

**TERMS AND CONDITIONS  
OF THE  
UP TO EUR 20,000,000 NOTES DUE 2035**

**ISSUED BY**

**QUANTUM DIGITAL SECURITIES SARL**  
**Acting in respect of its Compartment Cordial Property Management**

**Dated 18th June 2025**

*The following are (subject to amendment from time to time) the terms and conditions of the Notes.*

The up to EUR 20,000,000 Notes due 2035 are issued on 18th June 2025 (the “**Issue Date**”) by Quantum Digital Securities SARL, a Luxembourg private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 18, Rue Robert Stumper L - 2557 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*, Luxembourg, the “**RCS**”) under number B295929 and, as an unregulated securitisation company, subject to the Luxembourg law on securitisation dated 22 March 2004, as amended, acting in respect of its Compartment Cordial Property Management (the “**Issuer**”), with the purpose of acquiring the Compartment Loan (as defined below).

The value or return of the Notes will depend on the value or performance of the Compartment Loan. The Notes are issued at an issue price of EUR 100 (the “**Issue Price**”).

The Notes are governed by the following terms and conditions (the “**Terms and Conditions**” and each condition a “**Condition**”).

The issue of the Notes was authorised by the resolution of the Board of Managers passed on 18th June 2025.

The Terms and Conditions have been prepared on the basis that any offer of the Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. More specifically, the issuance of the Notes shall benefit from the exemption laid out under Article 1, paragraph 4, item (a) of the Prospectus Regulation (i.e. an offer of securities addressed solely to qualified investors).

These Terms and Conditions do not constitute a prospectus for the purpose of the Prospectus Regulation or the Luxembourg prospectus law of 16 July 2019.

The Notes shall not be listed or admitted to trading on any trading venue, including any multilateral trading facility or any regulated market (both terms as defined under MiFID II). The Notes will only be sold in compliance with the selling restrictions contained in Schedule 2.

Prospective investors should have regard to the factors described in *Schedule 2* (Disclaimer, *acknowledgement*, and *Risk Factors*) and prospective investors should make their own assessment as to the suitability of investing in the Notes.

A conflict of interest may arise from the position of Mr. Joseph Lijo George as controlling shareholder of both the Issuer and the borrower (Cordial Property Management GmbH) and as manager of the borrower under the Compartment Loan. Consequently, and to partially address this potential conflict, Mr. Joseph Lijo George will not be appointed as a manager of the Issuer.

The Notes have the benefit of a paying and calculation agency agreement dated Opportunity Financial Services (as amended or supplemented from time to time, the “**Paying Agency Agreement**”) between the Issuer and Opportunity Financial Services, as paying and calculation

agent (the “**Paying Agent**”), which expression includes any paying and calculation agent appointed from time to time in connection with the Notes. The Issuer has entered into a corporate services agreement dated 4 June 2025 with Opportunity Financial Services as registrar (the “**Registrar**”).

Quantum Digital Securities SARL, a Luxembourg private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 18, Rue Robert Stumper L - 2557 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*, Luxembourg, the “**RCS**”) under number B295929 and, as an unregulated securitisation company, subject to the Luxembourg law on securitisation dated 22 March 2004, as amended, acting in respect of its Compartment Cordial Property Management (the “**Responsible Person**”), accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Responsible Person (which has taken all reasonable care to ensure that this is the case), the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect such information. The delivery of these Terms and Conditions at any future time does not imply any information contained herein is correct at any time subsequent to the date hereof.

These Terms and Conditions refer to certain information provided by third parties. All information sourced from such third parties has been accurately reproduced and as far as the Responsible Person is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

These Terms and Conditions intend to provide information to potential investors in the context of and for the sole purpose of the offering of the Notes. It does not express any commitment or acknowledgement or waiver and does not create any right expressed or implied to anyone other than a potential investor. The contents of these Terms and Conditions are not to be construed as an interpretation of the rights and obligations of the Issuer, of the market practices or of contracts entered into by the Responsible Person.

No person has been authorised to give any information or to make any representation other than those contained in these Terms and Conditions in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Responsible Person.

These Terms and Conditions may only be used for the purposes for which they have been prepared.

The only persons authorised to use these Terms and Conditions in connection with an offer of Notes is the Issuer and/or certain financial intermediaries specified herein (if any).

Certain amounts which appear in these Terms and Conditions have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them or from which they are derived or extracted.

The contents of any website referred to in these Terms and Conditions shall not be and shall not be deemed to have been incorporated into these Terms and Conditions by reference.

THE NOTES WILL GRANT RIGHTS SOLELY OVER THE ISSUER AND THERE WILL BE NO RECOURSE AGAINST ANY OTHER ENTITY.

Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

## 1. Definitions and Construction

For the purposes of the Conditions:

**Acceleration Notice** means a notice served by the Majority Noteholders on the Issuer in accordance with Condition 13 (*Events of Default*).

**Acceleration Redemption Date** means the date falling two (2) Business Days after the service of an Acceleration Notice.

**Affiliate** means in relation to any party, a holding company, subsidiary or fellow subsidiary of such party or body corporate in which such party is substantially interested.

**Articles** shall mean the articles of association of the Issuer, as amended from time to time.

**Board of Managers** means the board of managers of the Issuer.

**Business Day** shall mean a day (other than a Saturday or Sunday) on which banks are open for business in Luxembourg and Austria

**Compartment** shall mean the compartment Cordial Property Management of the Issuer, as created by the Board of Managers of the Issuer by virtue of the board minutes dated 18th June 2025.

**Compartment Loan** shall mean the Luxembourg law governed facility agreement granted by the Issuer through its Compartment to Cordial Property Management GmbH, a German company with registered address at Babenhauser Straße 21, 87737 Boos.

**Deferred Interest** has the meaning ascribed to this term in Condition 7.4 (*Deferred Interest*).

**Disruption Event** means either or both of:

- (a) a material disruption to the payment or communications systems or to the financial markets which are, in each case, required to operate in order for payments to be made in connection with these Terms and Conditions (or otherwise in order for the transactions contemplated by the Terms and Conditions to be carried out), provided that the disruption is not caused by, and is beyond the control of, the Issuer; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems related nature) to the treasury or payments operations of the Issuer preventing it:
  - (i) from performing its payment obligations under the Terms and Conditions; or
  - (ii) from communicating with the Noteholders in accordance with the Terms and Conditions,

and which (in either case) is not caused by, and is beyond the control of the Issuer.

**DLT** means Polygon, a specific distributed ledger technology relying on one concrete source code and where all nodes share the same ledger. This definition excludes any other forked-out distributed ledger technologies relying on the same source code but with a diverging ledger.

**Early Issuer Redemption Date** means the date specified in the Early Issuer Redemption Notice in accordance with Condition 10.2 (*Redemption at the Issuer's option*).

**Early Issuer Redemption Notice** has the meaning ascribed to such term in Condition 10.2 (*Redemption at the Issuer's option*).

**Early Noteholder Redemption Date** means the date specified in the Early Noteholder Redemption Notice in accordance with Condition 10.3 (*Redemption at a Noteholder's option*).

**Early Noteholder Redemption Notice** has the meaning ascribed to such term in Condition 10.3 (*Redemption at a Noteholder's option*).

**Early Noteholder Redemption Amount** has the meaning ascribed to such term in Condition 10.3.

**Event of Default** shall have the meaning given in Condition 13.

**Extended Maturity Date** means the right by the Issuer to extend the Maturity Date by one (1) year up to three (3) times provided the Issuer reasonably believes that the proceeds obtained from the Compartment Loan will be lower than the aggregate amount of principal under the Notes actually issued together with the Interest.

**Growth Interest** means the non-periodic interest component that accrues on each Note from the Issue Date up to, and including, the Maturity Date or an Early Issuer Redemption Date. Growth Interest is calculated by applying the Cumulative Growth Rate (from the End-Payable Interest Rate Growth Table) to the Note's Issue Price in accordance with Condition 7.1 (b). Growth Interest is not payable on any Regular Interest Payment Date, but is payable only on the Maturity Date.

**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 and has lost its creditworthiness;
- (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) has a resolution passed for its winding up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) 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;
- (g) 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;
- (h) 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 clauses (a) to (g) (inclusive); or
- (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

**Insolvency Regulation** means the Council Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast).

**Interest** means any interest in respect of the Notes accrued pursuant to to Condition 7 (*Interest*) including both (i) Regular Accrued Interest and (ii) Growth Interest. Regular Interest Payment Date

**Interest Increase Event** means an increase of at least 5 % in the [net/gross] [profits/revenue] as reflected in the "profit or loss for the financial year" item in Cordial Property Management GmbH's financial statements, prepared under the German Commercial Code (HGB) as compared to the prior financial year.

**Interest Year** means the Regular Interest Payment Date after twelve consecutive Regular Interest Periods.

**Issuer Expenses** means the direct and indirect costs incurred by the Issuer for the relevant Regular Interest Period to the extent they have been reflected in the annual accounts of the Issuer. For the avoidance of doubt and for the purposes of Condition 9 (*Priority of Payments*), the Issuer Expenses shall include, but not be limited to, any amount due to any creditor(s) privileged by law, any amount due to any service providers, any amounts due to the statutory approved auditor (*réviseur d'entreprises agréé*) and any amounts due to the Issuer's account bank.

**KYC/AML Rules** means the obligations applicable to the Issuer under the applicable Luxembourg money laundering, counter-terrorism financing, non-proliferation, anti-bribery, anti-corruption and anti-trafficking statutes, laws, rules and regulations promulgated.

**Luxembourg GAAP** means Luxembourg generally accepted accounting principles.

**Majority Noteholders** means at any moment, Noteholders holding together an aggregate of more than fifty (50) per cent. of the outstanding Notes.

**Material Adverse Effect** means a material adverse effect on the ability of the Issuer to perform or follow its financial obligations under the Notes and these Terms and Conditions.

**Maturity Date** means 23 June 2035 or, provided the Extended Maturity Date has been exercised, the relevant extended maturity date which shall in any event not be a date later than 23 June 2038.

**MiCA** means Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets.

**MiFID II** means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.

**Noteholder** means any holder of the Notes who has complied with the KYC/AML Rules and is a professional client, as defined in point (10) of Article 4(1) of MiFID II.

**Notes** shall mean each and any debt securities in the form of notes, qualifying as transferable securities which in turn qualify as financial instruments (as defined under point (15), article 4(1) of MiFID II), issued by the Issuer on the DLT (in the form of tokens) in accordance with the Conditions.

**Prospectus Regulation** means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended.

**Priority of Payments** means the priority of payments set out in Condition 9 (*Priority of Payments*).

**Redemption Date** means:

- (a) an Early Issuer Redemption Date;

- (b) an Early Noteholder Redemption Date
- (c) the Maturity Date; and
- (d) any Acceleration Redemption Date.

**Redemption Price** means:

- (a) if an Early Issuer Redemption Date occurs, the Denomination plus any Accrued Interest that remains unpaid. Any accrued Growth Interest would only be payable on the Maturity Date;
- (b) if an Early Noteholder Redemption Date occurs, the Redemption Amount plus any Accrued Interest that remains unpaid; and
- (c) if the Maturity Date or an Acceleration Redemption Date occurs, an amount equal to the aggregate amount payable in accordance with the Priority of Payments and subject to Condition 14 (*Limited Recourse and non petition*).

**Register** means the register of Noteholders held by the Registrar in accordance with Luxembourg law, based on the information available on the DLT.

**Regular Accrued Interest** means for each Regular Interest Period, the Regular Accrued Interest determined in accordance with Condition 7.1 (a).

**Regular Interest Payment Date** means:

- (a) the 15th day of every month in each year; and
- (b) in relation to the last Regular Interest Period, the Redemption Date.

provided, however, that if the Redemption Date falls on a date which is not a Business Day, the Regular Interest Payment Date shall be postponed to the next Business Day.

**Regular Interest Period** means each period beginning on, and including, an Regular Interest Payment Date and ending on, but excluding the following Regular Interest Payment Date except that:

the first Regular Interest Period shall begin on (and include) the Issue Date and end on (and exclude) the first Regular Interest Payment Date; and

the last Regular Interest Period shall end on (and exclude) the Redemption Date.

If a Regular Interest Period would otherwise end on a day which is not a Business Day, that Regular Interest Period will instead end on the next Business Day.

**Representative** means, if appointed, the representative of the Noteholders

**Sanctions** means any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanctions Authority.

**Sanctions Authority** means:



- (a) the Security Council of the United Nations;
- (b) the United States of America;
- (c) the European Union;
- (d) the United Kingdom;
- (e) the member states of the European Union; and
- (f) the governments and official institutions or agencies of any of paragraphs (a) to (e) above, including OFAC, the US Department of State, and Her Majesty's Treasury.

**Securitisation Law** means the law of 22 March 2004 relating to securitisation, as amended from time to time.

**Noteholders** has the meaning ascribed to it in Condition 3.2 (*Title*).

Words importing the singular shall include the plural and vice versa. Clause headings are inserted for convenience of reference only and shall be ignored in construing these Terms and Conditions.

A reference to a person in these Terms and Conditions includes its successors, transferees and assignees or novated parties.

Reference in these Terms and Conditions to any agreement or instrument is a reference to that agreement or instrument as amended, novated, supplemented, extended or restated.

## 2. **Principal Amount and Denomination**

The issue of the notes by the Issuer in the aggregate principal amount of up to [EUR 20,000,000 (twenty million euros)] (the “**Principal Amount**”) is divided into [200,000 notes in a specified denomination of EUR 100] (a hundred euros) (the “**Denomination**”) (the “**Notes**”, and each a “**Note**”).

## 3. **Form, Title, Register and Transfer**

### 3.1. **Form**

The Notes are issued in registered form.

### 3.2. **Title**

- (a) Title to the Notes shall be established by an entry in the Register as described in Condition 3.3 (*Register*).
- (b) The Issuer shall treat the registered owner of a Note as its absolute owner for all purposes.
- (c) In these Terms and Conditions, “**Noteholder**” and (in relation to a Note) “**Holder**” means the person in whose name such Note is registered for the time being in the Register (or, in the case of a joint holding, the first named thereof).

### 3.3. Register

The Registrar shall maintain the Register in respect of the Notes, in accordance with the provisions of the corporate services agreement, and shall record in the Register the following information:

- (i) the name and address of the Noteholder;
- (ii) the date on which the relevant Notes were issued to the Noteholder;
- (iii) the aggregate amount of the Notes held by the Noteholder; and
- (iv) all transfers of the Notes with an indication of the date of such transfer.

### 3.4. Transfer

The Notes are freely transferable, and any transfer shall be made in accordance with the provisions of the Luxembourg laws and regulations.

### 4. Listing and admission to trading

The Notes will not be listed or admitted to trading.

### 5. Status

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, and shall at all times rank at least *pari passu* with all other obligations of the Issuer and without any preference amongst themselves (save for such mandatory exceptions as may be provided for by applicable legislation and regulations).

### 6. Purpose

The Issuer shall use the proceeds of the issuance of the Notes (net of any Margin and Issuer Expenses) in accordance with the Securitisation Law to grant the Compartment Loan.

#### Purpose of use Fuggerschloss Boos "Boos - Token":

Purpose of use:	Total volume	Volumes for token security
Purchase and restoration of the Fugger Castle Boos according to the purchase agreement dated 13 February 2025 including the construction descriptions and project plan/construction schedule contained therein	36,000,000.00 €	10,000,000.00 € Registration in Land register possible

**total** 10,000,000.00 €

As of: June 18, 2025

Cordial Property Management GmbH  
87737 Boos

## 7. Interest

### 7.1. Calculation of Interest

#### (a) Regular Accrued Interest

Each Note shall accrue Regular Accrued Interest in respect of each Regular Interest Period in an amount that shall be calculated as follows:

$$\text{Regular Accrued Interest} = \left( \frac{\text{Regular Interest Rate} \times A}{B \times C} \right)$$

Where:

*A* = the aggregate amount of principal of Notes actually issued which shall not exceed the Principal Amount.

*B* = number of outstanding Notes in issue.

*C* = number of Regular Interest Periods per Interest Year.

*Regular Interest Rate* = 2.25 % per annum for the first twelve consecutive Regular Interest Periods. At the first Interest Year after the Issue Date and for each subsequent Interest Year, the interest rate shall be increased by 0.09 % only if an Interest Increase Event has occurred in respect of the prior financial year. If no such event has occurred, the Regular Interest Rate shall remain unchanged relative to the previous Interest Year. For further reference, see the table below:

Interest Year	Regular Interest Period	Regular Interest Rate
Year 1	4	Fixed at 2.25 %

		<b>p.a.</b>
<b>Year 2</b>	8	<p>if an Interest Increase Event occurred = Year 1 Rate + <b>0.09 %</b></p> <p>if an Interest Increase Event did not occur = Year 1 Rate</p>
<b>Year 3</b>	12	<p>if an Interest Increase Event occurred = Year 2 Rate + <b>0.09 %</b>;</p> <p>if an Interest Increase Event did not occur = Year 2 Rate</p>
<b>Year 4</b>	16	<p>if an Interest Increase Event occurred = Year 3 Rate + <b>0.09 %</b>;</p> <p>if an Interest Increase Event did not occur = Year 3 Rate</p>
<b>Year 5</b>	20	<p>if an Interest Increase Event occurred = Year 4 Rate + <b>0.09 %</b>;</p> <p>if an Interest Increase Event did not occur =</p>

		Year 4 Rate
<b>Year 6</b>	24	<p>if an Interest Increase Event occurred = Year 5 Rate + <b>0.09</b> %;</p> <p>if an Interest Increase Event did not occur = Year 5 Rate</p>
<b>Year 7</b>	28	<p>if an Interest Increase Event occurred = Year 6 Rate + <b>0.09</b> %;</p> <p>if an Interest Increase Event did not occur = Year 6 Rate</p>
<b>Year 8</b>	32	<p>if an Interest Increase Event occurred = Year 7 Rate + <b>0.09</b> %;</p> <p>if an Interest Increase Event did not occur = Year 7 Rate</p>
<b>Year 9</b>	36	<p>if an Interest Increase Event occurred = Year 8 Rate + <b>0.09</b> %;</p> <p>if an Interest Increase Event</p>

		did not occur = Year 8 Rate
<b>Year 10</b>	40	if an Interest Increase Event occurred = Year 9 Rate + <b>0.09</b> %;  if an Interest Increase Event did not occur = Year 9 Rate

For the avoidance of doubt, the Interest Increase Event is determined only once per Interest Year (i.e. once every twelve months).

**(b) Accumulation of Growth Interest**

Each Note shall also accrue a separate Growth Interest component from its Issue Date until (i) its Maturity Date or (ii) an Early Issuer Redemption Date (if applicable). For the avoidance of doubt, no Growth Interest whatsoever shall be considered to have accrued from the Issue Date if an Acceleration Notice is served on the Issuer in accordance with Condition 13 (*Events of Default*) or if Early Noteholder Redemption Notice is served on the Issuer in accordance with Condition 10.3 (Redemption at a Noteholder's option).

Growth Interest is not payable on any Regular Interest Payment Date. Instead, it is paid only on the Maturity Date (even if accrued only up to an Early Issuer Redemption Date). Growth Interest for each Note is calculated by applying the Cumulative Growth Rate (from the End-Payable Interest Rate Growth Table, below) to each Note's Issue Price, independently of any Regular Accrued Interest.

**End-Payable Interest Rate Growth Table**

<b>Elapsed Time Since Issue Date</b>	<b>Cumulative Growth Rate (%)</b>
After 1 year	4.00 %
After 2 years	8.16 %
After 3 years	12.48 %
After 4 years	16.98 %

After 5 years	21.66 %
After 6 years	26.53 %
After 7 years	31.59 %
After 8 years	36.85 %
After 9 years	42.33 %
After 10 years	48.02 % (Rollover applies thereafter)

If the Early Issuer Redemption Date falls between two full anniversaries, the Growth Rate for the last completed anniversary applies.

**(c) Unpaid Regular Accrued Interest and Growth Interest at Maturity**

On the Maturity Date, the Issuer shall pay to each Noteholder:

- a. All unpaid Regular Accrued Interest that has accrued and remains unpaid on the Maturity Date (no Regular Accrued Interest continues to accrue beyond the Maturity Date); and
- b. All Growth Interest accrued under Clause 7.1(b).

**7.2. Determination of Regular Accrued Interest and Growth Interest**

The Issuer (or Paying Agent) shall, as soon as practicable on each Regular Interest Payment Date, determine the Regular Accrued Interest for the relevant Regular Interest Period.

No later than five (5) Business Days prior to the Maturity Date, the Issuer (or Paying Agent) shall determine the Growth Interest for each Note by reference to its Issue Price and the applicable Cumulative Growth Rate.

**7.3. Payment of Interest**

Subject to Condition 7.4 (*Deferred Interest*) and to the extent the Board of Managers declares the Accrued Interest payable, the Issuer shall pay such Accrued Interest on the relevant Regular Interest Payment Date to each Noteholder.

**(a) Regular Interest Payment Dates**

Subject to Condition 7.4 (*Deferred Interest*) and to the extent the Board of Managers declares Regular Accrued Interest payable, the Issuer shall pay such Regular Accrued Interest on each Regular Interest Payment Date to each Noteholder.

**(b) Payment of Growth Interest**

All Growth Interest shall be payable only on the Maturity Date:

On an Acceleration Redemption Date or an Early Noteholder Redemption Date, no Growth Interest shall be considered to have been accrued and no Growth Interest shall be payable at any time.

#### **7.4. Deferred Interest**

To the extent that the funds available to the Issuer to pay a Regular Accrued Interest on the Notes on an Regular Interest Payment Date (other than a Redemption Date) are insufficient to pay the full amount of such Regular Accrued Interest, payment of the shortfall (the “**Deferred Interest**”), will be deferred until the next Regular Interest Payment Date which is declared by the Board of Managers on which funds are available to the Issuer (subject to and in accordance with the Priority of Payments) to fund the payment of such Deferred Interest to the extent of such available funds. For the avoidance of doubt, no Regular Interest shall be accrued on Default Interest and no Deferred Interest shall arise in respect of an Regular Accrued Interest payable on the Redemption Date.

### **8. Payments**

#### **8.1. Method of payment**

Payments of Interest and Principal Amount in respect of the Notes, save for payments made under Condition 10.3 (*Redemption at the Option of the Noteholder*), will be made by way of bank transfer in EUR by the Issuer or by the Paying Agent acting on its behalf to, or to the order of, each Noteholder for the value on such due date on (i) the Regular Interest Payment Date if the payment relates to Accrued Interest, (ii) the Maturity Date if the payment relates to Growth Interest or (iii) within 20 Business Days as from the Redemption Date if the payment relates to Condition 10 (**Redemption**). Such amounts will be paid by the Issuer or by the Paying Agent acting on its behalf in full to a cash account in the name of each Noteholder.

#### **8.2. Payments subject to fiscal laws**

Payments in respect of principal and Interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 16 (**Taxation**).

#### **8.3. Non-Business Days**

If the due date for payment of any amount in respect of the Notes is not a Business Day, the Noteholder shall not be entitled to payment until the first following day which is a Business Day.

#### **8.4. Payments net of commissions, costs or fees**

No commissions, costs, fees or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 8 (*Payments*) other than any Issuer Expenses.

### **9. Priority of Payments**



All payments by the Issuer shall be made in the following order of priority:

- (i) *First*, to the payment of any taxes owed by the Issuer to the Luxembourg tax authorities or otherwise;
- (ii) *Second*, to the payment of the fees, costs, expenses and any other amount (together with any value added tax thereon) due and payable to the professional advisors, auditors, account bank and/or any other service provider of the Issuer (including, without limitation, any indemnities thereunder and any services in connection with the issuance of the Notes);
- (iii) *Third*, to the payment of the Interests owed to the Noteholders under the Notes; and
- (iv) *Fourth*, to the payment of the principal owed to the Noteholders under the Notes which shall not be repaid prior to the Maturity Date.

In case the cash available to pay any amount to be distributed to the Noteholders is not sufficient, the Issuer shall inform the Noteholders on the relevant Regular Interest Payment Date.

## **10. Redemption**

### **10.1. Redemption at maturity**

Unless (i) redeemed earlier pursuant to Condition 10.2 (*Redemption at the Issuer's option*) or (ii) redeemed earlier after the service of an Acceleration Notice, the Notes will be redeemed on Maturity Date at the Redemption Price.

For the exercise of the Extended Maturity Date, the Issuer shall notify the Noteholders or their Representative at least 60 calendar days before the end of the relevant Maturity Date.

### **10.2. Redemption at the Issuer's option**

The Issuer may in its entire discretion, at any time prior to the Maturity Date, redeem all or part of the Notes at the Redemption Price and in accordance with the Priority of Payments. The Issuer shall give notice (the “**Early Issuer Redemption Notice**”) of the proposed redemption of the Notes to the Noteholders not less than ten (10) Business Days prior to the contemplated Early Issuer Redemption Date, together with a certificate signed by the Issuer certifying that the Issuer will have sufficient funds to effect such redemption, not subject to any interest of any other person. The Early Issuer Redemption Notice shall state the proposed Early Issuer Redemption Date.

### **10.3. Redemption at a Noteholder's option**

At any time prior to the Maturity Date, a Noteholder may elect to redeem all its Notes in accordance with this Condition 10.3 by delivering to the Issuer a duly completed Early Noteholder Redemption Notice of the proposed redemption of the Notes not less than ten (10) Business Days prior to the contemplated Early Noteholder Redemption Date, together with a

certificate signed by the Noteholder certifying that the Noteholder will have sufficient funds to effect such redemption, not subject to any interest of any other person.

The Early Noteholder Redemption Notice shall state the proposed Early Noteholder Redemption Date and the relevant bank account where the payment of the Early Noteholder Redemption Amount (as defined below) should be made.

Upon valid delivery of the Early Noteholder Redemption Notice, the Issuer shall redeem the relevant Notes by paying to the Noteholder an amount determined according to the following calculation (the “**Early Noteholder Redemption Amount**”):

$$(Denomination \times Holding) \times \text{Early Redemption Percentage}$$

**where:**

**Holding** means the number of Notes held by the Noteholder who delivered the Early Noteholder Redemption Notice to the Issuer

**Early Noteholder Redemption Percentage** means the percentage set out opposite the calendar year (measured from, and including, the Issue Date) in which the Early Noteholder Redemption Date falls, as follows:

Year after Issue Date	Early Noteholder Redemption Percentage
-----------------------	--

1 (from Issue Date until first anniversary of the Issue Date)	80 %
2 (from first anniversary until second anniversary of the Issue Date)	82 %
3 (from second anniversary until third anniversary of the Issue Date)	84 %
4 (from third anniversary until fourth anniversary of the Issue Date)	86 %
5 (from fourth anniversary until fifth anniversary of the Issue Date)	88 %
6 (from fifth anniversary until sixth anniversary of the Issue Date)	90 %
7 (from sixth anniversary until seventh anniversary of the Issue Date)	92 %
8 (from seventh anniversary until eighth anniversary of the Issue Date)	94 %
9 (from eighth anniversary until ninth anniversary of the Issue Date)	96 %
10 (from ninth anniversary until tenth anniversary of the Issue Date)	98 %
11 as from Maturity Date (including any extensions thereof)	100 %

#### 10.4. **Redemption following service of an Acceleration Notice**

Following the service of an Acceleration Notice, the Notes will be redeemed on the

Acceleration Redemption Date at the Redemption Price.

## **11. Representations and Warranties**

The Issuer represents on the Issue Date that:

- (a) it is a company duly incorporated and validly existing as a private limited liability company (*société à responsabilité limitée*) 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;
- (b) it has the power to own its assets and carry on its business as it is being conducted;
- (c) it has no “establishment” (as that term is used in Article 2(10) of the Insolvency Regulation) in any jurisdiction;
- (d) no Insolvency Event has occurred or is pending in relation to it;
- (e) the obligations expressed to be assumed by it under these Terms and Conditions are legal, valid, binding and enforceable obligations;
- (f) the execution and performance by it of, and the transactions contemplated by, these Terms and Conditions do not conflict with:
  - (i) any law or regulation applicable to it;
  - (ii) its constitutional documents; or
  - (iii) any agreement or instrument binding upon it or any of its assets;
- (g) it has the power to execute, perform and deliver, and has taken all necessary action to authorise the execution of, performance and delivery of these Terms and Conditions and the transactions contemplated herein;
- (h) the Issuer is not in breach of or in default under any agreement to which it is a party or which is binding on it or any of its assets to an extent or in a manner which might have a Material Adverse Effect;
- (i) no material litigation, arbitration, action or administrative proceeding of or before any court or agency against the Issuer has been started, pending or threatened, which may affect the ability of the Issuer to enter into the transactions contemplated into these Terms and Conditions;
- (j) the issuance of the Notes does not fall within the scope of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation;
- (k) the Notes qualify as transferable securities and therefore, also as financial instruments (as defined under point (15), article 4(1) of MiFID II).

- (l) the Terms and Conditions will not be forwarded or distributed to any unauthorized person, particularly not to any person in the United States or to any U.S. address.
- (m) it will not request the Notes to be listed, or admitted to trading, in any trading venue in any jurisdiction.
- (n) it performs:
  - (i) all verifications required to comply with KYC/AML Rules;
  - (ii) appropriate controls and will apply procedures to achieve its compliance with Sanctions; and
  - (iii) all relevant procedures to verify compliance with KYC/AML Rules and Sanctions, in each case in connection with the Notes.

## **12. Undertakings**

### **12.1. Information Undertakings**

- (a) Provision of information

The Issuer will provide the Noteholders, upon reasonable request by the Majority Noteholders, with a certificate reflecting each Noteholder's investment position, to the extent the procurement of such additional information does not result in the Issuer incurring unreasonable costs.

- (b) Notice of litigation

The Issuer shall, as soon as the same are available, provide to the Noteholders (or their Representative) any information about any litigation, foreclosure, arbitration, action or administrative proceedings in respect of the Issuer or its assets which could have a Material Adverse Effect.

- (c) Notification of default

The Issuer shall notify the Noteholders (or their Representative) of any Event of Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

### **12.2. General Undertakings**

So long as the Notes remain outstanding:

- (i) the Issuer will not engage in any activity or business other than in accordance with its Articles;
- (ii) the Issuer shall punctually and regularly pay all taxes that it is directly liable for, in the correct amount when finally due (together with any interest and penalties thereon); and

- (iii) the Issuer shall obtain, effect and maintain in full force and effect all authorisations, licences and consents required in connection with the issuance, entry into and performance of its obligations under the Notes.

### **12.3. Financial Undertakings**

The Issuer shall disclose its audited annual accounts on its website no later than one hundred and eighty (180) Business Days following the end of its financial year.

## **13. Events of Default**

If any one or more of the following events (each an “**Event of Default**”) shall have occurred, namely:

- (a) default in payment when any amount is due and payable in respect of principal, interest or any other amount due under any of the Notes, except if payment is made within thirty (30) Business Days of its due date, unless its failure to pay is caused by:
  - a. an administrative or technical error; or
  - b. a Disruption Event;
- (b) failure by the Issuer to execute any other provision of these Terms and Conditions (other than the one referred to under Condition 13(a)) if, where it is not clearly impossible to remedy such failure, it is not remedied within thirty (30) Business Days after written notice has been given to the Issuer by any Noteholder (or their Representative) requesting the Issuer to remedy such default; or
- (c) an Insolvency Event occurs; or
- (d) any representation or statement made or deemed to be made by the Issuer in these Terms and Conditions is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, unless the circumstances giving rise to that misrepresentation are capable of remedy and are remedied within thirty (30) Business Days of any Noteholder (or their Representative) giving notice to the Issuer or the Issuer becoming aware of the misrepresentation;

then, on and at any time after the occurrence of an Event of Default, the Majority Noteholders may, by sending an Acceleration Notice to the Issuer in accordance with Condition 17 (*Notices*), declare all or any part of the Notes outstanding to be immediately due and payable but always in accordance with the Priority of Payments, whereupon the same shall become so payable together with any Accrued Interest and any other sums then owed by the Issuer under the Terms and Conditions.

## **14. Limited Recourse and non-petition**

### **14.1. Limited recourse**

Any claims against the Issuer will be limited to the Compartment Loan of the Issuer. Once the

Compartment Loan of the Issuer has been realised and distributed, the Issuer shall not be liable for any further amounts, committed to any further payments and any claims shall be considered as extinguished.

#### **14.2. Non-petition**

The Noteholders undertake and agree that they shall not cause or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceedings or other similar proceedings under any applicable law.

#### **15. Meetings of Noteholders**

Any meetings of Noteholders shall be convened and held in accordance with the provisions contained in Schedule 1 (*Provisions for Meetings of the Noteholders*) attached hereto.

#### **16. Taxation**

##### **16.1. No withholding tax**

All payments on the Notes shall be made without withholding of or deduction for taxation unless the withholding or deduction is required by law, in which case the relevant payment will be made subject to such withholding or deduction.

##### **16.2. No Gross up**

In the event that any withholding tax or deduction for tax is imposed on payments under the Notes, the Noteholders will not be entitled to receive additional amounts to compensate for such withholding or deduction.

#### **17. Notices**

Notices must be given in the manner provided hereunder:

##### **17.1. Form of notices and addressees**

Any notice, information or other written communication under or in connection with these Terms and Conditions shall be:

- (a) in writing;
- (b) in the English language; and

##### **If to the Issuer:**

Address: 18, Rue Robert Stumper L - 2557 Luxembourg

Attention: the Board of Managers

##### **If to the Noteholders:**

Any notice to a Noteholder shall be validly given if:

- (i) published on the Issuer's website; or

- (ii) delivered to the Representative; or
- (iii) sent by email to the regular mail addresses of the relevant person in whose name the Notes are registered with the Registrar at the time the notice is dispatched, as such addresses may be reflected in the Register.

## **17.2. Method of Service**

In the absence of evidence of earlier receipt, any notice or other written communication shall be deemed to have been duly given:

- (a) if delivered personally, when left at the address of the relevant person set out in these Terms and Conditions and acknowledged in writing by such person;
- (b) if sent by registered mail, five (5) Business Days after being deposited in the post, postage prepaid and in an envelope addressed to the relevant person as set out in these Terms and Conditions;
- (c) if published in the Issuer's website, one (1) Business Day after publication; and
- (d) if sent by email, one (1) Business Day after the email has been sent.

## **18. Prescription**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of Principal Amount) and five years (in the case of Interest) from the date on which the relevant payment first becomes due.

## **19. Amendments and termination**

- (a) Any provision of these Terms and Conditions may be amended or waived with the consent in writing of the Issuer and the Majority Noteholders (or the Representative, if any). Such consent may be requested and provided digitally through the Issuer's website.
- (b) If any of the provisions contained in these Terms and Conditions shall be invalid, illegal and unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
- (c) These Terms and Conditions and any rights attached to the Notes shall terminate once all Notes have been redeemed, repaid and/or cancelled as the case may be.

## **20. Severability**

Should any of the provisions hereof be or become invalid in whole or in part, the other provisions shall, to the fullest extent permitted by applicable law, remain in force.

## **21. Terms and conditions**

Each Noteholder is deemed to know and accept these Terms and Conditions which shall

govern the Notes.

## **22. Governing law and jurisdiction**

- (a) The Notes and all non-contractual obligations arising out of or in connection with them are governed by the laws of the Grand Duchy of Luxembourg. For the avoidance of doubt, the application of articles 470-1 to 470-19 (inclusive) of the Luxembourg law on commercial companies, dated 10 August 1915, as amended, is expressly excluded.
- (b) The courts of the Luxembourg-City have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.

Executed in Luxembourg, on 18th June by:

**QUANTUM DIGITAL SECURITIES S.A R.L.**

COMPARTMENT Cordial Property Management

A handwritten signature in black ink, appearing to read 'Olaf Funke', is written over a vertical line.

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Name: Olaf Funke

Title: Manager



## **Schedule 1**

### **Provisions for Meetings of the Noteholders**

#### **1. Definitions**

The following expressions have the following meanings:

**Block Voting Instruction** means, in relation to any Meeting, a document in the English language:

- (a) listing the total number of the Notes; and
- (b) authorising a named individual or individuals to vote in respect of the Notes;

**Chairman** means, in relation to any Meeting, the individual who takes the chair in accordance with paragraph 5 (*Chairman*) of this Schedule;

**Extraordinary Resolution** means a resolution passed at a Meeting convened and held in accordance with the provisions of this Schedule by a Special Majority;

**Meeting** means a meeting of Noteholders (whether originally convened or resumed following an adjournment);

**Proxy** means, in relation to any Meeting, a person appointed to vote under a Block Voting Instruction.

**Relevant Fraction** means:

- (a) for all business other than voting on an Extraordinary Resolution, half (50%);
- (b) for voting on any Extraordinary Resolution, three quarters (75%);

provided, however, that, in the case of a Meeting which has resumed after adjournment for want of a quorum it means for all business the fraction of the aggregate principal amount of the outstanding Notes represented or held by the Voters actually present at the Meeting;

**Special Majority** means a majority of not less than three quarters (75%) of the votes cast by the Noteholders present or represented at the Meeting.

**Voter** means, in relation to any Meeting, the person registered in the Register and the holder of a Proxy.

**24 Hours** means a period of 24 hours including all or part of a day upon which banks are open for business in where the relevant 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 as aforesaid; and

**48 Hours** means 2 consecutive periods of 24 Hours.

Any capitalised terms used herein but not otherwise defined shall have the meaning ascribed to them in the Terms and Conditions.

**2. Validity of block voting instructions**

A Block Voting Instruction shall be valid only if it is deposited at the registered office of the Issuer, at least 24 Hours before the time fixed for the relevant Meeting or the Chairman decides otherwise before the Meeting proceeds to business.

**3. Convening of meeting**

The Board of Managers of the Issuer or the Noteholders holding at least five per cent. (5%) of the aggregate Principal Amount of the outstanding Notes or the Representative may convene a Meeting at any time. The Issuer shall be obliged to do so within a period of one month upon the request in writing of the Noteholders holding not less than five per cent. (5%) of the aggregate principal amount of the outstanding Notes.

**4. Notice**

At least twenty-one (21) clear days' notice (i.e. excluding the day on which the notice is given and the day on which the relevant Meeting is to be held) specifying the date, time and place of the Meeting shall be given to the Noteholders. The notice shall set out the agenda of the Meeting. The full text of the resolutions proposed to any Meeting may be set out in such notice.

**5. Chairman**

If the Representative has been appointed, such Representative shall take the chair of the general meeting of Noteholders.

The following persons may not be appointed as Representative:

- (a) the Issuer;
- (b) companies guaranteeing all or part of the obligations of the Issuer;

If no Representative has been appointed, any other individual may take the chair of the Meeting of Noteholders.

An individual (who may, but need not, be a Noteholder) nominated in writing by the Issuer may take the chair at any Meeting but, if no such nomination is made or if the individual nominated is not present within fifteen (15) minutes after the time fixed for the Meeting, those present shall elect one of themselves to take the chair failing which, the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was the Chairman of the original Meeting.

**6. Quorum**

The quorum at any Meeting shall be one or more Voters representing or holding not less than the Relevant Fraction of the aggregate principal amount of the outstanding Notes.

**7. Adjourned meeting**

The Chairman may, with the consent of the Noteholders representing at least one fifth of the Notes outstanding at that time, decide to adjourn such Meeting for a period of up to four (4) weeks. The Chairman must adjourn the Meeting at the request of Noteholders representing at least one fifth of the Notes then outstanding. Any such adjournment shall cancel any resolution passed. The second Meeting shall be entitled to pass final resolutions.

**8. Participation**

The following may attend and speak at a Meeting:

- (a) Voters;
- (b) Representative (if appointed);
- (c) Members of the corporate bodies of the Issuer; and
- (d) any other person approved by the Meeting.

**9. Show of hands**

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, against or, as the case may be, abstaining from, the resolution. Where there is only one Voter, this paragraph shall not apply and the resolution will immediately be decided by means of a poll.

**10. Poll**

A demand for a poll shall be valid if it is made by the Chairman, the Issuer or one or more Voters representing or holding not less than one fifth of the aggregate principal amount of the outstanding Notes. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business as the Chairman directs.

**11. Votes**

The voting rights attaching to the Notes are proportional to the portion of the issue they represent, each Note carrying at least one vote.

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same way.

**12. Powers**

A Meeting shall have power exercisable by Extraordinary Resolution, without prejudice to any other powers conferred on it or any other person, to adopt the decisions requiring a Special Majority.

A Special Majority shall be required for the adoption of the following decisions:

- (a) The modification or waiver of any special collateral granted to the Noteholders;
- (b) The postponement of one or more Regular Interest Payment Dates, agreement to a reduction of the Accrued Interest, or changes to the conditions of payment;
- (c) The establishment of a fund for the purpose of protecting the common interests of Noteholders;
- (d) The pursuit of any conservatory measures to be taken in the common interest of the Noteholders;
- (e) The calling of an event of default under the Notes pursuant to Condition (*Events of Default*);
- (f) The sending of an Acceleration Notice to the Issuer;
- (g) The implementation of any other measures to ensure the defence of the common interests of the Noteholders or the exercise of their rights; or
- (h) A change to the respective rights of Noteholders.

Where the Meeting is called upon to:

- (a) appoint or remove the Representative;
- (b) remove agents that the Issuer may have appointed to act on behalf of the body of Noteholders;
- (c) to modify any of the Conditions of the Notes provided the consent of the Issuer has been obtained to that effect;
- (d) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes, or any act or omission which might otherwise constitute an Event of Default under the Notes;
- (e) to authorise the Representative (if appointed) or any other person to execute all documents and do all things necessary to give effect to any resolution of the Meeting;
- (f) to adopt any other decision not requiring a Special Majority;

decisions shall be adopted by a simple majority (half) of the votes cast by the present or represented Noteholders provided there is a Relevant Fraction of quorum.

### **13. Resolution binds all Noteholders**

Any Extraordinary Resolutions shall be binding upon all Noteholders, whether or not present

at such Meeting and each of the Noteholders shall be bound to give effect to it accordingly. Notice of the result of every vote on a resolution of the Meeting shall be given to the Noteholders (with a copy to the Issuer) together with the minutes of the Meeting (as set out in Paragraph 14) within fourteen (14) days as from the conclusion of the Meeting.

**14. Minutes**

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall *prima facie* constitute evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

**15. Written resolutions**

A resolution in writing, signed by or on behalf of a majority of Noteholders as required by this Schedule or the Terms and Conditions to the extent they provide otherwise, or by a single Noteholder holding all the Notes, shall for all purposes be as valid and effective as a resolution passed at a Noteholders' meeting. Such resolution in writing 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 relevant Noteholders and the date of such resolution shall be the date of the latest such document.

Where a single Noteholder holds all the Notes, all powers vested in the Noteholders' Meeting will be exercised by this Noteholder.

## **Schedule 2**

### **Disclaimer, Acknowledgement, and Risk Factors**

#### **1. Disclaimer**

##### **1.1. General disclaimer**

The following disclaimer applies to the Terms and Conditions (which term shall mean such document in preliminary or final form), and any potential Noteholders are therefore advised to read this carefully before subscribing to the financial instruments regulated by the Terms and Conditions. In subscribing to the financial instruments issued in accordance with the Terms and Conditions, you agree to be bound by the following provisions, including any modifications made to them at any time, each time you receive any information from the Issuer as a result of such access.

Nothing in these Terms and Conditions constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or the securities laws of any state of the United States and the Notes may not be offered or sold within the United States.

The following Terms and Conditions may not be forwarded or distributed to any person in the United States or to any U.S. address. Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this provision may result in a violation of the U.S. Securities Act or the applicable laws of other jurisdictions. Neither the United States Securities and Exchange Commission (the “**SEC**”) nor any other applicable state securities commission in the United States has approved or disapproved of the Notes or passed upon the accuracy of the terms and conditions. Any representation to the contrary is a criminal offence in the United States.

Confirmation of your Representation: In order to be eligible to view the Terms and Conditions or make an investment decision with respect to the Notes, you must be outside the United States. By accessing the Terms and Conditions, you shall be deemed to have represented to the Issuer that (i) you and any customers you represent are not located in the United States, and (ii) you consent to delivery of the Terms and Conditions by electronic transmission.

You are reminded that access to the Terms and Conditions has been made available to you on the basis that you are a person into whose possession the Terms and Conditions may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Terms and Conditions to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

The Terms and Conditions have been prepared on the basis that any offer of the Notes in any Member State of the European Economic Area (the “**EEA**”) will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the securities. The Terms and Conditions are not a prospectus for the purposes of the Prospectus Regulation.

The Terms and Conditions do not constitute a prospectus for the purposes of (i) Article 6 of the Prospectus Regulation and no such prospectus is required to be (or will be) prepared. The Terms and Conditions have not been prepared in the context of a public offering or an admission to trading on a regulated market in the EEA within the meaning of the Prospectus Regulation. Therefore, no application has been, nor will be made for approval of the Terms and Conditions in preliminary or final form by any competent authority in the EEA pursuant to Prospectus Regulation.

The Notes will not be admitted to the operations of a central securities depository and will not be traded on any trading venue in any jurisdiction.

Under no circumstances shall the Terms and Conditions or this notice constitute or form part of any offer to sell or the invitation or solicitation of an offer to buy nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Recipients of the Terms and Conditions who intend to subscribe for or purchase the Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in the Terms and Conditions.

In the Grand Duchy of Luxembourg (“**Luxembourg**”), there will be no offer to sell or invitation or solicitation of an offer to buy nor shall there be any sale of the Notes to any natural person who is acting for purposes that are outside his or her trade, business, craft or profession or liberal activity within the meaning of the Luxembourg law of 8 April 2011 introducing a consumer code.

The Notes may not be offered, sold or otherwise made available to retail investors in the EEA. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Therefore, a key information document will not be required in accordance with Regulation (EU) No 1286/2014 (the “**PRIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA and will not be prepared.

The Terms and Conditions has been made available to you in an electronic form. You are reminded that documents made available or transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer nor any director, manager, officer, employee or agent of any of the Issuer accepts any liability or

responsibility whatsoever in respect of any difference between the Terms and Conditions made available to you in electronic format and the hard copy version available to you on request from the Issuer.

The Notes may only be purchased by or through direct participants satisfying the KYC/AML rules (and particularly the Luxembourg law on the fight against money laundering and terrorist financing dated 12 November 2004 (the “**AML Law**”)) and not being subject to sanctions.

By subscribing to the Notes, Noteholders acknowledge that the Issuer is subject to the Securitisation Law. This entails that you will not be entitled to petition or take any other step to initiate collective or reorganisation proceedings against us, or our winding-up, liquidation or bankruptcy as per article 64 of the Securitisation Law (as defined below).

Under the Securitisation Law (as defined below), our assets, liabilities and obligations can be segregated into separate compartments which will be only available to satisfy the liabilities and obligations that are incurred in relation to that compartment.

## **1.2. KYC and AML Compliance**

The Issuer shall ensure that no Noteholder is granted access to the Register from a legal and operation perspective unless they have duly complied with all Know Your Customer (KYC) and Anti-Money Laundering (AML) requirements as stipulated by applicable laws and regulations, including but not limited to the AML Law. The Issuer commits to implementing and maintaining robust verification processes to safeguard against unauthorized or non-compliant access to the Register, thereby upholding the integrity of the legal and regulatory standards governing the issuance of Notes.

## **2. Acknowledgement**

The Noteholders, by subscribing to the Notes, acknowledge having read and understood the Terms and Conditions in their preliminary or final form. They agree to be bound by these provisions and any future modifications each time they receive any information from the Issuer.

The Noteholders, by accessing these Terms and Conditions and/or acquiring the Notes, acknowledge that nothing in the electronic transmission of the Terms and Conditions constitutes an offer of securities for sale in jurisdictions where it is unlawful to do and that the Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States.

The Noteholders, by accessing these Terms and Conditions and/or acquiring the Notes, agree not to forward or distribute the terms and conditions to any unauthorized person, particularly not to any person in the United States or to any U.S. address and understand that any unauthorized forwarding, distribution, or reproduction may result in a violation of the U.S. Securities Act or the applicable laws of other jurisdictions.



### 3. Risk Factors

The following risk factors do not describe all the risks of an investment in the Notes.

Prospective investors should consult their own professional advisers about the risks associated with an investment in the Notes and the suitability of investing in those Notes in light of their particular circumstances.

#### 3.1. *No active secondary market and liquidity risks*

The Notes are new instruments for which no secondary market currently exists and one may never develop. The Notes will be issued on the DLT and not through a conventional clearing system.

Accordingly, there can be no assurance that investors in the Notes will be able to sell any Notes for which they subscribe at favourable prices, if at all, and investors should be prepared to hold the Notes until the Maturity Date (including the Extended Maturity Date).

#### 3.2. *Conditions related to the KYC/AML Rules and Sanctions may affect the liquidity, transfer timing of, and ability to transfer the Notes*

The Issuer and/or the Registrar will perform (i) all verifications required to comply with KYC/AML Rules, (ii) appropriate controls and will apply procedures to achieve its compliance with Sanctions and (iii) all relevant procedures to verify the compliance with KYC/AML Rules and Sanctions, in each case in connection with the Notes.

As a result, the liquidity, transfer timing of, and ability to transfer, the Notes may be affected.

#### 3.3. *Risks related to the DLT*

There is a risk that the DLT will not operate as intended, whether due to undiscovered technical flaws, errors in system design, any delay or failure to implement functionalities, or otherwise. This may cause the DLT to malfunction or function in an unexpected or unintended manner, and consequently, if the information available on the DLT is used as a basis to update the Register, the information reflected in the Register may not be accurate or up-to-date.

As with other novel software-based products, the computer code underpinning the DLT and any self-executing code deployed on the DLT may contain errors, or lead to unexpected outcomes. While the Issuer has mandated an external technological company, Tokeny, to set up the technology supporting the Issuer's website in accordance with its internal testing and approval processes, there can be no assurance that the DLT or any self-executing code deployed thereon will not cause the integrated software to malfunction or to function incorrectly. Any error or unexpected functionality may cause a loss of confidence in the DLT and result in a decline in market value of the Notes and substantial losses to Noteholders.

Technical issues arising from internal or external causes associated with the development of the DLT, for example DLT network connectivity issues, scalability, block validation mechanisms, fraudulent uses, hackings, bugs in any self-executing code deployed thereon or

any other human or technological malfunction or errors could result in a variety of adverse consequences for investors such incorrect record keeping which could, in a worst-case scenario, result in an Noteholder's Notes being temporarily or permanently lost or misplaced.

In addition, the fee arrangements which the DLT, Tokeny, the Issuer or other parties may impose on investors in connection with the provision of their services in connection with the DLT and the Notes may differ from fee arrangements with which investors are familiar in other systems. The amounts received by Noteholders under an investment in the Notes may be reduced as a result of any fees or charges being imposed by the DLT, Tokeny, the Issuer, or any other relevant persons in connection with that Noteholders' investment in the Notes or transactions relating thereto.

***The use of a distributed ledger technology to register the Notes is largely untested and may contain inherent flaws and limitations***

The deployment of distributed ledger technology (including blockchain networks) in the debt capital markets is nascent and rapidly changing. As a result, the capabilities of this technology are not yet proven and remain largely untested in financial markets. The development of blockchain networks is therefore subject to a high degree of uncertainty.

There are only limited examples of the use of blockchain networks to register fungible debt securities categorised as financial instruments (such as the Notes), and the use of a blockchain technology in the context of an issuance of securities such as the Notes is still at an early development stage.

If there is a negative trend in respect of market acceptance of securities held or recorded using distributed ledger technology, this could have a material adverse effect on the price of the Notes. If investments in the blockchain industry or use of blockchain-based assets become less attractive to the market, or if blockchain networks and assets do not gain acceptance, there could be an adverse impact on the Notes and thereby adversely impact the liquidity of the Notes and the price of the Notes.

***The laws and regulations in respect of DLT securities are nascent, highly divergent and non-harmonised across the EEA and globally and may continue to develop and change***

The law and regulation of digital securities (such as the Notes) and the infrastructure in which they are recorded and transferred (such as the DLT) in the EEA and globally remain nascent and underdeveloped and have not been harmonized within the EEA or among international jurisdictions.

While Luxembourg law has made specific provision for the issuance and recording of digital securities in a DLT-based system operated by a central account keeper, it has not expressly accepted the issuance in registered form and recording of digital securities in a DLT-based system and, while major legal actors in Luxembourg have indicated that nothing in the law prohibits this possibility expressly, there can be no assurance that the Luxembourg regulator

or Luxembourg courts are of the same opinion or that Luxembourg law will not change or be affected by the introduction of new mandatory EU laws.

***The Issuer's website will be reliant on the proper performance and integrity of third-party technologies***

To perform the functionalities required in respect of the Notes, the Issuer's website will use certain technologies provided by third parties such as Tokeny.

Such third-party technologies may include an open-source smart contract language designed to build applications on distributed ledger technology, blockchain technology and other similar technologies. The DLT may also use third-party technologies to execute, process and/or record transactions.

As such, the Issuer's website will be reliant on the proper performance and integrity of these third-party technologies. As a result, any failures or defects in the underlying third-party technologies may cause the Issuer's website to fail, malfunction or function in an unexpected or unintended manner, which could result, inter alia, in improper recording of Notes.

Such third-party technologies may be based on open-source software, in which case it may be possible for other parties not affiliated with the Issuer to introduce weaknesses or bugs into the core infrastructure elements of these technologies, including the blockchain network and any self-executing code. This could result in the corruption of the open-source code which may result in the losses or failures in the Issuer's website, including data loss in respect of records in respect of the Notes.

***Risk of failure of, or disruption to, public blockchains and lack of control***

Advances in cryptography, or technical advances such as the development of quantum computing, could present risks to public blockchain networks and the records maintained therein, by rendering ineffective the cryptographic consensus mechanism that underpins the public blockchain network. There can be no assurance that the DLT will be uninterrupted or error-free, and there is an inherent risk that the software may contain weaknesses, vulnerabilities or errors.

In addition, a public blockchain network is dependent upon its users and contributors, and actions taken, or not taken, by the users or contributors of a public blockchain network could damage its reputation. Developers and other contributors to public blockchain protocols generally maintain or develop those blockchain protocols, including the process that determines the verification of transactions. As the protocols are decentralised, contributors that act as transaction validators (miners) are generally not directly compensated for their actions. Therefore, most public blockchain protocols provide that such contributors receive block awards and transaction fees for validating and recording transactions and otherwise maintaining the integrity of the records in the blockchain network. Such fees are generally paid by the network in the native network token of the particular blockchain in question.

If the block rewards and transaction fees paid for maintenance of the public blockchain network are not sufficiently high to incentivise transaction validators (miners) to participate, some miners may respond by ceasing to validate transactions on the blockchain. To the extent that reduced economic incentives encourage transaction validators (miners) to cease operation with regard to the public blockchain network, it could have an adverse effect on the records of Notes and any related level of transparency of corresponding information of the Notes.

#### ***Application of the Virtual Asset Service Provider regime and changes to law***

There can be no assurance that, whether as a result of developments in law or regulation, changes or clarifications in the official interpretation or applications of existing law and regulation, evolving views of supervisory authorities, the continued development or use of the DLT or otherwise, the legal or regulatory characterisation of the DLT as at the date of these Terms and Conditions will continue to be in line with the Issuer's intentions and expectations.

No person established in Luxembourg or providing services in Luxembourg is permitted to provide virtual asset services without being registered with the CSSF under the Virtual Asset Service Provider ("VASP") regime provided for in Article 7-1 (1) of the AML Law.

These services include (whether provided on behalf of their clients or for their own accounts): (i) exchange between virtual assets and fiat currencies, including the exchange between virtual currencies and fiat currencies; (ii) exchange between one or more forms of virtual assets; (iii) transfer of virtual assets; (iv) safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets, including custodian wallet services; and (v) participation in and provision of financial services related to an issuer's offer and/or sale of virtual assets.

The Issuer does not expect its services in connection with the Notes to be subject to the VASP regime, on the grounds that the Notes qualify as financial instruments within the meaning of point (19) of Article 1 of the Luxembourg Law of 5 April 1993 on the financial sector, as amended and therefore they are excluded from the definition of "virtual assets" under the AML Law.

However, should the *Commission de Surveillance du Secteur Financier* (the "CSSF", being the competent authority in Luxembourg for the purposes of the VASP regime) determine that any of the processes deployed in connection with the Notes (such as the exchange of fiat currency for virtual assets) were to fall within the VASP regime, without the Issuer having obtained authorisation to operate as a VASP, the CSSF could take enforcement action against the Issuer, including imposing an injunction on their continued operation pending compliance with certain requirements, and administrative sanctions such as warnings, reprimands and fines. Any restrictions or sanctions imposed by the CSSF could have a material adverse effect on the ability of Noteholders to transfer their Notes and on the market price and trading behaviour in the Notes.

### **3.4. *General legal, regulatory and insolvency risks***

***The Issuer may be recharacterised as an Alternative Investment Fund***

While entities such as the Issuer whose sole purpose is to carry out securitisation(s) within the meaning of the Luxembourg Law of 12 July 2013 on alternative investment fund managers (the "AIFM Law"), which carry out a passive management and which do not have a defined investment policy are not covered by the AIFM Law, a relatively low risk remains that the Company be deemed by regulatory authorities, particularly the CSSF, to fall within the definition of an Alternative Investment Fund if its activities are at any point considered to extend beyond the "sole purpose" of securitisation or if its operational conduct, including asset management activities, resembles that of a collective investment undertaking raising capital from investors with a view to investing it according to a defined investment policy.

Should the Issuer be recharacterised as an AIF, and given it has not appointed an authorised external AIFM, it would be in breach of the AIFM Law leading to potential sanctions.

***The regulation of data privacy could have an adverse effect on our business, results of operations and financial condition by increasing our compliance costs.***

The data privacy legislation continues to evolve. It is not possible to predict the effect of such rigorous data protection regulations over time. For example, Regulation (EU) 2016/679 of the European Parliament and of the Council of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "GDPR") impacts our European operations and required us to adapt our business practices accordingly. Financial penalties for non-compliance with the GDPR can be significant. Data privacy regulations could result in increased costs of conducting business to maintain compliance with such regulations. Although we take significant steps to protect the security of our data and the personal data of our customers, we may be required to expend significant resources to comply with regulations if third parties improperly obtain and use such data.

***Changes in tax provisions or exposures to additional tax liabilities could have an adverse tax effect on our financial condition.***

The Issuer records reserves for uncertain tax positions based on its assessment of the probability of successfully sustaining tax filing positions. Management exercises significant judgment when assessing the probability of successfully sustaining tax filing positions, in determining whether a tax liability should be recorded and, if so, estimating that amount. The Issuer tax filings are subject to audit by the domestic tax authority. If the tax filing positions are successfully challenged, payments could be required that are in excess of reserved amounts or we may be required to reduce the carrying amount of our net deferred tax asset, either of which could be significant to our financial condition or results of operations. Although the Issuer believes the estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in the financial statements and may adversely or beneficially affect the financial results in the period(s) for which such determination is made.

***The Issuer may be undergo financial difficulties and be declared bankrupt***

The Issuer is incorporated under the laws of Luxembourg and has its registered office in Luxembourg, and as such any insolvency proceedings applicable to such companies are in principle governed by Luxembourg law.

Accordingly, Luxembourg courts should have, in principle, jurisdiction to open main insolvency proceedings with respect to the Issuer, as entity having its registered office and central administration (*administration centrale*) and center of main interest, or COMI, as used in Article 3(1) of the Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast)(the “EU Insolvency Regulation”), in Luxembourg, such proceedings are to be governed by Luxembourg insolvency laws.

According to the EU Insolvency Regulation, there is a rebuttable presumption that a company has its COMI in the jurisdiction where its registered office is located. As a result, there is a rebuttable presumption that the COMI of the Issuer is in Luxembourg and consequently that any “main insolvency proceedings” (as defined in the EU Insolvency Regulation) would be opened by a Luxembourg court and be governed by Luxembourg law. It is however possible to rebut this presumption where the company’s central administration is located in a EU member state other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company’s actual center of management and supervision and of the management of its interests is located in that other EU member state.

The EU Insolvency Regulation has direct effect in each Member State (except for Denmark) without the need for separate enactment at a national level. Prospective investors should consult their own legal advisors with respect to the potential impact of the EU Insolvency Regulation on any investment in this transaction (without limitation to their need to seek legal advice on this transaction more broadly). In the event that a Luxembourg company experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings will be commenced, or the outcome of such proceedings.

Under Luxembourg law, the following insolvency or restructuring proceedings may be initiated against a company having its center of main interests or an establishment (both terms within the meaning of the EU Insolvency Regulation) in Luxembourg:

- Bankruptcy proceedings (*faillite*), the opening of which may be requested by the company, by any of its creditors (other than the Noteholders, please see below *Limited Recourse and Non-Petition*), by the Luxembourg public prosecutor or started ex officio by the competent court. Following such a request, the courts having jurisdiction may open bankruptcy proceedings if the company (a) is in default of payment (*cessation de paiements*) and (b) has lost its commercial creditworthiness (*ébranlement de crédit*). The main effect of such

proceedings is the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for secured creditors, and the payment of creditors in accordance with their rank upon the realization of assets;

- Suspension of Payments (*sursis de paiement*): For companies or partnerships experiencing temporary liquidity difficulties, the law provides the option to apply for a suspension of payments for a specified period. This procedure can only be initiated by the debtor. During the suspension period, provided that the debtor continues to pay accruing interest, creditors with security over real estate and essential business assets may not enforce their security interests, except in cases involving financial collateral arrangements governed by the Luxembourg Law of 5 August 2005. Any disposal, pledge, mortgage, borrowing, compromise, or administrative act involving the debtor's assets requires court approval. Despite its availability, this procedure is rarely used in practice.

- Other restructuring proceedings arising from the law of 7 August 2023 on the preservation of businesses and the modernisation of bankruptcy law, such as the following:

Conciliation: new out-of-court conciliation procedure was introduced by the Law of 7 August 2023 on the reform of bankruptcy law, implementing the EU Directive on Restructuring and Insolvency. This procedure can be pursued either as a standalone process or in conjunction with other reorganization measures. It is available exclusively at the debtor's request, without any formal requirements for initiation. Once a request is made, the Ministry of Economy appoints a conciliator (*conciliateur d'entreprise*) to facilitate the reorganization of all or part of the debtor's assets or business activities.

Voluntary Agreement with Creditors: A voluntary agreement allows a debtor to reorganize all or part of its assets and activities by negotiating directly with one or more creditors. This process may also involve the assistance of a conciliator (*conciliateur d'entreprise*). Once the agreement is registered (*homologué*) in court, it becomes legally binding and enforceable on all parties without additional formalities. In the event of subsequent bankruptcy (*faillite*), the agreement is shielded from the rules on hardening periods and from creditor challenges if it does not lead to an improvement in the debtor's situation. The agreement remains confidential and is binding only on the creditors who are party to it.

Judicial Reorganization: The judicial reorganization process is designed to ensure the continuity of all or part of a company's assets or business activities under court supervision and includes the processes of court-ordered reorganization and court-ordered transfer of assets. It includes several sub-procedures, which can be initiated by the debtor, and in some cases, by the Public Prosecutor or creditors. The process enables an agreement between the debtor and its creditors regarding the reorganization of the debtor's assets, potentially with the involvement of a conciliator

and a temporary stay on payments. A judicial reorganization may be granted even if the debtor meets the conditions for bankruptcy at the time of application or during the proceedings. The court plays an active role, not only in granting enforceability to the agreement but also in evaluating the viability of the proposed measures. Any party with a legitimate interest may request access to the supporting documentation at the court's clerk office, except for commercially sensitive and personal data.

In addition to these proceedings, your ability to receive payment on the Notes may be affected by a decision of a Luxembourg court to put a Luxembourg company into judicial liquidation or administrative dissolution without liquidation.

Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the Luxembourg commercial code or of the Law of 10 August 1915 on commercial companies, as consolidated by the Regulations of 5 December 2017 (the Luxembourg Companies Law). The management of such liquidation proceedings will generally follow similar rules as those applicable to Luxembourg bankruptcy proceedings.

The administrative dissolution without liquidation procedure is aimed at creating a simplified dissolution, with lesser costs for the Luxembourg authorities, of empty shell companies and it can be initiated only upon the request of the Public Prosecutor provided three cumulative conditions are met (1) breach by the relevant company of its legal obligations (i.e. filing of accounts, appointment of managers, etc), (2) absence of any employees and (3) absence of any assets.

#### **The Notes would be subordinated only to claims preferred under Luxembourg law**

The liability of a Luxembourg company in respect of the Notes will, in the event of a liquidation of the company following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and any claims that are preferred under Luxembourg law, such as tax and social security claims.

### **3.5. *Financial and Liquidity Risks***

#### ***We may not be able to generate sufficient cash flow to meet our debt service obligations.***

The Issuer's ability to generate sufficient cash flow from operations to make scheduled payments on our debt obligations will depend on our current and future financial performance, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In the future, the Issuer may fail to generate sufficient cash flow to meet cash requirements. Further, the Issuer's capital requirements may vary materially from those currently planned if, for example, the Issuer revenues do not reach expected levels, the Issuer has to incur unforeseen expenses, invest in acquisitions or make other investments that the Issuer believes will benefit its competitive



position. If the Issuer does not generate sufficient cash flow from operations to satisfy its debt obligations, including interest payments and the payment of principal at maturity, it may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets or seeking to raise additional capital.

The Issuer cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timeliness and amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our various debt instruments then in effect.

Furthermore, the Issuer's ability to refinance would depend upon the condition of the finance and credit markets. The Issuer's inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms or on a timely basis, would materially affect our business, financial condition or results of operations and may delay or prevent the expansion of our business.

### **3.6. *Risks related to the Issuer and the Notes***

#### ***Issuer is a securitisation vehicle***

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

#### ***Securitisation Law and compartments generally***

The Issuer is established as an unregulated securitisation undertaking (*société de titrisation non-agrèée*) within the meaning of the Securitisation Law. The Board of Managers may establish one or more compartments (within the meaning of articles 62 et seq. of the Securitisation Law), each of which is a separate and distinct part of the Issuer'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.

By subscribing to, or otherwise acquiring, the Notes, the Noteholders 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 Terms and Conditions has been filed with the Luxembourg trade and companies register and is available for inspection at the Luxembourg trade and companies register during normal business hours.

#### ***The Compartment relating to the Notes***

With respect to the Notes, the Board of Managers has established the Compartment. Pursuant to the Securitisation Law, claims against the Issuer by the Noteholders and of the other 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 Notes.

The Board of Managers shall establish and maintain separate accounting records for the

Compartment in order to ascertain the rights of the Noteholders and of the other 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.

The Compartment Loans shall include the following rights and assets of the Issuer:

- (a) the proceeds of the issue of the Notes, to the extent not applied in making payment under the agreements entered into by the Issuer in connection with the issue of the Notes; and
- (b) the rights, title and interest of the Issuer in, to and under each of those documents and the Compartment Loans.

The proceeds of the Notes are available for payment and distribution to the Noteholders as interest and principal only after payment of the applicable costs in accordance with the applicable priority of payments, as further described in the Conditions.

#### ***Limited Recourse and Non-Petition***

The rights of the Noteholder to participate in the assets of the Issuer are limited to the Compartment Loans. If the payments and/or deliveries received by the Issuer in respect of the Compartment Loans are not sufficient to discharge the amounts payable or deliverable by the Issuer under the agreements entered into by the Issuer in connection with the issue of the Notes and the investment in the Compartment Loans (the "**Compartment Liabilities**"), and the Noteholders, the obligations of the Issuer in respect of the Compartment Liabilities and the Notes will be limited to the Compartment Loans. The Issuer will not be obliged to make any further payments and/or deliveries to any parties or the Noteholders in excess of the amounts received upon the realisation of the Compartment Loans. Following the application of the proceeds of realisation of the Compartment Loans in accordance with the Conditions and the Articles, the claims of the Noteholders and any other parties for any shortfall shall be extinguished and the Noteholders and the other parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall.

In particular, no such party has the right to petition for the winding-up, the liquidation or the bankruptcy of the Issuer as a consequence of any shortfall or to take any similar proceedings. Any shortfall under the Compartment shall be borne by the Noteholder and the other parties.

The Noteholder may be exposed to competing claims of other creditors of the Issuer, 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 Issuer allocated to a compartment (including the Compartment) do not recognise the segregation of assets and the compartmentalisation, as provided for in the Securitisation Law. The claims of these other creditors may affect the scope of assets which are available for the claims of the Noteholder and the other parties. If as a result of such claims, a shortfall arises,

such shortfall will be borne by the Noteholders on a pro rata basis and the other parties.

***Payments in respect of the Notes***

The Issuer will use the proceeds derived from the issuance of the Notes in order to purchase the Compartment Loans. The ultimate payment obligations in respect of the Notes will therefore be borne by the debtors in respect of the Compartment Loans which are entities established in other jurisdictions than Luxembourg. Therefore, all payments to be made by the Issuer under the Notes are dependent on payments under the Compartment Loans and further legal as well as economic risks related to the borrowers in respect of the Compartment Loans.

***The Notes may not be a suitable investment for all investors***

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Notice or any supplement thereto;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes where the currency for principal payments is different from the potential investor's currency;
- (d) understand fully the Conditions of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) 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 Notes may be considered complex financial instruments. Sophisticated 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 Notes which are considered to be complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

**3.7. *Risks relating to the structure of the Notes***

Mr. Joseph Lijo George is a shareholder of the Issuer and a shareholder and a manager of Cordial Property Management GmbH, who will receive the Compartment Loan from the

issuer. While Mr. Joseph Lijo George has been appointed as a manager of Cordial Property Management GmbH and therefore, he would be directly responsible to dictate the managerial decisions of that company, he has not and is not intended to be appointed as a manager of the Issuer. A possibility remains that he (subject to potential liability) exerts an influence over the management body of Cordial Property Management GmbH in order to influence the financial conditions of the Compartment Loan and secure conditions more advantageous for Cordial Property Management GmbH as borrower, to the detriment of the Noteholders.

Therefore, a potential conflict of interest may arise from the position of Mr. Joseph Lijo George as controlling shareholder of both the Issuer and the borrower and as a manager of the borrower under the Compartment Loan, Cordial Property Management GmbH. Consequently, Mr. Joseph Lijo George will not be appointed as a manager of the Issuer.

### **3.8. *Risk factors relating to the Markets generally***

#### ***Listing or admission to trading***

The Notes are not expected to be listed or admitted to trading on any market, which may further reduce liquidity.

#### ***Market volatility***

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.

### **Schedule 3**

#### **Selling Restrictions**

##### **1. United States**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or the securities laws of any U.S. State, and may not be offered, sold, pledged, transferred or delivered, directly or indirectly, in the United States of America. The Notes are being offered and sold only in “offshore transactions” in reliance on Regulation S under the U.S. Securities Act (“**Regulation S**”). Accordingly, the Issuer has agreed that it, and any persons acting on its behalf, have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Terms used in this paragraph and not otherwise defined in this Terms and Conditions have the meanings given to them in Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the U.S. Securities Act unless made pursuant to another exemption from the registration requirements of the U.S. Securities Act.

##### **2. European Economic Area**

These Terms and Conditions have not been approved by and will not be submitted for approval to the Luxembourg financial sector supervisory authority (*Commission de Surveillance du Secteur Financier*) for purposes of a public offering or sale in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither these terms and conditions nor any other offering memorandum, form of application, advertisement or other material related to such Notes may be distributed, or otherwise be made available in or from, or published in, Luxembourg except in circumstances where the offer benefits from an exemption to or constitutes a transaction not subject to the requirement to publish a prospectus, in accordance with Regulation (EU) 2017/1129 and the Luxembourg law of 16 July 2019, on prospectuses for securities, as amended from time to time.