

TERMS AND CONDITIONS OF THE BONDS

DE000A2FTV17

1. Certain Definitions

In these terms and conditions of the Bonds (the "**Conditions**"):

"**Annual Fee**" means 0.35% per annum on the Issued Principal Amount multiplied with the fraction of the Daily Valuation Amount on the last business day of a month and the Bond Principal Amount, payable monthly in arrears.

"**Asset Sourcing Agreement**" means an agreement between the Issuer and the Asset Sourcing Provider regarding services of the Asset Sourcing Provider in relation to sourcing and replacing of the Basket Components within the MEZ Capital Basket.

"**Asset Sourcing Fee**" means 2.00% per annum on the Issued Principal Amount multiplied with the fraction of the Daily Valuation Amount on the last business day of a month and the Bond Principal Amount, up to 0.50% per annum on the Issued Principal Amount multiplied with the fraction of the Daily Valuation Amount on the last business day of a month and the Bond Principal Amount to reimburse third party expenses the Asset Sourcing Agent encountered while performing his services and the Performance Fee, all payable monthly in arrears.

"**Asset Sourcing Provider**" means Financial Marketing Advisors GmbH or any other entity appointed as such by the Issuer.

"**Articles**" means the articles of association of the Issuer.

"**Basket Component**" has the meaning provided in Condition 6 (a).

"**Basket Value**" has the meaning provided in Condition 6 (b).

"**Bond Principal Amount**" has the meaning provided in Condition 2(a).

"**Bonds**" has the meaning provided in Condition 2(a).

"**Business Day**" means a day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System (London, New York, Luxembourg, Germany) is operating.

"**Cash Reserve Account**" means cash deposited in a EUR denominated money market account held with the Custodian.

"**Clearstream Frankfurt**" means Clearstream Banking AG, Frankfurt am Main.

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

"**Compartment 58**" means the Compartment 58 created by the resolutions of the management board of the Issuer dated 20 April 2017 in compliance with its articles of association to which all assets, rights and claims arising from these Conditions are allocated.

"**Custodian**" means Hauck & Aufhäuser Privatbankiers KGaA, Luxembourg branch.

"**Daily Valuation Amount**" means an amount in EUR equal to the Basket Value on Date t.

"**Early Redemption**" has the meaning provided in Condition 8 (a).

"**Early Redemption Date**" means the date set forth in the Early Redemption Notice on which the redemption by the Issuer pursuant to Condition 8(a) takes effect.

"**Early Redemption Notice**" has the meaning provided in Condition 8(a).

"**EUR**" means Euros, the lawful currency of those member states of the European Community that adopt and/or have adopted the "Euro" as its lawful currency in accordance with legislation of the European Community relating to the Economic and Monetary Union.

"**Event of Default**" has the meaning provided in Condition 8(c).

"**Exercise Date**" means 27 April 2018 and annually thereafter, modified following business-day convention for redemptions that have been submitted to the Issuer three months prior to such date and which have been confirmed by the Issuer.

"**Exercise Amount**" means the Daily Valuation Amount on the Exercise Date subject to limited recourse. No payment under the Bonds shall be made to any Bondholder until a Notional Investor could have disposed of the corresponding portion or all of its interests in the Hedge Instruments and received the relevant proceeds to which it would have been hypothetically entitled thereunder.

"**Exercise Amount Settlement Date**" means five business days following the receipt of the Exercise Amount from the Hedge Instruments.

"**Germany**" means the Federal Republic of Germany.

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

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

"**Hedge Instruments**" Subject to advice of the Servicer, (i) an investment by the Issuer in the Basket Components and/or an investment by the Issuer into an investment fund offering exposure to the Reference Basket and/or a derivative contract on the Reference Basket 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.

"**Hedge Instrument's Terms**" means any agreement between an investor in the respective Hedge Instrument and the issuer of such Hedge Instrument, including (i) with respect to replication of the Reference Basket the Terms & Conditions of the respective Reference Basket Components and (ii) with respect to the investment into an investment fund the offering memorandum of such investment fund and (iii) with respect to the derivative contract (i) Master Agreement of the International Swaps and Derivatives Association Inc., which is governed by English or New York law, by entering into a confirmation, (ii) the German DRV Master Agreement by the Association of German Banks (Bundesverband Deutscher Banken), by entering into a confirmation or (iii) a bilateral agreement. The subject-matter of such an agreement may be e.g. the exchange of cash flows.

"**High Watermark**" means (i) for the period from Initial Fixing Date to the first Performance Fee Calculation Date the denomination of the Bonds pursuant to Condition 2(a) and (ii) for the following periods the higher of (a) the High Watermark at the previous Performance Fee Calculation Date and (b) the Basket Value determined on a best effort basis by the Issuer on the relevant Performance Fee Calculation Date.

"**Holders**" and "**Holder**" has the meaning provided in Condition 2(b).

"**Initial Fixing Period**" means the period from 27 April 2017 to 27 October 2017.

"**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 a Basket Component 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 accrued interest; and
- (c) an amount equal to the sum of the Set-up Fees.

"**Insolvency Event**" means, in relation to the Issuer, an event whereby the Issuer:

- (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 clause (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) 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) 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 clauses (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.

"**Intermediary**" means Financial Marketing Advisors GmbH.

"**Introduction Agreement**" means an agreement with the Intermediary regarding the placement of the Bonds.

"**Intermediary Fee**" means 2.00% per annum on the Issued Principal Amount multiplied with the fraction of the Daily Valuation Amount on the last business day of a month and the Bond Principal Amount, payable monthly in arrears

"**Investment Face Value**" means the aggregate principal value of a Basket Component held by the Notional Investor.

"**Issue Date**" means 27 April 2017 and any date thereafter on which the Issuer issues Bonds in an Upsize Transaction.

"**Issuer**" means Opus – Chartered Issuances S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg as an unregulated securitisation company (*société de titrisation*) within the meaning of, and governed by, the securitisation Law, having its registered office at 6, Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg and in the process of being registered with the Register of Trade and Companies of Luxembourg, acting in respect of its Compartment 58.

"**Issued Principal Amount**" means the principal amount of all Bonds issued and outstanding under these Conditions at any given time.

"**Limited Recourse**" has the meaning provided in Condition 3(c).

"**Liquidator**" means any administrator which holds all licenses and permissions required to liquidate the Hedge Instruments, 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 Hedge Instruments.

"**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 Hedge Instruments.

"Liquidation" has the meaning provided in Condition 8(e).

"Liquidation Proceeds" has the meaning provided in Condition 8(d).

"Luxembourg" means the Great Duchy of Luxembourg.

"Cash Reserve Account" means cash deposited in a EUR denominated money market account held with the Custodian.

"Notional Cash Reserve Account" has the meaning provided in Condition 6 (a).

"Notional Investor" means for the Reference Basket any existing or hypothetical Luxembourg domiciled securitization vehicle which factually or hypothetically has or would have invested in the Reference Basket and the Basket Components.

"Outstanding Bonds" means the Number of Bonds issued and outstanding at any given time (i.e. not redeemed or cancelled).

"Paying Agent(s)" has the meaning provided in Condition 12(a).

"Performance Fee" means a fee of 20.00% of the difference of the Basket Value (plus the sum of all interest payments made to Holders) and the High Watermark, payable on the Performance Fee Calculation Date, but only if on the respective Fee Calculation Date the Basket Value per Bond minus any unpaid fees is above the High Watermark.

"Performance Fee Calculation Date" means 01 June 2017 and monthly thereafter.

"Principal Amount" has the meaning provided in Condition 2(a).

"Principal Paying Agent" has the meaning provided in Condition 12(a).

"Project Bond" has the meaning provided in Condition 6(a).

"Received Assets" has the meaning provided in Condition 3(c).

"Reference Basket" means the MEZ Capital Basket, a basket of project bonds and the Notional Cash Reserve Account, subject to the Allocation Limits and adjustments as set out in Condition 6.

"Securitisation Law" means the Luxembourg law of 22 March 2004 on securitisation, as amended.

"Servicer" means Chartered Investment Germany GmbH, Düsseldorf, Germany

"Service Agreement" means an agreement between the Servicer and the Issuer subject to which the Issuer is advised on the structuring and maintenance of the Bonds.

"Set-up Fee" means up to 0.35% of the Initial Principal Amount or the Upsize Amount.

"Transaction Agreements" has the meaning provided in Condition 4(a).

"Upsize Amount" has the meaning provided in Condition 4(d).

"Upsize Transaction" has the meaning provided in Condition 4(d).

"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 following the Valuation Methodology, that the Notional Investor would have obtained from a sale of the Basket Component to a third party investor at any given time during the lifetime of the Bonds, 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 Hedge Instrument and (iii) the winding up of the Basket Component and (B) means the Investment Face Value of the relevant Basket Component at that time.

"Valuation Methodology" means either market prices as observed on the relevant OTC market, or in case of absence of such, an amount as calculated applying the discounted cash flow methodology for zero bonds using the zero yield on issue date as discount factor.

In case of delayed payments of the project bonds, valuation haircuts may be set according to the guidance of the Asset Sourcing Agent on the Investment Face Value of the respective project bond:

- a. 5%, in case the value of collateral exceeds the Investment Face Value of the project bond
- b. 10%, in case the value of collateral is less than the Investment Face Value of the project bond while the request of the asset sourcing agent to place additional collateral has been issued by less than four weeks
- c. 20%, in case the value of collateral is less than the Investment Face Value of the project bond while the request of the asset sourcing agent to place additional collateral has been issued by more than four weeks
- d. 50%, in case no information about the project company or the current value of collateral is provided to the asset sourcing agent

All determinations in regard of the valuation haircuts are subject to the assessment of the Asset Sourcing Agent. Any valuation haircut may be continuously applied until payments are settled to the full extent.

The Calculation Agent may adjust the Valuation Methodology in his sole discretion. Such adjustments will be displayed in the Asset Sourcing Agreement.

2. Form and Denomination

- (a) The bonds are issued in bearer form by the Issuer in EUR in the aggregate principal amount of up to EUR 500,000,000.00 (five hundred million EUR) (the "**Principal Amount**"), The Principal Amount shall be divided into 100,000 bonds in the denomination of EUR 5,000.00 (five thousand EUR) (the "**Bond Principal Amount**") each (the "**Bonds**"). The Issuer may, at its discretion issue the Bonds in several tranches.
- (b) The Bonds are represented by a global bearer bond (the "**Global Bond**") which is deposited with the Clearing System. The holders of Bonds ("**Holder**s" and each a "**Holder**") are entitled to co-ownership interests (*Miteigentumsanteile*) in the Global Bond, which are transferable in accordance with applicable laws and the rules and regulations of the Clearing System. Definitive bonds and interest coupons shall not be issued. The right of the Holders to request the issue and delivery of definitive bonds or interest coupons is excluded.

The Global Bond shall bear the manual or facsimile signatures of any two directors of the Issuer as well as the manual signature of an authentication officer of the Principal Paying Agent.

Pursuant to the book-entry registration agreement between the Issuer and Clearstream Frankfurt, the Issuer has appointed Clearstream Frankfurt as its book-entry registrar in respect of the Bonds and agreed to maintain a register showing the aggregate number of the Bonds represented by the Global Bond under the name of Clearstream Frankfurt, and Clearstream Frankfurt has agreed, as agent of the Issuer, to maintain records of the Bonds credited to the accounts of the accountholders of Clearstream Frankfurt for the benefit of the holders of the co-ownership interests in the Bonds represented by the Global Bond, and the Issuer and Clearstream Frankfurt have agreed, for the benefit of the holders of co-ownership interests in the Bonds, that the actual number of Bonds from time to time shall be evidenced by the records of Clearstream Frankfurt.

- (c) 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.

3. Status, Securitisation Law, Limited Recourse, Non Petition, Priority of Payments

- (a) Status

The obligations under the Bonds constitute direct, unsecured and (subject to Condition 3(c) *Limited Recourse* – and 3(d) *Non Petition*) unconditional obligations of the Issuer ranking *pari passu* among themselves. The Holders shall only have the right to receive payments on the Bonds solely from (i) payments received by the Issuer under the Hedge Instruments and (ii) proceeds from a sale of the Hedge Instruments by the Issuer.

Save for Condition 14(d), the Bonds are issued subject to, and will be enforced in Luxembourg, if applicable, in accordance with the provisions of the Securitisation Law (as may be amended from time to time) of Luxembourg or any other applicable Luxembourg law.

(b) Securitisation Law

In compliance with the Securitisation Law, the Articles authorise its management board to create one or more independent parts of the Issuer's estate (*patrimoine*) (each individual part referred to as a "**Compartment**" and collectively, the "**Compartments**") distinguishable from the rest of the Issuer's estate by the nature of assets or liabilities relating to such Compartment, the assets and liabilities of a Compartment are exclusively available to satisfy the rights of the creditors whose claims have arisen on the creation, operation or liquidation of such Compartment.

The Holders acknowledge and accept that the Issuer (a) is subject to the Securitisation Law and its Articles and (b) has adopted the Confirmation of Blockage and created the Compartment 58 to which all assets, rights and claims relating to the Bonds are allocated. Consequently, the assets of Compartment 58 are exclusively available to satisfy the rights of investors in relation to that Compartment 58 and the rights of creditors whose claims have arisen in connection with the creation, the operation or the liquidation of that Compartment 58. The Holders have only recourse to the assets of the Compartment 58 and not to the assets allocated to other Compartments (if any) created by the Issuer or any other assets of the Issuer.

In compliance with paragraph 4 of Article 5 of the articles of association of the Issuer, the Holders acknowledge that claims which are not incurred in relation to the creation, operation or liquidation of a specific compartment, shall be allocated by the management board of the Issuer to the Issuer's Compartments on a pro rata basis of the assets of those Compartments, unless the management board of the Issuer has explicitly allocated such claims to specific Compartments, on another basis, or in another manner as the management board of the Issuer may deem more appropriate.

(c) Limited Recourse

The Issuer's ability to satisfy its payment obligations under the Bonds in full is dependent upon it receiving corresponding payments under the Hedge Instruments, proceeds from a sale or redemption of the Hedge Instruments in accordance with these Conditions (the "**Received Assets**"). The fees and claims of, amongst others, the administrator of the Issuer or the custodian of Compartment 58 shall have priority over the claims of the Holders in respect of the Received Assets and the net proceeds (if any) of any realisation of the security for the Bonds may be insufficient to pay amounts due to the holders of the Bonds either in full or at all.

If the Received Assets are not sufficient to make all deliveries or payments which, but for the effect of this Condition 3(e), would be due in respect of the Bonds, the obligations of the Issuer in respect of the Bonds will be limited to an amount equal to such Received Assets ("**Limited Recourse**"). In such event, the Issuer will not be obliged to pay, and the other assets of the Issuer will not be available for payment of, any such shortfall and the rights of the Holders and other creditors to receive any further amount in respect of such obligations shall be extinguished and none of the Holders or other creditors may take any further action towards the Issuer, the Custodian or the Servicer to recover such amounts.

To the extent that the assets of Compartment 58 are ultimately insufficient to satisfy the claims of the Holders in relation to that Compartment 58, then the Issuer shall not be liable for any shortfall arising and the Holders shall not have any further claims against the Issuer. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the investors or creditors, and neither assets nor proceeds will be so available thereafter and the investors or creditors shall, in particular, have no recourse and no other right on or claim and they shall not claim against other assets of the Issuer, including the assets allocated to other Compartments of the Issuer or those who belong to the general estate of the Issuer, which are not allocated to any Compartment. The claims of full payment shall in such case be extinguished.

(d) Non Petition

The Holders undertakes not to open or initiate or join any person initiating any legal proceeding against the Issuer in relation to the claims hereunder, which could lead to the opening of any insolvency proceeding, collective or reorganisation proceedings or to the appointment of a liquidator or receiver to the seizure or enforcement of any of the assets of the Issuer, other than the assets of Compartment 58.

(e) Priority of Payments

- (i) The Received Assets will be distributed among the creditors of the Issuer with the following priority of payments:
1. Any amount due to any creditor(s) privileged by law and in particular any amount due to tax authorities
 2. Administrator of the Issuer and the custodian of Compartment 58 for any costs and expenses which can be directly linked to Compartment 58 and which are in the usual term of business covered by the Annual Fee

3. The Issuer for an amount equal to 0.35% p.a. of the Initial Principal Amount and any Upsize Amount for its general expenses in connection with the transaction and thereafter the Annual Fee.
 4. The Asset Sourcing Provider for any cost and expenses under the Asset Sourcing Agreement but not exceeding the Asset Sourcing Fee.
 5. The Intermediary for any cost and expenses under the Introduction Agreement but not exceeding the Introduction Fee and the Subscription Fee.
 6. Holders for any and all claims under the Bond(s) held by the respective Holder
- (ii) None of the Holders or any other party entitled to any claims against the Issuer in connection with the Bonds shall take any corporate action or other steps or legal proceedings for the winding-up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, agent, liquidator, examiner, sequestrator or similar officer of the Issuer or of any or all of the revenues and assets of the Issuer, or have any right to take any steps, except in accordance with these Conditions, for the purpose of obtaining payment of any amounts payable to it under the Conditions by the Issuer or take any steps to recover any debts whatsoever owing to it by the Issuer. Any claims in respect of any sum arising in respect of any security interest for securities of any other series of securities issued by the Issuer are excluded.
- (iii) None of the Holders or any other party entitled to any claims against the Issuer in connection with the Bonds (or any person acting on behalf of any of them) shall have any recourse against any director, shareholder, member, agent or officer of the Issuer in respect of any obligations by the Issuer pursuant to these Conditions or any notice which the Issuer is required to make pursuant to these Conditions.

4. General Covenants of the Issuer

(a) Transaction Agreements

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

- (i) Asset Sourcing Agreement, to be entered into with the Asset Sourcing Provider. Under the terms of the Asset Sourcing Agreement, inter alia:
 - a. The Issuer seeks advice on the composition of the initial composition of the Basket Components, sourcing thereof in the market and potential replacement of those.
 - b. The Issuer pays to the Asset Sourcing Provider an amount equal to Asset Sourcing Fee.
- (ii) Introduction Agreement, to be entered into with the Intermediary. Under the terms of the Introduction Agreement, inter alia:
 - a. The Intermediary shall place the Bonds in the market.
 - b. The Issuer pays to the Intermediary an amount equal to the Intermediary Fee and the Subscription Fee.
- (iii) Agreements regarding the Hedge Instruments to be entered into with the issuer of the Hedge Instruments; Under the terms of such agreement, as the case may be, inter alia:
 - a. The Issuer acquires the Basket Components from their respective paying agent.
 - b. The Issuer subscribes into an investment fund with the transfer agent of such investment fund
 - c. The Issuer enters into a derivative contract and pays a premium to the issuer of the Hedge Instrument. In turn the Issuer either receives the positive performance of the Reference Basket from the issuer of the Hedge Instrument or pays a negative performance of the Reference basket to the issuer of the Hedge Instrument.
 - d. The Issuer acquires any other investment that would enable the Issuer to fulfil its payment obligations under the Bonds
- (iv) Confirmation of blockage, pursuant to which all interest payments and maturities of the Underlying Securities credited on the accounts of the Issuer at its depositary in respect of Compartment 55 will be primarily used to fulfil all demands under the Bonds

(b) Use of Proceeds

The proceeds from the issuance of the Bonds will be an amount equal to 100 per cent (plus a subscription fee of up to 5.00% (the “**Subscription Fee**”) which is retained by the Intermediary or will be paid to the Intermediary

by the Issuer) of the Issued Principal Amount of the Bonds issued by the Issuer on any Issue Date in accordance with Condition 2(a). The Issuer will apply the proceeds of the issuance of the Bonds for the purposes of fulfilling its contractual obligations and the Transaction Agreements and hedging of the performance of the Reference Basket by purchasing and selling the corresponding portion of the Hedge Instruments.

(c) **Restrictions**

Subject to the provisions of these Conditions, so long as any of the Bonds remain outstanding, the Issuer shall in the name of the Compartment 58 not incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Hedge Instruments and holding cash in its custody accounts), 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 Issue Date). Notwithstanding the foregoing the Issuer may withdraw cash in an amount equal to the Asset Sourcing Fee for the Asset Sourcing Provider, an amount equal to the Introduction Fee and the Subscription Fee for the Intermediary, an amount equal to the Set-up Fee, the Annual fee and the Handling Fee as payment for costs and expenses incurred by the Issuer.

(d) **Upsize Transaction**

In case the Issuer issues further Bonds after issue date up to the Principal Amount ("**Upsize**") the subscription price for any such Bonds issued after Issue Date shall be based on the Daily Valuation Amount at the date of such issuance (=t) plus a lump sum fee in an amount equal to the Set-up Fee and the Subscription Fee on the principal amount of the Bonds issued in the respective Upsize transaction ("**Upsize Amount**").

(f) **Adjustments of Initial Fixing Level**

The Initial Fixing Level may, subject to market conditions, be adjusted as result of Upsizes and/or redemptions of Bonds. Such adjustment will in particular reflect the fact that the level of the amount of cash or cash equivalents held by Compartment 58 might rise for a time period following Upsizes to allow a re-adjustment of the Hedge Instruments to market conditions and conventions. The Issuer will use its best efforts to determine such re-adjustments of the basket and the Initial Fixing Level with in three Banking Days following the date of the Upsize.

5. Interest

The Bonds do not pay interest.

6. Reference Basket

(a) **Basket Components**

During the Initial Fixing Period, the Asset Sourcing Agent will identify certain investable Project Bonds and will determine, on a best effort basis, the amount of the Issued Principal Amount of the Bonds that would be notionally invested in a certain Project Bond (each such amount, expressed as the Initial Fixing Level multiplied by the Investment Face Value, a **Notional Investment Amount**). Remaining amounts will be allocated into the Notional Cash Reserve Account. 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 Project Bonds during the Initial Fixing Period or after Upsizes. Consequently, the weight of an individual Basket Component may fluctuate from time to time within the applicable Allocation Limits. 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).

Basket Component Project Bonds: Bonds issued by an eligible project company situated in Germany, Luxembourg, Austria or Switzerland pursuing an eligible real estate project may form a Basket Component of the Reference Basket, with the eligibility criteria described in detail in the Asset Sourcing Agreement. Among them are residential-, commercial- or hotel-developments and secured short term financing or pre-financing of sales proceeds opportunities.

Basket Component 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, the Upsize Amount and the aggregate Notional Investment Amount (after the deduction of the notional amount equal to the Set-up Fees, the Intermediary Fees and the Subscription Fees), provided that such amount shall not be less than 2.5% of the Issued Principal Amount;
- (1) any and all amounts, determined by the Calculation Agent, that the Notional Investor would have received from the Hedge Instruments in respect of The Reference Basket and the Basket Components (including but not limited to net dividends, interest and redemption amounts); and
- (2) interest that would have accrued on the cash deposited in the Notional Cash Reserve Account.
- (3) All the amounts that have been paid out of the Cash Reserve Account such as, the Fixed Interest Amounts, the Additional Interest Amounts, the Set-up Fees, the Annual Fees, the Intermediary Fees (if any), 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.

(b) **Reference Basket Value per Bond**

$$\left(\sum_{i=1}^N (n_{i,t} * p_{i,t}) + Cash_Reserve_Account_t - Fees - Taxes \right) / Bonds_t$$

where

N = Number of Project Bonds in the Reference Basket as advised by the Asset Sourcing Agent

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

$P_{i,t}$ = Valuation Amount in relation to Project Bond i on date t

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

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

$Fees$ = Sum of any unpaid Annual Fees, Handling Fees (if any), Intermediary 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)

$Cash_Reserve_Account_t$ = 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

$Bonds_t$ = Number of Bonds outstanding on date t

The Basket Value per Bond based on the Initial Fixing Level equals EUR 5,000.

(c) **Allocation Limits of Basket Components**

Diversification requirements

The Investment Face Value of one project bond can only weight up to 15% of the sum of all Investment Face Values of all project bonds.

All Investment Face Values of one issuer can only weight 30% of the sum of all Investment Face Values of all project bonds.

Regional allocation limits

A maximum of 45% of the sum of all Investment Face Values of all project bonds are allowed to be allocated to one of the following regions:

Baden-Württemberg, Bayern, Berlin , Brandenburg, Bremen, Hamburg, Hessen, Mecklenburg-Vorpommern, Niedersachsen, Nordrhein-Westfalen, Rheinland-Pfalz, Saarland, Sachsen, Sachsen-Anhalt, Schleswig-Holstein, Thüringen, Schweiz, Österreich, Luxembourg

Thematic allocation limits

A maximum of % of the sum of all Investment Face Values of all project bonds are entitled to be allocated to one of the following real estate projects:

Residential property development, including special areas as e.g. students, care homes – maximum of 100%

Commercial property development – maximum of 50%

Mix of Residential- / Commercial property development – maximum of 50%

Land development and urban development projects – maximum of 100%

Hotel development – maximum of 30%

Short-term loan collateralized with real estate – maximum of 30%

Pre-financing of sales revenues resulting from real estate sales – maximum of 30%

During the initial fixing period the Allocation Limits do not apply. Due to the illiquidity of the project bonds there will be no active rebalancing at the end of the initial fixing period to meet the Allocation Limits.

(d) **Replacement of a Reference Project**

Upon (i) maturity of a Reference Project, (ii) any event of default in respect of a Reference Project or (iii) a proposal from the Asset Sourcing Agent, following a prudent man management approach, the Issuer will, based on the advice from the Asset Sourcing Agent, replace the relevant Project Bond by another Project Bond, 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 0.05% 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.

7. Redemption

- (a) Unless otherwise previously redeemed and exchanged or purchased and cancelled in accordance with these Conditions, the Issuer will redeem each outstanding Bond on the Exercise Settlement Date on the Exercise Amount as determined by the Issuer for the Exercise Date by cash payment.
- (b) The Issuer is not entitled to call the Bonds prior to the Exercise Date otherwise than provided in Condition 9.

8. Early Redemption

- (a) Early Redemption at the Issuer's discretion

If

- (i) any change in the tax or regulatory treatment of the Issuer or in relation to the Bonds, whether on basis of changes of law or the administrative practice of regulatory or tax authorities;
- (ii) any or all Hedge Instruments cease to exist or cannot be acquired under the Subscription Agreements; or
- (iii) the Asset Sourcing Agreement is cancelled with its terms; or
- (iv) an Event of Default occurred;

the Issuer may at any time (but has no obligation to do so), by giving notice in accordance with Condition 13, 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 on the Early Redemption Date to such Holder in respect of each such Bond an amount equal to the Liquidation Proceeds.

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

- (c) For the purpose of this Condition 8 an "**Event of Default**" occurred if:
 - (i) default is made for more than three (3) Business Days in the payment of any sum or delivery due in respect of a Hedge Instrument in form of a derivative contract or investment fund, but not in regard of a Project Bond; or
 - (ii) the issuer of or debtor under a Hedge Instrument in form of a derivative contract or investment fund, but not in regard of a Project Bond, does not perform or comply with any one or more of its other obligations under the respective Hedge Instrument which default is incapable of remedy or, if capable of remedy, is not in the opinion of the Issuer remedied within five (5) Business Days after notice of such default shall have been given to the issuer of the Hedge Instrument by the Issuer; or
 - (iii) an Insolvency Event occurs.
- (d) Upon issuing an Early Redemption Notice, the Issuer shall apply best efforts to liquidate the Hedge Instruments in accordance with Condition 8(e) and pay out any payments received by the Issuer from the Liquidation, on the day following the date of receipt of such payments (the "**Liquidation Proceeds**") (applying the order of payment set forth in Condition 3(b)) to the Holders. Prior to making such payment, the Issuer shall inform the Holders of the Liquidation Proceeds and the date of payment to the Holders (the "**Early Redemption Date**").
- (e) In case of an Early Redemption the Issuer shall obtain quotes for the sale or redemption of the Hedge Instruments from at least three recognized counterparties on OTC markets or from any fund directly, and, sell the Hedge Instruments for the most favourable offer ("**Liquidation**").
- (f) The Issuer will not be liable for any action taken by it under or in connection with a liquidation of the Hedge Instruments in accordance with Condition 8(d), unless directly caused by its gross negligence (*grobe Fahrlässigkeit*) or wilful misconduct (*Vorsatz*). For the avoidance of doubt, the Issuer may exercise any termination rights where the Issuer deems such termination appropriate.
- (g) For the avoidance of doubt, the Issuer is not in default with any payments under the Bonds if and for so long claims under or in connection with the Hedge Instruments are not being fulfilled and the Issuer has not issued an Early Redemption Notice.

8a. Transactions requiring Bondholders approval; Conduct of Business at Meetings

- (a) The Issuer may take the following actions only based on prior approval of the Bondholders according to a resolution in accordance with §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen vom 5. August 2009 in its current version ("SchVG") based on a qualified majority (as defined below):
 - (i) Replacement of the Contractual Partner of the Asset Sourcing Agreement;
 - (ii) The Issuer may ask for approval of further actions. The Issuer may not be held liable for actions which are based on approved or rejected resolutions of the Bondholders.
- (b) Resolutions of the Bondholders are convened within a Bondholder Meeting (§§ 9 ff. SchVG). The Bondholder Meeting is called for by the Issuer and its convening notice sets out details of the Agenda and its Conduct of Business. Bondholders must register to attend the Meeting and to execute their voting rights. Registration must be presented until three calendar days prior to the Meeting at the address outlined in the convening notice. Bondholders must proof authorization through their custodian and a blocking certificate of its custodian on behalf of the Clearer for the time of the Meeting shall be issued. Notices shall be made according to §§ 5 ff. SchVG as well as Condition 13. Valid Resolutions of the Bondholder meeting are binding for all Bondholders.
- (c) Subject to Condition 8(a) (b) and a qualified quorum in accordance with § 15 Absatz 3 SchVG being present, resolutions are passed with single majority.
- (d) Resolutions requiring a qualified majority ("Qualified Majority") according to this Conditions will require 75% of the voting rights present at the meeting.

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 13.

9. Secondary Market

At any time and subject to mandatory provisions of law, the Issuer may, at its sole discretion, purchase Bonds in the open market or otherwise and at any price. Such acquired Bonds may be cancelled, held or resold by the Issuer. In case of a cancellation of the Bond the Issuer may sell any of the Hedge Instruments and exercise any termination rights or close out rights where the Issuer deems such measure appropriate.

10. Payments

- (a) Payment of all amounts under the Bonds shall be made to the Clearing System or to its order for credit to the relevant account holders of the Clearing System.
- (b) Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Bonds shall be made in EUR.
- (c) The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (d) 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.

11. Taxation

- (a) All payments of principal and exceeding proceeds from the Hedge Instruments (if any) in respect of the Bonds will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Luxembourg or the Federal Republic of Germany (as the case may be) or any political subdivision or any authority of or in Luxembourg or the Federal Republic of Germany (as the case may be) that has power to tax, unless that withholding or deduction is required by law. In that event, the Issuer will make such deductions or withholding and pay the amounts deducted or withheld to the competent authority.
- (b) The Issuer will not be obliged to pay any additional amounts of principal as a result of such deduction or withholding.

12. Principal Paying Agent, Principal Exchange Agent and Calculation Agent

- (a) The Principal Paying Agent and its respective initial specified offices are as follows:

Principal Paying Agent:

Hauck & Aufhäuser Privatbankiers KGaA, Luxembourg branch

The terms "**Paying Agents**" and "**Paying Agent**" shall include the Principal Paying Agent, unless the context requires otherwise.

- (b) The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent or any Paying Agent and to appoint another Principal Paying Agent or additional or other Paying Agents, provided 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. Notice of all changes in the identities or specified offices of the Principal Paying Agent and any Paying Agent will be given promptly by the Issuer to the Holders in accordance with Condition 13.
- (c) The Principal Paying Agent and any Paying Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for the Holder.

13. Notices

- (a) The Issuer shall publish all notices concerning 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 concerning the Bonds shall be made in accordance with the rules of the stock exchange on which the Bonds are listed.
- (c) In addition the Issuer shall deliver all notices concerning 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 effected pursuant to Condition 13(a) to (c) above shall be deemed to be effected on the day on which the first such communication is, or is deemed to be, effective.

14. Miscellaneous

- (a) The period for presentation of Bonds due, as established in § 801 paragraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*), is reduced to ten years.
- (b) The period for prescription for Bonds presented for payment during the presentation period shall be two years beginning at the end of the relevant presentation period.
- (c) If any of the Global Bond is lost, stolen, damaged or destroyed, it may be replaced by the Issuer upon payment by the claimant of the costs arising in connection therewith. As a condition of replacement, the Issuer may require the fulfilment of certain conditions, the provision of proof regarding the existence, indemnification and/or the provision of adequate collateral. In the event of any of the Global Bond being damaged, the Global Bond shall be surrendered before a replacement is issued. If the Global Bond is lost or destroyed, the foregoing shall not limit any right to file petition for the annulment of the Global Bond pursuant to the laws of Germany.
- (d) The form and content of the Bonds as well as all the rights and duties arising therefrom are governed exclusively by the laws of Germany. The provisions German Bondholder Act (*Schuldverschreibungsgesetz*) shall not apply. Place of performance is Frankfurt am Main, Germany. The provisions of Articles 86 to 94-8 of the Luxembourg Law of 10 August 1915 on commercial companies, as amended, are excluded.
- (e) To the extent legally permitted, the courts in Frankfurt am Main, Germany shall have jurisdiction for any action or other legal proceedings arising out of or in connection with the Bonds. For litigation, between the Holders and the Issuer which is brought before courts in the Germany, the Issuer has appointed Chartered Investment Germany GmbH, Düsseldorf, Germany, as agent for service of process.
- (f) Any Holder may in any proceedings against the Issuer protect and enforce in its own name its rights arising under its Bonds by submitting the following documents: (a) a certificate issued by its depositary bank (i) stating the full name and address of the Holder, (ii) specifying an aggregate principal amount of Bonds credited on the date of such certificate to such Holder's securities account maintained with such depositary bank and (iii)

confirming that the depositary bank has given a written notice to the Clearing System as well as to the Principal Paying Agent containing the information pursuant to (i) and (ii) and bearing acknowledgements of the Clearing System and the relevant Clearing System accountholder as well as (b) a copy of the Global Bond certified by a duly authorised officer of the Clearing System or the Principal Paying Agent as being a true copy.

(g) The Board shall be authorised to amend these Terms and Conditions in order to:

(i) reflect a change in the name of the Company;

(ii) make any change that is necessary or desirable to cure any ambiguity or to correct or supplement any provision of these Terms and Conditions that would otherwise be inconsistent with their purpose, the Company articles or the law;

(iii) make a change that is necessary or desirable to satisfy any applicable requirements, conditions or guidelines contained in any opinion, directive, order, statute, rule or regulation of any governmental entity so long as the change is made in a manner which minimises any adverse effect on Bondholders; or

(iv) any other amendment that in the reasonable opinion of the Company may be necessary or desirable;

provided that in each case the amendment does not adversely affect Bondholders in a material respect.

Other amendments, which increases a Bondholder's commitment (if any), modifies, the profit allocation rules or decreases the level of approval of Bondholders required to make such amendments may be made only with the prior approval of the Bondholder in form of outlined in Condition 8 (a) (d).

15. Language

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