deliverable under the Bonds.
- (e) Any recourse against the shareholders or the directors of the Company in respect of obligations assumed by the Issuer under the Bonds is excluded. The Issuer is not an agent of the Holders for any purpose.

## **2.2 The Bonds may not be a suitable investment for all investors**

Each potential investor in any Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any supplement thereto;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds where the currency for principal payments is different from the potential investor's currency;
- (iv) fully understand the Conditions and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

### **2.3 Risks relating to the structure of the Bonds**

The Bonds have features which may contain particular risks for potential investors.

(a) Underlying Assets

In order to hedge its obligations under the Bonds, the Issuer will invest the proceeds from the issuance of the Bonds in the Underlying Assets. While the Issuer will endeavour to hold at any time the Underlying Assets that, in the reasonable opinion of the Issuer, are capable of ensuring that the Issuer is in a position to pay the amounts due to the Holders in full and in a punctual manner, it cannot be excluded that payments received by the Issuer in respect of the Underlying Assets and/or proceeds from the sale or termination of the Underlying Assets (after the deduction of any costs and expenses) will be less than the amounts that the Issuer is required to pay to the Holders under the Bonds. The Issuer shall not be obliged to invest, directly, indirectly, or synthetically, in interest participations in the Reference Projects as may be included in the composition of the Reference Basket.

(b) No optional redemption by the Holders

There is no optional redemption feature, which would enable the Holders to require the Issuer to redeem the Bonds before their stated maturity.

(c) Fees and expenses

In connection with the Bonds, the Holders should note that certain amounts, including but not limited to amounts payable to the Agents, rank senior to payments of principal and interest under the Bonds to the Holders.

(d) Payments to be made by the Issuer under the Bonds are expressly subject to receipt of funds under the Underlying Assets and therefore, by subscribing the Bonds, the Holders incur the risk that they will lose all or part of their respective investment in the Bonds.

### **2.4 General risks relating to the Bonds**

(a) Modification

The Conditions contain provisions for calling meetings of the Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all the Holders, including the Holders who did not attend and vote at the relevant meeting and the Holders who voted in a manner contrary to the majority.

The Conditions also provide that the Issuer may, without the consent of Holders, make any modification to the Conditions which is of a formal, minor or technical nature, or is made to correct a manifest proven error, or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated or to reflect any change of law which has an impact on the Issuer's obligations under the Bonds.

(b) Further issues of the Bonds

Further Bonds may be issued under the Compartment during the Initial Fixing Period (as defined in the Conditions). The Initial Fixing Period may be extended at the discretion of the Issuer following the advice of the Sourcing Agent (as defined in the Conditions).

(c) Costs relating to the purchase and sale of the Bonds

Commissions and other costs, which are incurred by a potential investor in connection with the purchase and/or sale of Bonds may significantly reduce the income generated by an investment in the Bonds.

(d) EU financial transactions tax

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission's Proposal**) for a financial transactions tax (**FTT**) to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). However, Estonia has since stated that it will not participate. If the Commission's Proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which could include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating EU member states. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating EU member state. A financial institution may be, or be deemed to be, "established" in a participating EU member state in a broad range of circumstances, including (a) by transacting with a person established in a participating EU member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating EU member state.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities (such as authorised investments)) if it is adopted based on the Commission's Proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Bonds and may result in investors receiving less interest or principal than expected. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Bonds (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt. There is however uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

However, the FTT proposal remains subject to negotiation between participating EU member states. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate. Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT and its potential impact on their dealings in the Bonds before investing.

(e) Taxation of Bonds in Germany

As no administrative guidance and jurisprudence on point exists for innovative financial products such as the Bonds, the risk exists that the tax assessment of the Bonds by the competent German financial authorities and/or the financial courts will differ from the view of the Issuer as set out in the section "*Taxation*" of this Prospectus. Adverse taxation consequences for the Holders may result

from such a deviant tax assessment. In particular, if the Bonds were to be regarded as investment fund units within the meaning of the German Investment Tax Act (*Investmentsteuergesetz*) as applicable until 2017 this might possibly result in punitive taxation in the form of a taxation of fictitious income.

However, the German legislature changed with the act of a reform of the German investment taxation (*Gesetz zur Reform der Investmentbesteuerung*) dated 19 July 2016 the German investment taxation regime. According to these changes, German tax resident investors in investment fund units will become subject to a pre-determined tax basis (*Vorabpauschale*), provided the actual distributions of the issuer fall short of a specified money market interest rate, subject to further requirements being met. The new German fund taxation regime will apply as of 1 January 2018.

It is therefore recommended that each potential investor obtains the advice of his personal tax adviser concerning the resultant tax consequences in his individual case prior to purchasing the Bonds.

(f) Change of law

The Conditions of the Bonds are based on Luxembourg law now in force. No assurance can be given as to the impact of any possible judicial decision or change to Luxembourg law or administrative practice after the date of this Prospectus.

(g) No right to enforce the Underlying Assets

Whilst payments and deliveries under the Bonds are ultimately dependent upon the return (if any) derived from and payments received by the Issuer under the Underlying Assets, Holders will have no direct right to enforce the terms of any agreement between the Issuer and an Underlying Obligor with respect to the Underlying Assets. The Issuer shall exercise its right as a holder of record of the Underlying Assets in good faith and in a commercially reasonable manner, taking into consideration the interests of the Holders as a class in respect of the Underlying Assets pursuant to the Bonds.

(h) Hedging the risk relating to an investment in the Bonds

Potential investors may not be able, or only be able at important costs, to enter into hedging agreements to limit the risk that is generated by an investment in the Bonds. Such hedging costs may significantly reduce the income generated by an investment in the Bonds.

(i) Loan financing of the investment in the Bonds

A potential investor that finances its investment in the Bonds via a loan should not rely on the fact that the income generated by an investment in the Bonds will suffice to repay the loan itself and the interest thereon. In the case of a loss of the investment, the investor would still have to repay the loan and the interest thereon.

### **3. RISK FACTORS RELATING TO THE MARKETS GENERALLY**

#### **3.1 The secondary market generally**

The Bonds do not have an established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Bonds. Neither the Issuer nor any of its agents will arrange for a market to develop in respect of the Bonds.

It is not possible to predict if and to what extent a secondary market may develop in any Bonds or at what price any Bonds will trade in the secondary market or whether such market will be liquid or illiquid.

### **3.2 Exchange rate risks and exchange controls**

The Issuer will pay interest and principal on the Bonds in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of interest and principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

### **3.3 Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to the Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### **3.4 Market volatility**

Market volatility reflects the degree of instability and expected instability of the performance of the Underlying Assets. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are themselves affected by factors such as actual market volatility, expected volatility, macro-economic factors and speculation.

### **3.5 Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

None of the Issuer, the Agents, the shareholder of the Company nor any of their respective affiliates has assumed or assumes responsibility for the lawfulness of the acquisition of the Bonds by a prospective purchaser of the Bonds, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it. A prospective purchaser may not rely on the Issuer, the Agents, the shareholder of the Company or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Bonds or as to the other matters referred to in this Risk Factors section or elsewhere in this Prospectus.

## **4. RISK FACTORS RELATING TO THE REFERENCE BASKET AND THE ASSET SOURCING AGENT**

### **4.1 Reference Basket – Allocation Limits and adjustments**

During the Initial Fixing Period, the Asset Sourcing Agent will identify certain investable Reference Projects and will determine, on a best effort basis, the amount that would be notionally invested in (i) each Basket Component (where a Basket Component is made up of a selection of interest participations held by a Notional Investor in particular Reference Projects (each, an **Interest Participation**) and (ii) in individual Reference Projects where a Basket Component consists of more than one Reference Project. Such determination will be made in accordance with the Allocation Limits provided in the Conditions, subject at all times to necessary adjustments that may be required. The choice of a Reference Project under the Basket Components and their respective weight in the Reference Basket will depend on the availability of the relevant or comparable Reference Projects during the Initial Fixing Period. The subsequent performance and the resulting fluctuations in the value of one or more Interest Participations in the Reference Projects can trigger deviations from the initial Allocation Limits. The composition of the Reference Basket will not be rebalanced during the life of the Bonds in order to return to, or to remain within, the initial Allocation Limits.

### **4.2 Conflict of interest of the Asset Sourcing Agent with other mandates**

The Asset Sourcing Agent may conduct business with, and advise, other clients that can be regarded as competing investors in respect of one or more Reference Projects. Consequently, the advice given by the Asset Sourcing Agent to such competing investors may affect the availability of investable Reference Projects, conflict with the targeted Allocation Limits set for the Reference Basket and reduce the performance of the Reference Basket.

## **5. RISK FACTORS RELATING TO REFERENCE PROJECTS**

### **5.1 The general risks of the Reference Projects**

#### **(a) General economic conditions in relation to the water infrastructure market**

Changes in prevailing economic conditions in the locations where the Reference Project operate will impact (either favourably or unfavourably) on the Reference Project businesses. Relevant economic factors may include but are not limited to: (i) changes in interest rates and inflation, (ii) changes in gross domestic product and economic growth, (iii) employment levels, (iv) consumer spending, (v) consumer and investment sentiment, (vi) property market volatility and (vii) availability of debt and equity capital. Global economic conditions are currently challenging, with significant downside risks to growth in different geographic regions and disruptions to global capital markets in the face of uncertain economic conditions and the risk of sovereign debt defaults within the Eurozone and potential uncertainties arising in the United States. Whilst the Asset Sourcing Agent monitors economic, market, industry and company specific developments, it is difficult to predict how long the current challenges will persist and how strong the different real estate markets will be affected.

#### **(b) Funding risks**

The infrastructure investment and development sector is capital intensive. The ability of the Reference Project to raise funds (equity or debt) on acceptable terms will depend on a number of factors including capital market conditions, general economic and political conditions, the Reference Project's performance and credit rating, and credit availability and both the cost and availability of such funding may be negatively affected by the current disruptions in the global capital markets. Changes in the cost of current and future borrowings and equity raisings may impact the earnings of the Reference Projects and impact the availability of funding for new projects or increase refinancing risks as debt facilities mature.

(c) Construction risks

The Project Companies (as defined in section 5.3(a) below) are subject to risk associated with construction activities, including (but not limited to):

- i. the ability of third parties such as designers and subcontractors to perform their work in accordance with their obligations;
- ii. defective work and latent defects arising from incorrect design and poor subcontractor workmanship and related third party claims;
- iii. liquidated damages from delays in delivery on projects;
- iv. cost overruns as a consequence of inadequate design, change in pricing conditions, industrial disputes, unforeseen conditions including inclement weather or under- performance of third parties; and
- v. professional liability claims arising from allegations of negligence.

The outcome of claims in connection with construction often remains uncertain for many years and is dependent on the ability to recover monies from third parties and under insurance policies.

As infrastructure projects are capital-intensive, damage to assets can have a significant impact on the overall costs. The construction phase is the riskiest period of a project: accidents are more likely to occur.

The dates of completion and entry into operation of the different plants may be delayed. Reasons for such a delay include, but are not limited to, adverse weather conditions during the construction phase, problems or disputes with, or non-performance by contractors, subcontractors and suppliers, design or manufacturing defects or delivery shortages by suppliers. Cost increases or delays could arise from shortages of materials and labour, engineering or structural defects, work stoppages, labour disputes and unforeseen engineering, environmental or geographical problems. Any such delay might have an adverse effect on the business, financial condition and result of operations of the Reference Project.

(d) Operational risk

Following construction and commissioning, there remains a material risk of damage to physical assets as a result of accident, negligence, wear and tear, design flaws or natural catastrophe during operation.

Downtime from equipment failure or natural catastrophe also causes lost revenue. The loss of revenue due to component damage or failure can be significantly greater than the cost of replacement parts.

An increased number of damages to physical assets, without the coverage of insurances or manufacturer warranties, can have a material adverse effect on the Reference Projects' businesses, financial condition and results of operations.

(e) Production risk

Even though the output and performance of the system used in a Reference Project is known and predictable based on volume of inflow, the quality or quantity of inflow might not meet initial projections or the transmission into output is reduced. Depending on the extent to which the produced output is reduced the Reference Project income will be reduced as well.

(f) Project maintenance risk

The desirability of an infrastructure project depends not only on its long term contracts but also on its condition. To remain attractive and to generate a revenue stream over the longer term, a property's condition must be maintained or, in some cases, improved to meet the changing needs of the market. Plants of most of the Reference Projects are new, and are expected to require only standard maintenance in the near term. As these plants age, or as market requirements change, maintaining or upgrading these plants in accordance with market standards may entail significant costs, which are typically borne primarily by the Reference Project and not by the contractor. If the actual costs of maintaining or upgrading a plant exceed the Reference Project estimates, or if hidden defects are discovered during maintenance or upgrading that are not covered by an insurance or contractual warranties, or if the Reference Project are not permitted to raise its prices, the Reference Project will have to bear the additional costs. Furthermore, any failure by the Reference Project to undertake relevant repair work in response to the factors described above could adversely affect the income earned from affected plants.

(g) Reliance of key contracts/clients

The operations of most Reference Projects' may rely on some key clients. There is a risk that existing contracts are not completed or otherwise terminated. Depending on the extent to which these matters occur, the Reference Projects' financial performance may be adversely affected.

(h) Risk in relation to the currently used technology

Even though all Reference Projects are in proven technologies, teamed with large and well-known manufacturers and construction companies it may not be excluded, that the technology does not perform as expected and delivers less output, can only operate under increased expenses or causes harm to its environment. In such cases also the Reference Project financial performance will suffer.

(i) The competitive position could be adversely affected by changes in technology, prices, industry standards and other factors

Because of the technological innovations, the changes in prices, the industry standards, the product instructions, the customer requirements and the economic environment, the water infrastructure market changes rapidly. New technology or changes in industry and customer requirements may render existing products or services unnecessary, excessively costly or otherwise unmarketable. As a result, participants of the water infrastructure industry must continuously enhance the efficiency and reliability of their existing technologies and seek to develop new technologies in order to remain at the forefront of industry standards and customer requirements. If they are unable to introduce and integrate new technologies into their products and services in a timely and cost-effective manner, their competitive position will suffer and their prospects for growth will be impaired.

(j) Political risks – The Reference Projects are subject to stringent environmental regulation

The water infrastructure industry is subject to significant environmental regulation, which, among other things, requires the Reference Projects to perform environmental impact studies on future projects or changes to projects, obtain regulatory licences, permits and other approvals and comply with the requirements of such licences, permits and other approvals.

The Reference Projects hold assets and operate in several jurisdictions. Further to this, the Reference Projects' operations are subject to international and national laws and regulations applied by various government authorities and international organisations in connection with *inter alia* obtaining and renewing various licenses and permits, as well as their on-going and future operations in general.

Regulatory authorities exercise considerable discretion in respect of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits and in monitoring the licenses' compliance with the terms thereof. Commercial practices and legal and regulatory frameworks differ significantly between jurisdictions and are subject to change at any time. As a result, it may be difficult to ensure compliance with existing and changing regulatory requirements in the jurisdictions where the Reference Projects operate. Any non-compliance can have an adverse effect on the Reference Projects' operations, business, financial performance and prospects.

There can be no assurance that:

- i. governmental authorities will approve these environmental impact studies;
- ii. public opposition will not result in delays, modifications to or cancellation of any proposed project or licence; and
- iii. laws or regulations will not change or be interpreted in a manner that increases the costs of compliance or materially or adversely affects different projects.

If the Reference Projects fail to comply with any laws and regulations, permits or conditions, or to obtain any necessary permits and regulations of environmental issues such as the safeguard of natural conditions and animal wild life, or to extend current permits or registrations upon expiry of their terms, or to comply with any restrictive terms its current permits or registrations, then the Reference Projects may be subject to, among other things, civil and criminal penalties and, in certain circumstances, the temporary or permanent curtailment or shutdown of a part of its operations, which could have a significant adverse effect on its business, prospects, financial results and results of operations. Generally, relevant governmental authorities are empowered to clean up and remediate releases of environmental damage and to charge the costs of such remediation and clean-up to the owners or occupiers of the property, the persons responsible for the release and environmental damage, the producer of the contaminant and other parties, or to direct the responsible parties to take such action. These governmental authorities may also impose a tax or other liens on the responsible parties to secure the parties' reimbursement obligations.

Environmental regulation has changed rapidly in recent years, and it is possible that the industry will be subject to even more stringent environmental standards in the future. All the activities are likely to be covered by increasingly strict national and international standards relating to climate change and related costs, and may be subject to potential risks associated with climate change, which may have a material adverse effect on the Reference Projects' businesses, financial conditions or results of operations. It is impossible to predict the amounts of any increased capital expenditures or any increases in operating costs or other expenses that Reference Projects may incur to comply with applicable environmental, or other regulatory, requirements, or whether these costs can be passed on to customers through product price increases.

- (k) Water infrastructure projects will be negatively affected if there are adverse changes to the national and international support

Although, support for water infrastructure projects by governments and regulatory authorities in the jurisdictions the Project Companies operate has historically been strong and local authorities have reaffirmed their intention to continue such support, certain policies currently in place may expire, be suspended or be phased out over time, cease upon exhaustion of the allocated funding or be subject to cancellation or non-renewal. Accordingly, the Project Companies cannot guarantee that such government support will be maintained in full, in part or at all.

If the governments and regulatory authorities in the jurisdictions in which the Reference Project operate were to further decrease or abandon their support for development of solar and wind energy

due to, for example, competing funding priorities, political considerations or a desire to favour other water sources, water refreshment or otherwise, the plants the Reference Projects operate could become less profitable or cease to be economically viable. Such an outcome could have a material adverse effect on the business, financial condition and result of operations.

(l) Climate change and climatic conditions

The Reference Project's failure to adequately respond to the impact of climate change and associated legislative requirements could result in litigation (if reporting requirements are not met), reduced profit due to the impact of increased costs associated with energy efficiency and other costs associated with upgrading existing buildings to comply with new building standards or contractual obligations.

(m) Environment

The Reference Projects will from time to time, be exposed to a range of environmental risks including: (i) soil and water contamination, (ii) construction (lead paint, asbestos, polychlorinated biphenyl, (iii) cultural heritage, (iv) flora and fauna (native vegetation, endangered species) and (v) greenhouse gases. In addition, there is a risk that property owned or projects undertaken by the Reference Project may be contaminated by materials harmful to human health (such as asbestos and other hazardous materials). In these situations, the Reference Projects may be required to undertake remedial works on contaminated sites and may be exposed to third party compensation claims and other environmental liabilities. Although the Project Companies are not currently aware of any material risks, there is a risk of discovery of, or incorrect assessment of costs associated with, environmental contamination of any of the assets or sites.

## 5.2 Reference Project specific risks

(a) The risks relating specifically to the Reference Projects in Basket Component Canada Waste to Water

Operational risk – Due to testing phases and several years of running track record, operational risks are largely mitigated. The risks are further mitigated due to the cooperation with established partners.

Counterparty risk – A Canadian township not defaulted in the recent years. Counterparty risk of Clearford must be monitored due to the economic position of the company. It is mitigated through operational back-up plans.

Political and environmental risk – The technology used passes the strict regulations regarding environment. In case of a change in the regulation the Clearford technology will be in a good position to be able to adjust.

Legal risks – Canada has a long term track record in the water industry and the environmental laws are strict, but transparent.

(b) The risks relating specifically to the Reference Project in Basket Component U.S. Hydropower

Licensing risk – The project has obtained a licence from the Federal Energy Regulatory Commission (a **FERC License**) (No. P 13351), which reduces pre- construction concerns.

Operational risks

- **Water Supply** – There is a large amount of data on the water flow of the Illinois River showing that the flow has remained relatively constant over the past century. Seasonal and long-term variations have been taken into account when calculating the average generation factor.
- **Facility Availability** – Income is dependent on the availability and capacity of the facility. Output is a factor of both water supply and generation capacity. The annual output of approximately 65GWh is secured by the turbine manufacturer, Mavel, through a 24 month operating warranty period.
- **Operations and Maintenance Contract** – The site access agreement requires that an operation memorandum agreement is in place to govern the interface between the hydropower operator and USACE. The content of this agreement will set out the risks and obligations through the operations phase and will be essential prior to agreeing a contract with an operator.

**Environmental risk** – The site underwent a series of environmental studies pertaining to dissolved oxygen, sediment transport, fish flow, flow velocity and Indiana bats before being granted its FERC License. There is therefore minimal risk to the environment with this small hydro facility.

**Counterparty risk** – There is a risk that the off-taker under the power purchase agreement (the **PPA**) will default. However in such a scenario there should be a large enough market to be able to sell the power to an alternative off-taker.

- (c) The risks relating specifically to the Reference Project in Basket Component U.S. Waste to Water

**Construction and building risks** – The solar panels are in place and operational.

**Operational risk** – The operation of the site is relatively simple. Furthermore, the solar panels are under warranty so any problems that arise should be handled by third parties.

**Counterparty risk** – If the waste water plant defaults then the PPA will be void. This would lead to fluctuations in the returns due to being exposed to the SREC market with no fixed PPA in place. However, this would likely be a short term concern while searching for a new off-taker.

**Pricing risk** – As SRECs are sold on the open market via an exchange the price can fluctuate having a potential positive or negative impact on returns. However as the majority of the power is sold via a PPA which contains a fixed rate for the energy most of the risk is mitigated.

**Production risk** – On any given year the production will vary. Therefore we take a conservative estimation.

### 5.3 The risks in relation to the Project Companies

- (a) Legal and economic risks of the Reference Project Terms

The Reference Project Terms (as defined in the Conditions) means any agreement entered into by a Notional Investor with the relevant project company (the **Project Company**) in relation to the Interest Participation. The Reference Project Term will include but is not limited to loan agreements with related security agreements. Depending on the type of Interest Participation, the Project Company will bear the economic risks of a shareholding in a Reference Project or of a secured or unsecured creditor in relation to the Reference Project. Besides the economic risks associated with the Interest Participation and any security granted, the Notional Investor bears the legal risk of the Reference Project Terms being enforceable.

- (b) The past performance of the Reference Project is not an indication of their future performances

The past performances of the Reference Projects are not an indication of their future performance. While the Project Company intend to operate a business that will create long-term value, the operations may not appreciate in value and, in fact, may decline in value. The success of any of the Interest Participations in the Reference Projects will depend upon, among other things: (i) the quality of its management and the management of the relevant Project Company; (ii) the ability of the Project Company's management to select successful business opportunities; (iii) general economic conditions; and (iv) the ability of the Project Company's management to liquidate their investments.

A Project Company can offer no assurance that its operations will generate gains or income, or that the gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained and to provide payments under the Interest Participations.

- (c) Valuation methodologies for the Reference Project and the related Interest Participation can be subject to significant subjectivity and there can be no assurance that the values reported by the Calculation Agent from time to time will in fact be realised

As valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, these may fluctuate over short periods of time any may be based on estimates. In addition, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed. Even if market quotations are available for the Project Company, such quotations may not reflect the value that would actually be realised because of various factors, including the possible illiquidity associated with a large ownership position, subsequent illiquidity in the market for a company's securities, future market price volatility, foreign exchange fluctuations or the potential for a future loss in market value based on poor industry conditions or the market's view of overall company and management performance. Consequently, the value at which the investments in the Reference Project can be liquidated may differ, sometimes significantly, from the interim valuations arrived at by the Calculation Agent. The Project Companies profitability, net asset value and share price could be adversely affected if the values of investments that the Project Company records are materially higher than the values that are ultimately realised upon the disposal of the investments, and changes in values attributed to investments from quarter to quarter may result in volatility in the net asset values and results of operations that the Project Company report period to period.

- (d) The Project Company may experience fluctuations in their operating results

The Project Company may experience fluctuations in their operating results from period to period due to a number of factors, including changes in the values of investments made by the Project Company, which in turn could be due to changes in values of portfolio companies, changes in the amount of distributions, dividends or interest paid in respect of investments, changes in the Project Company's operating expenses and revenues and the timing of the recognition of realised and unrealised gains or losses, and the degree to which the Project Company encounter competition and general economic and market conditions.

- (e) Exposure to credit risk in respect of transactions with counterparties

The exposure to credit risk of a counterparty (a customer, provider, partner or financial entity) could impact the Project Company's businesses, financial conditions and results of operations. Although, a company can actively manage such credit risk through the use of non-recourse factoring contracts (which involve banks and third parties assuming a counterparty's credit risk) and credit insurance, a risk management strategy may not be successful in limiting the exposure to credit risk, which could adversely affect a business, financial condition and results of operations.

- (f) Health, safety, environmental and other laws and regulations

The Project Companies are subject to numerous laws and regulations of the various jurisdictions in which the Project Companies conduct their business. Such laws and regulations govern, among other matters, land utilization, development and zoning plans, property tax, HSE (health, safety and environmental), power market, grid operation, air pollution emissions, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution and transportation of hazardous materials. Many of these laws and regulations are becoming increasingly stringent (and may contain "strict liability"), and the cost of compliance with these requirements can be expected to increase over time.

The Project Company cannot predict the impact of new or changed laws or regulations or changes in the ways that such laws or regulations are administered, interpreted or enforced. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. To the extent that any of these requirements impose substantial costs or constrain the Project Company's ability to expand or change its processes, the Project Company's business, prospects, financial results and results of operations could suffer.

(g) Reliance on third-party contractors and suppliers

Some of the Project Companies' enter into contracts with subcontractors in relation to services, equipment or software. Some of their key products and services use items from third-party suppliers. The delivery of products or services that are not in compliance with the requirements of the subcontract, or the late supply of products and services, can cause the Project Company to be in default under their contracts with their customers. To the extent they are not able to transfer all of the risk or be fully indemnified by third-party contractors and suppliers, they may be subject to a claim by their costumers as a result of a problem caused by a third-party that could have a material adverse effect on their reputation, business, results of operations and financial condition.

(h) The Project Companies may be adversely affected by catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, or criminal or terrorist acts at the plants, facilities and construction sites

If one or more of the plants, facilities or constructions sites of a Project Company were to be subject in the future to fire, flood or a natural disaster, adverse weather conditions, terrorism, power loss or other catastrophe, or if unexpected geological of other adverse physical conditions were to develop at any of the plants, facilities or construction sites, the Project Company may not be able to carry out their business activities at that location or such operations could be significantly reduced. This could result in lost revenue at these sites during the period of disruption and costly remediation, which could have a material adverse effect on their business, financial condition and results of operations. In addition, despite security measure taken by the company, it is possible that the sites could be affected by criminal or terrorist acts. Any such acts could have a material adverse effect on the business, financial condition and results of operations.

(i) Insurance may be insufficient to cover relevant risks and the cost of insurance may increase

The Project Companies are exposed to the risks in the markets in which they operate. Although they seek to obtain appropriate insurance coverage in relation to the principal risks associated with their business and the relevant Reference Project, they cannot guarantee that such insurance coverage is, or will be, sufficient to cover all of the possible losses they may face in the future. If they were to incur a serious uninsured loss or a loss that significantly exceeded the coverage limits established on their insurance policies, the resulting costs could have a material adverse effect on their business, financial condition and results of operations.

In addition, their insurance policies are normally subject to review by their insurer. If the levels of premiums were to increase in the future, or certain types of insurance coverage were to become unavailable, they might not be able to maintain insurance coverage comparable to those that are

currently in effect at comparable cost, or at all. If they are unable to pass any increase in insurance premiums on to their customers, such additional costs could have a material adverse effect on their business, financial condition and results of operations.

- (j) A Project Company may suffer if they are sued for infringing upon the intellectual property rights of third parties

The Project Company are subject to the risk of adverse claims and litigation alleging their infringement of the intellectual property rights of others. In the futures, third parties may assert infringement claims, alleging infringement by their current, or future, services or solutions. These claims may result in protracted and costly litigation, may subject them to liability if they are found to have infringed upon third parties' intellectual property rights, and, regardless of the merits or ultimate outcome, may divert management's attention from the operation of their business.

- (k) Operational risks

The operational risks that the Project Company face include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events may result in financial loss and may harm the Project Company's reputation.

The Project Company attempt to keep operational risk at appropriate levels by maintaining a well-controlled environment in light of the characteristics of their business, the markets and the regulatory environments in which they operate. While these control measure mitigate operational risks, they do not eliminate them.

- (l) A business will suffer if a company does not retain their senior management and key employees or if they do not attract and retain highly skilled employees

The future success depends significantly on the full involvement of the Project Company senior management and key employees, who have valuable expertise in all areas of their business. The ability to retain and motivate the senior management and key employees and attract highly skilled employees will significantly affect their ability to run a successful business and to expand operation in the future. If they were to lose one or more of their senior management they might encounter difficulty in appointing replacements. This could have an adverse impact on their business, financial condition and results of operations.

- (m) Tax risks

The Interest Participation and the Project Company is subject to risks that local authorities or foreign countries in which the Reference Project operates may impose additional withholding taxes, income taxes or other taxes, as well as changing tax levels from those in force at the date of the respective projects or the date hereof. Any such additional taxation or change in tax regimes or levels may have a significant adverse effect on its business, prospects, financial results and results of operations.

## **6. RISK FACTORS RELATING TO THE UNDERLYING ASSETS**

### **6.1 Risk factors relating to the underperformance of the Underlying Assets**

Based on the advice of the Servicer, the Issuer will invest the issue proceeds of the Bonds in any assets that, in the reasonable opinion of the Issuer, are capable of securing its payment obligations under the Bonds. If all or part of the Underlying Assets fail to achieve the predicted results and, in particular, if such Underlying Assets perform less well than the notional investment in the Reference Projects included in the Reference Basket, the Issuer might not be able to pay to Holders in respect of each Bond to be redeemed the amount equal to the Basket Value per Note.

## **6.2 Risk factors relating to Holding Companies in the case of the Issuer's indirect investment (if any) in the Reference Projects through instruments issued by such Holding Companies**

### **(a) Exposure to credit risk in respect of transactions with counterparties**

A Holding Company is exposed to credit risk of its counterparties (customers, providers, partners or financial entities), which could impact the Holding Companies' business activities, financial condition and results of operations. Although, a company can actively manage such credit risk through the use of non-recourse factoring contracts (whereby banks or other third parties assume a counterparty's credit risk) and credit insurance, a risk management strategy may not be successful in limiting the exposure to such credit risk. The performance of the Issuer's investment in a Holding Company's instruments may be adversely affected as a result.

### **(b) Potential increase of finance expenses if a Holding Company does not effectively manage its exposure to interest rate and foreign currency exchange rate risks**

The Holding Companies are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes and foreign currency exchange rate fluctuations. Often indebtedness bears interest at variable rates, generally linked to market benchmarks such as EURIBOR and LIBOR. Any increase in interest rates would increase the finance expenses relating to variable rate indebtedness and increase the costs of refinancing the existing indebtedness and issuing new debt. In addition, the Holding Companies often conduct business and incur costs in the local currency of the countries in which they operate. As a result, they will become subject to increasing currency translation risk, whereby changes in exchange rates between the euro and the other currencies in which they do business could result in foreign exchange losses.

The Holding Companies can actively manage these risks by entering into interest rate options and swaps to hedge against foreign exchange rate risk. If the risk management strategies are however not successful in limiting the exposure to changes in interest rates and foreign currency exchange rates, the business, financial condition and result of operations could be materially and adversely affected.

### **(c) Operational risks**

The operational risks that the Holding Companies face include, among others, the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events may result in financial loss and may harm the Company's reputation.

The Holding Companies attempt to keep operational risk at appropriate levels by maintaining a well-controlled environment in light of the characteristics of their business, the markets and the regulatory environments in which they operate. While these control measure mitigate operational risks, they do not eliminate them.

### **(d) Reliance on third-party contractors and suppliers**

The future success of the Holding Company depends significantly on the full involvement of the senior management and the outsourcing partner for managerial services or its managing partner, who have valuable expertise in all areas of water infrastructure. There is a risk that existing contracts of those parties are not completed or otherwise terminated. Depending on the extent to which these matters occur, the Reference Projects' financial performance may be adversely affected.

### **(e) Tax risks**

Foreign countries in which the Holding Companies operate, or will operate in the future, may impose additional withholding taxes, income taxes or other taxes, as well as changing tax levels from those in force at the date of the respective projects or the date hereof. Any such additional taxation or change in tax regimes or levels may have a significant adverse effect on a Holding Company's business, prospects, financial results and results of operations.

(f) No security interests

A Holding Company does not create any security interest over its interest participation in a Reference Project in order to secure its obligations in respect of the instruments issued and no such security interests would be granted for the benefit of the Issuer.

(g) Potential conflicts of interest

Another business of a managing partner, contractor or subcontractor that services a Holding Company may compete or be in conflict with the investment policy determining the composition of the Reference Basket.

**6.3 Risk factors relating to a derivative contract in the case of the Issuer's investment in a derivative contract**

If the Issuer enters into a derivative contract in relation to the Bonds, the ability of the Issuer to meet its obligations under the Bonds will depend on the receipt by it of payments under the derivative contract. Consequently, the Issuer is exposed to the credit risk of the hedging counterparty (i.e. the ability of the hedging counterparty to make payments under the relevant derivative contract) as well as the ability of the hedging counterparty to perform its other obligations under the relevant derivative contract. Default by the hedging counterparty may result in the termination of the derivative contract and, in such circumstance; any amount due to the Issuer upon such termination may not be paid in full or paid at all. Therefore any such default or failure may result in a reduction in the amounts available to Holders (the amount payable to Holders in respect of each Bond may be lower than the Basket Value per Bond or may even amount to 0 (zero)) and adversely affect the performance of the Bonds.

## OVERVIEW OF THE PARTIES

*The following is an overview of the principal parties to the transaction described in this Prospectus. The information in this section does not purport to be complete. This overview should be read as an introduction to, and in conjunction with, and is qualified in its entirety by reference to, the detailed information appearing elsewhere in this Prospectus. Prospective investors in the Bonds should base any decision to invest in the Bonds on consideration of this Prospectus as a whole.*

### 1. THE PARTIES

<b>Issuer</b>	Opus - Chartered Issuance S.A., a public limited liability company ( <i>société anonyme</i> ) incorporated under the laws of the Grand Duchy of Luxembourg ( <b>Luxembourg</b> ), having its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, registered with the Luxembourg trade and companies register ( <i>registre de commerce et des sociétés, Luxembourg</i> ) under number B.180859 (the <b>Company</b> ), subject, as an unregulated securitisation undertaking, to the provisions of the Luxembourg act dated 22 March 2004 on securitisation, as amended and acting in respect of its Compartment 80 (the <b>Issuer</b> ). The Company created Compartment 80 as a separate compartment in respect of the Bonds, to which all the assets and liabilities in relation to the Bonds will be allocated. The Issuer will use the net proceeds from the issue of the Bonds to invest in the Underlying Assets.
<b>Calculation Agent</b>	Chartered Investment Germany GmbH, Bilker Allee 176c, 40217 Düsseldorf, Federal Republic of Germany.
<b>Asset Sourcing Agent</b>	Signina Capital AG, Gerechtigkeitsgasse 31, 8001 Zurich, Switzerland.
<b>Servicer</b>	Chartered Investment Germany GmbH, Bilker Allee 176c, 40217 Düsseldorf, Federal Republic of Germany.
<b>Principal Paying Agent</b>	Hauck & Aufhäuser Privatbankiers KGaA - Niederlassung Luxemburg, 1c, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg.
<b>Custodian</b>	Hauck & Aufhäuser Privatbankiers KGaA - Niederlassung Luxemburg, 1c, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg.
<b>Intermediary</b>	Apano GmbH, Lindemannstraße 79, 44137 Dortmund, Federal Republic of Germany.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be incorporated by reference in, and form part of, this Prospectus:

- (a) the [Company's financial statements as of 31 December 2015](#) drawn up in the English language (the **2015 Financial Statements**);
- (b) the [Company's financial statements as of 31 December 2016](#) drawn up in the English language (the **2016 Financial Statements** and together with the 2015 Financial Statements, the **Financial Statements**); and
- (c) the [articles of incorporation of the Company](#) drawn up in the English language including a French translation (the **Articles**);

The documents incorporated by reference, as well as this Prospectus, are available on the website of the Issuer (<http://en.chartered-opus.com/investor-relations/>).

The following information appears on the pages of the Financial Statements as set out below:

### The 2015 Financial Statements

Balance Sheet.....	Pages 3 to 8
Profit and Loss Account.....	Pages 9 to 11
Notes to the Accounts .....	Pages 12 to 56
Audit Report.....	Pages 1 and 2

### The 2016 Financial Statements

Balance Sheet.....	Pages 1 to 5
Profit and Loss Account.....	Page 6 and 7
Notes to the Accounts .....	Pages 8 to 76
Audit Report.....	Page 77

Any information not listed in the above cross reference tables, but included in the documents incorporated by reference, is given for information purposes only and is not required by the relevant schedules of the Prospectus Regulation.

## TRANSACTION OVERVIEW

### Use of proceeds

Each Bond is issued for a subscription price equal to the Nominal Value (the **Subscription Price**) plus a subscription fee per Bond of up to 5% of the Nominal Value that is retained by the Intermediary (the **Subscription Fee**). The maximum proceeds that the Issuer may receive in connection with the issue of the Bonds amount to EUR 100,000,000. The Issuer deducts from the Subscription Price received from an investor for each Bond (which, for the avoidance of doubt, does not include the Subscription Fee) the Upfront Fee and the One-Off Intermediary Fee (both terms as defined in the Conditions). The remaining aggregate amount of issue proceeds (the **Net Proceeds**) will be applied by the Issuer for the purpose of investment in the Underlying Assets. The Underlying Assets, together with any amount received by the Issuer in connection therewith, will be allocated by the Issuer to the Compartment.

### Structure and cash flows

Subject to the detailed provisions of the Conditions of the Bonds, a Holder will be entitled to the following payments in respect of each outstanding Bond held by it:

- (a) a fixed interest amount equal to 5.50% *per annum* calculated on the Nominal Value and payable semi-annually on 30 November and 31 May in each year, starting on 31 May 2018 (a **Fixed Interest Amount**);
- (b) a *pro rata* share of an additional interest amount payable semi-annually on 30 November and 31 May in each year, starting on 31 May 2018, on condition that, after deduction of (i) the amounts received by the Issuer in respect of the redemption, termination or sale of the Underlying Assets and (ii) the provision for any future Annual Fees, Handling Fees, Annual Intermediary Fees, fees due to the Asset Sourcing Agent and the Liquidator Fees, the balance of the Cash Reserve Account exceeds 2.5% of the aggregate principal amount of the Bonds outstanding (all relevant terms as defined in the Conditions); and
- (c) a redemption amount at the maturity date of the Bonds equal to Basket Value per Bond calculated in accordance with Condition 6(a).

The Basket Value per Bond is determined by the Calculation Agent by reference to the Reference Basket. Accordingly, the redemption amount payable by the Issuer in respect of the Bonds is synthetically linked to the performance of notional interest participations in the Reference Projects. The relevant Reference Projects that will be included in the Reference Basket will be identified by the Asset Sourcing Agent in accordance with the Allocation Limits set out in the Conditions, subject to certain adjustments and fluctuations over time depending on the availability of investable Reference Projects. The up-to-date composition of the Reference Basket can be viewed on the website of the Calculation Agent ([www.chartered-investment.com](http://www.chartered-investment.com)).

In order to hedge its payment obligations under the Bonds, the Issuer will invest the Net Proceeds in the Underlying Assets. While the Issuer will endeavour to hold at any time the Underlying Assets that have, in its reasonable opinion, characteristics that demonstrate the capacity to produce the monies required to service any amounts due and payable in respect of the Bonds in accordance with the Conditions, the Issuer shall not be obliged to invest, directly, indirectly, or synthetically, in the interest participations in the same Reference Projects as may be included in the composition of the Reference Basket.

The Underlying Assets may include, in addition to the balance of the Cash Reserve Account, the following assets, depending on the advice received by the Issuer from the Servicer:

- (a) convertible bonds or preferred shares issued by, or membership (without voting rights) in, companies holding interest participations (subject to currency hedges) in the same Reference Projects as may be

included in the composition of the Reference Basket and economically linked to such interest participations; and/or

- (b) the rights under a derivative contract on the amount equal to the Basket Value per Note multiplied by the number of the Bonds outstanding and the Fixed Interest Amounts entered into by the Issuer with a credit institution having at least an "investment grade" rating according to Moody's and Fitch Ratings; and/or
- (c) any other investment assets that would enable the Issuer to fulfil its payment obligations under the Bonds.

Given that the Bonds represent limited recourse obligations of the Issuer, as described in Condition 4(b), the rights of the Holders to receive payments under the Bonds are subject to, and depend on, payments received by the Issuer under the Compartment Assets and proceeds from a sale or termination of the Compartment Assets (where **Compartment Assets** means the Underlying Assets and the rights of the Issuer under any agreements entered into in connection with the Bonds).

If the Bonds are to be redeemed early at the option of the Issuer pursuant to Condition 9 or in connection with the occurrence of an Event of Default (as defined in the Conditions) pursuant to Condition 10, the Issuer will arrange for the Compartment Assets to be liquidated by a Liquidator (as defined in the Conditions) and will pay the proceeds of such liquidation to the Holders and other creditors whose rights have arisen in connection with the Compartment, subject at all times to the limited recourse provisions in Condition 4(b) and the priority of payments set out in Condition 4(f).

**CONDITIONS OF THE BONDS**  
**TERMS AND CONDITIONS OF THE**  
**5.50 PER CENT NORTH AMERICA WATER INFRASTRUCTURE BONDS (R III) DUE 2024**

ISSUE PRICE: EUR 1,000 PER BOND PLUS A SUBSCRIPTION FEE OF UP TO 5 PER CENT

ISIN DE000A2HED48

5.50% NORTH AMERICA WATER INFRASTRUCTURE PROJECTS  
BONDS 2017(24) (R III)

ISIN DE000A2HED48



## TERMS AND CONDITIONS OF THE BONDS

5.50% NORTH AMERICA WATER INFRASTRUCTURE PROJECTS BONDS 2017(24) (R III)  
ISIN DE000A2HED48

### Preamble

*If Bonds (as defined below) are issued in definitive form, the terms and conditions of the Bonds (the **Conditions** and each a **Condition**) will be as set out below. The Conditions will be endorsed on each definitive Bond if they are issued. While the Bonds remain in global form, the same terms and conditions govern the Bonds.*

Up to 100,000 (one hundred thousand) EUR 5.50 North America Water Infrastructure Bonds 2017(24) (R III) due 2024 (the **Bonds**) are issued by Opus – Chartered Issuances S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register (*Registre du commerce et des sociétés, Luxembourg*) under number B180859 (the **Company**), being subject, as a regulated securitisation undertaking, to the Luxembourg act dated 22 March 2004 on securitisation, as amended from time to time (the **Securitisation Act 2004**) and acting in respect of its Compartment 80 (the **Issuer**). References to the Issuer may, where relevant and if the context so requires, be construed as a reference to the Company.

### 1. DEFINITIONS AND INTERPRETATIONS

#### (a) Preamble

The Preamble above forms an integral part of the Conditions.

#### (b) Definitions

**Agents** has the meaning provided in Condition 14.

**Aggregate Basket Value** means the Basket Value per Bond multiplied by the number of the Bonds outstanding.

**Allocation Limits** means, in relation to each Basket Component, the Minimum Weight and the Maximum Weight of such Basket Component in the Reference Basket, subject to adjustments, as set out in Condition 6(b).

**Annual Fee** means 0.35% *per annum* of the Principal Amount Outstanding deducted by the Issuer from the Cash Reserve Account to cover its general operational expenses and to pay fees of some of the Agents.

**Annual Intermediary Fee** has the meaning provided in Condition 4(e)(i)(B).

**Articles** means the articles of association of the Company.

**Asset Sourcing Agent** means Signina Capital AG, established under Swiss law and having its registered office at Gerechtigkeitsgasse 31, 8001 Zürich, Switzerland.

**Asset Sourcing Agreement** means an agreement entered into between the Issuer and the Asset Sourcing Agent regarding services of the Asset Sourcing Agent in relation to the composition of the Reference Basket.

**Basket Component** means a certain type of water infrastructure investment within a certain geographic region, consisting of one or more Reference Projects.

**Basket Value per Bond** has the meaning provided in Condition 6(a).

**Bonds** has the meaning provided in in the Preamble.

**Business Day** means a day on (other than a Saturday and a Sunday) on which credit institutions are open for general business in Luxembourg and Düsseldorf and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is operating.

**Calculation Agent** means Chartered Investment Germany GmbH, Düsseldorf.

**Cash Reserve Account** means a EUR denominated money market account relating to Compartment 80 and held with the Custodian on behalf of the Issuer in which all cash relating to Compartment 80 is deposited (including but not limited to any amounts received by the Issuer in respect of the Underlying Assets, such as interest accrued on the cash in the Cash Reserve Account).

**Clearing System** means Clearstream Frankfurt, including any successor or alternative clearing system.

**Clearstream Frankfurt** means Clearstream Banking AG, Frankfurt.

**Companies Act 1915** has the meaning provided in Condition 13.1.

**Company** has the meaning provided in the Preamble.

**Compartment Assets** means the following assets allocated at any given time to Compartment 80: (i) the Underlying Assets and (ii) the rights of the Issuer under any agreements entered into in connection with the Bonds.

**Compartment 80** means Compartment 80 created by the resolutions of the management board of the Company dated 17 October 2017 in compliance with its Articles to which the Bonds and all the assets, agreements, rights and claims in connection therewith (including under these Conditions) are allocated.

**Custodian** means Hauck & Aufhäuser Privatbankiers KGaA - Niederlassung Luxemburg or its successors.

**Early Redemption** has the meaning provided in Condition 9(a).

**Early Redemption Amount** means Liquidation Proceeds (after payment of any amounts due from the Issuer in accordance with the priority of payments set out in Condition 4(f)) divided by the number of the Bonds outstanding.

**Early Redemption Date** means the date falling no later than ten (10) Business Days from receipt of the Liquidation Proceeds by the Issuer.

**Early Redemption Notice** has the meaning provided in Condition 9(a).

**Euro** or **EUR** means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

**Event of Default** has the meaning provided in Condition 10(a).

**Event of Default Notice** has the meaning provided in Condition 10(a).

**Final Fixing Date** means, for each Reference Project, the date falling no later than three (3) Business Days prior to the Final Reference Basket Calculation Date on which the Notional Investor

into the Reference Project would have received, as the case may be, the redemption amount or other type of repayment under the Reference Project Terms or the proceeds from a sale or termination of the interest participation in the Reference Project.

**Final Reference Basket Calculation Date** means the date falling on the third (3rd) Business Day prior to the Maturity Date.

**Further Issue Date** has the meaning provided in Condition 2(a).

**Force Majeure Event** means an event or circumstance which prevents or otherwise impedes the determinations or the performance of the duties of the Issuer and/or any Agent appointed in relation to the Bonds, as the case may be. These events and circumstances may include, without limitation, a system failure, fire, building evacuation, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstance.

**Global Bond** has the meaning provided in Condition 2(c).

**Grace Period** has the meaning provided in Condition 8(h).

**Handling Fee** has the meaning provided in Condition 6(c).

**Holders** means the holders of the Bonds and "**Holder**" means any one of them.

**Holding Company** means the company with an interest in a particular Reference Project and through which an investment in such Reference Project may be made.

**Initial Fixing Date** means, for each Reference Project, the first date on which it would have been possible for the Notional Investor to negotiate and make an investment in the Reference Project during the Initial Fixing Period.

**Initial Fixing Period** means the period starting on (but excluding) the Initial Issue Date and ending on (and including) 31 May 2018.

**Initial Fixing Level** means (A) divided by (B), where (A) means the full acquisition cost (which includes but it is not limited to items (a) to (d) (inclusive) below) of the interest participation in the Reference Project that the Notional Investor would have paid in Euro on the relevant Initial Fixing Date and (B) means the Investment Face Value, as determined, on a best effort basis, by the Calculation Agent. The full acquisition cost referred to above may comprise the following costs and expenses:

- (a) the hypothetical purchase price (including, without limitation, any transaction, legal and due diligence costs) that the Notional Investor would have paid;
- (b) any expenses for a currency conversion;
- (c) any accrued interest; and
- (d) an amount equal to the sum of the Upfront Fees.

**Initial Issue Date** means 22 December 2017.

**Insolvency Event** means that the Underlying Obligor or, if there is more than one Underlying Obligor, any of the Underlying Obligors:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in item (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within fifteen (15) consecutive days of the institution or presentation thereof;
- (e) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (f) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen (15) consecutive days thereafter;
- (g) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in the above items (a) to (f) (inclusive); or
- (h) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

**Interest Commencement Date** means 31 May 2018.

**Interest Payment Date** has the meaning provided in Condition 5(c).

**Interest Period** means, in relation to the initial Interest Period, the period from (and including) the Interest Commencement Date to (but excluding) the first succeeding Interest Payment Date and, in relation to each subsequent Interest Period, the period from (and including) an Interest Payment Date to (but excluding) the following Interest Payment Date, except for the last Interest Period which will end on (and including) the Interest Payment Date immediately preceding the Redemption Date.

**Intermediary** means apano GmbH, Lindemannstraße 79, 44137 Dortmund, Federal Republic of Germany.

**Investment Face Value** means the aggregate principal value of the interest participation in the Reference Project held by the Notional Investor.

**Involuntary Dispossession Act 1996** has the meaning provided in Condition 12(b).

**Issue Date** means the Initial Issue Date or any of the Further Issue Dates, as applicable.

**Issued Principal Amount** means the principal amount of all Bonds issued under these Conditions (including any Bonds that have been redeemed prior to the Maturity Date).

**Issuer** has the meaning provided in the Preamble.

**Liquidation** has the meaning provided in Condition 9(c).

**Liquidation Period** means the period of sixty (60) consecutive days starting on (but excluding) the day on which (i) the Issuer issued an Early Redemption Notice in accordance with Condition 9 or (ii) the Issuer received an Event of Default Notice in accordance with Condition 10, as applicable.

**Liquidation Proceeds** means the amounts received in respect of the Liquidation of the Compartment Assets.

**Liquidator** means any administrator which holds all licenses and permissions required to liquidate the Compartment Assets, appointed by the Issuer in its sole discretion in connection with the Early Redemption of the Bonds in accordance with Condition 9 or an Event of Default in accordance with Condition 10. The Liquidator shall, to the extent required, and acting in the best interest of the Holders and in compliance with all laws and regulations applicable to the Liquidator, enforce any and all claims of the Issuer with respect to the Compartment Assets.

**Liquidator Fee** means the statutory fees payable for the Liquidators services in connection with the Liquidation or, if no such statutory fees exist, common market rates for such services payable to comparable liquidators.

**Liquidator Service Agreement** means an agreement entered into between the Issuer and any Liquidator appointed by the Issuer with respect to the Compartment Assets.

**Maturity Date** means 22 December 2024.

**Nominal Value** means EUR 1,000 (one hundred thousand Euros).

**Notional Cash Reserve Account** means a hypothetical EUR denominated money market account of the Notional Investor in which any sums received by the Notional Investor in connection with the Reference Projects shall be deposited.

**Notional Investment Amount** has the meaning provided in Condition 6(b).

**Notional Investor** means any existing or hypothetical Luxembourg-domiciled securitisation vehicle which, factually or hypothetically, has or would have invested in the Reference Projects and who is the holder of the Notional Cash Reserve Account.

**One-Off Intermediary Fee** has the meaning provided in Condition 4(e)(ii)(B).

**Paying Agent(s)** means any paying agent appointed from time to time by the Issuer in relation to the Bonds, including the Principal Paying Agent.

**Principal Amount Outstanding** means the aggregate principal amount of the Bonds outstanding at any given time.

**Principal Paying Agent** means Hauck & Aufhäuser Privatbankiers KGaA - Niederlassung Luxemburg or its successors.

**Records** has the meaning provided in Condition 3(b).

**Redemption Date** has the meaning provided in Condition 5(a)

**Reference Basket** means the NORTH AMERICA WATER INFRASTRUCTURE BASKET (R III), a basket of interest participations (subject to currency hedges) in certain Reference Projects and the Notional Cash Reserve Account, subject to the Allocation Limits and adjustments as set out in Condition 6(b).

**Reference Project** means each of the water infrastructure projects in North America identified by the Asset Sourcing Agent and listed in Condition 6(b).

**Reference Project Terms** means any agreement entered into between the Notional Investor and the relevant project company in relation to the interest participation in a particular Reference Project (including but not limited to any loan agreement and the related security agreements).

**Regulatory Event** means a change of law, regulation, interpretation, action or response of a regulatory authority or other economic circumstances, as a result of which the regulatory treatment of the Bonds has become less favourable to, or resulted in a burden on, the Issuer (including, without limitation, in connection with the application of the Alternative Investment Fund Managers Directive 2011/61/EU).

**Securitisation Act 2004** has the meaning provided in the Preamble.

**Servicer** means Chartered Investment Germany GmbH, Düsseldorf.

**Service Agreement** means an agreement between the Issuer and the Servicer pursuant to which the Servicer provides administrative and consulting services to the Issuer.

**Subscription Fee** has the meaning provided in Condition 2(b).

**Subscription Price** has the meaning provided in Condition 2(b).

**Tax Event** means any amendment to or change in the laws or regulations of Luxembourg or in the interpretation or administration of any such laws or regulations which becomes effective on or after the Issue Date pursuant to which the Issuer would be required to pay additional amounts.

**Underlying Assets** means, subject to advice of the Servicer, (i) an investment by the Issuer in the interest participations (subject to currency hedges) in such Reference Projects as may be included in the composition of the Reference Basket either through convertible bonds or preferred shares issued by, or membership (without voting rights) in, the Holding Companies and/or through a derivative contract on the Aggregate Basket Value and the Fixed Interest Amounts entered into by the Issuer with a credit institution having at least an "investment grade" rating according to Moody's and Fitch Ratings in order to secure the Issuer's payment obligations under the Bonds or any other investment that would enable the Issuer to fulfil its payment obligations under the Bonds, (ii) any non-cash assets received by the Issuer under or in connection with its investment referred to as item (i) above and (iii) the Cash Reserve Account.

**Underlying Asset Event of Default** has the meaning provided in Condition 9(b).

**Underlying Obligor** means any of the obligors in respect of the Underlying Assets held by the Issuer.

**Upfront Fee** means a one-off fee equal to 0.30% of the Nominal Value of each Bond deducted by the Issuer from the Subscription Price to cover its general operational expenses and to pay fees of various agents appointed in connection with the Bonds.

**Valuation Amount** means (A) divided by (B), where (A) means the amount of proceeds, as determined, on a best effort basis, by the Calculation Agent, that the Notional Investor would have obtained from a sale of the interest participation in a Reference Project to a third party investor at any given time during the lifetime of such Reference Project, after deduction of any costs and expenses relating to: (i) such sale (including but not limited to fees payable to any intermediaries and legal advisers), (ii) the holding of such interest participation through the Underlying Assets, (iii) currency hedges and (iv) the winding up of the Underlying Asset and (B) means the Investment Face Value of the relevant interest participation at that time.

## 2. FORM AND DENOMINATION

- (a) On the Initial Issue Date and such other date or dates (if any) falling within the Initial Fixing Period as the Issuer may determine in its own discretion (each such additional date, the **Further Issue Date**), the Bonds in bearer form, having the Nominal Value, will be issued by the Issuer in the aggregate principal amount not exceeding EUR 100,000,000.00 (one hundred million Euros).
- (b) On any Issue Date, each Holder subscribes for the Bonds at the subscription price per Bond equal to the Nominal Value (the **Subscription Price**) plus a subscription fee per Bond of up to 5% of the Nominal Value that is retained by the Intermediary (the **Subscription Fee**). The minimum aggregate subscription amount per Holder is EUR 5,000.00 (five thousand Euros). Thereafter, the minimum trading amount in each individual transaction is EUR 1,000.00 (one thousand Euros). The Issuer will deduct from the Subscription Price of each Bond an Upfront Fee and the One-Off Intermediary Fee. After the end of the Initial Fixing Period, the Issuer will deduct from the Cash Reserve Account an Annual Fee. Thereafter, the Issuer will deduct the Annual Fee and the Annual Intermediary Fee from the Cash Reserve Account on or about each anniversary of the Initial Issue Date until (but excluding) the Maturity Date of the Bonds. The Issuer may deduct from the Cash Reserve Account the Annual Fees payable in relation to more than one year in advance if so required by the amount of invoices received by the Issuer from the Agents.
- (c) The Bonds are represented by one or more global certificates in bearer form (each, a **Global Bond** and together, the **Global Bonds**) which are deposited with the Clearing System. The Global Bond will be exchangeable for Bonds in definitive form only in the circumstances specified in Condition 2(f) below.
- (d) The Global Bond shall bear the manual or facsimile signatures of any two directors of the Company as well as the manual signature of an authentication officer of the Principal Paying Agent.
- (e) The Global Bond will be held in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Bonds have been satisfied.
- (f) The Global Bond will become exchangeable in whole, but not in part, for the Bonds in definitive form when either Clearing System is closed for business for a continuous period of fourteen (14) days, other than public holidays, or permanently ceases business or announces an intention to do so.

Any definitive Bond issued in exchange for the Global Bond will be issued in bearer form only. The relevant definitive Bonds will be made available by the Issuer to the persons shown in the Records.

Definitive Bonds will be signed (A) manually or in facsimile by any two directors of the Company who are both in office at the time of the issue of such definitive Bonds or (B) manually or in facsimile by one director of the Company who is in office at the time of the issue of such definitive Bonds and manually by a person to whom the authority to sign has been delegated by the board of directors of the Company, provided that a true certified copy of the instrument delegating such authority to a person who is not member of the board of directors of the Company has been lodged with the Luxembourg trade and companies register (*Registre du commerce et des sociétés, Luxembourg*).

### **3. TRANSFER AND TITLE**

#### **(a) Definitive Bonds**

Subject to as set out below, title to the Bonds will pass by delivery. The Issuer and the Paying Agent will (except as otherwise required by law or ordered by a competent authority) deem and treat the bearer of any Bond as the absolute owner thereof (whether or not the Bond is overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of the Bonds represented by a Global Bond, without prejudice to the provisions set out in the next succeeding paragraph.

#### **(b) Global Bonds**

For so long as the Bonds are represented by a Global Bond held by or on behalf of the Clearing System, each person (other than the Clearing System) who is for the time being shown in the records (the **Records**) of the Clearing System as the holder of a particular nominal value of such Bonds (in which regard any certificate or other document issued by the Clearing System as to the nominal value of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agent (unless otherwise provided for by law or ordered by a competent authority) as the holder of such nominal value of such Bonds for all purposes other than with respect to the payment of principal or interest on such nominal value of such Bonds, for which purpose the bearer of the relevant Global Bond shall be treated by the Issuer and the Paying Agent as the holder of such nominal value of such Bonds in accordance with and subject to the terms of the relevant Global Bond and the expressions Holder and holder of Bonds and related expressions shall be construed accordingly.

The Bonds which are represented by a Global Bond will be transferable only in accordance with the rules and procedures for the time being of the Clearing System.

### **4. STATUS, SECURITISATION ACT 2004, TERMINATION CONDITION, UNDERLYING ASSETS, TRANSACTION AGREEMENTS, PRIORITY OF PAYMENTS AND RESTRICTIONS**

#### **(a) Status**

The obligations under the Bonds constitute unsubordinated obligations of the Issuer ranking *pari passu* and rateably among themselves. The Bonds represent limited recourse obligations of the Issuer, as described below in Condition 4(b). The Holders shall have the right to receive payments under the Bonds only to the extent of payments received by the Issuer under the Compartment Assets and proceeds from a sale or termination of the Compartment Assets by the Issuer.

The Bonds are issued subject to, and will be enforced in Luxembourg, if applicable, in accordance with the provisions of the Securitisation Act 2004 of Luxembourg or any other applicable Luxembourg law.

#### **(b) Securitisation Act 2004**

By subscribing for the Bonds, or otherwise acquiring the Bonds, the Holders expressly acknowledge and accept, and will be deemed to have accepted and acknowledged, that the Company (i) is subject to the Securitisation Act 2004 and (ii) has created Compartment 80 in respect of the Bonds to which all assets, rights, claims and agreements relating to the Bonds will be allocated. Furthermore, the Holders acknowledge and accept that they have recourse only to the Compartment Assets and not to the assets allocated to any other compartment created by the Company or any other assets of the Company. The Holders acknowledge and accept that once all the Compartment Assets have been realised, they are not entitled to take any further steps against the Issuer or the Company to recover

any further sums due and the right to receive any such sum shall be extinguished. The Holders accept not to attach or otherwise seize the assets of the Issuer allocated to the Compartment or to other compartments of the Company or other assets of the Company. In particular, no Holder shall be entitled to petition or take any other step for the winding-up, the liquidation and the bankruptcy of the Company or any similar insolvency related proceedings. In the case of a conflict between the provisions of this Condition 4(b) and any other Condition, the provisions of this Condition 4(b) shall prevail.

(c) Exclusion of termination condition (*condition résolutoire*)

For the avoidance of doubt, no Holder may initiate proceedings against the Issuer or the Company based on article 98 of the Companies Act 1915.

(d) Underlying Assets

(i) The net proceeds from the issuance of the Bonds will be equal to 100.00% of the Issued Principal Amount of the Bonds issued by the Issuer in accordance with Condition 2(a) minus the applicable Upfront Fees and the One-Off Intermediary Fees. The Issuer will invest the net proceeds of the issuance of the Bonds in the Underlying Assets in order to hedge its payment obligations under the Bonds.

(ii) If all or part of any Underlying Asset held by the Issuer is redeemed, sold or otherwise terminated prior to the Maturity Date of the Bonds, any proceeds received by the Issuer in connection with such redemption, sale or termination will be invested in a new Underlying Asset or deposited in the Cash Reserve Account for distribution to the Holders on the Redemption Date in accordance with Condition 6, Condition 9 or Condition 10, as applicable.

(iii) The Issuer endeavours to hold at any time the Underlying Assets that are, in its reasonable opinion, suitable to ensure full and punctual payment of the amounts due to the Holders under the Bonds. The Issuer shall not be obliged to invest, directly, indirectly, or synthetically, in interest participations in such Reference Projects as may be included in the composition of the Reference Basket.

(e) Transaction Agreements

In order to secure the economics of the Bonds, the Issuer will enter into the following agreements:

(i) the Asset Sourcing Agreement with the Asset Sourcing Agent. Under the terms of the Asset Sourcing Agreement, inter alia:

(A) The Issuer seeks advice on the initial composition of the Reference Basket, sourcing of the Reference Projects in the market and the potential replacement of those.

(B) The Issuer pays to the Asset Sourcing Agent a fee specified in the Asset Sourcing Agreement.

The Issuer may replace the Asset Sourcing Agent at its sole discretion with any other providers the Issuer deems suitable during the term of the Bonds.

(ii) the Intermediary Agreement with the Intermediary. Under the terms of the Intermediary Agreement, inter alia:

(A) The Intermediary shall ensure the offering and distribution of the Bonds to investors in the relevant markets.

- (B) In respect of each new Bond subscribed for by a client of the Intermediary on the Initial Issue Date or on any Further Issue Date, the Intermediary (i) is entitled to retain the Subscription Fee and (ii) shall receive from the Issuer a single fee in EUR equal to 2% of the Nominal Value (the **One-Off Intermediary Fee**). Thereafter, the Issuer shall pay annually to the Intermediary an amount equal to 0.25% *per annum* of the Principal Amount Outstanding (the **Annual Intermediary Fee**).
- (iii) Confirmation of Blockage, pursuant to which any amounts received by the Issuer in respect of the Underlying Assets and credited to the Cash Reserve Account will be primarily used to fulfil the Issuer's obligations under the Bonds.

(f) Priority of Payments

The Compartment Assets will be distributed among the creditors of the Issuer as follows:

- (1) first, to any creditor(s) privileged by law and, in particular, to tax authorities;
- (2) secondly, rateably and without any preference among them, to the administrator of the Issuer, the Custodian, the Paying Agents, and the auditor in settlement of any unpaid costs and expenses which can be directly linked to Compartment 80 and which would ordinarily be paid by the Issuer from the Annual Fee;
- (3) thirdly, in the case of Liquidation of the Compartment Assets, to the Liquidator as the Liquidator Fee;
- (4) fourthly, to the Asset Sourcing Agent for any fees and expenses arisen under the Asset Sourcing Agreement;
- (5) fifthly, to the Intermediary in payment of the One-Off Intermediary Fees and the Annual Intermediary Fees;
- (6) sixthly, to the Issuer in payment of the Upfront Fees, the Handling Fees (if any) and the Annual Fee that would accrue until the Maturity Date (minus any amounts already paid out under (2) above); and
- (7) seventhly, to each Holder for any and all claims under the Bond(s) held by it.

(g) Restrictions

So long as any of the Bonds remain outstanding, the Issuer shall not incur any other indebtedness in respect of Compartment 80 or engage in any business (other than acquiring, holding and liquidation of the Compartment Assets and entering into any agreement and transaction required or desirable in connection with the issuance, administration (including but not limited to the holding of meetings of Holders) or redemption of the Bonds), declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entity to any person (otherwise than as contemplated in these Conditions) or issue any shares (other than such shares as were in issue on the Initial Issue Date).

Notwithstanding any provision to the contrary in these Conditions or otherwise, the Issuer may withdraw from the Cash Reserve Account the following amounts:

- (1) fees due to the Asset Sourcing Agent in accordance with the Asset Sourcing Agreement;
- (2) the Upfront Fees;

- (3) the Annual Fees;
- (4) the One-Off Intermediary Fees and the Annual Intermediary Fees;
- (5) the Handling Fees; and
- (6) in the case of Liquidation of the Compartment Assets, the Liquidator Fee.

## 5. INTEREST

### (a) Fixed Interest

Subject at all times to the receipt by the Issuer of the relevant amounts under the Underlying Assets (other than the amounts received by the Issuer in respect of the redemption, termination or sale of the Underlying Asset) as well as the provisions of Condition 4(b) (Securitisation Act 2004) and Condition 4(f) (Priority of Payments), each Bond bears a fixed interest of 5.50% *per annum* calculated on its Nominal Value (the **Fixed Interest Amount**) from and including the Interest Commencement Date to but excluding the Interest Payment Date immediately preceding the Redemption Date, where **Redemption Date** means, in respect of any Bond to be redeemed, the earlier of (i) the Maturity Date and (ii) the Early Redemption Date, as applicable. The Fixed Interest Amount will be paid from the Cash Reserve Account.

If the relevant amounts received by the Issuer under the Underlying Assets (after the deduction from the Cash Reserve Accounts of the relevant amounts pursuant to Condition 4(g)) are less than the amount required by the Issuer to pay the Fixed Interest Amount in full in respect of each Bond, the amount of the Fixed Interest Amount will be reduced *pro rata* to the extent of the amounts available to the Issuer for distribution in accordance with this Condition 5(a). The payment in respect of each Bond of the Fixed Interest Amount so reduced shall be deemed to be a good discharge of the Issuer's obligations under this Condition 5(a).

### (b) Additional Interest Amount

If, after deduction of (i) the amounts received by the Issuer in respect of the redemption, termination or sale of the Underlying Assets and (ii) the provision for any future Annual Fees, Handling Fees, Annual Intermediary Fees, fees due to the Asset Sourcing Agent and Liquidator Fees, as determined by the Calculation Agent in its sole discretion, the balance of the Cash Reserve Account exceeds 2.5% of the Principal Amount Outstanding, such exceeding amount (**Additional Interest Amount**) will be paid *pro rata* to the Holders on the next Interest Payment Date. No Additional Interest Amount will accrue after the last Interest Period.

### (c) Payment of Interest

All accrued Fixed Interest Amounts and Additional Interest Amounts will be payable semi-annually in arrears on 31 May and 30 November in each year, starting on 30 November 2018 (each, an **Interest Payment Date**).

### (d) Cessation of interest accrual

Each Bond will cease to bear interest on the Interest Payment Date immediately preceding the Redemption Date, unless, subject to Condition 4(b) (Securitisation Act 2004) and Condition 4(f) (Priority of Payments), payment of any amount due under a Bond has been improperly withheld or refused and remains outstanding (subject to any Grace Period as provided in Condition 8(h)), in which case interest at the rate of 5.50% *per annum* calculated on the Nominal Value will continue to accrue on such Bond in accordance with the provisions of Condition 5 until (and including) the Final Reference Basket Calculation Date.

## 6. REDEMPTION

Unless otherwise previously redeemed and exchanged or purchased and cancelled in accordance with these Conditions, the Issuer will redeem each outstanding Bond on the Maturity Date by cash payment at the Basket Value per Bond as determined by the Issuer on the Final Reference Basket Calculation Date.

### (a) Basket Value per Bond

$$\left( \sum_{i=1}^N (n_{i,t} * p_{i,t}) + \text{Cash\_Reserve\_Account}_t - \text{Fees} - \text{Taxes} \right) / \text{Bonds}_t$$

where

$N$  = Number of Reference Projects in the Reference Basket as advised by the Asset Sourcing Agent

$n_{i,t}$  = Investment Face Value in relation to Reference Project  $i$  on date  $t$

$p_{i,t}$  = Valuation Amount in relation to Reference Project  $i$  on date  $t$

$p_{i,0}$  = Initial Fixing Level in relation to Reference Project  $i$  on the Initial Fixing Date

$p_{i,T}$  = Valuation Amount in relation to Reference Project  $i$  on the Final Fixing Date

$Fees$  = Sum of any unpaid Annual Fees, One-Off Intermediary Fees, Annual Intermediary Fees, Handling Fees (if any), costs and expenses of the Asset Sourcing Agent as described in the Asset Sourcing Agreement (if any) and the Liquidator Fee (if any)

$\text{Cash\_Reserve\_Account}_t$  = Balance of the Notional Cash Reserve Account including its accrued interest on date  $t$

$Taxes$  = Any taxes which might become due from the Notional Investor

$\text{Bonds}_t$  = Number of Bonds outstanding on date  $t$

The Basket Value per Bond based on the Initial Fixing Level equals EUR 1,000.

### (b) Allocation Limits of Basket Components

Basket Component	Minimum Weight	Maximum Weight	Reference Project
Canada Waste to Water	15%	65%	Project 1 Simcoe County
			Project 2 Northumberland County
			Project 3 Lanark County
			Project 4 City of Ottawa
			Project 5 Leeds & Grenville United Counties
			Project 6 Hamilton

Basket Component	Minimum Weight	Maximum Weight	Reference Project
			Project 7 Middlesex County
			Project 8 Kawartha Lakes
			Project 9 Wellington County
			Project 10 Huron County
US Hydro	20%	55%	Project 11 Marseilles Lock and Dam
US Waste to Water	15%	65%	Project 12 Mt Holly

During the Initial Fixing Period, the Asset Sourcing Agent determine, on a best effort basis, the amount of the Issued Principal Amount of the Bonds that would be notionally invested in each Reference Project in each Basket Component (each such amount, expressed as the Initial Fixing Level multiplied by the Investment Face Value, a **Notional Investment Amount**). Such determination shall be made in accordance with the Allocation Limits, subject at all times to necessary adjustments that may be required as provided below.

The choice of the Basket Components and their respective weight in the Reference Basket will depend on the availability of the relevant Reference Projects during the Initial Fixing Period. Consequently, the weight of an individual Basket Component may fluctuate from time to time within the applicable Allocation Limits. Basket Component “Canada Waste to Water” will in principle consist of up to seven of the ten Reference Projects listed above. The current composition of the Reference Basket at any given time may be viewed on the website of the Calculation Agent ([www.chartered-investment.com](http://www.chartered-investment.com)).

**Notional Cash Reserve Account:** The following notional amounts shall be allocated to the Notional Cash Reserve Account:

- (1) the amount representing the difference between the Issued Principal Amount and the aggregate Notional Investment Amount (after the deduction of the notional amount equal to the aggregate Upfront Fees and the aggregate One-Off Intermediary Fees), provided that such amount shall not be less than 2.5% of the Issued Principal Amount;
- (2) any and all amounts, determined by the Calculation Agent, that the Notional Investor would have received from the Holding Companies in respect of its investment in the Basket Components (including but not limited to net dividends, interest and redemption amounts); and
- (3) interest that would have accrued on the cash deposited in the Notional Cash Reserve Account.

All the amounts that have been paid out of the Cash Reserve Account (such as, the Fixed Interest Amounts, the Additional Interest Amounts, the Upfront Fees, the Annual Fees, the One-Off Intermediary Fees, the Annual Intermediary Fees, the fees (if any) of Asset Sourcing Agent, the Liquidator Fee (if any), the Handling Fees (if any) and any taxes due from the Issuer) as well as any amounts payable by the Issuer in connection with the Bonds (under these Conditions or otherwise) that have accrued but have not been paid shall be deducted from the amount of cash in the Notional Cash Reserve Account.

(c) Replacement of a Reference Project

Upon (i) maturity of a Reference Project or (ii) any event of default in respect of a Reference Project, the Issuer will, based on the advice from the Asset Sourcing Agent, replace the relevant Reference Project by another Reference Project, in accordance with the Allocation Limits applicable to the Basket Components. The Issuer has the right not to act on the advice of the Asset Sourcing Agent and may allocate the relevant amount to the Cash Reserve Account. The Issuer will charge a handling fee of 0.10% of the amount subject to such replacement (the **Handling Fee**), which will be deducted from the Cash Reserve Account.

The current composition of the Reference Basket at any given time may be viewed on the website of the Calculation Agent ([www.chartered-investment.com](http://www.chartered-investment.com)).

## 7. SECONDARY MARKET

At any time and subject to mandatory legal provisions, the Issuer may but is not obliged, to purchase Bonds in the open market or otherwise and at any price. Any Bonds so acquired may be cancelled, held or resold by the Issuer. In the case of cancellation of a Bond the Issuer may, if applicable, sell or terminate the Underlying Assets on a *pro rata* basis or as advised by the Asset Sourcing Agent.

## 8. PAYMENTS

- (a) Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Bonds shall be made in Euro by credit or transfer to a Euro denominated account of each Holder notified by such Holder to the Issuer in accordance with Condition 16.
- (b) Payments of in respect of Bonds in definitive form will be made in the manner provided in Condition 8(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bonds in definitive form at the specified office of the Paying Agent.
- (c) Payment of all amounts in respect the Bonds represented by a Global Bond shall be made to the Clearing System or to its order for credit to the relevant account holders of the Clearing System.
- (d) The Issuer shall be discharged by payment to, or to the order of, the Clearing System (in the case of Bonds represented by a Global Bond) or by payment against presentation and surrender of Bonds in definitive form at the specified office of the Paying Agent.
- (e) If the due date for any payment in respect of any Bond is not a Business Day then the Holder shall not be entitled to payment until the next such day and shall not be entitled to further interest or other payment in respect of such delay.
- (f) All calculations to be made under these Conditions will be made by the Calculation Agent. Such calculations will (in the absence of wilful misconduct, bad faith or manifest error) be binding on the Issuer and the Holders.
- (g) When making payments to the Holders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.
- (h) The Issuer shall have a grace period of one hundred (100) Business Days in respect of all amounts due and payable by it in respect of any Bond under these Conditions (the **Grace Period**). The Grace Period begins on (and includes) the day following the day on which the Holder would be entitled to payment under these Conditions. Provided that the Issuer pays any sums accrued and due under the Bonds within the Grace Period, the Holder shall not be entitled to further interest or other compensation for late payments.

## 9. EARLY REDEMPTION

### (a) Early Redemption at the option of the Issuer

If

- (i) the Service Agreement is cancelled according to its terms and the Issuer is unable to appoint a successor to the Servicer;
- (ii) the Asset Sourcing Agreement is terminated in accordance with its terms; or
- (iii) a Force Majeur Event has occurred;
- (iv) a Regulatory Event has occurred;
- (v) a Tax Event has occurred;
- (vi) an event of default has occurred in relation to the majority of the Reference Projects, resulting in the Reference Basket containing no more than two performing Reference Projects; or
- (vii) an Underlying Asset Event of Default (as defined in Condition 9(b) below) has occurred,

the Issuer may at any time, by giving notice to the Holders in accordance with Condition 16, redeem all but not some only of the outstanding Bonds on the Early Redemption Date (**Early Redemption**). In this case, the Issuer shall redeem each outstanding Bond on the Early Redemption Date by paying to the relevant Holder in respect of each such Bond an amount equal to the Early Redemption Amount.

Such notice (an **Early Redemption Notice**) is irrevocable.

### (b) For the purpose of this Condition 9, an **Underlying Asset Event of Default** has occurred if:

- (i) default is continuing for more than one hundred (100) Business Days in the payment of any sum or delivery due in respect of any Underlying Asset; or
- (ii) an Underlying Obligor does not perform or comply with any one or more of its obligations in respect of the relevant Underlying Assets (other than the payment obligation referred to in (i) above) which default is incapable of remedy or, if capable of remedy, is not, in the opinion of the Issuer, remedied within one hundred (100) Business Days after notice of such default was given to the Underlying Obligor by the Issuer; or
- (iii) an Insolvency Event in relation to the Underlying Obligor has occurred.

### (c) No later than five (5) Business Days from the issue of an Early Redemption Notice, the Issuer shall appoint a Liquidator and such Liquidator shall procure the liquidation of the Compartment Assets (the **Liquidation**) and pay the Liquidation Proceeds to the Issuer within the Liquidation Period. On the fifth (5th) Business Day following the receipt by the Issuer of the Liquidation Proceeds, the Issuer shall inform the Holders of the Early Redemption Amount and the exact Early Redemption Date.

### (d) The Issuer will not be liable for any action or omission by it (or, for the avoidance of doubt, by the Liquidator or any third party) in connection with a liquidation of the Compartment Assets in accordance with Condition 9(c), unless such action or omission has been directly caused by the Issuer's gross negligence or wilful misconduct. For the avoidance of doubt, the Issuer may exercise any termination rights under the Underlying Assets as the Issuer deems appropriate.

- (e) The Issuer shall not be in default of its payment obligations under the Bonds if and for so long as any claims that the Issuer may have under or in connection with the Compartment Assets have not been satisfied in full. For the avoidance of doubt, if the Issuer receives a partial payment of the amount due to it in respect of the Compartment Assets, the payment so received will be applied by the Issuer in accordance with Condition 4(d)(ii) or Condition 5(a), as applicable.
- (f) No Early Redemption at the option of the Holders

Subject to the provisions of Condition 10 (Events of Default), the Holders shall not be entitled to require the redemption of the Bonds prior to the Maturity Date.

## 10. EVENTS OF DEFAULT

- (a) If any one or more of the following events (each, an **Event of Default**) shall occur and be continuing:
  - (i) if the Issuer fails to perform or observe any of its material obligations under these Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues (i) in the case of any payments due and payable in respect of any Bonds after the end of the relevant Grace Period and (ii) in the case of breach of any other material obligation, for the period of thirty (30) consecutive days next following the service by any Holder on the Issuer of notice requiring the same to be remedied; or
  - (ii) if bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), general settlement or composition with creditors (*concordat préventif de la faillite*), reorganisation or similar Luxembourg or foreign laws proceedings affecting the rights of creditors generally are opened against the Company and remain unstayed in effect for a period of thirty (30) consecutive days; or
  - (iii) if the Company stops or threatens to stop payment of, or is unable, or admits inability, to pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law and has lost its creditworthiness,

then the Issuer shall promptly notify the Holders of the occurrence of the relevant Event of Default and the meeting of the Holders (resolving at majority, as set out in the provisions for convening of meetings of Holders contained in Annex I to these Conditions, which forms an integral part of the Conditions) may, by written notice (the **Event of Default Notice**) given to the Issuer in accordance with Condition 16 and effective upon the date of receipt thereof by the Issuer, declare all (but not part only) of the Bonds outstanding to be forthwith due and payable on the Early Redemption Date whereupon each of the same shall become so payable at the Early Redemption Amount without presentment, demand, protest or other notice of any kind.

- (b) No later than five (5) Business Days from receipt of an Event of Default Notice, the Issuer shall appoint a Liquidator and such Liquidator shall procure the Liquidation and pay the Liquidation Proceeds to the Issuer within the Liquidation Period. On the fifth (5th) Business Day following the receipt by the Issuer of the Liquidation Proceeds, the Issuer shall inform the Holders of the Early Redemption Amount and the exact Early Redemption Date.
- (c) The Issuer will not be liable for any action or omission by it (or, for the avoidance of doubt) by the Liquidator or any third party) in connection with a liquidation of the Compartment Assets in accordance with Condition 10, unless such action or omission has been directly caused by the Issuer's gross negligence or wilful misconduct. For the avoidance of doubt, the Issuer may exercise any termination rights under the Underlying Assets as the Issuer deems appropriate.

## 11. TAXATION

All payments in respect of the Bonds by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessment or governmental charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Bonds, the holders of such Bonds will not be entitled to receive grossed-up amounts to compensate for such withholding tax. **Tax Jurisdiction** means the Grand Duchy of Luxembourg or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Bonds.

## 12. PRESCRIPTION

- (a) Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within ten years (in the case of principal) and five years (in the case of interest) from the date on which the relevant payment first becomes due.
- (b) The Luxembourg act dated 3 September 1996 on the involuntary dispossession of bearer securities, as amended (the **Involuntary Dispossession Act 1996**) requires that, in the event that (i) an opposition has been filed in relation to the Bonds and (ii) the Bonds mature prior to becoming forfeited (as provided for in the Involuntary Dispossession Act 1996), any amount that is payable under the Bonds, but has not yet been paid to the Holders, will be paid to the *Caisse des consignations* in Luxembourg until the opposition has been withdrawn or the forfeiture of the Bonds occurs.

## 13. MEETINGS OF HOLDERS, MODIFICATION AND SUBSTITUTION

### 13.1 Meetings of Holders

Articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the **Companies Act 1915**) are not applicable to the Bonds.

Annex I to these Conditions (which forms an integral part of the Conditions) contains detailed provisions for convening meetings of the Holders to consider any matter affecting their interests, including the modification of these Conditions.

### 13.2 Modification

The Issuer may make, without the consent of the Holders, any modification to the Conditions which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Company is incorporated or to reflect any change of law which has an impact on the Issuer's obligations under the Bonds.

Any such modification shall be binding on the Holders and any such modification shall be notified to the Holders by way of a written notice in accordance with Condition 16.

### 13.3 Substitution

The Issuer may, under no circumstances, be replaced as issuer and the principal debtor under the Bonds.

## **14. AGENTS**

- (a) Any agents appointed by the Issuer to act in connection with the, including without limitation the Paying Agents, the Servicer and the Asset Sourcing Agent, (the **Agents** and each, an **Agent**) act solely as agents of the Issuer and do not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders.
- (b) The Issuer reserves the right at any time, without the prior approval of the Holders, to vary or terminate the appointment of any of the Agents, or to appoint additional or other Agents, provided that that it will at all times maintain (i) a Principal Paying Agent, (ii) a Paying Agent (which may be the Principal Paying Agent) with a specified office in a continental European city, and (iii) so long as the Bonds are listed on a stock exchange, a Paying Agent (which may be the Principal Paying Agent) with a specified office in such city as may be required by the rules of the relevant stock exchange. The Principal Paying Agent and the Paying Agents reserve the right at any time to change their respective specified offices to some other specified office in the same city.
- (c) Notice of all changes in the identities or specified offices of any Agents will be given promptly by the Issuer to the Holders in accordance with Condition 16.
- (d) All determinations (including, in the case of the Calculation Agent, calculations) of the Agents made in respect of the Bonds shall be made in their sole and absolute discretion and shall be final, conclusive and binding on the Issuer and the Holders in the absence of a manifest error. In particular, the Calculation Agent, in making any determination, adjustment or calculation in relation to the Bonds, shall at all times act in good faith and in a commercially reasonable manner. The Holders shall (in the absence of a manifest error as aforesaid) not be entitled to proceed against any of the Agents in connection with the exercise or non-exercise by it of its obligations, duties and discretions in connection with the Bonds.
- (e) Any of the Agents may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

## **15. REPLACEMENT OF BONDS**

- (a) The replacement of the Bonds, in the case of loss or theft, is subject to the procedure of the Involuntary Dispossession Act 1996.
- (b) If a Bond is mutilated or defaced, the mutilated or defaced, such Bond must be surrendered before replacements will be issued.
- (c) Expenses and fees incurred by the Issuer in connection with the issue of replacement Bonds will be payable by the claimant to the Issuer before replacements will be issued.

## **16. NOTICES**

### **16.1 Form of notice**

A notice:

- (i) must be in the English language; and
- (ii) may be given by the addressor itself or on behalf of the addressor by a solicitor, director or company secretary of the addressor.

## **16.2 Notices to the Holders**

- (a) The Issuer shall publish all notices relating to the Bonds through the electronic communication systems of Bloomberg and/or Reuters. Any such notice will be deemed to have been given when so published by the Issuer.
- (b) If the Bonds are listed on any stock exchange and the rules of that stock exchange so require, all notices relating to the Bonds shall be made in accordance with the rules of the stock exchange on which the Bonds are listed.
- (c) In addition, so long as the Bonds are represented by a Global Bond, the Issuer shall deliver all notices relating to the Bonds to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the third day after the date on which the said notice was given to the Clearing System.
- (d) A notice given pursuant to Conditions 16.2(a) to 16.2(c) (inclusive) above shall be deemed to be given on the day on which the first such communication is, or is deemed to be, effective.

## **16.3 Notices to the Issuer**

All notices to the Issuer will be deemed to be validly given if sent by registered mail to the Servicer at its specified office or the Issuer at its registered office as published in the files of the Luxembourg trade and companies register (*Registre du commerce et des sociétés, Luxembourg*) and will be deemed to have been given on the fifth (5th) Business Day after mailing.

## **17. APPLICABLE LAW, PLACE OF PERFORMANCE AND JURISDICTION**

### **(a) Governing Law**

The Bonds are governed by, and shall be construed in accordance with, Luxembourg law.

### **(b) Jurisdiction**

- (c) The Luxembourg district courts are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds (**Proceedings**) may be brought in such courts. Each of the Issuer and the Holders irrevocably submit to the jurisdiction of the Luxembourg district courts and waive any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

## **18. LANGUAGE**

These Conditions are written in the English language only. No German language translation will be provided

## ANNEX I

### PROVISIONS FOR MEETINGS OF HOLDERS

#### GENERAL

1. Articles 86 to 94-8 of the Companies Act 1915 relating to the convening and conduct of meetings of bondholders are not applicable to the Bonds.

#### DEFINITIONS

2. Defined terms used in this section shall, unless the context otherwise requires, have the meaning ascribed to them in the Conditions.
3. As used in this Annex I the following expressions shall have the following meanings unless the context otherwise requires:

**Block Voting Instruction** means an English language document issued by the Principal Paying Agent in which:

- (a) it is certified that on the date thereof the Bonds represented by the Global Bond which are held in an account with the Clearing System (in each case not being Bonds in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) have been deposited with the Principal Paying Agent or (to the satisfaction of the Principal Paying Agent) are held to its order or under its control or are blocked in an account with the Clearing System and that no such Bonds will cease to be so deposited or held or blocked until the first to occur of:
  - (1) the conclusion of the meeting specified in such Block Voting Instruction; and
  - (2) the surrender to the Principal Paying Agent, not less than 48 Hours before the time for which such meeting is convened, of the receipt issued by the Principal Paying Agent in respect of each such deposited Bond which is to be released or (as the case may require) the Bonds ceasing with the agreement of the Principal Paying Agent to be held to its order or under its control or so blocked and the giving of notice by the Principal Paying Agent to the Issuer in accordance with paragraph 5(E) below of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Bonds has instructed the Principal Paying Agent that the vote(s) attributable to the Bonds so deposited or held or blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 Hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount of the Bonds so deposited or held or blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a **proxy**) is or are authorised and instructed by the Principal Paying Agent to cast the votes attributable to the Bonds so listed in accordance with the instructions referred to in (c) above as set out in such Block Voting Instruction;

**Eligible Person** means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a holder of a Bond in definitive form which, for the avoidance of doubt, is not held in an account with any Clearing System;
- (b) a bearer of any Voting Certificate; and
- (c) a proxy specified in any Block Voting Instruction;

**Extraordinary Resolution** means:

- (a) a resolution passed at a meeting duly convened and held in accordance with these presents by a majority consisting of not less than three-fourths of the Eligible Persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the Holders of not less than three-fourths in the Principal Amount Outstanding of the Bonds which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Holders; and
- (c) consent given by way of electronic consents through the Clearing System (in a form satisfactory to the Principal Paying Agent) by or on behalf of the Holders of not less than three-fourths in the Principal Amount Outstanding of the Bonds;

**Ordinary Resolution** means:

- (a) a resolution passed at a meeting duly convened and held in accordance with these presents by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a simple majority of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the Holders of not less than a clear majority in the Principal Amount Outstanding of the Bonds, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Holders; or
- (c) consent given by way of electronic consents through the Clearing System (in a form satisfactory to the Principal Paying Agent) by or on behalf of the Holders of not less than a clear majority in the Principal Amount Outstanding of the Bonds;

**Voting Certificate** means an English language certificate issued by the Principal Paying Agent in which it is stated:

- (a) that on the date thereof Bonds represented by a Global Bond which are held in an account with the Clearing System (in each case not being Bonds in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) were deposited with the Principal Paying Agent or (to the satisfaction of the Principal Paying Agent) are held to its order or under its control or are blocked in an account with the Clearing System and that no such Bonds will cease to be so blocked until the first to occur of:
  - (1) the conclusion of the meeting specified in such Voting Certificate; and
  - (2) the surrender of the Voting Certificate to the Principal Paying Agent who issued the same; and

- (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Bonds represented by such Voting Certificate;

**24 Hours** means a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in the place where the Principal Paying Agent has its specified office (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid; and

**48 Hours** means a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held and the place where the Principal Paying Agent has its specified office (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.

For the purposes of calculating a period of **Clear Days** in relation to a meeting, no account shall be taken of the day on which the notice of such meeting is given (or, in the case of an adjourned meeting, the day on which the meeting to be adjourned is held) or the day on which such meeting is held.

All references in this Annex I to a meeting shall, where the context so permits, include any relevant adjourned meeting.

#### **EVIDENCE OF ENTITLEMENT TO ATTEND AND VOTE**

4. A holder of a Bond represented by the Global Bond which is held in an account with the Clearing System may require the issue by the Principal Paying Agent of Voting Certificates and Block Voting Instructions in accordance with the terms of paragraph 5.

For the purposes of paragraph 5, the Principal Paying Agent shall be entitled to rely, without further enquiry, on any information or instructions received from the Clearing System and shall have no liability to any holder or other person for any loss, damage, cost, claim or other liability occasioned by its acting in reliance thereon, nor for any failure by the Clearing System to deliver information or instructions to the Principal Paying Agent.

The holder of any Voting Certificate or the proxies named in any Block Voting Instruction shall for all purposes in connection with the relevant meeting be deemed to be the holder of the Bonds to which such Voting Certificate or Block Voting Instruction relates and the Principal Paying Agent with which such Bonds have been deposited or the person holding the Bonds to the order or under the control of the Principal Paying Agent or the Clearing System in which such Bonds have been blocked shall be deemed for such purposes not to be the holder of those Bonds.

#### **PROCEDURE FOR ISSUE OF VOTING CERTIFICATES, BLOCK VOTING INSTRUCTIONS AND PROXIES**

5. (A) *Global Bond held in a Clearing System - Voting Certificate*

A holder of a Bond (not being a Bond in respect of which instructions have been given to the Principal Paying Agent in accordance with paragraph 5(B)) represented by the Global Bond held in an account with the Clearing System may procure the delivery of a Voting Certificate in respect of such Bond by giving notice to the Clearing System through which such holder's interest in the Bond is held specifying by name a person (an **Identified Person**) (which need not be the Holder himself) to collect the Voting Certificate and attend and vote at the meeting. The relevant Voting Certificate will be made available at or shortly prior to the commencement of the meeting by the Principal Paying Agent against

presentation by such Identified Person of the form of identification previously notified by such holder to the Clearing System. The Clearing System may prescribe forms of identification (including, without limitation, a passport or driving licence) which it deems appropriate for these purposes. Subject to receipt by the Principal Paying Agent from the Clearing System, no later than 24 Hours prior to the time for which such meeting is convened, of notification of the principal amount of the Bonds to be represented by any such Voting Certificate and the form of identification against presentation of which such Voting Certificate should be released, the Principal Paying Agent shall, without any obligation to make further enquiry, make available Voting Certificates against presentation of the form of identification corresponding to that notified.

(B) *Global Bond held in a Clearing System - Block Voting Instruction*

A holder of a Bond (not being a Bond in respect of which a Voting Certificate has been issued) represented by the Global Bond held in an account with the Clearing System may require the Principal Paying Agent to issue a Block Voting Instruction in respect of such Bond by first instructing the Clearing System through which such holder's interest in the Bond is held to procure that the votes attributable to such Bond should be cast at the meeting in a particular way in relation to the resolution or resolutions to be put to the meeting. Any such instruction shall be given in accordance with the rules of the Clearing System then in effect. Subject to receipt by the Principal Paying Agent of instructions from the Clearing System, no later than 24 Hours prior to the time for which such meeting is convened, of notification of the principal amount of the Bonds in respect of which instructions have been given and the manner in which the votes attributable to such Bonds should be cast, the Principal Paying Agent shall, without any obligation to make further enquiry, appoint a proxy to attend the meeting and cast votes in accordance with such instructions.

(C) *Definitive Bonds which, for the avoidance of doubt, are not held in the Clearing System - Voting Certificate*

A holder of a Bond in definitive form which is not held in an account with the Clearing System (not being a Bond in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) may obtain a Voting Certificate in respect of such Bond from the Principal Paying Agent subject to such holder having procured that such Bond is deposited with the Principal Paying Agent or (to the satisfaction of the Principal Paying Agent) is held to its order or under its control upon terms that no such Bond will cease to be so deposited or held until the first to occur of:

(A) the conclusion of the meeting specified in such Voting Certificate; and

(B) the surrender of the Voting Certificate to the Principal Paying Agent who issued the same.

(D) *Definitive Bonds which, for the avoidance of doubt, are not held in a Clearing System - Block Voting Instruction*

A holder of a Bond in definitive form which is not held in an account with the Clearing System (not being a Bond in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) may require the Principal Paying Agent to appoint a proxy under a Block Voting Instruction to cast the vote attributable to such Bond by depositing such Bond with the Principal Paying Agent or (to the satisfaction of the Principal Paying Agent) by procuring that, not less than 48 Hours before the time fixed for the relevant meeting, such Bond is held to the Principal Paying Agent's order or under its control, in each case on terms that no such Bond will cease to be so deposited or held until the first to occur of:

(A) the conclusion of the meeting specified in such Block Voting Instruction; and

(B) the surrender to the Principal Paying Agent, not less than 48 Hours before the time for which such meeting is convened, of the receipt issued by the Principal Paying Agent in respect of each such deposited or held Bond which is to be released or (as the case may require) the Bond or Bonds ceasing with the agreement of the Principal Paying Agent to be held to its order or under its control and the giving of notice by the Principal Paying Agent to the Issuer in accordance with paragraph 5(F) hereof of the necessary amendment to the Block Voting Instruction;

and instructing the Principal Paying Agent that the vote(s) attributable to the Bond or Bonds so deposited or held should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting and that all such instructions are, during the period commencing 48 Hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment.

(E) Each Block Voting Instruction shall be deposited by the Principal Paying Agent with the Servicer, with a copy to the Issuer, before the commencement of the meeting but neither the Servicer nor the Issuer shall thereby be obliged to investigate or be concerned with the validity of or the authority of the proxy or proxies named in any such Block Voting Instruction.

(F) Any vote given in accordance with the terms of a Block Voting Instruction shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or of any of the instructions of the relevant holder or the Clearing System (as the case may be) pursuant to which it was executed provided that no intimation in writing of such revocation or amendment has been received from the Principal Paying Agent (in the case of a Block Voting Instruction) by the Servicer at its registered office (or such other place as may have been required or approved by the Issuer for the purpose) by the time being 24 Hours (in the case of a Block Voting Instruction) before the time appointed for holding the meeting at which the Block Voting Instruction is to be used.

## **CONVENING OF MEETINGS, QUORUM AND ADJOURNED MEETINGS**

6. The Issuer may at any time, and the Issuer shall upon a requisition in writing in the English language signed by the holders of not less than ten per cent. in the Principal Amount Outstanding of the Bonds, convene a meeting and if the Issuer makes default for a period of seven days in convening such a meeting the same may be convened by the Principal Paying Agent or the requisitionists. Whenever the Issuer is about to convene any such meeting the Issuer shall forthwith give notice in writing to the Principal Paying Agent of the day, time and place thereof and of the nature of the business to be transacted thereat.
7. At least 21 Clear Days' notice specifying the place, day and hour of meeting shall be given to the Holders prior to any meeting in the manner provided by Condition 16 (Notices). Such notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting thereby convened and, in the case of an Extraordinary Resolution, shall either specify in such notice the terms of such resolution or state fully the effect on the Holders of such resolution, if passed. Such notice shall include statements as to the manner in which holders may arrange for Voting Certificates or Block Voting Instructions to be issued and, if applicable, appoint proxies. A copy of the notice shall be sent by post to the Principal Paying Agent (unless the meeting is convened by the Principal Paying Agent) and to the Issuer (unless the meeting is convened by the Issuer).
8. A person (who may but need not be a holder) nominated in writing by the Issuer shall be entitled to take the chair at the relevant meeting, but if no such nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the

meeting the Holders present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman of an adjourned meeting need not be the same person as was chairman of the meeting from which the adjournment took place.

9. At any such meeting one or more Eligible Persons present and holding or representing in the aggregate not less than one-twentieth of the Principal Amount Outstanding of the Bonds shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business (including the passing of an Ordinary Resolution) and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more Eligible Persons present and holding or representing in the aggregate more than 50 per cent. in the Principal Amount Outstanding of the Bonds for the time being outstanding PROVIDED THAT at any meeting the business of which includes any of the following matters (each of which shall, subject only to Condition 13.2 (Modification) of the Bonds, only be capable of being effected after having been approved by Extraordinary Resolution) namely:
- (i) reduction or cancellation of the amount payable or, where applicable, modification, except where such modification is in the reasonable opinion of the Issuer bound to result in an increase, of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of the Bonds;
  - (ii) alteration of the currency in which payments under the Bonds are to be made;
  - (iii) alteration of the majority required to pass an Extraordinary Resolution;
  - (iv) the sanctioning of any such scheme or proposal as is described in paragraph 21(e); and
  - (v) alteration of this proviso or the proviso to paragraph 11;

the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than two-thirds of the Principal Amount Outstanding of the Bonds.

10. If within 15 minutes (or such longer period not exceeding 30 minutes as the chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened upon the requisition of holders be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 13 Clear Days nor more than 42 Clear Days, and to such place as may be appointed by the chairman either at or subsequent to such meeting and approved by the Principal Paying Agent. If within 15 minutes (or such longer period not exceeding 30 minutes as the chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the chairman may either (with the approval of the Principal Paying Agent) dissolve such meeting or adjourn the same for such period, being not less than 13 Clear Days (but without any maximum number of Clear Days), and to such place as may be appointed by the chairman either at or subsequent to such adjourned meeting and approved by the Principal Paying Agent, and the provisions of this sentence shall apply to all further adjourned such meetings.
11. At any adjourned meeting one or more Eligible Persons present (whatever the principal amount of the Bonds so held or represented by them) shall (subject as provided below) form a quorum and shall have power to pass any resolution and to decide upon all matters which could properly have been

dealt with at the meeting from which the adjournment took place had the requisite quorum been present PROVIDED THAT at any adjourned meeting the quorum for the transaction of business comprising any of the matters specified in the proviso to paragraph 9 shall be one or more Eligible Persons present and holding or representing in the aggregate not less than one-third of the Principal Amount Outstanding of the Bonds.

12. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 7 and such notice shall state the required quorum. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.

## **CONDUCT OF BUSINESS AT MEETINGS**

13. Every question submitted to a meeting shall be decided in the first instance by a show of hands. A poll may be demanded (before or on the declaration of the result of the show of hands) by the chairman, the Issuer, the Principal Paying Agent or any Eligible Person (whatever the amount of the Bonds so held or represented by him).
14. At any meeting, unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
15. Subject to paragraph 17, if at any such meeting a poll is so demanded it shall be taken in such manner and, subject as hereinafter provided, either at once or after an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
16. The chairman may, with the consent of (and shall if directed by) any such meeting, adjourn the same from time to time and from place to place; but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
17. Any poll demanded at any such meeting on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.
18. Any director or officer of the Principal Paying Agent, its lawyers and financial advisors, any director or officer of the Issuer, its lawyers and financial advisors, and any other person authorised so to do by the Principal Paying Agent may attend and speak at any meeting. Save as aforesaid, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting unless he is an Eligible Person.
19. At any meeting:
  - (a) on a show of hands every Eligible Person present shall have one vote; and
  - (b) on a poll every Eligible Person present shall have one vote in respect of each EUR 1.00,- or such other amount as the Principal Paying Agent may in its absolute discretion stipulate (or, in the case of meetings of holders of Bonds denominated in another currency, such amount in such other currency as the Principal Paying Agent in its absolute discretion may stipulate), in principal amount of the Bonds held or represented by such Eligible Person.

Without prejudice to the obligations of the proxies named in any Block Voting Instruction or form of proxy, any Eligible Person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

20. The proxies named in any Block Voting Instruction need not be holders. Nothing herein shall prevent any of the proxies named in any Block Voting Instruction from being a director, officer or representative of or otherwise connected with the Issuer.
21. A meeting shall in addition to the powers hereinbefore given have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 9 and 11) namely:
- (a) Power to declare the Bonds due and payable in accordance with Condition 10 (Events of Default).
  - (b) Power to sanction any compromise or arrangement proposed to be made between the Issuer, the Principal Paying Agent and the Holders or any of them.
  - (c) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Holders or the Issuer against any other or others of them or against any of their property whether such rights arise under these presents or otherwise.
  - (d) Power to modify, or to assent to any modification, of the provisions of these presents or the Conditions which is proposed by the Issuer or any Holder (subject to Condition 13.2 (Modification)).
  - (e) Power to appoint any persons (whether Holders or not) as a committee or committees to represent the interests of the Holders and to confer upon such committee or committees any powers or discretions which the Holders could themselves exercise by Extraordinary Resolution.
  - (f) Power to sanction any scheme or proposal for the exchange or sale of the Bonds for or the conversion of the Bonds into or the cancellation of the Bonds in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the Holders to execute an instrument of transfer of the Bonds held by them in favour of the persons with or to whom the Bonds are to be exchanged or sold respectively.

All powers which are not expressed in these presents to be exercisable by a meeting of the Holders only by Extraordinary Resolution shall be exercisable by a meeting of the Holders by Ordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 9 and 11)

22. Any resolution passed at a meeting of the Holders duly convened and held in accordance with these presents shall be binding upon all the Holders whether or not present or whether or not represented at such meeting and whether or not voting and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Holders shall be published in accordance with Condition 16 (Notices) by the Issuer within 14 days of such result being known, PROVIDED THAT the non-publication of such notice shall not invalidate such result.
23. Minutes of all resolutions and proceedings at every meeting shall be made and entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted, shall be conclusive evidence of the matters therein contained and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been

made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.

24. (A) If and whenever the Issuer has issued and has outstanding Bonds of more than one series the foregoing provisions of this Annex I shall have effect subject to the following modifications:
- (i) a resolution which in the opinion of the Issuer affects the Bonds of only one series shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or by a separate resolution passed by way of consents received through the Clearing System of the holders of the Bonds of that series;
  - (ii) a resolution which in the opinion of the issuer affects the Bonds of more than one series but does not give rise (in the opinion of the Issuer) to an actual or potential conflict of interest between the holders of Bonds of any of the series so affected shall be deemed to have been duly passed if passed at a single meeting (or by a separate resolution in writing or by a separate resolution passed by way of consents received through the Clearing System) of the holders of the Bonds of all the series so affected;
  - (iii) a resolution which in the opinion of the Issuer affects the Bonds of more than one series and gives or may give rise (in the opinion of the Issuer) to a conflict of interest between the holders of the Bonds of one series or group of series so affected and the holders of the Bonds of another series or group of series so affected shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the Clearing System) of the holders of the Bonds of each series or group of series so affected; and
  - (iv) to all such meetings all the preceding provisions of this Annex I shall *mutatis mutandis* apply as though references therein to Bonds and holders were references to the Bonds of the series or group of series in question or to the holders of such Bonds, as the case may be.
- (B) If the Issuer has issued and has outstanding Bonds which are not denominated in EUR, or in the case of any meeting of Bonds of more than one currency, the principal amount of such Bonds shall
- (i) for the purposes of paragraph 6, be the equivalent in EUR at the spot rate of a bank nominated by the Issuer for the conversion of the relevant currency or currencies into EUR on the seventh dealing day prior to the day on which the requisition in writing is received by the Issuer; and
  - (ii) for the purposes of paragraphs 9, 11 and 19 (whether in respect of the meeting or any adjourned such meeting or any poll resulting therefrom), be the equivalent at such spot rate on the seventh dealing day prior to the day of such meeting.

In such circumstances, on any poll each person present shall have one vote for each EUR 1.00,- (or such other EUR amount as the Issuer may in its absolute discretion stipulate) in principal amount of the Bonds (converted as above) which he holds or represents.

25. Subject to all other provisions of these presents the Principal Paying Agent may (after consultation with, and the consent of, the Issuer but without the consent of the Holders) prescribe such further or alternative regulations regarding the requisitioning and/or the holding of meetings and attendance and voting thereat as the Principal Paying Agent think fit (including, without limitation, the substitution for periods of 24 Hours and 48 Hours referred to in this Annex I of shorter periods). Such regulations may, without prejudice to the generality of the foregoing, reflect the practices and

facilities of the Clearing System. Notice of any such further or alternative regulations may, at the sole discretion of the Principal Paying Agent, be given to holders in accordance with Condition 16 (Notices) at the time of service of any notice convening a meeting or at such other time as the Principal Paying Agent may decide.

## DESCRIPTION OF THE PARTIES

### 1. ISSUER

#### 1.1 Corporate Information

Opus – Chartered Issuances S.A. was incorporated on 1 October 2013 under the laws of Luxembourg as a securitisation company (*société de titrisation*) in the form of a public limited liability company (*société anonyme*) and is subject to the provisions of the Securitisation Act 2004.

The Company has been incorporated for an unlimited duration and is registered with Luxembourg trade and companies register under number B180.859.

The registered office of the Company is located at 6, rue Eugène Ruppert, L-2453 Luxembourg (telephone number +49 211 9367825 0).

The Company is an unregulated securitisation undertaking (*organisme de titrisation non-agréé*).

The articles of association of the Company were filed with the Luxembourg trade and companies register and published in the *Mémorial C, Recueil des Sociétés et Associations*, number 2928 of 20 November 2013 on page 140516. The Company's articles of association were subsequently amended (such amended articles of association, the **Articles**) by a notary deed published in the *Mémorial C, Recueil des Sociétés et Associations*, number 664 of 11 March 2015 on page 31831.

To the best of the Issuer's knowledge and belief, the Company's corporate governance does not depart from Luxembourg market practice for companies of this type carrying similar activities.

#### 1.2 Share capital and shareholder

The Company has a share capital of EUR 31,000 divided into 31 ordinary shares each having a par value of EUR 1,000 and fully paid-up.

All the Company's shares are held by Stichting Opus - Chartered Issuances, a foundation (*stichting*) incorporated under the laws of The Netherlands, having its registered office at De Boelelaan 7, 1083HJ Amsterdam, The Netherlands. No measures to ensure control is not abused are required, there being only one shareholder.

#### 1.3 Business operations

Pursuant to Article 4 of the Articles, the corporate objects of the Company are to enter into, perform and serve as a vehicle for, any securitisation transactions as permitted under the Securitisation Act 2004. To that effect, the Company may, *inter alia*, acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or property of claims, receivables and/or other goods or assets (including securities of any kind), either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities of any kind whose value or return is linked to these risks.

The Company may assume or acquire these risks by acquiring, by any means, bonds, claims, receivables and/or assets, by guaranteeing the liabilities or commitments or by binding itself by any other means.

The Company may proceed to (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interest in, and obligations of, Luxembourg and foreign companies, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures,

notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and agreements or contracts relating thereto, and (iii) the ownership of a portfolio (including, among other things, the assets referred to in (i) and (ii) above). The Company may further acquire, hold and dispose of interest in partnerships, limited partnerships, trusts, funds and other entities.

The Company may borrow in any form, it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity including under one or more issue programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.

In accordance with, and to the extent permitted by, the Securitisation Act 2004, the Company may also give guarantees and grant security over its assets on order to secure the obligations it has assumed for the securitisation of these assets or for the benefit of investors (including their trustee or representative, if any) and/or any issuing entity participating in a securitisation transaction of the Company. The Company may not pledge, transfer, encumber or otherwise create security over some or all of its assets, unless permitted by the Securitisation Act 2004.

The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions Without prejudice to the generality of the previous sentence, the Company may also generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The Corporate object shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the foregoing enumerated objects.

In general, the Company may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its corporate objects, to the largest extent permitted under the Securitisation Act 2004.

#### **1.4 Administration and management**

Pursuant to Article 12 of the Articles, the Company is managed by a management board (the **Board**), which is composed of at least three members, who need not be shareholders of the Company, out of which two need to be A directors and one needs to be a B director. In all instances the Board shall be composed of a majority of A directors. The Company's directors shall be elected for a term not exceeding six years and shall be re-eligible.

Pursuant to Article 15 the Board is vested with the broadest powers to perform or cause to perform all acts of disposition and administration in the Company's interest, including the power to transfer, assign or dispose the assets of the Company in such manner as the Board deems appropriate. All powers not expressly reserved by the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the **Companies Act 1915**) or by the Articles to the general meeting of shareholders of the Company or the supervisory board of the Company fall within the competence of the Board.

The directors of the Company are as follows:

<i>Director</i>	<i>Category</i>	<i>Professional address</i>	<i>Principal outside activities</i>
Mr Tomasz Bieniek	A Director	6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg	Employee of Intertrust (Luxembourg) S.à r.l.

<i>Director</i>	<i>Category</i>	<i>Professional address</i>	<i>Principal outside activities</i>
Mr Alain Koch	A Director	6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg	Employee of Intertrust (Luxembourg) S.à r.l.
Ms Lara Nasato	A Director	6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg	Employee of Intertrust (Luxembourg) S.à r.l.
Mr Daniel Maier	B Director	Bilker Allee 176c, 40217 Düsseldorf, Federal Republic of Germany	Employee of Structured Chartered Investment Germany GmbH
Mr Tobias Wenkel	B Director	Bilker Allee 176c 40217 Düsseldorf, Federal Republic of Germany	Employee of Structured Chartered Investment Germany GmbH

In accordance with Article 19, the Company has a supervisory board consisting of between one and three members appointed by the general meeting of shareholders of the Company. The sole member of the supervisory board is Mr Eyal Agmoni, having his professional address at 179, Davinci Nihonbashi, bulding Nihonbashi, 4th floor, J – 103-0027 Chuo-Ku, Tokyo, Japan. There no principal outside activities of Mr Eyal Agmoni that may be significant with respect to the Company.

No potential conflicts of interests between any duties owed by the directors of the Company to the Company and their private interests and or other duties have been identified.

## **1.5 Financial information**

### **Accounting**

The Company produces audited annual financial statements. The financial report of 31 December 2014 is the first audited financial report of the Company. The reports in relation to the individual compartments established from time to time by the Company are created separately from the financial reports of the Company.

In accordance with Articles 72, 74 and 75 of the Companies Act 1915, the Issuer is obliged to publish its annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of the shareholders. The annual general meeting of shareholders takes place each year on the fourth Wednesday in June or, if such day is not a business day for banks in Luxembourg and Germany, the next following business day at 11.00 a.m. at the registered office of the Issuer or at such other place in the municipality of the registered office as may be specified in the convening notice.

A copy of any future published annual audited financial statements prepared for the Issuer can be obtained at the Luxembourg trade and companies register.

### **Financial year**

The Issuer's financial year begins on the first of January of each year and ends on 31 December of the same year, except for the first financial year that began on 1 October 2013 and ended on 31 December 2014.

### **Historical financial information**

For information concerning the Issuer's financial statements as of 31 December 2015 and 31 December 2016 please refer to the *Documents Incorporated by Reference* set out on pages 42 of this Prospectus.

## 1.6 Statutory Auditors

The statutory audit firm (*cabinet de révision agréé*) of the Company, which has been appointed by a resolution of the board of directors of the Issuer dated 8 July 2016, is Ernst & Young S.A. of 35E avenue John F. Kennedy, L-1855 Luxembourg. Ernst & Young is a member of the Luxembourg institute of auditors (*Institut des réviseurs d'entreprises*).

## 2. AGENTS

The Issuer has appointed the Asset Sourcing Agent, the Servicer, the Principal Paying Agent, the Custodian and the Calculation Agent (all as defined below and together the **Agents**) to fulfil various duties in connection with the Bonds as described in the sections below.

### 2.1 Asset Sourcing Agent

Under the asset sourcing agreement dated 17 October 2017 (the **Asset Sourcing Agreement**), the Issuer has appointed Signina Capital AG, a public limited liability company (*Aktiengesellschaft*) established under the laws of Switzerland and having its registered office at Gerechtigkeitsgasse 31, 8001 Zurich, Switzerland, as asset sourcing agent (the **Asset Sourcing Agent**) in relation to the Bonds.

The Asset Sourcing Agent will carry out the tasks set out in the Asset Sourcing Agreement, such as:

- (a) identifying certain Reference Projects in order to include them into the Reference Basket;
- (b) selecting, and assisting the Issuer with investing in, the Underlying Assets; and
- (c) advising the Issuer on the replacement of a Reference Project in the Reference Basket upon (a) maturity of a Reference Project, (b) occurrence of any event of default in respect of a Reference Project.

### 2.2 Servicer and Calculation Agent

Under the service level agreement dated 28 October 2014 (the **Service Level Agreement**), the Issuer has appointed Chartered Investment Germany GmbH, a private limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany and having its registered office at Bilker Allee 176c, 40217 Düsseldorf, Federal Republic of Germany, as servicer (in such capacity, the **Servicer**) and calculation agent (in such capacity, the **Calculation Agent**) in relation to the Bonds.

Chartered Investment Germany GmbH, acting as the Servicer or the Calculation Agent (as applicable), provides advice and support to the Company and to the Issuer (as the case may be) in relation to (i) the running of the Company's day-to-day operations and the performance and supervision of other administrative functions, such as the co-ordination and monitoring of the Company's agreements, (ii) the development of a range of marketable products, (iii) the transaction management, e.g. organising and co-ordinating all external advisers required, the preparation and execution of hedging transactions, monitoring the issuing procedure and settling hedging transactions, (iv) the product management, which involves, among other things, providing advice and support in relation to the risk management, and calculating and monitoring upcoming cash-flows and collateral needs, (v) the provision of technical assistance for raising capital and related services and (vi) determination of all relevant amounts payable under the Bonds.

## 2.3 Custodian and Principal Paying Agent

Under the Custody and Paying Agent Agreement dated 31 March 2014 (the **Custody and Paying Agent Agreement**), the Issuer has appointed Hauck & Aufhäuser Privatbankiers KGaA - Niederlassung Luxemburg, under the laws of Luxembourg and having its registered office at 1c, rue Gabriel Lippmann, L-5365 Munsbach, as custodian (in such capacity, the **Custodian**) and principal paying agent (in such capacity, the **Principal Paying Agent**) in relation to the Bonds.

The Custodian is responsible for the safekeeping of the Issuer's liquid funds and securities held in connection with the Bonds. The Principal Paying Agent (i) transfers proceeds received in connection with the issuance of the Bonds to the account of the Issuer and (ii) transfers amounts received from the Issuer to the Clearing Systems (as defined in the Conditions) for payment to the Holders.

## 2.4 Intermediary

The Issuer has concluded an intermediary agreement dated 9 March 2016 with apano GmbH, having its registered office at Lindemannstraße 79, 44137 Dortmund, Federal Republic of Germany, as intermediary in respect of the Bonds (the **Intermediary**).

The Intermediary will offer the Bonds to its investors in the course of investment brokerage or investment advice. Under the intermediary agreement, the Intermediary will ensure the offering and distribution of the Bonds in the Public Offer Jurisdictions. The Intermediary undertakes to use best efforts to offer and distribute the Bonds in the Public Offer Jurisdictions in accordance with the relevant selling restrictions and applicable law.

## DESCRIPTION OF THE REFERENCE PROJECTS AND THE UNDERLYING ASSETS

### 1. REFERENCE PROJECTS AND THE WATER INFRASTRUCTURE MARKET

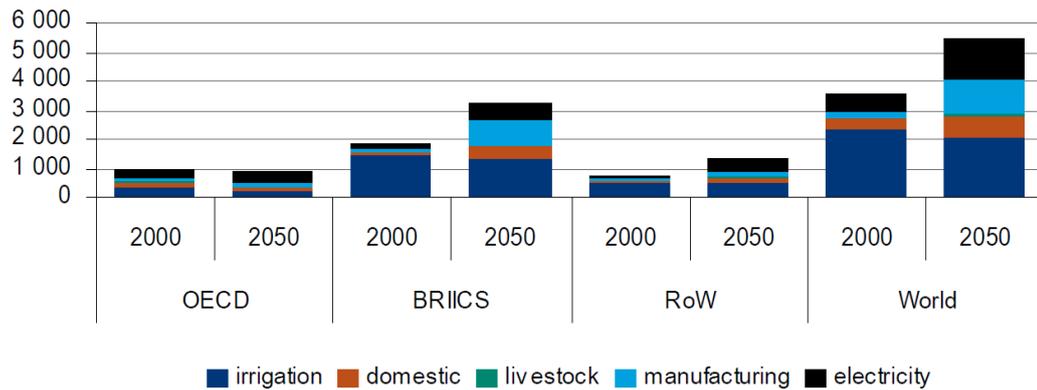
The water market in North America is creating new prospects for investors in real assets. As a result of a lack of government funding many projects which would historically be government funded are now open to private investors with the assistance of public private partnerships.

#### 1.1 Introduction to water investment

Water infrastructure is generally defined as hydropower, desalination, service contracts, water treatment and utility infrastructure.

As financial markets have continued to falter, the case for increasing the allocation to hard assets has only been reinforced. With Western growth unlikely to return "norm", hard assets with predictable cash flows provide an ideal investment opportunity. The water industry is burgeoning, but remains underappreciated, undercapitalized and underinvested by institutional investors.

Between now and 2040, global demand for fresh water will increase dramatically, but the supply of fresh water will not keep pace. Further, climate change will cause water shortages to prevail in many areas of the world. Global water demand from 2000 compared with forecasts for 2050 illustrates the fast growing need for fresh water.



Source: OECD, BofA Merrill Lynch Global Research. The graph only measures blue water demand and does not consider rainfed agriculture.

The existing Western water infrastructure is largely inadequate and outdated. In the US alone, \$500 billion is expected to be deployed to replace 700,000 miles of drinking pipes, some of which are a century old. With public balance sheets increasingly under financial pressure, the private sector will need to play an important role.

(a) Hydropower

Hydropower is a term generally used for producing electricity from waterflows. Commonly water is pumped and moved vertically as found in mountainous areas. Flowing water is applied in rivers where we differentiate between Riverflow projects and storage and pump facilities. The composition of the Reference Basket is based on Riverflow projects. Such projects preserve the natural flow of the river, have a lower environmental impact and generally require less construction work.

In the U.S., most of the areas using hydropower are divided into regulated and unregulated “grid” providers. The Reference Basket focuses on the latter. Worldwide hydropower is not free from opposition and controversy. Large projects are high impact on the environment and very often projects in the southern hemisphere have to be newly built, often in inaccessible areas. In Europe, the Alpine states do not offer worthwhile projects for sale and along with the strong lobby for solar and wind has led to neglect towards hydropower; there are not many innovations or jobs to be gained from it.

In general, one can differentiate between large (>50MW productions) and small to midsize projects. The recent hype towards real and infrastructure projects has led to a vast difference between the valuation and pricings between large and small projects. As more financial buyers have entered the market, larger projects are being bought at record premium, while smaller projects are considered heavy in workload and less yield for the intermediaries. Thus, the Reference Basket puts emphasis on the shunned part of the industry.

(b) Sustainable Sewerage

Sewerage systems can be split into traditional sewer systems and sustainable/non-traditional systems. Sustainable systems are generally described as one of the following: not using as much water, less impact on the environment or applying a full recycled technology. Traditional systems are not in the focus of the Reference Basket because they are larger projects that just lead waste into waste-water plants and then back into rivers. Such projects involve primarily pipe construction rather than being water related.

The system described here has all advantages that modern systems need to provide. It does not waste/use water, it does not need large construction efforts and it fully recycles the water without a traditional waste-water plant. As the system is much more individualized, the problems inherent to traditional systems do not occur anymore and the costs are about 50% less than a traditional system. In addition, the system technology has been in place since 1999 and is fully functioning.

Different regions have different approaches to sewerage. While Asia, especially India, does have sewerage systems, Africa has culturally not adapted to recycling at all. In Europe, cities are very short of space and the budgets do not allow for the rebuilding of the partly still Victorian systems, despite the huge costs of running them. In contrast, Canada's growing villages and cities require the building of new systems, the public financings are healthier and Ontario has some of the toughest environmental laws and so it is best suited to use a waterless system.

In general, there are fewer environmental problems with sewerage, but the cost associated with it is a worldwide problem, which is rarely addressed. Only in the last few years the UN, and, for example, India, have put sanitation as a main problem on their agendas.

- (c) Waste water is a highly fragmented sector within water infrastructure. It is run on an opportunistic basis, as it is impossible to find larger projects that fit the needs of investors. Globally, most institutional investors only consider the US as having an adequate investment potential and while on most continents waste water is treated as a necessity, it is not on the radar for public-private partnerships (PPPs) or similar investment schemes.

In Europe, waste water is mainly handled by governments and so taxpayers are not willing to pay extra for this service, which would be the case if waste water was handled by a private operator. The UK has one of the biggest problems with waste water resulting from urbanisation. A lot of areas have been built over with concrete over the last 50 years and so the natural way of dealing with over ground water has been disturbed. In normal circumstances, rain would drain through soil, but with a huge amount of building and construction these traditional ways of nature to clear the water have disappeared and the amount of waste-water facilities cannot cope with the rain easily anymore. Some of the flooding in the UK is clearly attributable to urbanisation and the amount of non-treated water going back into rivers is not even covered by mainstream media.

The Reference Basket will focus on the three above-mentioned markets in Canada and in the U.S.

## **1.2 Basket Component Canada Waste to Water (Sustainable Sewerage in Ontario)**

### **(a) Introduction**

Ontario has a population of 13.6 million, which represents 38% of the total population of Canada. Approximately 9.3 million people live in 51 communities which have aging systems and are faced with costly replacements. Another 2.5 million residents live in 393 smaller communities which wither do not have central sewerage collection and treatment systems which require replacement. The remaining 1.5 million live in rural areas.

Government sponsored studies indicate the current cost of meeting this sanitation need is approximately CAD\$20 billion using currently available collection and treatment systems. Sanitation systems are the responsibility of local governments, funded by property taxes or service rates.

Investments in central sanitation systems are made by municipalities. Provincial and federal governments assist by providing contributions to capital costs and encouraging PPPs as funding and operating structures. Most counties or regions in Ontario carry "A" or higher credit ratings with Standard and Poor's and Moody's. Counties generally support long-term service contracts to allow municipalities to benefit from the "A" rating.

There are two primary acts in Ontario to ensure the safety of drinking water:

- The Safe Drinking Water Act 2002 (regulates the operation of potable water treatment plants and the pipe network)

- The Ontario Clean Water Act 2006 (regulates actions required to protect source water from contamination, through assessment and implementation of measures to protect the water sources)

Each of the above-mentioned acts imposes duties on councils and councillors both to seek information to ensure knowledge of any risks and to take action to prevent such risks from materialising. As a result of the sanitation needs in Ontario solutions will be needed in the coming years to comply with these two acts. PPP structures are the most beneficial for both the municipality and the solution provider.

Local governments own water and sanitation systems, however, a long-term contract for installation and operation of these systems is acceptable provided that ownership is transferred without cost to the municipality at the end of the contract term, which can last up to 30 years.

The high cost of traditional sewerage systems has slowed development of required sanitation systems. Municipalities borrow at lower rates than is required to attract private debt. This has prevented PPPs in the past.

(b) Industry challenges and operating contracts

Decentralized packaged/containerized water and wastewater treatment systems have disrupted the water treatment industry by providing a sustainable and economical alternative to conventional centralized treatment systems.

The cost effectiveness of decentralized systems comes from a lesser piping network, a reduced footprint, improved treatment efficiency, lower energy requirements, lower capital expenditure (CAPEX), and lower operating expenditure (OPEX).

The key challenge of the decentralized treatment system is the efficiency, which impacts its overall performance. Most decentralized technologies explicitly focus on the efficiency of secondary/biological treatment systems for a quality effluent. The primary treatment is even now mostly conventional. The efficiency of the primary treatment systems directly impacts the overall efficiency of the entire treatment system.

As a result of the above two laws many systems need to be upgraded. The local municipalities are looking for the most practical way to upgrade failing systems and insert new systems in townships yet to have a sewerage system. Clearford Water Industries offers a best in class system which can be installed via a PPP project.

Whereas the need for new and upgraded systems is vast, the other section in the market is operating and management contracts for sewerage systems. Many systems are either run by the municipality or handled by sewerage management companies. These contracts can last many years and have a strong chance for renewal. The only times a municipality will change provider are if the system needs to be changed and so may need different skills to operate or if the provider does not execute its job properly.

These operating contracts may be purchased via a loan and securitised against the cash flow. As they are all located in Canada the majority of the contracts are in municipalities that are rated A or higher by rating agencies. In addition there are various municipalities that do not carry any debt.

(c) Description of potential Reference Projects in Basket Component Canada Waste to Water

BASKET COMPONENT CANADA WASTE TO WATER WILL IN PRINCIPLE CONSIST OF UP TO TEN OF THE BELOW LISTED REFERENCE PROJECTS. IT CANNOT BE GUARANTEED THAT AN INTEREST PARTICIPATION IN TEN REFERENCE PROJECTS CAN BE SOURCED DEPENDING ON THE AMOUNT OF THE NET PROCEEDS FROM THE ISSUE OF THE BONDS AND THE AVAILABILITY OF INTEREST PARTICIPATIONS.

Each Reference Project corresponds to installations in the respective municipality. Once an installation is fully operational, the relevant operator refinances its investment by way of a long term loans which is secured by the annual payments from the relevant municipality for the operation of the system. The Interest Participation held by a Notional Investor in the Reference Project represents such a loan.

Municipalities and townships in Canada benefit from a tried and tested system of cross-financing by the relevant province

Municipalities in which the relevant Reference Projects are operated:

	Municipality
1	Simcoe County
2	Northumberland County
3	Lanark County
4	City of Ottawa
5	Leeds & Grenville United Counties
6	Hamilton
7	Middlesex County
8	Kawartha Lakes
9	Wellington County
10	Huron County

The list above is not a fully contained list of municipalities with projects. Any municipality that is rated A or above by a reputable rating agency may also be included in the basket component. Any municipality that does not have a rating due to no public debt issued can also be considered.

### **1.3 Basket Component U.S. Hydropower**

#### **(a) Introduction**

Hydropower is a niche and under-capitalised market with ample room for growth via development & acquisition. Hydropower can offer investors stable, long term, recurring revenues with a potential for relatively high return on capital given the relatively low risk asset class.

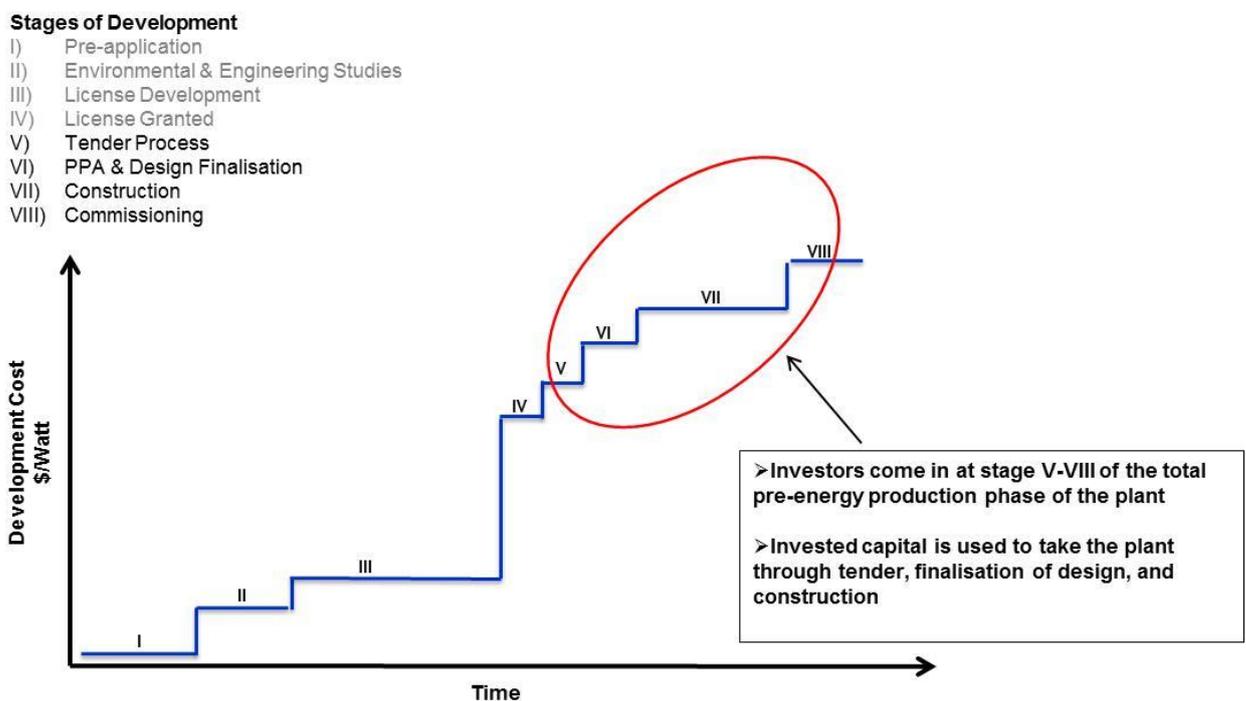
Hydropower is the cheapest way to generate sustainable electricity today. Once a dam has been built and the equipment installed, the power source - flowing water - is free. It is a clean fuel source that is renewable yearly by snow and rainfall. There are 80,000 dams across the U.S., and only 3% have the turbines and other equipment necessary to produce power from the water that flows through them.

The U.S. Department of Energy recognises the benefits of infrastructure modernisation and started directing federal funding to upgrade several hydro facilities across the U.S. However, even if the U.S. hydropower industry installed 60,000 MW of new capacity by 2025, that is only 15% of the total untapped hydropower resource potential.

President Obama announced 2 June 2014 the Clean Power Plan which was finalised 3 August 2015 with the aim to reduce carbon dioxide emissions from coal-burning power plants. The Clean Power Plan will increase the need of renewable energy sources to keep up energy demands while reducing carbon dioxide.

(b) U.S. Hydropower Plants

It is rare for fully licensed projects to come to the market, as by this stage most of the development risk has been mitigated. However, given tight credit requirements and lack of government funding, capital to complete development of projects now come from private investors.



The returns will come from the produced electricity, which can be sold via a power purchase agreement (a **PPA**) to give a predictable and stable expected return.

(c) Description of the Reference Project in U.S. Hydropower Basket Component

The Reference Project in the U.S. Hydropower Basket Component is the Marseilles Lock and Dam – U.S. Hydropower Project.

**Key Facts**

Total Size (Investments / Capital Cost required to install the project)	USD\$ 39m
Expected Output / Units served	65 GWh p.a.
Project Company	Summit Marseilles LLC, 9191 Towne Centre Drive, Suite 210 San Diego, CA 92122, Capital USD 10'000
Project Status	Current constructions include the road-side right next to the dams
Start of Constructions, Start of Operations	2013, 2016

Technology used	Hydropower turbines
Operator	Summit Global Hydro, 9191 Towne Centre Drive, Suite 210, San Diego, CA 92122, Capital USD 10'000 US Army Corps of engineers
Counterparty or Purchaser	Marseilles and Illinois (A) as a state-owner, IMEA and Prairie Power as off-takers (AA) (both are buyers)
Method of Payment	Off-take agreement basis together with licence fees; fixed yearly payment, distributed as dividends
Interest Participation in Project Company	LLC membership units
Expected Return of Interest Participation	Expected 9.70% p.a. (dividend)
Cash Flow Generation	The main cash flow comes from the PPA that allows the licence holder to sell the electricity generated under a FERC License. There might be additional income via the tax credit system in Illinois, but that is currently not in the model and provides potential upside. Inflation is usually not reflected in the income either.

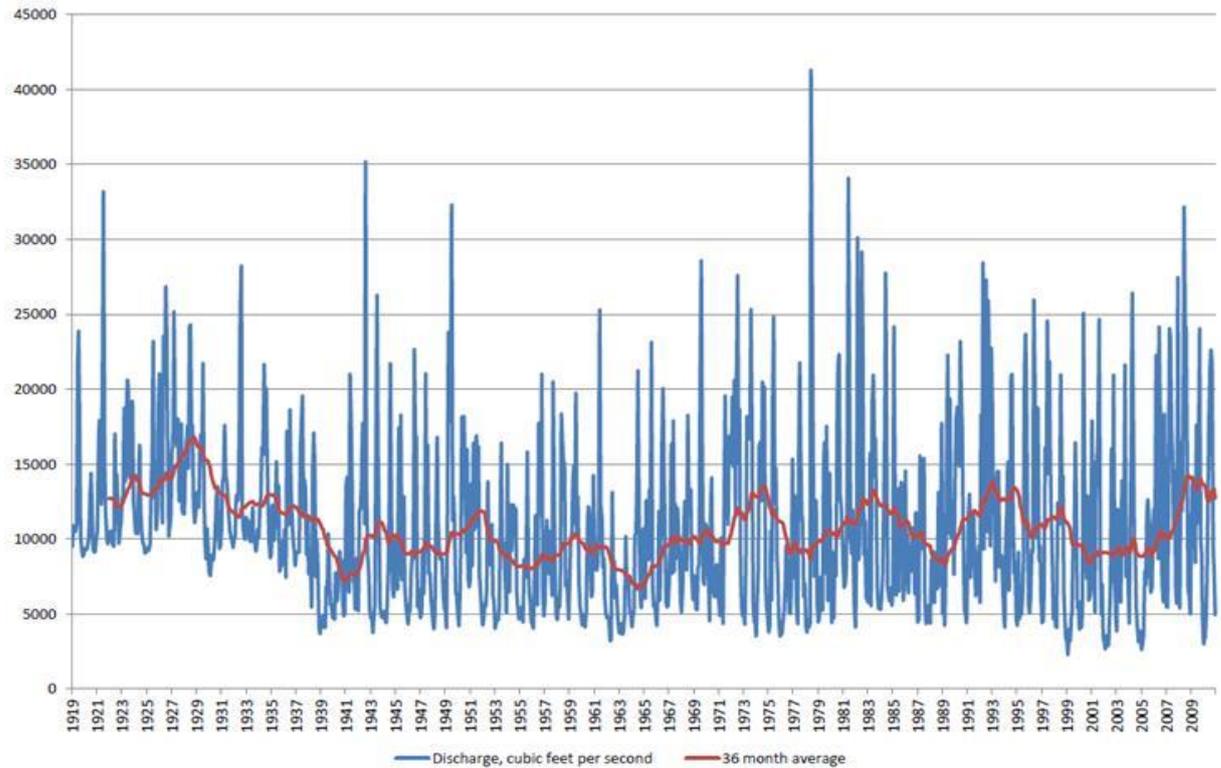
### Description

Summit Marseilles LLC has been created to establish a Lock and Dam hydroelectric water power dam located on the Illinois River. Meanwhile Summit Marseilles LLC has obtained a FERC License for the site (No. P 13351). It is rare for fully licensed projects to come to the market, as by this stage most of the development risk has been mitigated.

The returns come from the produced electricity, which is sold via a PPA to give a predictable and stable expected return.

The PPA guarantees the energy off-takers will purchase the electricity generated by the project at a contracted rate. It is estimated that total annual energy generation will be around 64,123,200-kWh, as the plant is expected to run an average capacity factor of 61.00%. Our research conservatively estimates that we can sell the energy at a rate of no less than \$0.060/kWh, escalating at 2.00% annually.

The site underwent a series of environmental studies pertaining to dissolved oxygen, sediment transport, fish flow and flow velocity before being granted its FERC License. With the license the plant is construction ready. Research has been carried out to check the water supply and operational capability of the Marseilles site.



Source: U.S. Geological Survey: [www.usgs.gov](http://www.usgs.gov)

Table: Historical water discharge rate at Marseilles Lock and Dam site. Consistent flow in the last century.

The project is secured in two ways:

- Payment obligations under the PPA between the Project Company (Summit Marseilles LLC) and the energy off-taker; and
- Sole charge ownership of the license and installed system.

## 1.4 Basket Component U.S. Waste to Water

### (a) Introduction

The U.S. has rare occasions on an annual basis to invest in a population growing area with a new plant, and without having restrictions on pricings. Yields tend to be below 5% and only in conjunction with solar plants running the treatment facility the investment can make the 7-8% yields in focus.

### (b) U.S. Waste to Water plants

As a result of the amount of industrial water usage in certain parts of the U.S. the long-term need for the government to provide the area with treated water is very high. This leads to attractive contracts that fall under long-term agreements and enjoy the protection from both political parties; hence the income stream is not threatened.

Waste Water Treatment Facilities (WWTFs) use large amounts of energy in order to move and treat water. The EPA (Environmental Protection Agency) estimates that energy costs can account for 30%

of the total operation and maintenance costs of WWTFs. In turn, WWTFs account for approximately three per cent of the electric load in the US. As such, many municipalities cannot afford to independently run them.

One way to reduce the energy load at WWTFs is through distributed energy using photovoltaic solar. This can be done through a combination of ground mounted systems on available open land as well as on top of storage tanks, reducing their energy demands through solar installations and PPA financing. This brings the politicians onto the game plan and brings long-time support for the project.

(c) Description of the Reference Project in Basket Component U.S. Waste to Water

The Reference Project in the U.S. Waste to Water Basket Component is the Mt. Holly – U.S. Waste to Water Project.

**Key Facts**

Total Size (Investments / Capital Cost required to install the project)	USD\$ 24m
Expected Output / Units served	Serves 30,000
Project Company	Summit Mt. Holly LLC, 9191 Towne Centre Drive, Suite 210 San Diego, CA 92122, Capital USD 10'000
Project Status	Already built and operational
Start of Constructions, Start of Operations	2010, 2011
Technology used	Solar Panels
Operator	Summit Global Hydro, 9191 Towne Centre Drive, Suite 210, San Diego, CA 92122, Capital USD 10'000
Counterparty or Purchaser	Mt. Holly (no rating), in New Jersey (A)
Method of Payment	Licence agreement income, plus fixed SRECs and paid on a yearly basis
Interest Participation into Project Company	LLC Membership Units
Expected Return of Interest Participation	Expected 6.45% p.a. (dividend)
Cash Flow Generation	The fixed off-take agreement with the municipality is the main part of the income. In addition there are tax credits from New Jersey that can add extra income. There is also an inflation link that can increase the income under certain conditions.

Description

Summit Mt. Holly LLC has been established to run a Waste Water Treatment Facility (WWTFs) in Mt. Holly for the municipality of Burlington. WWTFs use large amounts of energy in order to move and treat water. The EPA estimates that energy costs can account for 30% of the total operation and maintenance costs of WWTFs. In turn, WWTFs account for approximately three per cent of the electric load in the US. As such, many municipalities cannot afford to independently run them.

One way to reduce the energy load at WWTFs is through distributed energy using photovoltaic solar. This can be done through a combination of ground mounted systems on available open land as well as on top of storage tanks, reducing their energy demands through solar installations and PPA financing.

Solar Renewable Energy Certificates (**SRECs**) are incentives for solar investments in states that have Renewable Portfolio Standard (**RPS**) legislation with specific requirements for solar energy. The additional income received from selling SRECs increases the economic value of a solar investment and assists with the financing of solar technology.

New Jersey's RPS requires electricity suppliers to secure a portion of their electricity from solar facilities located in NJ, creating a natural market for these credits. The project therefore does not only reduce the WWTF's energy consumption and improve its overall efficiency, but also generates SRECs.

There is a developed framework for SREC trading. The actual price of an SREC during a trading period can and will fluctuate depending on supply and demand. Each time a system generates 1,000 kWh of electricity; an SREC is earned and placed in the customer's electronic account.



The returns come from the sale of power via a PPA back to the waste water facility; and the sale of any additional SRECs on the open market.

The project is secured in two ways:

- Payment obligations under the PPA between the Project Company (Summit Mt. Holly LLC) and the solar energy off-taker; and
- First lien over the solar panels.

## **1.5 Considerations while investing in the water infrastructure market**

### **(a) Sustainable sewerage in Canada**

Frost and Sullivan's report in 2017 stated the growing requirements for wastewater sewerage solutions with decentralised treatment systems being a main contributor to the market. The regulatory policies locally and globally enforce the need for sustainable solutions. There will be a large growth in the market in the coming years. Sewerage is a necessity in today's world and is

under constant environmental regulatory scrutiny leading to municipalities paying great attention to their requirements.

The PPP initiatives and potential for acquiring operating contracts backed by highly rated municipalities creates great potential in creating portfolios of cash generating assets. Municipalities realise the advantages for financing sewerage projects and outsourcing the operations. As and when systems are changed or upgraded the opportunities in the industry will grow.

(b) U.S. Hydropower

Current governments are largely unable to finance the required water infrastructure projects, and the normal credit avenues are thin. As such, private investors have a unique opportunity to finance these long term, stable projects.

The targets are small-to-medium size assets that are below the target size of large private equity firms and institutions, but can generate target returns. There are 80,000 dams across the U.S. with only 3% of them having turbines and other equipment necessary to produce power. This creates a large pool of small-to-medium sized asset potential.

(c) U.S. Waste to Water

Wastewater plants in the U.S. have benefitted significantly from tax grants and rising water prices in recent times. Solar panels can be mounted on top of the available land as well as on top of storage tanks. The power from such projects is sold to the facility at a discount via a power purchase agreement (PPA).

(d) Benefits and opportunities

- Diversification

These assets offer a wide range of range of risk-return characteristics. The revenue generated by each project is backed by strongly rated municipalities. The water investments in general do not correlate with other more traditional investments with their credit risks being linked to municipalities and governments.

- Municipal backing

With the need to upgrade sewerage systems in certain regions, governments are pushing and backing private investments with PPP structures. The incentives for green energy and quotas assist hydro facilities.

(e) Mitigation of risks

- Political/regulatory risk

The Reference Basket focuses on the U.S. and Canada where there are stable political environments and water regulations, including stability of local municipalities and legislative booms. However even in such stable countries, it is hard to predict the development of the policies.

- Technology risk

All Reference Projects involve proven technologies, teamed with large and well-known manufacturers and construction companies.

- Construction and development risk

No Reference Project captures a greenfield project. All construction within a Reference Project is managed onsite working with local legislation to overcome any bureaucratic obstacles. EPC (engineering, procurement, and construction) contracts are employed within the Reference Project where possible to decrease vulnerability where development is required.

- Environmental risk

The Reference Basket excludes high-impact projects which require significant construction or wildlife disruption.

- Credit risks

The off takers of the Reference Projects are utility, municipal or state entities of high rating minimising the risk involved.

## 2. **INDIRECT INVESTMENT IN THE REFERENCE PROJECT FOR HEDGING PURPOSES**

In Canada and the US, a typical investor would invest in a water infrastructure project via a local holding company (the **Holding Company**) that subsequently invests into a project company implementing the project (the **Project Implementor**) or holds an interest participation in particular infrastructure project. Income is received from the municipalities/off takers. Via a security agreement, the Holding Company has a first lien security over the project income and the physical or IP assets. Often the local Holding Company is advised on its investments by a specialized consultant who performs certain managerial services.

If the Issuer invests, for hedging purposes, in a Reference Project in the Reference Basket through a Holding Company, the Underlying Asset will take the following form:

	<b>Canada</b>	<b>USA</b>
<b>Instrument</b>	Preferred shares and convertible bonds	Membership units
<b>Legal form of the issuer</b>	Limited company	Limited liability company (LLC)
<b>Objective of the Holding Company</b>	To identify, invest in and monitor the Holding Company's investment into a certain Reference Project whether by way of loan or financially equivalent structure, each secured by a security interest over the Reference Project in a manner consistent with the Holding Company's objective of realising significant cash flows on its investment in the Reference Project; to invest temporarily idle cash and to engage in any and all acts necessary or incidental to the foregoing.	To acquire, develop, construct, hold and dispose a certain Reference Project. To monitor the Holding Company's investment in the Reference Project in a manner consistent with the Holding Company's objective of realising significant cash flows on its investment in the Reference Project, to invest temporarily idle cash and to engage in any and all necessary or incidental to the foregoing.
<b>Management of the</b>	Directors	Managing member

	<b>Canada</b>	<b>USA</b>
<b>Holding Company</b>		
<b>Outsourced managerial services or services provided by the managing member</b>	Liaising with counsel Security and collateral negotiations Tax considerations Legal structuring Monthly monitoring and reporting Discussions with the management of the Project Implementor Corporate services Closing of deals and preparation of appropriate documentation Preparing investor information disclosure Liaising with investors Potential workout support with the Reference Projects in the case of non-performance Hedging of currency risks	Liaising with counsel Security and collateral negotiations Tax considerations Legal structuring Monthly monitoring and Reporting Discussions with the management of the Project Implementor Corporate services Closing of deals and preparation of appropriate documentation Preparing investor information disclosure Liaising with investors Potential workout support with the Reference Projects in the case of non-performance Hedging of currency risks
<b>Expenses of the outsourcing or the managing member</b>	Up to 1.95% <i>per annum</i>	Up to 1.95% <i>per annum</i>
<b>Servicer or managing member</b>	Signina Capital AG, Switzerland	Signina Capital AG, Switzerland
<b>Other third party contactors</b>	Legal and tax advisors, auditors and any further contractor incidental to maintain the Holding Company's objectives	Legal and tax advisors, auditors and any further contractor incidental to maintain the Holding Company's objective
<b>Expenses of third party contractors</b>	At arm's length	At arm's length

### 3. DERIVATIVE CONTRACT

In order to hedge its payment obligations under the Bonds, the Issuer may enter into a derivative contract with a credit institution having at least an investment grade rating according to Moody's and Fitch Ratings. Such derivative contract would be concluded for the Fixed Interest Amounts, the Additional Interest Amounts and the amount equal to the Basket Value per Note multiplied by the number of the Bonds outstanding at the time of the termination of the contract.

## TAXATION

### 1. GENERAL TAXATION INFORMATION

The following information provided below does not purport to be a complete summary of the tax law and practice currently available. Potential purchasers of the Bonds are advised to consult their own tax advisers as to the tax consequences of transactions involving the Bonds.

Purchasers and/or sellers of the Bonds may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of transfer in addition to the issue price or purchase price (if different) of the Bonds.

Transactions involving the Bonds (including purchases, transfer or redemption), the accrual or receipt of any interest payable on the Bonds and the death of a Holder may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to stamp duty, stamp duty reserve tax, income tax, corporation tax, capital gains tax and/or inheritance tax.

The Issuer does not assume any responsibility for the withholding of taxes at source.

### 2. LUXEMBOURG TAXATION

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax as well as the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

#### 2.1 Taxation of the Holders

##### (a) Withholding Tax

###### (i) Non-resident Holders

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident Holders, nor on accrued but unpaid interest in respect of the Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Bonds held by non-resident Holders.

###### (ii) Resident Holders

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Law**) there is no withholding tax on payments of

principal, premium or interest made to Luxembourg resident Holders, nor on accrued but unpaid interest in respect of Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Bonds held by Luxembourg resident Holders.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Bonds coming within the scope of the Law will be subject to withholding tax at a rate of 20 per cent.

(b) Income Taxation

(i) Non-resident Holders

A non-resident Holder, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Bonds are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Bonds. A gain realised by such non-resident holder of the Bonds on the sale or disposal, in any form whatsoever, of the Bonds is further not subject to Luxembourg income tax.

A non-resident corporate Holder or an individual Holder acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which/to whom such Bonds are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Bonds and on any gains realised upon the sale or disposal, in any form whatsoever, of the Bonds.

(ii) Resident Holders

Holders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

(a) Luxembourg resident corporate Holders

A corporate Holder must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Bonds, in its taxable income for Luxembourg income tax assessment purposes.

A corporate Holder that is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 on reserved alternative investment funds and which does not fall under the special tax regime set out in article 48 thereof is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Bonds.

(b) Luxembourg resident individual Holders

An individual Holder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Bonds, except if (i) withholding tax has been levied on such payments in accordance with the Law,

or (ii) the individual Holder has opted for the application of a 20% tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State). A gain realised by an individual Holder, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of the Bonds is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Bonds were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if withholding tax has been levied on such interest in accordance with the Law.

An individual Holder acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Law will be credited against his/her final tax liability.

## **2.2 Net Wealth Taxation**

A corporate Holder, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which/whom such Bonds are attributable, is subject to Luxembourg wealth tax on such Bonds except if the Holder is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 on reserved alternative investment funds, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended<sup>1</sup>.

An individual Holder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Bonds.

## **2.3 Other Taxes**

In principle, neither the issuance nor the transfer, repurchase or redemption of the Bonds will give rise to any Luxembourg registration tax or similar taxes.

However, a fixed or *ad valorem* registration duty may be due upon the registration of the Bonds in Luxembourg in the case where the Bonds are physically attached to a public deed or to any other document subject to mandatory registration, as well as in the case of a registration of the Bonds on a voluntary basis.

Where a Holder is a resident of Luxembourg for tax purposes at the time of his/her death, the Bonds are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of the Bonds if embodied in a Luxembourg deed passed in front of a Luxembourg notary or recorded in Luxembourg.

## **3. GERMAN TAXATION**

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of the Bonds. It does not purport to be a comprehensive description of all German tax

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<sup>1</sup> Please however note that securitisation companies governed by the law of 22 March 2004 on securitisation, as amended, or capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, or reserved alternative investment funds governed by the law of 23 July 2016 and which fall under the special tax regime set out under article 48 thereof may, under certain conditions, be subject to minimum net wealth tax.

considerations that may be relevant to a decision to purchase Bonds, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the tax laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

As each series of Bonds may be subject to a different tax treatment due to the specific terms of such series of Bonds as set out in the respective terms and conditions relating to such series, the following section only provides some general information on the possible tax treatment. Tax consequences that may arise if an investor combines certain series of Bonds so that he or she derives a certain return are not discussed herein.

The law as currently in effect provides for a reduced tax rate for certain investment income. There is an on-going discussion in Germany whether the reduced tax rate should be increased or abolished altogether so that investment income would be taxed at regular rates. It is still unclear, whether, how and when the current discussion may result in any legislative change.

Prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of the Bonds, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.

### 3.1 German Tax Residents

The section “German Tax Residents” refers to persons who are tax residents of Germany (*i.e.* persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

#### (a) Withholding tax on ongoing payments and capital gains

On-going payments received by a non-business Holder will be subject to German withholding tax if the Bonds are kept or administered in a custodial account with a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a **Disbursing Agent**, *auszahlende Stelle*). The tax rate is 25 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon, the total withholding being 26.375 per cent.). For individual Holders who are subject to church tax an electronic information system for church withholding tax purposes applies in relation to investment income, with the effect that church tax will be collected by the Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the Holder will be assessed to church tax.

The same treatment applies to capital gains (*i.e.* the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by a non-business Holder provided the Bonds have been kept or administered in a custodial account with the same Disbursing Agent since the time of their acquisition. If similar Bonds kept or administered in the same custodial account were acquired at different points in time, the Bonds first acquired will be deemed to have been sold first for the purposes of determining the capital gains. Where Bonds are acquired and/or sold or redeemed in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively with the result that any currency gains or losses are part of the capital gains. If interest claims are disposed of separately (*i.e.* without the Bonds), the proceeds from the disposal are subject to withholding tax. The same applies to proceeds from the payment of interest claims if the Bonds have been disposed of separately.

To the extent the Bonds have not been kept or administered in a custodial account with the same Disbursing Agent since the time of their acquisition or if the Bonds have been transferred into the

custodial account of the Disbursing Agent only after their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 per cent. (including solidarity surcharge and – if applicable – additional church tax) on 30 per cent. of the disposal proceeds (plus interest accrued on the Bonds (**Accrued Interest**, *Stückzinsen*), if any), unless the current Disbursing Agent has been notified of the actual acquisition costs of the Bonds by the previous Disbursing Agent or by a statement of a bank or financial services institution from another Member State of the European Union or the European Economic Area or from certain other countries (e.g. Switzerland or Andorra).

Pursuant to administrative guidance losses incurred by a bondholder from bad debt (*Forderungsausfall*) or a waiver of a receivable (*Forderungsverzicht*), are generally not tax-deductible. The same rules should apply if the Bonds expire worthless or if the proceeds from the sale of Bonds do not exceed the usual transaction costs.

In computing any German tax to be withheld, the Disbursing Agent generally deducts from the basis of the withholding tax negative investment income realised by a non-business Holder of the Bonds via the Disbursing Agent (e.g. losses from the sale of other securities with the exception of shares). The Disbursing Agent also deducts Accrued Interest on the Bonds or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent by a non-business Holder. In addition, subject to certain requirements and restrictions the Disbursing Agent credits foreign withholding taxes levied on investment income in a given year regarding securities held by a non-business Holder in the custodial account with the Disbursing Agent.

Non-business Holders are entitled to an annual allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) for all investment income received in a given year. Upon the non-business Holder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. No withholding tax will be deducted if the Holder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, redemption, repayment or assignment of the Bonds held by a corporation while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and capital losses incurred). The same may apply where the Bonds form part of a trade or business subject to further requirements being met.

(b) Taxation of current income and capital gains

The personal income tax liability of a non-business Holder of Bonds deriving income from capital investments under the Bonds is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Bonds kept in custody abroad or if no Disbursing Agent is involved in the payment process, the non-business Holder must report his or her income and capital gains derived from the Bonds on his or her tax return and then will also be taxed at a rate of 25 per cent. (plus solidarity surcharge and church tax thereon, where applicable). If the withholding tax on a disposal, redemption, repayment or assignment has been calculated from 30 per cent. of the disposal proceeds (rather than from the actual gain), a non-business Holder may and in case the actual gain is higher than 30 per cent. of the disposal proceeds must also apply for an assessment on the basis of his or her actual acquisition costs. Further, a non-business Holder may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemized basis is not permitted. Losses incurred with respect to the Bonds can only be off-set against investment income of the non-business Holder realised in the same or the following assessment periods.

Where Bonds form part of a trade or business the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Bonds form part of a trade or business, interest (accrued) must be taken into account as income. The respective Holder will have to report income and related (business) expenses on the tax return and the balance will be taxed at the Holder's applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the Holder. Where the Bonds form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Bonds may also be subject to German trade tax.

- (c) Qualification of Bonds as equity style *jouissance* rights (*eigenkapitalähnliche Genussrechte*) for German tax purposes

German tax consequences different from those discussed above would arise if the Bonds were to be regarded as equity style *jouissance* rights (*eigenkapitalähnliche Genussrechte*) for German tax purposes. In this case the special flat rate taxation regime (*Abgeltungsteuer*) for private investors may not apply and the deduction of losses from the disposal of Bonds may be further restricted.

- (d) German Investment Taxation

If a Bond was considered to qualify as an investment fund unit within the meaning of the German Investment Tax Act (*Investmentsteuergesetz*), tax consequences different from those discussed above would apply. A Holder subject to German taxation may then be required to include into his or her taxable income unrealized gains from the appreciation in value of the Bond which may be deemed to be a portion of the fair market value of the Bond at the relevant time. In general, the taxed unrealized gains will be deductible in computing the capital gain derived from the disposal, redemption or termination of the Bond.

### **3.2 Non-German Tax Residents**

Interest and capital gains are not subject to German taxation, unless (i) the Bonds form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Holder or (ii) the income otherwise constitutes German-source income. In cases (i) and (ii) a tax regime similar to that explained above under "*German Tax Residents*" applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and capital gains. However, where the income is subject to German taxation as set forth in the preceding paragraph and the Bonds are kept or administered in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances. Where the Bonds are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposal, assignment or redemption of a Bond are paid by a Disbursing Agent to a non-resident upon delivery of the, withholding tax generally will also apply. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

### **3.3 Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Bonds will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Bond is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

### **3.4 Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Bonds. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

## **4. LIECHTENSTEIN TAXATION**

The following information is of general nature only and shall give an overview of the principles of taxation under the laws currently in force in Liechtenstein. The information below does not, and is not intended to, constitute comprehensive legal or tax advice. Investors should consult their own professional advisors as to the implications of their subscribing for, purchasing, holding, exchanging or disposing of the Bonds under the laws of the jurisdictions in which they may be subject to taxation. In addition, prospective investors should bear in mind that future legislative, judicial or administrative developments could have an impact on the information below and could affect the tax consequences for investors.

### **4.1 Taxation of individuals in the Principality of Liechtenstein**

Individuals with domicile or habitual abode in Liechtenstein are subject to unrestricted taxation in Liechtenstein, encompassing their entire net wealth and their entire income. However, various types of income and assets do not constitute taxable income and wealth, respectively, under the Liechtenstein Tax Act (the **Tax Act**). This in particular holds true for income arising from assets which are subject to wealth tax in Liechtenstein. Thus, given that the Bonds of a Holder who is unrestrictedly taxable in Liechtenstein constitute taxable wealth within the meaning of the Tax Act, any interest payments of such Bonds do, as a consequence, not qualify as taxable income and are, therefore, not subject to income taxation in Liechtenstein. As a result, while the Bonds held by a Holder with domicile or habitual abode in Liechtenstein constitute taxable wealth in Liechtenstein, interest payments received by such Holder do not constitute taxable income.

Other tax-exempt types of income under the Tax Act are, for example, dividends arising from participations in domestic and foreign legal entities and capital gains from the disposal and liquidation of participations in domestic and foreign legal entities.

Under the Tax Act, wealth is not taxed directly (by means of a certain percentage of the taxable wealth). Rather, a fixed percentage of the taxable wealth (currently four per cent; to be determined every year by the Liechtenstein parliament) is added to the taxable income and the total tax is then calculated based on the sum of the taxable income and the fixed percentage of the taxable wealth. The taxable wealth is determined based on the market value of the assets at the beginning of the year or at the beginning of the period of tax liability, respectively; for example, securities with a quotation are valued according to the quotation and, in general, securities without a quotation as well as non-securitized rights and claims, including privileges whose value can be determined, shall be assessed according to market value, which generally shall not be set lower than nominal value, unless the taxpayer demonstrates that the nominal value does not correspond to the market value.

Individuals whose domicile and habitual abode is not in Liechtenstein are subject to restricted taxation in Liechtenstein, encompassing only their domestic wealth and their domestic income. Domestic wealth comprises real estate and business premises located in Liechtenstein.

### **4.2 Taxation of legal entities and trusts in the Principality of Liechtenstein**

Legal entities domiciled or having their actual place of management in Liechtenstein are subject to unrestricted taxation in Liechtenstein, encompassing their entire net earnings.

On the other hand, no Liechtenstein tax applies with respect to the capital of legal entities. Therefore, unlike the income from the wealth of individuals (see above), the income generated from the wealth of legal entities is not tax-exempt. As a consequence, interest payments of Bonds held by legal entities which are unrestrictedly taxable in Liechtenstein constitute taxable income in Liechtenstein.

By contrast, dividends arising from participations in domestic and foreign legal entities and capital gains from the disposal or liquidation of participations in domestic and foreign legal entities do not

constitute taxable income for legal entities, either (the term "dividends" includes ordinary dividends, profit shares, extraordinary dividends, bonus payouts and irregular distributions of profits and distributions of reserves).

Legal entities which neither have their domicile nor their actual place of management in Liechtenstein are subject to restricted taxation in Liechtenstein, encompassing only their domestic corporate income.

Legal entities are entitled to a deduction of 4 % of their equity capital (unless such capital is not related to their business) for purposes of assessing their taxable net income. Further, losses suffered in past years can be carried forward for an unlimited period of time.

Legal entities taxable in Liechtenstein are subject to ordinary corporate income tax on all their net income at a standard flat rate of 12.5 per cent per year. However, any Liechtenstein legal entity which does not pursue any commercial activity can apply for the status of a Private Asset Structure (a **PAS**) if the requirements as stipulated in Art. 64 Tax Act are met. This, for example, holds true for legal entities which only hold bankable assets (such as shares, bonds or other securities, *eg* Bonds), other assets (such as gold, art collections, liquid funds) or participations, provided that the legal entity and its shareholders or beneficiaries do not exert actual control by means of direct or indirect influence on the management of its underlying entities. Legal entities being granted the status of a PAS are subject to the minimum corporate tax in the amount of CHF 1,800.00 per year only and the regular 12.5% corporate income tax does not apply. PAS do not have to file annual tax returns.

Finally, trusts which have been established pursuant to Liechtenstein law or whose actual place of management is in Liechtenstein are in any event only subject to the minimum corporate income tax of CHF 1,800.00 per year in Liechtenstein. The same holds true for foreign trusts which receive earnings in Liechtenstein.

## 5. THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT and its potential impact on their dealings in the Bonds before investing.

## SUBSCRIPTION AND SALE

### Public Offer Selling Restrictions under the Prospectus Directive

In relation to each Relevant Member State, the Issuer represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Bonds that are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds referred to in (a) to (c) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- (i) the expression an “offer of Bonds ... to the public” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- (ii) the expression **Prospectus Directive** means Directive 2003/71/EC (and amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

### Federal Republic of Germany

The Issuer represents and agrees not to, directly or indirectly, offer or sell any Bonds or distribute or publish any offering circular other than in compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), and the German Capital Investments Act (*Vermögensanlagengesetz*), as applicable, each as amended from time to time, and all other applicable law or regulation in Germany governing the sale and offering of securities.

### United States

The Bonds are not and, in the future, will not be registered in accordance with the provisions of the Securities Act and are subject to certain requirements under U.S. tax law. Except for certain exceptions, the Bonds may not be offered, sold or delivered within the United States of America. Each dealer undertook not to offer, sell or deliver the Bonds within the United States.

Within 40 days following the start of the offer, offering or selling the Bonds through any dealer who is or is not involved in the issue of the Bonds could violate the registration duty under the Securities Act.

### Liechtenstein

For selling restrictions in respect of Liechtenstein, please see "Public Offer Selling Restrictions under the Prospectus Directive" above.

The FMA as the competent authority of the country of origin in line with the Prospectus Directive and as stipulated in Art. 29 of the Prospectus Act approved this Prospectus in accordance with Art. 15 of the Prospectus Act. In this course the FMA did not entirely investigate the correctness of the information provided in this Prospectus, but as required by the law (Art. 3 sec. 1 lit. r Prospectus Act) verify the completeness, the coherence and the comprehensibility of this Prospectus. In compliance with Art. 17 of the Prospectus Act, the respective Prospectus subsequently was deposited with the FMA and has been published on the website of the Issuer ([www.chartered-opus.com](http://www.chartered-opus.com)) in accordance with article 17(3)(c) of the Prospectus Act.

In accordance with Art. 23 of the Prospectus Act the Issuer requested the FMA to provide the competent authority in Germany with a confirmation that this Prospectus was approved in Liechtenstein in accordance with the applicable law. It is furthermore possible that the Issuer requests the FMA in the future to send such a confirmation to the competent authorities of other Relevant Member States as well.

## **General**

Save as described in this section "*Subscription and Sale*", no action has been taken by the Issuer that would, or is intended to, permit an offer to the public of the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Issuer undertakes that it will not, directly or indirectly, offer or sell any Bonds or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

## OFFER TO THE PUBLIC

The Issuer has requested or will request that the FMA provides to the competent authority in Germany a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive. Upon provision of such certificate, an offer of the Bonds may be made in the Federal Republic of Germany and the Principality of Liechtenstein to any person during the Offer Period. In other EEA countries during the Offer Period offers may only be made pursuant to an exemption from the obligation under the Directive 2003/71/EC as amended, as implemented in such countries, to publish a prospectus. In all jurisdictions outside of the Offer Period, offers will only be made pursuant to an exemption from the obligation under the Directive 2003/71/EC, as implemented in such countries, to publish a prospectus.

### 1. OFFER PERIOD

The **Offer Period** for the Bonds will start on the day following the date of this Prospectus and finish on 31 May 2018, which is the last date of the Initial Fixing Period, provided that the Offer Period will not commence in Germany until the day following the banking day in Germany on which the Federal Financial Supervisory Authority (BaFin), as registration office, has been notified of the intended offer to the public.

During the Offer Period, the Issuer may determine in its own discretion to issue Bonds on one or more Further Issue Dates, in addition to the Initial Issue Date.

On completion of the offer of the Bonds during the Offer Period, the Issuer will announce the result of the offer on the website of the Issuer ([www.chartered-opus.com](http://www.chartered-opus.com)).

The Issuer reserves the right for any reason to close the Offer Period. Notice of the early closure of the Offer Period will be made to investors by means of a notice published on the website of the Issuer ([www.chartered-opus.com](http://www.chartered-opus.com)). The Issuer will notify the FMA of the result of the offering of the Bonds at the end of the Offer Period.

### 2. PRICE DURING THE OFFER PERIOD

During the Offer Period, the Issuer will offer and sell each Bond at the Subscription Price (EUR 1,000) plus the Subscription Fee.

### 3. CONDITIONS OF THE OFFER

The Issuer reserves the right to withdraw the offer and/or cancel the issuance of Bonds for any reason at any time on or prior to any Issue Date. For the avoidance of doubt, if any application has been made by a potential investor to purchase the Bonds and the Issuer exercises the right to withdraw the offer, each such potential investor shall not be entitled to subscribe for or otherwise purchase any Bonds. Notice of such withdrawal or cancellation of the issuance of the Bonds will be made to investors by means of a notice published on the website of the Issuer ([www.chartered-opus.com](http://www.chartered-opus.com)).

### 4. THE TIME PERIOD DURING WHICH THE OFFER OF THE BONDS WILL BE OPEN AND DESCRIPTION OF THE APPLICATION PROCESS

The offer of the Bonds will be open during the Offer Period. Applications for the purchase of Bonds can be made to the Intermediary by sending an e-mail to [service@apano.de](mailto:service@apano.de). Amendments to the Offer Period and the application process, if any, will be notified to investors by means of a notice published on the website of the Issuer ([www.chartered-opus.com](http://www.chartered-opus.com)).

5. **DETAILS OF THE MINIMUM AND/OR MAXIMUM AMOUNT OF APPLICATION:**

The minimum application for Bonds per investor is five Bonds. The maximum allocation of Bonds will be subject only to availability at the time of the application.

There are no pre-identified allotment criteria. The Issuer will adopt allotment criteria that ensure equal treatment of prospective investors. All of the Bonds requested during the Offer Period will be assigned up to the maximum amount of the offer.

6. **DETAILS OF THE METHOD FOR PAYING UP AND DELIVERING THE BONDS**

Each Bond will be sold against payment of the Subscription Price and the Subscription Fee to the Issuer or to any agent designated by the Issuer. Each investor will be notified of the settlement arrangements in respect of the Bonds at the time of such investor's application.

7. **MANNER AND DATE IN WHICH RESULTS OF THE OFFER ARE TO BE MADE PUBLIC**

The Issuer will also regularly inform the Holders during the Offer Period about the number of Bonds sold to investors by publishing the relevant information on the website of the Issuer ([www.chartered-opus.com](http://www.chartered-opus.com)).

8. **CATEGORIES OF POTENTIAL INVESTORS TO WHICH THE BONDS ARE OFFERED**

Offers of Bonds may be made in the Public Offer Jurisdictions to any person during the Offer Period. In other EEA countries, offers during the Offer Period may only be made pursuant to an exemption from the obligation under the Prospectus Directive, as implemented in such countries, to publish a prospectus. Outside of the Offer Period, offers in all jurisdictions (including the Public Offer Jurisdictions) will only be made pursuant to an exemption from the obligation under the Prospectus Directive, as implemented in such countries, to publish a prospectus.

9. **DESCRIPTION OF POSSIBILITY TO REDUCE SUBSCRIPTIONS AND MANNER FOR REFUNDING EXCESS AMOUNT PAID BY APPLICANTS**

No applicable, there is no possibility to reduce subscriptions.

10. **INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Other than as mentioned in this Prospectus and so far as the Issuer is aware, no person involved in the issue of the Bonds has an interest material to the offer, including conflicting interests.

## BOOK-ENTRY CLEARANCE PROCEDURES

*The information set out below has been obtained from sources which each Issuer believes to be reliable, but prospective investors should make their own enquiries as to such procedures. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of Clearstream Banking AG (Clearstream Frankfurt) currently in effect. Investors are therefore advised to confirm the continued applicability of the rules, regulations and procedures of Clearstream Frankfurt. Neither the Issuer nor any of the Agents will have any responsibility for the performance by Clearstream Frankfurt or its participants or accountholders of their respective obligations under the rules procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.*

### Clearstream Frankfurt

Clearstream Frankfurt holds securities for its customers and facilitates the clearance and settlement of securities transactions through electronic book-entry transfer between its accountholders. Indirect access to Clearstream Frankfurt is available to other institutions which clear through or maintain a custodial relationship with an accountholder of Clearstream Frankfurt. Clearstream Frankfurt provides various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Clearstream Frankfurt also deals with domestic securities markets in several countries through established depositary and custodial relationships.

The Issuer has made an application to Clearstream Frankfurt for acceptance in its book-entry system of the Bonds represented by a Global Bond to be held in Clearstream Frankfurt. The Global Bond has an ISIN and is registered in the name of a nominee for, and deposited with, a common depositary on behalf of Clearstream Frankfurt.

Bonds in definitive form will not be eligible for clearing or settlement through Clearstream Frankfurt.

### Payments and deliveries and relationship of participants with Clearing Systems

Each of the persons shown in the records of Clearstream Frankfurt as the holder of a Bond represented by a Global Bond must look solely to Clearstream Frankfurt for his share of each payment or delivery made by the Issuer to the registered holder of such Global Bond and in relation to all other rights arising under the Global Bond, subject to and in accordance with the respective rules and procedures of Clearstream Frankfurt. The Issuer expects that, upon receipt of any payment or delivery in respect of Bonds represented by a Global Bond, the common depositary by whom such Bond is held, or nominee in whose name it is registered, will immediately credit the relevant accountholders' accounts in Clearstream Frankfurt with payments or deliveries in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Bond as shown on the records of Clearstream Frankfurt or its nominee. The Issuer also expects that payments by accountholders in Clearstream Frankfurt to owners of beneficial interests in any Global Bond held through such accountholders in Clearstream Frankfurt will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments or deliveries due on the Bonds for so long as the Bonds are represented by such Global Bond and the obligations of the Issuer will be discharged by payment or delivery to the registered holder of such Global Bond in respect of each amount so paid or delivered. Neither the Issuer nor any of the Agents will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of ownership interests in any Global Bond or for maintaining, supervising or reviewing any records relating to such ownership interests.

### Settlement and Transfer of Bonds

Subject to the rules and procedures of Clearstream Frankfurt, purchases of Bonds evidenced by a Global Bond held within Clearstream Frankfurt must be made by or through accountholders which will receive a credit for such Bonds on the records of Clearstream Frankfurt. The ownership interest of each actual purchaser of each such Bond (the **Beneficial Owner**) will in turn be recorded on the records of the relevant

accountholder. Beneficial Owners will not receive written confirmation from Clearstream Frankfurt of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the relevant accountholder through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Bonds evidenced by a Global Bond held within Clearstream Frankfurt will be effected by entries made on the books of accountholders acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Bonds, unless, and until an interest in any Global Bond held within Clearstream Frankfurt is exchanged for Bonds in definitive form.

Clearstream Frankfurt has no knowledge of the actual Beneficial Owners of the Bonds evidenced by a Global Bond held within Clearstream Frankfurt and its records will reflect only identity of the accountholders to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The accountholders will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by Clearstream Frankfurt to accountholders and by accountholders to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Holders holding interests in Bonds evidenced by a Global Bond through Clearstream Frankfurt accounts will follow the settlement procedures applicable to conventional Eurobonds. Interests in such Bonds will be credited to the securities custody accounts of Clearstream Frankfurt accountholders on the business day following the relevant Issue Date (backdated to the Issue Date) against payment for value on the Issue Date, where "Issue Date" has the meaning provided in the Conditions.

***Intra-Market Transfer.*** On or after the Issue Date for any Bonds, transfers of such Bonds between accountholders in Clearstream Frankfurt will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

## GENERAL INFORMATION

### 1. AUTHORISATION

The issue of the Bonds and the creation of the Compartment was duly authorised by a resolution of the board of directors of the Company dated 17 October 2017.

### 2. ISSUE DATE

The Bonds are issued on the Initial Issue Date and on Further Issue Dates, if any (both terms as defined in the Conditions).

### 3. LISTING AND ADMISSION TO TRADING

Application will be made to the Düsseldorf Stock Exchange (*Börse Düsseldorf*) for the Bonds to be admitted to trading and listed on the open market (*Freiverkehr*).

### 4. CLEARING SYSTEMS

The Bonds have been accepted for clearance and settlement through Clearstream Banking AG (**Clearstream Frankfurt**). The ISIN for the issue is DE000A2HED48 and WKN is A2HED4.

The address of Clearstream Frankfurt is Clearstream Banking AG, Frankfurt, Mergenthalerallee 61, D-65760 Eschborn, Federal Republic of Germany.

### 5. DOCUMENTS AVAILABLE

#### 5.1 Documents obtainable free of charge

Copies of the following documents and of any future annual financial statements of the Company may be obtained free of charge during usual business hours at the registered office of the Company and are available on the website of the Issuer (<http://en.chartered-opus.com/investor-relations/>):

- (a) the [Prospectus](#);
- (b) the [2015 Financial Statements](#);
- (c) the [2016 Financial Statements](#); and
- (d) the [Articles](#).

#### 5.2 Documents available for inspection

Copies of the following documents are available for inspection during usual business hours at the registered office of the Company:

- (a) the Asset Sourcing Agreement;
- (b) the Service Level Agreement; and
- (c) the Custody and Paying Agent Agreement.

### 6. SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial or trading position of the Company since 31 December 2016.

The Issuer is not aware of any significant recent trends that may affect its operations in the current financial year.

**7. LITIGATION AND ARBITRATION**

The Issuer (or the Company) is not engaged in any governmental, legal, arbitration, administrative or other proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which are likely to have a material adverse effect upon the Issuer's (or the Company's) financial position or profitability.

**8. TRANSACTION INFORMATION**

The Issuer does not intend to provide, after the date of this Prospectus, any transaction information in relation to the Bonds, the Compartment Assets or the Reference Projects, except if required by any applicable laws and regulations.



By: *Daniel Nair*

Title: Director

**Issuer**

Opus – Chartered Issuances S.A.  
6, rue Eugène Ruppert  
L-2453 Luxembourg  
Grand Duchy of Luxembourg

**Asset Sourcing Agent**

Signina Capital AG  
Gerechtigkeitsgasse 31  
8001 Zurich  
Switzerland

**Servicer**

Chartered Investment Germany GmbH  
Bilker Allee 176c  
40217 Düsseldorf  
Federal Republic of Germany

**Principal Paying Agent**

Hauck & Aufhäuser Privatbankiers KGaA - Niederlassung Luxemburg  
1c, rue Gabriel Lippmann  
L-5365 Munsbach  
Grand Duchy of Luxembourg

**Statutory Auditor**

Ernst & Young S.A.  
35E avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Custodian**

Hauck & Aufhäuser Privatbankiers KGaA - Niederlassung Luxemburg  
1c, rue Gabriel Lippmann  
L-5365 Munsbach  
Grand Duchy of Luxembourg

**Calculation Agent**

Chartered Investment Germany GmbH  
Bilker Allee 176c  
40217 Düsseldorf  
Federal Republic of Germany

**Intermediary**  
Apano GmbH  
Lindemannstraße 79  
44137 Dortmund  
Federal Republic of Germany

**Legal adviser to the Issuer as to Luxembourg law**

Allen & Overy  
*Société en commandite simple*  
*(inscrite au barreau de Luxembourg)*  
33, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg