

10<sup>th</sup> May 2021

**MATURITAS SECURITISATION SA**

(the “Company”)

**acting in respect and on behalf of its  
Compartment Mezzanine (Compartment 2021/6812)**

(the “Issuer”)

**PRIVATE PLACEMENT MEMORANDUM**

**Bond Class I**

ISIN: CH0567547366

VALOR: 56754736

**10,000,000.00 EUR Notes due May 2027**

**Bond Class II**

ISIN: CH1108674024

VALOR: 110867402

**10,000,000.00 EUR Notes due May 2027**

## INTRODUCTION

**MATURITAS Securitisation SA** (the "Company" and, acting for and on behalf of the Compartment Mezzanine (2021/6812), the "Issuer"), is expected to issue on or about May 14, 2021 (the "Issue Date") up to EUR 10,000,000 bearer notes in Bond Class I and up to EUR10,000,000 bearer notes in Bond Class II in the principal amount of EUR 1,000.00 each maturing on May 14, 2027 (the "Notes"). The Notes will be issued in respect of a separate compartment established by the Company ("Compartment Mezzanine (2021/6812)" or the "Compartment").

The bonds will accrue interest, based on their principal amount, from the date of issue (inclusive) to the date of maturity on May 14, 2027 (exclusive). Interest is payable semi-annually in arrears on May 14 and November 14 of each year. The first interest payment is due on November 14, 2021.

Under the Luxembourg law, assets and liabilities of the Company may be divided into "compartments". The Issuer shall acquire assets with the proceeds of the Notes; such assets and the liabilities of the Issuer in respect of such assets shall be allocated to the Compartment Mezzanine (2021/6812) established for the Notes and shall be kept separate from the other assets and liabilities of the Company and the assets and liabilities allocated to the other Compartments. The assets in the Compartment Mezzanine (2021/6812) are available solely for the purpose of meeting the Issuer's existing liabilities in respect of the Notes and cannot be used by the Company to meet obligations in respect of other Notes or other obligations.

If the proceeds from the liquidation of the Compartment are insufficient to satisfy all of the Issuer's obligations with respect to the Notes, the Issuer's obligations with respect to the Notes will be limited to such proceeds and the remaining assets of the Company or the assets of other Compartments may not be used to make up any shortfall. Prospective investors may not receive the amount they expected with respect to the Notes and may not receive back some or all of the amount invested.

The Notes constitute direct, unconditional and mutually pari passu obligations of the Issuer with respect to the Mezzanine (2021/6812), which are subordinated to all other present and future direct and unconditional obligations of the Issuer with respect to the Mezzanine (2021/6812).

The inclusion of the Notes in trading on the Stock Exchange is not intended.

## GENERAL NOTICE AND SELLING RESTRICTIONS

**MATURITAS SECURITISATION SA**, a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, subject to the law of 22 March 2004 on securitisation, as amended (the “**Securitisation Law**”), having its registered office at 17, Rue de Flaxweiler, L-6776 Grevenmacher and registered with the Luxembourg Trade and Companies Register under number B205020 (the “**Company**”), acting in respect and on behalf of its compartment Mezzanine (2021/6812) (the “**Issuer**”) will issue notes for an aggregate principal amount of up to **EUR 10,000,000 in Bond Class I** and up to **EUR 10,000,000 in Bond Class II** and due May 2027 (the “**Notes**”). The Notes will be issued by the Issuer on 14<sup>th</sup> May 2021 (the “**Issue Date**”) and they will mature on 14<sup>th</sup> May 2027.

This document does NOT constitute a prospectus for the purposes of Part IV of the Luxembourg law of 10 July 2005 on prospectuses for securities, as amended (the “**Prospectus Law**”) (the “**Private Placement Memorandum**”).

Any and all references to the Issuer in the Private Placement Memorandum and the Terms of Issue shall be read as a reference restricted to the compartment Mezzanine (2021/6812) and to the assets and liabilities allocated thereto and not to the Company as a whole and to its other existing and future Compartments.

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**Investing in the Notes involves a certain degree of risk.**

**See “Risk Factors” beginning on page 12.**

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This Private Placement Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction where such offer or solicitation is unlawful. The Notes have not been and will not be registered under the U.S. federal or state securities laws or the securities laws of any other jurisdiction and may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933 (“**Regulation S**”), as amended (the “**US Securities Act**”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

No offer of the Notes to the public will be made pursuant to this Private Placement Memorandum at any time.

For the purposes of this section, the expression an “**offer of Notes to the public**” in relation to any Notes in any Member State of the European Economic Area (the “**EEA**”) which has implemented the Regulation (EU) 2017/1129 (the “**Relevant Member State**”) means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Regulation (EU) 2017/1129 in that Member State. “**Regulation (EU) 2017/1129**” means Regulation (EU) 2017/1129

of the European Parliament and of the Council of June 14, 2017 and includes any relevant implementing measure in the Relevant Member State.

This Private Placement Memorandum is being distributed to a limited number of recipients for the sole purpose of assisting such recipients in determining whether to proceed with a further investigation of the purchase of, or subscription for, the Notes.

This Private Placement Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Regulation (EU) 2017/1129, as implemented in Member States of the EEA, from the requirement to produce a prospectus for offers of the Notes.

Accordingly, any person making or intending to make any offer within the EEA of the Notes, which are the subject of the placement contemplated in this Private Placement Memorandum, should only do so in circumstances in which no obligation arises for the Company or the Issuer to produce a prospectus for such offer. The Company and the Issuer have not authorised and do not authorise, the making of any offer of Notes through any financial intermediary, other than offers made by the Company, which constitute the final placement of the Notes contemplated in this Private Placement Memorandum.

In relation to each Relevant Member State, the Issuer and the Noteholders have represented and agreed that they have not made and will not make an offer of the Notes to the public in that Relevant Member State, unless and until a prospectus has been approved by the competent regulatory authority and, as applicable, published and notified to the relevant competent authority in another Relevant Member State in accordance with the Regulation (EU) 2017/1129 as implemented in such other Relevant Member State, except that it may make an offer of such Notes in such Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Regulation (EU) 2017/1129;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Regulation (EU) 2017/1129), as permitted under the Regulation (EU) 2017/1129; or
- in any other circumstances falling within Article 1 para. (4) of the Regulation (EU) 2017/1129, provided that no such offer of Notes shall require the Issuer or the Noteholders to publish a prospectus pursuant to Article 1 para (4) of the Regulation (EU) 2017/1129.

The Notes will be represented by a global note ("**Global Note**") which will be deposited on or about the issue date thereof with a common depositary on behalf of SIX SIS SA ("**SIX SIS**") and/or any other clearing system. The interests of the Noteholders in the Notes shall be registered in the records of SIX SIS, Switzerland and interests in the Global Note shall only be transferable in accordance with the rules and procedures of SIX SIS.

The holder of the Notes shall be treated by the Issuer and the Account Bank (as defined below) as the owner of the Notes in accordance with the terms of the Global Note and the terms "**Noteholders**" shall be construed accordingly. For purposes of payment of

interest and principal related to the Notes, the holder of the Notes shall be treated by the Issuer as the sole owner and holder of these Notes represented by the Global Note.

In this Private Placement Memorandum, unless otherwise specified, references to a "**Member State**" are references to a Member State of the EEA. References to "**EUR**" are to the legal currency of the European Union.

This Private Placement Memorandum is dated 10<sup>th</sup> May 2021.

**You should rely only on the information contained in this Private Placement Memorandum. We have not authorised anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We take no responsibility for and can provide no assurance as to the reliability of, any other information that others may give you. You should assume that the information appearing in this Private Placement Memorandum is accurate only as at the date of this Private Placement Memorandum. This Private Placement Memorandum may be used only for the purposes for which it has been published.**

## FORWARD-LOOKING STATEMENTS

This Private Placement Memorandum contains forward-looking statements based on estimates and assumptions. Forward-looking statements include, among other things, statements concerning the business, future financial condition, results of operations and prospects of the Issuer. These statements usually contain the words “believes”, “plans”, “expects”, “anticipates”, “intends”, “estimates” or other similar expressions. For each of these statements, you should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although it is believed that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that the actual results or developments anticipated will be realised or, even if realised, that they will have the expected effects on the business, financial condition, results of operations or prospects of the Issuer.

These forward-looking statements speak only as on the date on which the statements were made, and no obligation has been undertaken to publicly update or revise any forward-looking statements made in this Private Placement Memorandum or elsewhere as a result of new information, future events or otherwise, except as required by applicable laws and regulations.

The Issuer believes that the factors described in “*Risk Factors*” below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive.

## **RESPONSIBILITY FOR THE CONTENT OF THE PRIVATE PLACEMENT MEMORANDUM**

The Issuer, represented by its board of directors, assumes responsibility for the content of this Private Placement Memorandum. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Private Placement Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Private Placement Memorandum is intended to provide information to potential investors in the context of and for the sole purpose of the offering of the Notes and their admission to trading. 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 content of this Private Placement Memorandum is 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 Issuer.

## SUMMARY

This summary must be read as an introduction to this Private Placement Memorandum and any decision to invest in the Notes should be based on a consideration of the Private Placement Memorandum as a whole. No civil liability will attach to the responsible persons solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Private Placement Memorandum, including any information incorporated by reference.

Words and expressions defined in the Terms of Issue or elsewhere in this Private Placement Memorandum have the same meanings in this summary.

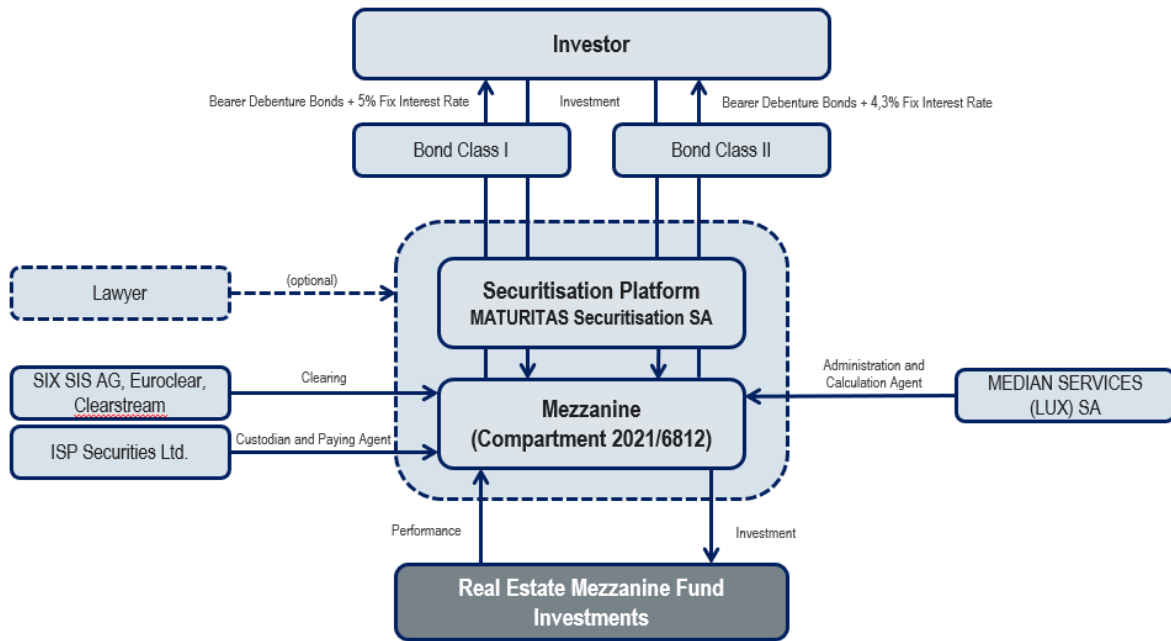
<b>The Issuer:</b>	<b>MATURITAS Securitisation SA</b> , a public limited liability company ( <i>société anonyme</i> ) incorporated under the laws of the Grand Duchy of Luxembourg, subject to the Securitisation Law, having its registered office at 17, Rue de Flaxweiler, L-6776 Grevenmacher and registered with the Luxembourg Trade and Companies Register under number B205020 acting in respect and on behalf of its Mezzanine (Compartment 2021/6812).
<b>Directors</b>	Stephan Blohm
<b>Securitisation Law:</b>	The Noteholders acknowledge and accept that (a) the Issuer is subject to the Securitisation Law and (b) the Company may create by resolutions of its board of Directors compartments to which all assets, rights and claims relating to the relevant Notes will be allocated. Consequently, the assets of the compartments are exclusively available to satisfy the rights of investors in relation to such compartment and the rights of creditors whose claims have arisen in connection with the creation, operation or liquidation of such compartment. Furthermore, the Noteholders acknowledge and accept that they only have recourse, in compliance with the limited recourse clause of the Terms of Issue, to the assets of the Issuer through which the Notes have been issued and not to the assets allocated to other compartments (if any) created by the Company or any other assets of the Company. Furthermore, the Noteholders also acknowledge and accept that the Issuer has issued the Notes so that any and all references to the Issuer in the Private Placement Memorandum and the Terms of Issue shall be read as a reference restricted to such compartment and to the assets and liabilities allocated thereto and not to the Company as a whole. Accordingly, the Noteholders acknowledge and accept that once all the assets allocated to the Issuer have been realised, such Noteholders are not entitled to take any further steps against the Issuer to recover any further amount due and the right to receive any such amount shall be extinguished.



<b>The Notes:</b>	<p>Up to 10,000 Notes in Bond Class I and up to 10,000 Notes in Bond Class II both due May 2027.</p> <p>Notes will be issued in dematerialised form.</p> <p>Notes will be represented by a Global Note as specified in the Terms of Issue. The Global Note will be deposited on or around the Issue Date with a depository or a common depository for SIX SIS AG, Switzerland.</p>
<b>Denomination:</b>	Bond Class I EUR 1,000 and Bond Class II EUR 1,000.
<b>Minimum Investment:</b>	Bond Class I EUR 30,000 and Bond Class II EUR 10,000.
<b>Status of the Notes:</b>	The Notes are limited recourse unsecured obligations of the Issuer ranking <i>pari passu</i> in right of payment with all existing and future unsecured indebtedness of the Issuer that is not subordinated to the Notes without any preference among themselves.
<b>Redemption:</b>	The Notes will be finally redeemed on the Maturity Date, or earlier as specified in the Terms of Issue.
<b>Use of proceeds:</b>	The issuance proceeds of the Notes will, upon receipt, be credited to the Issuer Account and shall be applied to invest into Real Estate Mezzanine Fund Investments.
<b>Transfer Restrictions:</b>	The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
<b>Paying Agent / Account Bank:</b>	The Notes are the subject of an agency agreement dated 14 <sup>th</sup> May 2021 made between the Issuer and ISP Securities Ltd. as agent (the " <b>Agent</b> ").
<b>Withholding Tax:</b>	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within Luxembourg, subject to the provisions of Condition 18 ( <i>Taxation</i> ) of the Terms of Issue.
<b>Governing Law:</b>	The Notes and all contractual obligations arising out of or in connection with them are governed by Luxembourg law.
<b>Clearing Systems:</b>	SIX SIS AG, Switzerland.
<b>Selling Restrictions:</b>	For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of offering

	material in the European Economic Area and Luxembourg, see " <i>Subscription and Sale</i> " below.
<b>Risk Factors:</b>	Investing in the Notes involves risks. See " <i>Risk Factors</i> ".

# STRUCTURE CHART



## RISK FACTORS

*(For the definition of the terms beginning with an uppercase, please refer to the Definitions and Interpretations beginning on page 23 of this Private Placement Memorandum).*

The Company believes that the following factors may affect the Issuer's ability to fulfil its obligations under the Notes and are material to the Notes in order to assess the risks associated with them.

All of these factors are contingencies which may or may not occur and the Company is not in a position to express a view on the likelihood of any such contingency occurring.

The risks described below are not the only ones the Company is exposed to. Additional risks that are not currently known to, or identified as risks by, the Company could have a material adverse effect on the Company's business and the Issuer's ability to fulfil its obligations under the Notes. The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their relative significance.

Prospective investors should also read the detailed information set out elsewhere in this Private Placement Memorandum and reach their own views prior to making any investment decision.

Potential investors in the Notes are explicitly reminded that an investment in the Notes entails financial risks which if crystallised may lead to a decline in the value of the Notes. Potential investors in the Notes should be prepared to sustain **a total loss** of their investment in the Notes.

There is also a risk that a prospective investor may not be able to lawfully acquire the Notes under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or that such Noteholder would not comply with any law, regulation or regulatory policy applicable to it by acquiring the Notes. The Company does not have nor assumes any responsibility for the lawfulness of any investment in the Notes by a prospective investor.

### **General Risk Factors**

Investing in Notes involves certain risks. This Private Placement Memorandum identifies in general terms certain information that a prospective investor should consider prior to making an investment in the Notes. However, a prospective investor should, without any reliance on the Issuer or its affiliates, conduct its own thorough analysis (including its own accounting, legal and tax analysis) prior to deciding whether to invest in any Notes as any evaluation of the suitability for an investor of an investment in Notes depends upon a prospective investor's particular financial and other circumstances as well as on specific terms of the relevant Notes and, if it does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, it should consult with its financial adviser prior to deciding whether or not to make an investment in the Notes.

This Private Placement Memorandum is not, and does not purport to be, investment advice, and the Issuer does not make any recommendation as to the suitability of the Notes. The provision of this Private Placement Memorandum to prospective investors is not based on any prospective investor's individual circumstances and should not be relied upon as an assessment of the suitability for any prospective investor of the Notes. Even if the Issuer possesses limited information as to the objectives of any prospective investor in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of the suitability for such person of the Notes. Any trading or investment decisions a prospective investor takes are in reliance on its own analysis and judgement and/or that of its advisers and not in reliance on the Issuer or any of its respective affiliates.

In particular, each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or, if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Each prospective investor in Notes should have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one currency, but indexed to another currency, or where the currency for principal or interest payments is different from the potential investor's currency.

The investment activities of certain investors are subject to investment laws and regulations or review or regulation by certain authorities. Each prospective investor should therefore consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) if relevant, the Notes can be used as underlying securities for various types of borrowing and (iii) other restrictions apply to its purchase or, if relevant, pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### **General description of the transaction**

Under the Private Placement Memorandum, the Issuer intends to issue notes. The issuance proceeds of the Notes will be used by the Issuer to invest in Real Estate Mezzanine Fund Investments in accordance with the Terms of Issue.

### **The Company is a special purpose vehicle**

The Issuer's sole business is the securitisation of assets by raising money through the issuance of Notes for the main purpose of investing in Real Estate Mezzanine Fund Investments. The Issuer has covenanted not to have any subsidiaries or employees, consolidate or merge with any other person or issue any shares (other than such shares as were in issue on the date of its incorporation). There is no day-to-day management of the business of the Issuer.

## **The Issuer's principal source of earnings will be the cash flows received from the Real Estate Mezzanine Fund Investments**

All or substantially all of the Issuer's assets will be constituted by the future cash flows (if any) received from the Real Estate Mezzanine Fund Investments. Accordingly, the performance of the Issuer will be dependent upon receipt of monies received from the Real Estate Mezzanine Fund Investments. The ability of the Issuer to make payments to the Noteholders shall be subject to a number of factors, including among others, the amount of income generated by the Real Estate Mezzanine Fund Investments and any third-party liabilities of the Issuer. If the Issuer does not receive any, or insufficient, payments from or in connection with the Real Estate Mezzanine Fund Investments, it may not be able to make payments (principal and/or interest) to the Noteholders. In addition, should the value of the Real Estate Mezzanine Fund Investments decrease, the Issuer may not be able to make payments to the Noteholders.

## **Limited recourse obligations**

The Notes are direct, unsecured, limited recourse obligations of the Issuer, payable solely out of the Underlying Assets. The Issuer will have no other assets or sources of revenue available for payment of any of its obligations under the Notes other than the Underlying Assets. The Noteholders will have no right to take title to, or possession of, the Underlying Assets. No assurance can be made that the Issuer will realise any profit available for distribution and allocated to the distribution to the Noteholders and to the repayment of the Notes at any particular time will be sufficient to cover all amounts that would otherwise be due and payable in respect of the Notes. The Issuer's ability to satisfy its payment obligations under the Notes and its operating and administrative expenses will be wholly dependent upon receipt by it in full of payments of amounts payable under the Underlying Assets in accordance with the terms thereof. To the extent that the Underlying Assets are ultimately insufficient to satisfy the claims in full, then the Issuer will not be liable for any shortfall arising and the Noteholders will have no further claims against the Issuer in respect of the Notes.

The Issuer's ability to satisfy its payment obligations under the Notes and its operating and administrative expenses will be wholly dependent upon receipt by it in full of payments of amounts payable from the Real Estate Mezzanine Fund Investments in accordance with the Terms of Issue. To the extent that such assets are ultimately insufficient to satisfy the claims in full, then the Issuer will not be liable for any shortfall arising and the Noteholders will have no further claims against the Issuer in respect of the Notes.

Other than the Issuer, no person will be obliged to make payments on the Notes.

## **Non-petition**

Each of the Noteholders agrees not to (1) petition for bankruptcy of the Company or request the opening of any other collective or reorganisation proceedings against the Company or the Issuer (2) seize any assets of the Company or the Issuer.

The Company is structured as an insolvency-remote vehicle. The Company and the Issuer will aim at contracting with each party on terms under which such party agrees not to make application for the commencement of winding-up, liquidation and

bankruptcy or similar proceedings against the Company. Legal proceedings initiated against the Company in breach of these provisions shall be declared inadmissible by a Luxembourg court.

Notwithstanding the foregoing, if the Company or the Issuer fails, for any reason, to meet its obligations or liabilities, a creditor who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions may have the right to make an application for the commencement of insolvency proceedings against the Company. Furthermore, the commencement of such proceedings may, under certain conditions, entitle creditors to terminate contracts with the Company and the Issuer and claim damages for any loss created by such early termination. While the Company is insolvency-remote, it is, under no circumstances, insolvency-proof.

In the event of such insolvency proceedings taking place, Noteholders bear the risk of a delay in the settlement of any claims they might have against the Company or receiving, in respect of their claims, the residual amount following realisation of the Company's assets, including the Underlying Assets, after preferred creditors have been paid, with the result that they may lose their initial investment.

### **Limitations on the transfer of the Notes**

The Notes are freely transferable subject to and in accordance with the conditions and subject to the procedure set forth in the Terms of Issue.

### **Legality of purchase**

The Issuer has or assumes no responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes (whether for its own account or for the account of any third party), whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser (or any such third party) with any law, regulation or regulatory policy applicable to it.

### **The secondary market**

Notes may have no established trading market when issued and none may ever develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes would generally have a more limited secondary market and greater price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

### **Change of law - domestic**

The Terms of Issue are governed by the laws of the Grand Duchy of Luxembourg in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to Luxembourg law or administrative practice after the date of issue of the Notes.

### **Changing in the regulatory environment**

The regulatory environment for securitisation companies is evolving, and changes in laws, regulations and market practice could occur during the term of the Issuer. Such changes may adversely affect the Issuer and its investment results, as well as some or all of the Noteholders. There is a possibility that prior to the maturity date of the Notes and/or before all the Notes are redeemed, the Issuer may be subject to new or revised legislation or regulations, which may be enforced by entirely new governmental agencies. The Issuer and/or some or all of the Noteholders also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organisations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be more difficult and expensive, and may affect the manner in which the Issuer conducts business. Furthermore, new regulations may impair the ability of the Issuer to obtain the leverage it seeks to pursue its investment strategies. New laws or regulations may also subject the Issuer and/or some or all of the Noteholders to increased taxes or other costs.

### **Reliance on third parties**

The Company and the Issuer are parties to contracts with a number of third parties who have agreed to perform a number of services in relation to the Notes. If any such third party fails to perform its obligations under any relevant agreement, Noteholders may be adversely affected. No assurance can be given that the creditworthiness of the parties will not deteriorate in the future. This may affect the performance of their respective obligations under the respective agreements.

### **No regulation of the Company by any regulatory authority**

Neither the Company nor the Issuer are licensed, registered or authorised under any current securities, commodities or banking laws of their jurisdiction of incorporation and will operate without supervision by any authority in any jurisdiction. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Company and the Issuer. The taking of a contrary view by such regulatory authority could have an adverse impact on the Issuer or the Noteholders. Any investment in the Notes does not have the status of a bank deposit and is not within the scope of any deposit protection scheme.

### **Taxation and no gross-up**

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any



state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Notes, the Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax and no Event of Default shall occur as a result of any such withholding or deduction.

### **FATCA and Common Reporting Standards**

Under the terms of the amended Luxembourg law dated 24 July 2015 implementing the Model I Intergovernmental Agreement between Luxembourg and the United States concerning FATCA (the “**FATCA Law**”) and the Luxembourg law dated 18 December 2015 implementing Directive 2014/107/EU, which is based on the OECD’s Common Reporting Standard (the “**CRS Law**”) the Company is likely to be treated as a Reporting (Foreign) Financial Institution. As such, the Company may require all Noteholders to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above-mentioned regulations. Should the Company become subject to a withholding tax and/or penalties as a result of non-compliance under the FATCA Law and/or penalties as a result of non-compliance under the CRS Law, the value of the Notes held by all Noteholders may be materially affected. Furthermore, the Company may also be required to withhold tax on certain payments to its Noteholders that are not compliant with FATCA (i.e. the so-called foreign pass-through payments withholding tax obligation).

### **Non-registration under the Securities Act and Restrictions on Transfer**

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes are being issued and sold in reliance upon exemptions from registration provided by such laws. Consequently, the transfer of the Notes will be subject to satisfaction of legal requirements applicable to transfers that do not require registration under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States.

The Issuer has not been registered as an investment company under the Investment Company Act, in reliance, where applicable, on the exception provided under Section 3(c)(7) thereof for companies whose outstanding securities are beneficially owned by “Qualified Purchasers” (as defined in Section 2(a)(51) of the Investment Company Act) and which do not make a public offering of their securities in the United States. No opinion or no-action position has been requested of the U.S. Securities and Exchange Commission (the “**SEC**”) regarding whether the Issuer is required to be registered as an investment company. If the SEC or a court of competent jurisdiction were to find that the Issuer is required to register as an investment company, possible consequences include, but are not limited to, the SEC applying to enjoin the violation, and any contract to which the Issuer is a party made in violation or whose performance involves a violation of the Investment Company Act being unenforceable unless enforcing such contract would produce a more equitable result. Should the Issuer be subjected to any or all of the foregoing or to any (if any) other consequences, the Issuer would be materially and adversely affected.

## **Business relationships and capacity of the Agent**

The Agent and its affiliates may act in a number of capacities in respect of the Notes. The Agent and its affiliates acting in such capacities in connection with such Notes shall have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity.

## **Interest rate risks**

Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macroeconomic factors, speculation and central bank and government intervention. Fluctuations in short-term and/or long-term interest rates may affect the value of the Notes. Fluctuations in interest rates of the currency in which the Notes are denominated may affect the value of the Notes. Interest rates may at times be negative.

## **Inflation risk**

A change in the rate of inflation in any relevant jurisdiction may affect the value of any investments, or of any payments.

## **Litigation risk**

There is a risk that the Real Estate Mezzanine Fund Investments or the Issuer might be sued for whatever reason by a counterparty, and there is a risk that the Real Estate Mezzanine Fund Investments or the Issuer may be required to resort to litigation to enforce an agreement. In any litigation, especially cross-border litigation, the outcome is uncertain, and litigation is costly and consumes management time. Even if successful, a favourable judgement may not be collectable in full or at all.

## **Potential impact of further regulation in the financial markets**

Instability in the financial markets has led to a number of unprecedented actions being taken by governments to support certain financial institutions and segments of the financial markets that have experienced volatility or a lack of liquidity. Governments, their regulatory agencies or self-regulatory organisations may take additional actions that affect the regulation of the assets in which the Issuer invests, or the issuers of such assets in ways that are unforeseeable.

There has been some commentary amongst regulators and intergovernmental institutions, including the Financial Stability Board and International Monetary Fund on "shadow banking" which is a term taken to refer to credit intermediation involving entities and activities outside the regulated banking system. Since the Issuer is an entity outside the regulated banking system and certain of its activities could arguably fall within this definition, it may be subject to regulatory developments which would subject the Issuer to increase levels of oversight and regulation. This could increase costs, limit operations and hinder the Issuer's ability to achieve its investment objectives.

The Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the "AIFMD") transposed by the authorities of the Grand Duchy of Luxembourg into Luxembourg law on 12 July 2013 ("AIFM Law"), seeks to regulate alternative investment managers ("AIFMs") based in the European Union. It prohibits such managers from managing any alternative investment fund for the purposes of the AIFM Law ("AIF") or marketing securities in such funds to European Union investors unless authorisation is granted to the AIFM. In order to obtain such authorisation, an AIFM will need to comply with various obligations in relation to the AIF, which may create significant additional compliance costs that may be passed to investors.

As of today, it is unlikely that the AIFM Law would apply to the Issuer as the Issuer would be considered as a "securitisation special purposes entity" under Article 2 paragraph 2 (g) of the AIFM. The *Commission de Surveillance du Secteur Financier* has issued policy statements in relation to the implementation of the AIFMD in the Grand Duchy of Luxembourg. Notably, in respect of Luxembourg securitisation undertakings, the *Commission de Surveillance du Secteur Financier* pointed out, in its "FAQ on securitisation" published on its website, that "irrespective of whether or not they meet the definition of an "ad hoc securitisation structure" under the law of 12 July 2013 on alternative investment fund managers (implementing the AIFMD in Luxembourg), securitisation vehicles which only issue debt instruments do not constitute AIFs". However in providing such guidance, the regulators have referred to the possibility that ESMA will, in due course, provide additional guidance on the types of structures which will be considered AIFs and the meaning of the "securitisation special purpose entities" exemption under the AIFMD. Therefore, a risk remains that the Issuer may fall under the scope of the AIFM Law.

Any regulatory changes arising from interpretation of the AIFMD (or otherwise) and the AIFM Law that limit the Issuer's ability to market future issuances of its Notes, may adversely affect the Issuer's ability to carry out its investments and achieve its investment objective.

## **Principal risks in relation to Real Estate Mezzanine Fund Investments**

### **Liquidity risk**

An investment in Real Estate Mezzanine Fund Investments carries a general liquidity risk. The Real Estate Mezzanine Fund Investments may invest in equity and debt issued by companies which are not regulated and/or which have not an access to financial markets. Consequently the equity and debt may represent a low level of liquidity and marketability involving that selling of the equity and debt in the market may only be possible through a discounted premium.

### **Temporary investments in liquid assets**

By exception proceeds paid to the Real Estate Mezzanine Fund Investments may be invested in very liquid assets on a temporary or short term basis. These temporary investments may produce lower returns for Investors than returns earned by the Investments for the same period.

## **Concentration and diversification**

While it is the intention of the Real Estate Mezzanine Fund Investments to build-up a diversified portfolio of real estate finance transactions and assets, the Real Estate Mezzanine Fund Investments may be exposed during a specific period of time (e.g. the kick-off period, the liquidation stage, or special circumstances where the most advisable option for the portfolio managers is not to execute more transactions and reduce their exposure) to one single investment. The Real Estate Mezzanine Fund Investments may be exposed during the acquisition period, the portfolio disposal period or under extraordinary circumstances, to concentration risks. During such extraordinary periods, the Real Estate Mezzanine Fund Investments may exceed the risk diversification level and may even also have the majority of the capital in cash. Such requirement will be necessary in order to manage, under such extraordinary circumstances, the risks of the Real Estate Mezzanine Fund Investments and its investors in a more conservative way, avoiding periods of high uncertainty for the portfolio managers on the allocation of the capital for lending transactions, and thus on the investors capital.

## **General risks in investing in Real Estate**

Real Estate Mezzanine Fund Investments, directly or indirectly, are exposed to various risks such as the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding, and increased competition, increases in property taxes and operational expenses, demographic trends, variations in rental income, changing in zonings, causality or condemnation losses, environmental risks, regulatory limitations to rents, changing in neighbourhood values, increases in interest rates and other real estate capital market influences.

## **Risks linked to the valuation of the assets**

The valuation of unlisted assets depends on subjective factors and can be difficult to realize with accuracy. Furthermore the accounting, auditing and financial reporting standards in specific may not correspond to International Financial Accounting Standards or are not equivalent to those applicable in more developed market economies. This is because accounting and auditing has been carried out solely as a function of compliance with tax legislation. The reliability and quality of information that will be collected in order to value the assets of the Real Estate Mezzanine Fund Investments may therefore be less reliable than in respect of investments in more developed markets economies.

## **Risks linked to debt investments**

In order to gain exposure to targeted assets the Real Estate Mezzanine Fund Investments may invest in various types of debt instruments. Consequently the Real Estate Mezzanine Fund Investments may be exposed to credit risk including default, interest risk and credit spread risk. Furthermore the Real Estate Mezzanine Fund Investments may be exposed to the integrity of the issuer's management, its commitment to repay the loan, its qualification, its operating record, its emphasis in strategic direction, financial philosophy, and operational management including control systems. In particular, the Real Estate Mezzanine Fund Investments may be exposed to the capacity of the issuer's ability to generate cash flow to repay its debt obligations.

## **Collateral risk**

In order to reduce the risks of lending, collateral is a key concern for borrowers, since it is the guarantee the lender has in case the debtor defaults in his credit. The Real Estate Mezzanine Fund Investments have collateral exposure, since the probability of default and the recovery rate of the loans will be influenced by the LTV's the Real Estate Mezzanine Fund Investments lend to and the strength of the collateral provided and the proper pricing of such collateral. The Real Estate Mezzanine Fund Investments in order to reduce such risk, will try to have first lien on the asset, and if not second lien. Additionally, the properties Real Estate Mezzanine Fund Investments expect to focus on are in areas where price sensitivity to market changes is smaller, reducing thus the sensitivity of the collateral to real estate price movements.

## **Risks linked to equity investments**

In order to gain exposure to real estate finance projects, the Real Estate Mezzanine Fund Investments may invest in various types of equity. Equity investments can experience failures or substantial declines in value at any stage. The investments made by the Real Estate Mezzanine Fund Investments may be illiquid and difficult to value, and therefore will be little or no collateral to protect an investment once made. Sales of equity may not always be possible, and may therefore have to be made at substantial discounts. Equity holders have in general an inferior rank towards debt holders and so are exposed to higher risks. Furthermore the Real Estate Mezzanine Fund Investments are entitled to take privately negotiated equity participations in entities investing, financing, developing, managing and trading real estate assets. Those investments have private equity characteristics and typically involve uncertainties that cannot be compared to those arising in the case of other type of assets.

## **Insurance risks**

Even though a real estate owner often intends to maintain comprehensive insurance on its real estate properties, including physical loss or damage, business interruption and public liability in amounts sufficient to permit replacement in the event of total loss, subject to applicable deductibles, there are certain types of losses, however, generally of a catastrophic nature, such as earthquakes, floods, hurricanes and terrorism that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents, encumbering properties that have been pledged as collateral for loans, and other factors might make it economically impractical to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances the insurance proceeds received, if any, might not be adequate to restore the initial investment with respect to the affected property.

## **Dependence on rental income**

The Real Estate Mezzanine Fund Investments will not receive rental income, but the collateral the properties provide to the Real Estate Mezzanine Fund Investments, their valuation will be influenced by the potential increase/decrease in the long term expected rental income of such properties. Such risk, that the rental income cannot be kept on the foreseen level is mainly influenced by the level of vacancy. To maintain the rental income at an acceptable level depends on numerous factors such as the quality

of the tenants, the duration of leases, effective marketing and the compliance of the leases and the rental income with the practices and requirements of the rental market and the changes in the status and the amenities of the location. Low occupancy could have a downward impact on the forecasted rental income. Changes in the surroundings will also have a negative impact on the (future) rental income if such change results in a deterioration of the location.

## TERMS OF ISSUE OF THE NOTES

*The following is the text of the Terms of Issue, which will be applicable to the Notes.*

### **MATURITAS Securitisation SA**

Mezzanine (Compartment 2021/6812)

### **Terms of Issue**

Bond Class I:

Up to EUR 10,000,000.00

Bearer Debenture Bonds

ISIN: CH0567547366 / Valor: 56754736

Bond Class II:

Up to EUR 10,000,000.00

Bearer Debenture Bonds

ISIN: CH1108674024 / Valor: 110867402

based on Real Estate Mezzanine Fund Investments

#### **Important information:**

The regulatory and fiscal conditions relating to DEBENTURE BONDS, REFERENCE FUND, and/or COMPANY PROVIDERS may be subject to changes that have adverse effects on the amounts payable to DEBENTURE BOND HOLDERS and may lead to the ISSUER repaying DEBENTURE BONDS prematurely or making adjustments with respect to one or more components or values of the REFERENCE FUND and/or the amounts payable pursuant to these TERMS OF ISSUE and/or some other value and/or amount. The DEBENTURE BOND HOLDERS should be aware that

- (i) it is likely that neither the HYPOTHETICAL INVESTOR nor another person (particularly not the ISSUER) will exercise any rights (including voting rights) included with the REFERENCE FUND or act in the interest of HYPOTHETICAL INVESTORS or any other person (with the exception of rights received from the interests of the REFERENCE FUND or other payments associated with the redemption or a dissolution of the REFERENCE FUND); and
- (ii) interest on and repayment of the DEBENTURE BONDS are subject to the risk that with regard to the REFERENCE FUND a CREDIT EVENT (as defined below) might occur and that the rate of return and / or repayment of the DEBENTURE BONDS might be consequently reduced or that even no rate of return and / or repayment might happen; and
- (iii) that DEBENTURE BOND Holders, in the event of the occurrence of a CREDIT EVENT TO THE REFERENCE FUND, have no direct recourse, in respect of any losses, against the REFERENCE FUND and do not necessarily benefit, after entering a CREDIT EVENT, of any positive developments regarding the REFERENCE FUND so that the investment in the DEBENTURE BONDS may be associated with a higher risk than a direct investment in the REFERENCE FUND (as a party); and
- (iv) in the absence of suitable liquidity of the REFERENCE FUND, the amount of the payments owed by the ISSUER according to the TERMS OF ISSUE below is primarily dependent upon the degree to which the ADMINISTRATION AND ACCOUNTING AGENT is able to secure offers from market participants that can be considered POTENTIAL BUYERS of the REFERENCE FUND in the secondary

market, and that they may thus completely lose the capital they invested under these circumstances; and

- (v) the price at which the DEBENTURE BONDS may be sold, if any, may be affected, on the one hand, by the general credit standing of the REFERENCE FUND and the ISSUER and by the likelihood of occurrence of the risks applicable to the REFERENCE FUND and the ISSUER, on the other hand, also by the general market environment, interest rate fluctuations, the residual maturity of the DEBENTURE BONDS, exchange rates and inflation rates, whereby individual factors can reinforce each other or even reduce; and
- (vi) dividends from the REFERENCE FUND are not guaranteed by either party and depend on various factors upon which the ISSUER has no influence (e.g. the economic success of the REFERENCE FUND) and that, in the absence of any secondary market on which the REFERENCE FUND may be traded, the amount of payments owed by the ISSUER under the terms of the following terms of issue is primarily dependent on the extent to which the REFERENCE FUND is able to meet his obligations under the REFERENCE FUND that they are owed, and that they may therefore lose all of their capital.

An acquisition of the DEBENTURE BONDS is only suitable for persons who have carefully examined the FUND DOCUMENTATION and are able to assess the risks associated with the REFERENCE FUND (including risks resulting from the structure of the REFERENCE FUND and its investments, as well as the risks of its fiscal and regulatory classification) based on their knowledge and experience and are able to bear any losses up to a complete loss of their investment. The purchase of the DEBENTURE BONDS is not suitable for private customers within the meaning of the EU Financial Markets Directive (EU Directive 2004/39 / EC).

## **1 DEBENTURE BOND REGULATIONS; AMOUNTS TO BE PAID; GENERAL DEFINITIONS**

- 1.1 MATURITAS Securitisation SA (the “**COMPANY**”), a company in accordance with the Luxembourg Securitisation Law of 2004, as amended (the “**LAW OF 2004**”), trading on behalf and on account of **Mezzanine (Compartment 2021/6812)** (the “**ISSUER**”), issues identical Debenture Bonds (“**DEBENTURE BONDS**”) to bearers in the amount of the AGGREGATE NOMINAL AMOUNT and in the CURRENCY SPECIFIED, divided into up to 10,000 Debenture Bonds in Bond Class I and up to 10,000 Debenture Bonds in Bond Class II in the nominal amount of € 1,000.00 each (in words: one thousand euros) (the “**NOMINAL AMOUNT**”).
- 1.2 Bearers of DEBENTURE BONDS (“**DEBENTURE BOND BEARERS**”) have the right to request payment from the ISSUER pursuant to these terms and conditions (“**TERMS OF ISSUE**”)
  - (a) of the INTEREST AMOUNT specified in paragraph 5; and
  - (b) the REDEMPTION AMOUNT in accordance with paragraph 6 and the EARLY REDEMPTION AMOUNT in accordance with paragraph 16.

Whether and to what extent the ISSUER must render payments pursuant to these TERMS OF ISSUE largely depends on the performance of the REFERENCE FUND. Physical delivery of the REFERENCE FUND (or individual components) to DEBENTURE BOND HOLDERS is not permitted.

- 1.3 Unless the context otherwise specifies, the capitalised terms in the TERMS OF ISSUE are defined as follows:

“**AGGREGATE NOMINAL AMOUNT**” is an amount up to € 10,000,000.00 (in words: ten million euros) in Bond Class I and up to € 10,000,000.00 (in words: ten million euros) in Bond Class II (both with reopening clause).

“**BANK WORKING DAY**” is any day (except Saturday and Sunday) when banks in Luxembourg and Frankfurt am Main are open for general business and when payments are processed by the TARGET2 system (the Trans-European Automated Real-time Gross Settlement Express Transfer payment system 2).



**"COST LIQUIDITY RESERVE"** refers to a liquidity reserve formed, at the discretion of the ISSUER, on the ISSUE DATE and at the end of each INTEREST PERIOD, based on the ISSUER'S estimated payment obligations during the subsequent INTEREST PERIOD, particularly for (i) the TRANSACTION COSTS and (ii) costs arising from the ISSUER'S providers (unless already covered under (i)). The interest payments and payment obligations included in the INVESTMENT LIQUIDITY RESERVE do not count as payment obligations in this sense.

**"CLEARING HOUSE"** refers to SIX SIS AG, Baslerstrasse 100, 4600 Olten, Schweiz.

**"CREDIT EVENT"** means the occurrence of INSOLVENCY and / or NON-PAYMENT and / or a RESTRUCTURING OF THE REFERENCE FUND. Such a CREDIT EVENT occurs regardless of the following circumstances or objections:

- (a) any actual or alleged lack of authority or capacity of the REFERENCE FUND;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity of the fulfilment of an obligation;
- (c) the application or interpretation of a law, a decision, order, ruling or notice issued by a competent court or by a competent supervisory authority, central bank, federal, state or local authority; or
- (d) the imposition or modification of foreign exchange controls, capital restrictions or similar restrictions, through a foreign exchange or other authority.

**"Distribution Fee"** is up to 1% p.a. based on the Aggregate Nominal Amount and plus any applicable value added tax, which is payable monthly in arrears.

**"ISSUED NOMINAL AMOUNT"** refers to the total NOMINAL AMOUNT of each DEBENTURE BOND actually issued from time to time.

**"ISSUE DATE"** is 14<sup>th</sup> May 2021.

**"INVESTMENT LIQUIDITY RESERVE"** refers to the difference, on the ISSUE DATE and at the end of each subsequent INTEREST PERIOD, between (i) the sum of the subscription commitments from the REFERENCE FUND and (ii) the amount of subscription commitments the HYPOTHETICAL INVESTOR would have already appropriated, based on the subscription commitments submitted by them and the capital calls from the REFERENCE FUND.

**"INSOLVENCY"** means any of the following events:

- (a) the REFERENCE FUND is resolved (unless this is due to a consolidation, transfer of assets or merger);
- (b) the REFERENCE FUND is insolvent or over-indebted, or it fails or admits in writing in judicial, regulatory or administrative proceedings or it requests in this connection its general inability to pay its debts as they fall due;
- (c) the REFERENCE FUND agreed to a liquidation, creditors or insolvency comparison with its or for the benefit of its creditors;
- (d) by or against the REFERENCE FUND a method of insolvency or bankruptcy of facts or on adoption of any other creditor rights relevant legal arrangement according to any insolvency or bankruptcy order or an economically similar bill is introduced, or concerning the REFERENCE FUND a motion to dissolve or it is put up for liquidation, and in the case of such proceedings or of such a request regarding the REFERENCE FUND;

- (i) the method or application leads to a finding of insolvency or bankruptcy, or the adoption of an order for relief, or of an arrangement of its dissolution or liquidation, or
  - (ii) the process or the application is not rejected within 30 calendar days of notification or application, abandoned, withdrawn or suspended;
- (e) the REFERENCE FUND shall take a decision on its dissolution, official administrator management or liquidation (unless such a decision is based on a consolidation, transfer of assets or merger);
- (f) the REFERENCE FUND requiring the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other person with economically equivalent function for itself or all or substantially all of its assets or of such a person is assumed;
- (g) a secured party takes all or substantially all of the assets of the REFERENCE FUND in possession or there is a seizure, attachment, sequestration or other legal process in respect initiated on all or substantially all of the assets against circumstances of the borrower, performed or enforced and the secured party obtains possession within 30 calendar days thereafter or such process is not dismissed within 30 calendar days thereafter, abandoned, withdrawn or suspended; or
- (h) an event, related to the REFERENCE FUND, occurs or such an event is caused by the REFERENCE FUND, which under the applicable laws of any jurisdiction has an economically equivalent effect as the cases referred to (including) in (a) to (g).

**“Investment Advisory Fee”** is up to 0,5% p.a. based on the Aggregate Nominal Amount and plus any applicable value added tax, which is payable monthly in arrears.

**“LIQUIDITY RESERVE”** refers to the sum of the COST LIQUIDITY RESERVE and the INVESTMENT LIQUIDITY RESERVE. At the end of the last Interest Period, no Liquidity Reserve is formed.

**“LAW AMENDMENT”** means that on or after the ISSUE DATE to the decision or a change in any applicable laws or regulations (including tax legislation) or due to the promulgation of or any change in the interpretation of relevant laws or ordinances by a competent court, tribunal or regulatory authority (including the measures taken by financial authorities measures)

- (i) the REFERENCE FUND and / or the HYPOTHETICAL INVESTOR is no longer possible to be a party to the REFERENCE FUND and / or exercise associated with the loan agreement rights to the extent originally agreed, and / or
- (j) the ISSUER, in fulfilling its obligations under the BEARER BONDS, has to cover higher costs (e.g. due to an increase in tax liability, tax benefit or other adverse effect on its tax position), whereas the ADMINISTRATIVE AND CALCULATION AGENT shall, after a reasonable consideration whether it incurs significantly higher costs, and communicates this to the BEARER BONDS HOLDERS, pursuant to paragraph 14, and / or
- (k) there is a change of legal, tax, accounting or regulatory treatment of the REFERENCE FUND (including the abolition, suspension or revocation of a license or registration) which, in the reasonable opinion of the ADMINISTRATIVE AND CALCULATION AGENT, is likely to have an adverse effect on the value of the REFERENCE ASSET or HYPOTHETICAL INVESTOR; and / or

- (l) the REFERENCE FUND or the HYPOTHETICAL INVESTOR is the subject of an investigation, proceeding or litigation with respect to a possible violation of law applicable to acts relating to or arising from the Lending by any government agency or regulatory authority; and / or
- (m) the ISSUER determines in good faith that the performance of its obligations under the BEARER BONDS or the expenditure incurred by it for simulating the investment and risk profile of the REFERENCE ASSET transactions applicable in accordance against present or future legal provisions, rules, judgments, orders or guidelines of State, administrative or legislative authorities or violence or of a court, or a change in the interpretation thereof, is wholly or partly, unlawful, illegal or prohibited for other reasons or will be.

“**MANAGEMENT FEE**” is up to 1% p.a. based on the AGGREGATE NOMINAL AMOUNT and plus any applicable value added tax, which is payable monthly in arrears.

“**MATURITY DATE**” will be 14<sup>th</sup> May 2027.

“**NON-PAYMENT**” is when the REFERENCE FUND (after the occurrence of any conditions for the beginning of such period of grace) fails in relation to one or more Obligations, after the expiration of an applicable, on the in question, liability grace period, due and relevant liabilities to be paid to the place of performance in accordance with applicable agreements at the time of failure conditions payments, the total amount corresponds of at least EUR 1,000,000 (in words: one million euros) (or its equivalent in the respective liabilities).

“**PAYING AGENT**” is ISP Securities Ltd., Bellerivestrasse 45, 8034 Zurich, Switzerland.

“**RESTRUCTURING**” means that with respect to one or more liabilities of the REFERENCE FUND, for which the total amount is at least EUR 1,000,000 (in words: one million euros) (or its equivalent in the respective liability currency), one or more of the below described events happen, one or more events occur for one or more holders of the respective liability, an agreement between the REFERENCE FUND or authority has been established, which is sufficient to bind all holders of the liability, or a notice or otherwise, all holders of the respective liability bound by a binding order by the REFERENCE FUND or an authority, and such event is not expressly regulated already at the time of the issue or at the time the liability arose:

- (n) a reduction of the stated interest rate or amount of interest or the amount of contractual interest accrued thereon;
- (o) a reduction of the agreed amounts to be paid upon maturity or at redemption dates;
- (p) a postponement or delay of one or more dates for
  - (i) the payment or accrual of interest or
  - (ii) the payment of principal or premiums;
- (q) an adverse change in the rank of a liability in the payment hierarchy, which leads to a subordination of this liability against another liability;
- (r) any change in the currency or composition of interest or principal payments where the occurrence of, agreement to or announcement of a, referred to in (a) to (e), event is not considered a restructuring, if it takes place as a result of administrative, accounting, taxation or other technical adjustment, which in the context of the ordinary course of business is done or due to circumstances that are related directly or indirectly to a deterioration in the creditworthiness or financial condition of the REFERENCE FUND.

**“SPECIFIED CURRENCY”** is EURO (“EUR”).

**"SUCCESSION EVENT"** means a merger, consolidation, asset transfer, transfer of assets or liabilities, demerger, spin-off or other event, taken in the operation of law or by contract, of the liabilities of the REFERENCE FUND. Notwithstanding the foregoing, a succession event is no event in which the holders of obligations of the Borrower convert such liabilities, the liabilities of another legal person or other legal entity, unless such exchange occurs in connection with a merger, consolidation, transfer of assets, transfer of assets or liabilities, demerger, spin-off or other similar event.

**“TRANSACTION COSTS”** refers to the (i) COMPARTMENT MANAGEMENT FEE and (ii) all the ISSUER’S costs, fees and expenses directly or indirectly associated with Mezzanine (Compartment 2021/6812) of the ISSUER with regard to the relevant INTEREST PERIOD, including all costs, fees and expenses relating to (A) the purchase and sale of COMPARTMENT ASSETS and the issuance and management of DEBENTURE BONDS (collectively referred to as the **“TRANSACTIONS”**), (B) intervention of third parties as providers associated with the TRANSACTIONS and the management of the ISSUER’S Mezzanine (Compartment 2021/6812), (C) the establishment and liquidation of the ISSUER’S Mezzanine (Compartment 2021/6812), (D) the preparation of tax returns, and (E) all direct or indirect taxes associated with the ISSUER’S Mezzanine (Compartment 2021/6812), each insofar as (1) the MANAGEMENT FEE, (2) THE INVESTMENT MANAGEMENT FEE, (3) THE DISTRIBUTION FEE and (4) these costs, fees and expenses are not directly borne by the PAYING AGENT and/or ADMINISTRATION AND ACCOUNTING AGENT.

**“VALUATION DAY”** is every INTEREST DETERMINATION DATE, the FINAL VALUATION DAY and the EARLY VALUATION DAY.

## **2 STATUS**

The DEBENTURE BONDS constitute direct, unsecured and non-subordinated liabilities of the ISSUER that rank equally among each other and with all other outstanding, unsecured and non-subordinated liabilities of the ISSUER relating to Mezzanine (Compartment 2021/6812), unless any compelling legal provisions specify otherwise.

## **3 COLLECTIVE CUSTODY; TRANSFERABILITY**

3.1 DEBENTURE BONDS are securitised by one or more bearer collective certificates without interest vouchers and are deposited with the CLEARING HOUSE. Unless required by law, no physical DEBENTURE BONDS are issued. DEBENTURE BOND HOLDERS are entitled to co-ownership certificates within the bearer collective certificates. DEBENTURE BOND HOLDERS have no right to receive physical DEBENTURE BONDS. DEBENTURE BONDS are transferable in accordance with the applicable law and any applicable rules and procedures of the CLEARING HOUSE.

3.2 In securities clearing, DEBENTURE BONDS are transferable in units of one DEBENTURE BOND or an integer multiple thereof.

3.3 Existing and future claims for payment of INTEREST AMOUNTS pursuant to paragraph 5 may only be transferred together with DEBENTURE BONDS and DEBENTURE BONDS may only be transferred together with existing and future claims for payment of INTEREST AMOUNTS. A transfer of DEBENTURE BONDS is carried out without identifying a pro rata claim for payment of INTEREST AMOUNTS.

## **4 REFERENCE ASSET**

4.1 The **“REFERENCE ASSET”** is an asset held by a HYPOTHETICAL INVESTOR and consisting of

- (a) the CASH COMPONENT (see paragraph 4.2), which may even have a negative balance and
- (b) the REFERENCE FUND PARTICIPATION / FUND INVESTMENT.

On the ISSUE DATE, the REFERENCE ASSET is solely comprised of the CASH COMPONENT. After the ISSUE DATE, the CASH COMPONENT with incoming or outgoing payments is (i) reduced to include all payments made by the HYPOTHETICAL INVESTOR to the REFERENCE FUND in association with the FUND INVESTMENT and (ii) increased to include all payments received by the HYPOTHETICAL INVESTOR from the REFERENCE FUND in association with the FUND INVESTMENT, whereby the CASH COMPONENT may also have a negative balance.

4.2 The “**CASH COMPONENT**” refers to the ISSUED NOMINAL AMOUNT on the ISSUE DATE less, if applicable, the accumulated COST LIQUIDITY RESERVE (unless these costs have already been considered under (b) below) on the ISSUE DATE and subsequently at the end of each INTEREST PERIOD

- (a) the sum of (i) the CASH COMPONENT at the end of the immediately preceding INTEREST PERIOD; (ii) all payments the HYPOTHETICAL INVESTOR would have received from the REFERENCE FUND held by them during the relevant INTEREST PERIOD; (iii) INTEREST REVENUES from the investment of the CASH COMPONENT during the relevant INTEREST PERIOD; and (iv) all payments the HYPOTHETICAL INVESTOR receives from third parties during the relevant INTEREST PERIOD;
- (b) less (i) the MANAGEMENT FEE for the relevant INTEREST PERIOD; (ii) the Investment Management Fee for the relevant Interest Period; (iii) the Distribution Fee for the relevant Interest Period (iv) the TRANSACTION COSTS for the relevant INTEREST PERIOD; (v) the calculated payable interest for a hypothetical leverage for the relevant INTEREST PERIOD (for a negative CASH COMPONENT value); (vi) the sum of the INTEREST AMOUNTS from the DEBENTURE BONDS that were paid out during the relevant INTEREST PERIOD; and (vii) all payments made by the HYPOTHETICAL INVESTOR TO THE REFERENCE FUND.

In this context, it is the case that (1) corresponding dividends from the REFERENCE FUND to the HYPOTHETICAL INVESTOR made as payments in kind, evaluated by the ADMINISTRATION AND ACCOUNTING AGENT at its own reasonable discretion and (2) insofar as the HYPOTHETICAL INVESTOR has the option to receive these dividend payments either in the monetary form or as payment in kind, it is assumed that the HYPOTHETICAL INVESTOR has opted for a cash payment. If the REFERENCE FUND payments or dividends or the amounts thereof are dependent upon a decision by the HYPOTHETICAL INVESTOR, for the INTEREST AMOUNTS to be paid for the DEBENTURE BONDS, the ISSUER determines at their own discretion which decision the HYPOTHETICAL INVESTOR would have made with regard to the REFERENCE FUND payments and dividends or their amounts.

The CASH COMPONENT represents the calculated figure of a short-term, non-interest bearing, hypothetical deposit with the CUSTODIAN. The ISSUER is entitled to authorise another credit institution with headquarters or a branch in the Grand Duchy of Luxembourg, Switzerland or the Federal Republic of Germany at any time and at their own discretion, as CUSTODIAN.

4.3 “**FUND INVESTMENT**” refers to an existing holding, by the HYPOTHETICAL INVESTOR in the REFERENCE FUND, as a result of a subscription commitment by the HYPOTHETICAL INVESTOR on or near the ISSUE DATE, amounting to the ISSUED NOMINAL AMOUNT on the ISSUE DATE less any accumulated COST LIQUIDITY RESERVES on the ISSUE DATE. The FUND INVESTMENT involves a purely notional and furthermore passive investment, i.e. neither the HYPOTHETICAL INVESTOR

nor any other person (particularly not the ISSUER) will exercise any rights (including voting rights) included with the REFERENCE FUND with regard to the FUND INVESTMENT or act in the interest of HYPOTHETICAL INVESTORS or any other person (with the exception of rights received from the dividends of the REFERENCE FUND or other payments associated with the redemption of the REFERENCE FUND or a dissolution or merger of the REFERENCE FUND).

4.4 The following capitalised terms are defined as follows:

“**CUSTODIAN**” is ISP Securities Ltd., Bellerivestrasse 45, 8034 Zurich, Switzerland.

“**DISCLOSED FUND VALUE**”, in terms of a REFERENCE FUND or the level of the REFERENCE INVESTMENT at a FUND REPORTING DAY, is the value of this REFERENCE FUND and the level of the FUND INVESTMENT on the relevant FUND VALUATION DAY or, insofar as the REFERENCE FUND simply discloses its aggregate value, the percentage of the aggregate value of the REFERENCE INVESTMENT relating to the REFERENCE FUND and this level of FUND INVESTMENT on the relevant FUND VALUATION DAY, in either case as disclosed by the FUND PROVIDER on the relevant FUND REPORTING DAY; the MANAGEMENT COMPANY generally discloses this value to its investors or a publishing service on behalf of the REFERENCE FUND.

With respect to the FUND INVESTMENT, “**FUND DOCUMENTATION**” refers to the constitutive and relevant documents (e.g. statutes, general terms and conditions) of the REFERENCE FUND in which these REFERENCE INVESTMENT conditions are specified or are otherwise relevant to the FUND INVESTMENT.

With regard to a REFERENCE FUND and a FUND VALUATION DAY, the “**FUND REPORTING DAY**” refers to the day on which the DISCLOSED FUND VALUE of this REFERENCE FUND is determined, disclosed or published, as determined on this FUND VALUATION DAY in accordance with the FUND DOCUMENTATION.

“**FUND SERVICE PROVIDER**” refers to a person who is contracted or sub-contracted to provide services directly or indirectly for the REFERENCE FUND, regardless of whether or not they are explicitly mentioned in the FUND DOCUMENTATION; this includes a MANAGEMENT COMPANY, the Reference Fund’s depositary and other operating companies, management companies, custodians, depositaries, sub-depositaries, prime brokers, managers, central managers, trustees, registrars, transfer agents and domiciliary agents.

“**HYPOTHETICAL INVESTOR**” refers to a public limited company in accordance with the laws of the Grand Duchy of Luxembourg (*société anonyme*), located in the Grand Duchy of Luxembourg, and which maintains a FUND INVESTMENT on behalf of and on account of a *Compartment* pursuant to the Luxembourg Securitisation Law of 2004 (as amended).

“**INTEREST REVENUE**” means the notional figure of a short-term and interest-bearing Cash Component at the Custodian. At any time the ISSUER is entitled, at its sole discretion, to nominate any other credit institution in the Grand Duchy of Luxembourg, Switzerland or the Federal Republic of Germany for the hypothetical investment of the Cash Component.

“**ISSUE PRICE**” refers to the price at which the REFERENCE FUND is issued to the HYPOTHETICAL INVESTORS with regard to the level of the FUND INVESTMENT. In determining the ISSUE PRICE, the ADMINISTRATION AND ACCOUNTING AGENT may also take into consideration all fees, costs, taxes, expenses and other factors that could be incurred in relation with the issuance of the REFERENCE FUND to the HYPOTHETICAL INVESTOR on or near the ISSUE DATE.

“**MANAGEMENT COMPANY**” refers to MEDIAN SERVICES (LUX) SA, Grevenmacher or one of their subsidiary management companies engaged in the management of the REFERENCE FUND.

**"REDEMPTION PRICE"**, with regard to a FUND INVESTMENT, refers to the price issued by the REFERENCE FUND or the MANAGEMENT COMPANY; this is the price at which a redemption of the REFERENCE FUND by the HYPOTHETICAL INVESTORS takes place. At its own reasonable discretion (without being obliged to do so), the ADMINISTRATION AND ACCOUNTING AGENT may take the purchase price offered and paid to the HYPOTHETICAL INVESTOR by a suitable buyer (the determination of the suitability of the buyer is also determined at the reasonable DISCRETION OF THE ADMINISTRATION AND ACCOUNTING AGENT) as an alternative to the REDEMPTION PRICE for the FUND INVESTMENT in the REFERENCE FUND, if it is of the opinion that the price published by the MANAGEMENT COMPANY cannot be obtained for a redemption of the HYPOTHETICAL INVESTOR'S REFERENCE FUND within the scope of the previous sentence. In determining the REDEMPTION PRICE, the ADMINISTRATION AND ACCOUNTING AGENT may also take into consideration all fees, costs, taxes, expenses and other factors that be may be incurred in relation with the redemption of REFERENCE FUND by the HYPOTHETICAL INVESTOR on the FINAL REDEMPTION DAY.

**"REFERENCE FUND"** means the Real Estate Mezzanine Fund investments, a European Alternative Investment Fund and refers to investments into the REFERENCE FUND.

## 5 INTEREST

5.1 Subject to the occurrence of a MARKET DISTURBANCE and to the provision in section 5.3, the ISSUER will provide an interest payment on the DEBENTURE BONDS equal to 5% p.a. for Bond Class I and 4,3% p.a. for Bond Class II with regard to their NOMINAL AMOUNT on each INTEREST PAYMENT DATE (payable in arrears) if not already redeemed completely or partially. After the maturity date or the early maturity date, no further interest payments will be made. The interest shall be calculated on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of a fractional month, the number of expired days of the month concerned. In this context, the following terms have the following meanings in capital letters:

**"INTEREST PAYMENT DATE"** is every May 14<sup>th</sup> and November 14<sup>th</sup> of each calendar year and the Maturity Date is the last INTEREST PAYMENT DATE. The first INTEREST PAYMENT DATE will be the 14<sup>th</sup> of November 2021. If an INTEREST PAYMENT DATE is not a BANK WORKING DAY, the INTEREST PAYMENT DATE will be postpone to the next BANK WORKING DAY (payment of any additional interest will not be owed by such a deferral).

**"INTEREST PERIOD"** is each period from the ISSUE DATE (inclusive) and up to the first INTEREST PAYMENT DATE (exclusive), and thereafter from each INTEREST PAYMENT DATE (inclusive) up to the subsequent INTEREST PAYMENT DATE (exclusive).

**"INTEREST DETERMINATION DATE"** is always the May 5<sup>th</sup> and November 5<sup>th</sup> of each calendar year.

In the event of a MARKET DISTURBANCE (paragraph 7), the INTEREST DETERMINATION DATE shifts, as does the corresponding associated INTEREST PAYMENT DATE, without the ISSUER being required to pay additional interest or other amounts to DEBENTURE BOND HOLDERS.

5.2 The ADMINISTRATION AND ACCOUNTING AGENT will calculate the AMOUNT OF INTEREST to be paid on a DEBENTURE BOND on the relevant INTEREST PAYMENT DATE, in each case calculated on the immediately preceding INTEREST DETERMINATION DATE in accordance with the following formula and in the SPECIFIED CURRENCY:

$$IA = (CC - LR) / DSA$$

where:

**"IA"** is the current INTEREST AMOUNT;

“**CC**” is the CASH COMPONENT;

“**LR**” is the LIQUIDITY RESERVE;

“**DSA**” is the amount of outstanding DEBENTURE BONDS on the respective INTEREST DETERMINATION DATE.

- 5.3 The ADMINISTRATION AND ACCOUNTING AGENT will arrange for the relevant Interest Amount to be distributed to the DEBENTURE BOND HOLDERS and the ISSUER by making an announcement in accordance with paragraph 14. All certificates, communications, reports, assessments, calculations, quotes and decisions that are made, issued, gathered or obtained by the ADMINISTRATION AND ACCOUNTING AGENT for the purposes stipulated here in paragraph 5 are (unless any obvious error is apparent) binding for the ISSUER, the PAYING AGENT and the DEBENTURE BOND HOLDERS.

## **6 MATURITY, REDEMPTION**

- 6.1 The term of the DEBENTURE BONDS shall cease on the MATURITY DATE subject to extraordinary termination by the DEBENTURE BOND HOLDERS or the ISSUER.
- 6.2 Unless previously partially or completely redeemed, the ISSUER pays the REDEMPTION AMOUNT to each DEBENTURE BOND HOLDERS for each DEBENTURE BOND on the MATURITY DATE in accordance with these TERMS OF ISSUE, unless there is the occurrence of a MARKET DISTURBANCE. The ADMINISTRATION AND ACCOUNTING AGENT will calculate the REDEMPTION AMOUNT to be paid (the “**REDEMPTION AMOUNT**”) on a DEBENTURE BOND on the FINAL VALUATION DAY or immediately afterwards in accordance with the following formula and in the SPECIFIED CURRENCY:

$$RA = (RC - CC) / DSA$$

where:

“**RA**” is the REDEMPTION AMOUNT;

“**RC**” is the REPAYMENT COMPONENT;

“**CC**” is the CASH COMPONENT;

“**DSA**” is the amount of outstanding DEBENTURE BONDS on the Final Valuation DAY.

“**FINAL VALUATION DAY**” is the 10th Bank Working Day before the MATURITY DATE. In the event of a MARKET DISTURBANCE (paragraph 7), the FINAL VALUATION DAY shifts, as does the corresponding MATURITY DATE, without the ISSUER being required to pay additional interest or other amounts to DEBENTURE BOND HOLDERS.

The ADMINISTRATION AND ACCOUNTING AGENT will arrange for the REDEMPTION AMOUNT to be distributed to the DEBENTURE BOND HOLDERS and the ISSUER by making an announcement in accordance with paragraph 14. All certificates, communications, reports, assessments, calculations, quotes and decisions that are made, issued, gathered or obtained by the ADMINISTRATION AND ACCOUNTING AGENT for the purposes stipulated here in paragraph 6 are (unless any obvious error is apparent) binding for the ISSUER, the PAYING AGENT and the DEBENTURE BOND HOLDERS.

## **7 MARKET DISTURBANCES**

- 7.1 If the ADMINISTRATION AND ACCOUNTING AGENT determines that a MARKET DISTURBANCE occurred on a VALUATION DAY, subject to paragraph 7.3, the VALUATION DAY is the next



DESIGNATED REFERENCE ASSET VALUATION DAY where the ADMINISTRATION AND ACCOUNTING AGENT determines that no MARKET DISTURBANCE persists. In this context, the following are defined as:

**“CASH COMPONENT VALUATION DAY”**, with regard to CASH COMPONENTS, is the BANK WORKING DAY on which the assessment and transferability by the HYPOTHETICAL INVESTOR are possible.

**“DESIGNATED REFERENCE FUND VALUATION DAY”** is (i) every BANK WORKING DAY with regard to the CASH COMPONENT and (ii) a day (A) on which the REFERENCE FUND or a MANAGEMENT COMPANY should ordinarily determine the value of the REFERENCE FUND in accordance with the FUND DOCUMENTATION or, if the REFERENCE FUND only announces its aggregate net asset value, the day on which the REFERENCE FUND should ordinarily determine its aggregate net asset value and (B) on which the redemption of the FUND INVESTMENT takes place at this value (without any restrictions on redemption, deferments, suspensions or other provisions taking effect that would enable the deferment or refusal of redemption by the REFERENCE FUND).

With regard to FUND INVESTMENT, **“FUND VALUATION DAY”** is a day (i) on which the REFERENCE FUND or a MANAGEMENT COMPANY determine the value of a REFERENCE FUND in accordance with the FUND DOCUMENTATION or, if the REFERENCE FUND only announces its aggregate net asset value, a day on which the REFERENCE FUND determines its aggregate net asset value, (ii) on which the redemption of the FUND INVESTMENT takes place at this value (without any restrictions on redemption, deferments, suspensions or other provisions taking effect that would enable the deferment or refusal of redemption of the REFERENCE FUND), and on (iii) which no credit event occurs to the REFERENCE FUND.

**“MARKET DISTURBANCE”** is the occurrence of a REFERENCE FUND VALUATION DISTURBANCE, with regard to the FINAL VALUATION DAY and the EARLY VALUATION DAY.

**“REFERENCE FUND VALUATION DAY”** is every day that is (i) a CASH COMPONENT VALUATION DAY (ii) a REFERENCE FUND VALUATION DAY.

**“REFERENCE FUND VALUATION DISTURBANCE”** refers to a circumstance in which a DESIGNATED REFERENCE FUND VALUATION DAY for the CASH COMPONENT and/or the REFERENCE FUND is not a REFERENCE FUND VALUATION DAY or this REFERENCE FUND VALUATION DAY is continuously postponed.

7.2 The ADMINISTRATION AND ACCOUNTING AGENT will endeavour to notify the DEBENTURE BOND HOLDERS immediately that a MARKET DISTURBANCE has occurred in accordance with paragraph 14. However, there is no obligation to provide notification.

7.1 If the FINAL VALUATION DAY or EARLY VALUATION DAY has been postponed for more than 365 days under the provisions of this paragraph and a MARKET DISTURBANCE persists as determined by the ADMINISTRATION AND ACCOUNTING AGENCY on the immediately subsequent BANK WORKING DAY, this day (the existence of the MARKET DISTURBANCE notwithstanding) counts as the relevant VALUATION DAY and the ADMINISTRATION AND ACCOUNTING AGENT will determine the REDEMPTION PRICE at its own reasonable discretion and taking up to three previously obtained purchase offers from POTENTIAL BUYERS of FUND INVESTMENTS into consideration. The ADMINISTRATION AND ACCOUNTING AGENT will fix the REDEMPTION PRICE at the highest of the purchase offers received in this manner, which applies to all of the FUND INVESTMENT. If the only purchase offers available to the ADMINISTRATION AND ACCOUNTING AGENT are those that correspond to less than the total FUND INVESTMENT, the ADMINISTRATION AND ACCOUNTING AGENT will take this and the purchase offers obtained into proportional consideration at their own reasonable discretion. In determining the REDEMPTION PRICE, the ADMINISTRATION AND ACCOUNTING AGENT may also take into consideration all fees, costs, taxes

and expenses incurred in relation with the redemption of REFERENCE FUND by the HYPOTHETICAL INVESTOR. If no offers are submitted by POTENTIAL BUYERS or a sale and/or transfer of the FUND INVESTMENTS to a POTENTIAL BUYER is prohibited or excluded, the REDEMPTION PRICE is zero. In this context, "**POTENTIAL BUYER**" is any market participant considered under the ADMINISTRATION AND ACCOUNTING AGENT'S reasonable discretion as a purchaser of FUND INVESTMENTS in the secondary market because it can be approved as a REFERENCE FUND investor and purchaser of FUND INVESTMENTS in accordance with the FUND DOCUMENTATION and there are no grounds upon which the MANAGEMENT COMPANY could refuse to approve the transfer of REFERENCE FUND.

- 7.2 In the event of a MARKET DISTURBANCE, the maturity of the payments to be made by the ISSUER corresponding to the DEBENTURE BONDS is postponed until the ADMINISTRATION AND ACCOUNTING AGENT has gathered the necessary information pursuant to the above provisions. Additional interest or other payments are not owed as a result of this postponement.

## **8 ADJUSTMENTS**

- 8.1 If, in the opinion of the ADMINISTRATION AND ACCOUNTING AGENT, POTENTIAL GROUNDS FOR ADJUSTMENT arise with regard to the FUND INVESTMENT or the REFERENCE FUND at any time during the term of the DEBENTURE BONDS that, at the ADMINISTRATION AND ACCOUNTING AGENT'S reasonable discretion, has a significant effect on the value of FUND INVESTMENT (weakening or strengthening the value) or on the calculation of the INTEREST AMOUNT, the REDEMPTION AMOUNT, the EARLY REDEMPTION AMOUNT or another amount payable for the DEBENTURE BONDS, the ADMINISTRATION AND ACCOUNTING AGENT is entitled, but not required (the provisions in paragraph 16.2 notwithstanding)

(a) to undertake one or more appropriate adjustment(s) regarding the calculation of the INTEREST AMOUNT, the REDEMPTION AMOUNT, the EARLY REDEMPTION AMOUNT or another amount payable for the DEBENTURE BONDS, or all other requirements necessary for these calculations and/or to accommodate weakening or strengthening effects they deem appropriate to provide for POTENTIAL GROUNDS FOR ADJUSTMENT; and

(b) to determine the cut-off date(s) for the relevant adjustment(s).  
In the event of a necessary adjustment, the ADMINISTRATION AND ACCOUNTING AGENT will undertake all reasonable efforts to ensure that the economic position of DEBENTURE BOND HOLDERS is altered as little as possible. The ADMINISTRATION AND ACCOUNTING AGENT will take the time until maturity of the DEBENTURE BONDS and the latest available net asset value for the REFERENCE FUND into account when making an adjustment.

- 8.2 "**POTENTIAL GROUNDS FOR ADJUSTMENT**" with regard to the FUND INVESTMENT and/or the REFERENCE FUND, they refer to the occurrence of one of the following:

(a) a subdivision, consolidation or reclassification of REFERENCE FUND or the amount of FUND INVESTMENT, or a gratuitous distribution or allocation of REFERENCE FUND to existing bearers with regard to the REFERENCE FUND by means of a bonus, capitalisation or similar measures;

(b) a distribution, issue or dividend to holders of REFERENCE FUND in the form of (i) an amount in addition to these REFERENCE FUND; (ii) other equity or securities that authorise the distribution of dividends and/or proportionate distribution of liquidation proceeds with regard to the REFERENCE FUND or the corresponding payments to holders of the REFERENCE FUND on a pro rata basis; (iii) in the form of equity or other securities from another Issuer which the REFERENCE FUND has (directly or indirectly)

purchased as a result of a division or similar transaction or has come to possess as a result of this; or (iv) other securities, options or other rights or assets distributed in exchange for an existing consideration for less than the prevailing market price, in cash or material assets, as determined by the ADMINISTRATION AND ACCOUNTING AGENT;

- (c) COMPANY insolvency, i.e. with respect to the REFERENCE FUND so that
- (i) it is dissolved or a decision is taken regarding its dissolution, liquidation or statutory liquidation (except pursuant to a merger, amalgamation or consolidation);
  - (ii) it decides to distribute assets for the benefit of or under an arrangement with its Holders;
  - (iii) (A) it has filed for itself or on the initiative of a regulatory authority or similar regulatory body that has insolvency or regulatory authority over it pursuant to the law on its establishment or organisation or the law of its primary or original location, insolvency or bankruptcy proceedings or a similar measure pursuant to insolvency or bankruptcy law or other similar law that hinders the rights of BEARERS BOND HOLDERS it pursuant to the law on its establishment or organisation or the law of its primary or original location that has filed for its settlement or liquidation with a regulatory authority or similar regulatory establishment; or (B) insolvency or bankruptcy proceedings have been initiated or an application for its settlement or liquidation has been filed by a person not specified under (A) and in accordance with insolvency or bankruptcy law or another similar law that hinders the rights of Holders, which (1) leads to the initiation of insolvency or bankruptcy proceedings or to the introduction or affirmative decree or a decree regarding its settlement or liquidation or (2) is not rejected, voided, suspended or challenged within 15 days of the decree;
  - (iv) it requests the appointment of a receiver, provisional liquidator, conservator, insolvency administrator, trustee, custodian or other person with a similar function for itself or with regard to all or nearly all of its assets or is put under the control of such a person;
  - (v) a secured party takes possession of all or a significant portion of its assets or initiates or executes a restraint, sequestration, confiscation or seizure or other legal procedure with regard to all or a significant portion of its assets, or legal action is taken so that this secured party retains possession and that the legal proceedings are not rejected, voided, suspended or challenged within 15 days.
- (d) all REFERENCE FUND'S assets are nationalised or are subject to expropriation or are otherwise transferred to a government body, authority or other state agency or department of this agency;
- (e) a repurchase of FUND UNITS by the REFERENCE FUND, regardless of whether the purchase price is offered in the form of cash, securities or otherwise, with the exception of a redemption of FUND UNITS that was initiated by an investor in these REFERENCE FUND in compliance with the FUND DOCUMENTATION; or
- (f) a change in the FUND, i.e. an amendment or modification of the FUND DOCUMENTATION with respect to the REFERENCE FUND which, in the ADMINISTRATION

AND ACCOUNTING AGENT'S expert opinion, is expected to affect the value of REFERENCE FUND or the rights of HYPOTHETICAL INVESTORS in relation to what is valid on the ISSUE DATE.

- (g) a FUND hedging disruption, i.e. that it is impossible or impracticable under commercially reasonable efforts for the ISSUER or a third party with which the ISSUER has entered into a hedging transaction with respect to their obligations under the DEBENTURE BONDS
  - (i) a transaction or an asset that it considers necessary or appropriate to undertake, purchase, renew, exchange, maintain, dissolve or sell in order to hedge the price risk with regard to FUND INVESTMENT;
  - (ii) to realise, obtain or transfer the value of such a transaction or asset, including cases where the impossibility or impracticability is (A) due to a restriction or increase in costs or fees imposed by the REFERENCE FUND or a MANAGEMENT COMPANY with regard to full or partial redemptions of REFERENCE FUND or the existing or new opportunity for investors to initially or additionally invest in the REFERENCE FUND, or (B) due to a full or partial compulsory redemption of the REFERENCE FUND (in each case with the exception of those restrictions already in existence on the ISSUE DATE);
- (h) an increase in hedging costs, this means that the ISSUER, or a third party with which the ISSUER has entered into a hedging transaction with respect to their obligations under the DEBENTURE BONDS, must pay a significantly higher amount in taxes, fees, costs or expenses compared to the prevailing rates on the ISSUE DATE (with the exception of brokerage fees) in order to
  - (i) undertake, purchase, renew, exchange, maintain, dissolve or sell a transaction or an asset that it considers necessary in order to hedge the price risk with regard to the REFERENCE FUND or FUND INVESTMENT;
  - (ii) realise, obtain or transfer the value of such a transaction or asset whereby a significantly higher amount is not, solely, resulting from a deterioration in a counterparty's creditworthiness, is not considered as an increase in hedging costs;
- (i) any other exceptional COMPANY event, i.e.
  - (i) a change in the currency of the REFERENCE FUND;
  - (ii) the introduction of new issuance or redemption fees by the REFERENCE FUND or a COMPANY PROVIDER;
  - (iii) a ban or restriction on the sale and/or transfer of FUND UNITS to a POTENTIAL BUYER for any reason whatsoever;
  - (iv) a change in the REFERENCE FUND'S legal form; or
  - (v) dividends that are inconsistent with the REFERENCE FUND'S normal dividend policy, as determined by the ADMINISTRATION AND ACCOUNTING AGENT;
- (j) the loss of the MANAGEMENT COMPANY'S right to manage the REFERENCE FUND for any reason whatsoever; or
- (k) any other event that has the effect of diluting or increasing the theoretical value of REFERENCE FUND or of the FUND INVESTMENT.

## 9 CALCULATIONS; MONETARY PAYMENTS

- 9.1 The amounts payable on the DEBENTURE BONDS are calculated by the ADMINISTRATION AND ACCOUNTING AGENT and are announced in accordance with paragraph 14. Calculations are (unless there is any obvious error) final and binding for DEBENTURE BOND HOLDERS.
- 9.2 In every respect, all payments made by the ISSUER are subject to the applicable laws, provisions and procedures of the place of payment. The ISSUER assumes no liability in the event that it should not be in a position to carry out the payments owed under the DEBENTURE BONDS on account of these laws, provisions and procedures.
- 9.3 The ISSUER will initiate a payment for the accounts of DEBENTURE BOND HOLDERS for the amounts payable to the CLEARING HOUSE, pursuant to these TERMS OF ISSUE, via the CLEARING HOUSE'S PAYING AGENT. Upon payment of the amounts to the CLEARING HOUSE, the ISSUER is released from their payment obligations under the TERMS OF ISSUE.
- 9.4 All taxes, fees or other charges incurred in connection with monetary payments are to be borne and paid by the DEBENTURE BOND HOLDERS. The ISSUER and the PAYING AGENT are entitled to withhold any taxes, fees or charges that are to be paid by the DEBENTURE BOND HOLDERS from these monetary payments in accordance with the previous sentence.
- 9.5 Payments due on DEBENTURE BONDS are to be carried out in the SPECIFIED CURRENCY and subject to applicable fiscal and other regulations and provisions.
- 9.6 If the INTEREST PAYMENT DATE or the REDEMPTION DAY or rather the EARLY REDEMPTION DAY falls on a day that is not a BANK WORKING DAY, the DEBENTURE BOND HOLDERS are not entitled to payment until the immediately subsequent BANK WORKING DAY. The DEBENTURE BOND HOLDERS are not entitled to request further interest or other payments due to this postponement.
- 9.7 To clarify: there will be no interest payment on the amounts to be paid under the DEBENTURE BONDS between the INTEREST PAYMENT DATE, the MATURITY DATE or the EARLY REDEMPTION DAY and the actual receipt of the relevant payment.

## **10 NO SUBMISSION OF AN APPLICATION FOR INSOLVENCY**

- 10.1 The DEBENTURE BOND HOLDERS must agree not to file for any dissolution of the ISSUER or the COMPANY, nor to initiate any insolvency proceedings on the assets of the ISSUER or the COMPANY or any similar proceedings for the settlement of the ISSUER or the COMPANY or their assets, nor to join any such claim by a third party, with the exception of the enforcement of claims in the event of liquidation proceedings filed by another person and steps to obtain a statement or decision regarding the obligations of the ISSUER hereto.
- 10.2 If a DEBENTURE BOND HOLDERS files for the dissolution of the ISSUER or the COMPANY, initiates insolvency proceedings on the assets of the ISSUER or the COMPANY or any similar proceedings for the settlement of the ISSUER or the COMPANY or their assets, or joins any such claim by a third party contrary to paragraph 10.1, they lose all rights specified in paragraph 1.2.

## **11 COMPARTMENT ASSETS**

- 11.1 The ISSUER will use the net proceeds from the issuance of DEBENTURE BONDS for the purpose of replicating the investment and risk profile of the REFERENCE ASSET (e.g. either by (i) directly holding the REFERENCE FUND or (ii) investing in the REFERENCE FUND on the basis of a "synthetic" figure (e.g. in the form of a total return swap)) (the "**COMPARTMENT ASSETS**"). The ISSUER is not required to directly invest the issuance proceeds in the REFERENCE FUND.
- 11.2 The COMPANY undertakes not to enter into any other obligations in connection with Mezzanine (Compartment 2021/6812) and in particular with regard to the COMPARTMENT ASSETS held in

this compartment other than those arising from or in connection with the direct or indirect representation of the REFERENCE ASSET'S investment and risk profile.

- 11.3 The COMPANY undertakes to limit obligations that are not related to Mezzanine (Compartment 2021/6812) to other compartments or the COMPANY'S parent company and to include limitation clauses that essentially correspond to the provisions in paragraphs 10 and 12 in all future contracts on the obligations of Mezzanine (Compartment 2021/6812). Mezzanine (Compartment 2021/6812) is not liable for the COMPANY'S other compartments.

## **12 LIMITED RECOURSE**

- 12.1 All claims that the DEBENTURE BOND HOLDERS may assert against the ISSUER are limited to the proceeds from the liquidation of COMPARTMENT ASSETS. The settlement of the DEBENTURE BOND HOLDERS' claims is carried out on a pro rata basis in the NOMINAL AMOUNT of DEBENTURE BONDS held by the relevant DEBENTURE BOND HOLDERS based on the total NOMINAL AMOUNT of any outstanding DEBENTURE BONDS. The ISSUER is not required to make any payments in addition to the distribution of the proceeds from the liquidation of COMPARTMENT ASSETS. DEBENTURE BOND HOLDERS may not make any claims to the issue or delivery of COMPARTMENT ASSETS. In the event that the COMPARTMENT ASSETS are inadequate to cover the ultimate complete settlement of claims by DEBENTURE BOND HOLDERS, the ISSUER is not required to pay any shortfall and DEBENTURE BOND HOLDERS may not assert any further claims against the ISSUER. The COMPARTMENT ASSETS and the proceeds from their liquidation are considered "not ultimately adequate" if no further COMPARTMENT ASSETS are available at this time and no further proceeds can be realised for the settlement of outstanding claims by DEBENTURE BOND HOLDERS. In this case, the right to complete redemption does not apply. DEBENTURE BOND HOLDERS do not have access to other COMPANY accounts or assets.
- 12.2 The ISSUER'S payment obligations resulting from or in connection with these TERMS OF ISSUE are always subject to the condition that the ISSUER has actually received a corresponding payment from the liquidation of the COMPARTMENT ASSETS in good time before the deadline for each claim for payment. If the ISSUER has not actually received such a payment in full (be it because of a tax deduction or any other reason), DEBENTURE BOND HOLDERS may only make a claim for payment amounting to the proportion of their DEBENTURE BONDS to all amounts actually paid to the ISSUER from the liquidation of the COMPARTMENT ASSETS. Furthermore, DEBENTURE BOND HOLDERS are not entitled to make claims in these cases, particularly not with regard to any assets of other COMPANY compartments.
- 12.3 DEBENTURE BOND HOLDERS are not entitled to make any direct legal claims whatsoever against the ISSUER or recipients of COMPARTMENT ASSETS.

## **13 PAYING AGENT AND ADMINISTRATION AND ACCOUNTING AGENT**

- 13.1 ISP Securities Ltd. is based in Zurich (Switzerland), assumes the function of PAYING AGENT. The ISSUER is entitled at any time to replace the PAYING AGENT with another bank or financial institution with similar creditworthiness whose main branch or subsidiary is located in an OECD member state (an "INSTITUTION"), to authorise one or more additional PAYING AGENTS and to revoke their authorisation at any time. Replacements, authorisations and revocations must be announced immediately in accordance with paragraph 14. The PAYING AGENT may resign as PAYING AGENT at any time. Such resignation will only become effective only with the authorisation of another INSTITUTION as PAYING AGENT by the ISSUER. Resignations and authorisations must be announced immediately in accordance with paragraph 14.
- 13.2 MEDIAN SERVICES (LUX) SA, with its registered office at 17, Rue de Flaxweiler, Grevenmacher, Luxembourg, assumes the function of ADMINISTRATION AND ACCOUNTING

AGENT. The ISSUER is entitled at any time to replace the ADMINISTRATION AND ACCOUNTING AGENT with an INSTITUTION located in Germany or Luxembourg and to revoke their authorisation at any time. Replacements, authorisations and revocations must be announced immediately in accordance with paragraph 14. The ADMINISTRATION AND ACCOUNTING AGENT is entitled to resign as ADMINISTRATION AND ACCOUNTING AGENT at any time. Such resignation will become effective only with the authorisation of another INSTITUTION as ADMINISTRATION AND ACCOUNTING AGENT by the ISSUER. Resignations and authorisations must be announced immediately.

13.3 The PAYING AGENT and THE ADMINISTRATION AND ACCOUNTING AGENT exclusively act as vicarious agents of the ISSUER and are in no way accountable to the DEBENTURE BOND BEARERS. The PAYING AGENT and the ADMINISTRATION AND ACCOUNTING AGENT are exempted from the self-contracting restrictions and the prohibition of self-dealing.

13.4 Neither the ISSUER nor the PAYING AGENT are required to verify the authorisation of the party presenting the DEBENTURE BONDS.

#### **14 ANNOUNCEMENTS**

Where permitted, the ISSUER will provide announcements in accordance with the requirements of the laws in effect in Luxembourg through a notice to the CLEARING HOUSE to be forwarded to DEBENTURE BOND HOLDERS or provided directly to DEBENTURE BOND HOLDERS. Announcements via the CLEARING HOUSE are valid on the third day after notice is given to the CLEARING HOUSE; direct notifications are deemed effective upon their receipt.

#### **15 INCREASES; REPURCHASES**

15.1 The ISSUER is entitled to issue further Debenture Bonds with the same conditions at any time, which may be combined with the DEBENTURE BONDS, form a single issue with them and increase their number. In the event of such an increase, the term "DEBENTURE BOND" covers all such Debenture Bonds additionally issued.

15.2 The ISSUER is entitled, but not obliged, to repurchase DEBENTURE BONDS at any time on the stock market or through over-the-counter transactions at a fair value price. The ISSUER is not required to report this to DEBENTURE BOND HOLDERS. The repurchased DEBENTURE BONDS may be invalidated, held, resold or used by the ISSUER in any other way.

#### **16 TERMINATION OF DEBENTURE BONDS**

16.1 Neither the ISSUER nor the DEBENTURE BOND HOLDERS are entitled to terminate DEBENTURE BONDS.

16.2 The ISSUER is entitled, but not required, to terminate DEBENTURE BONDS in extraordinary circumstances by giving notice pursuant to paragraph 14 and to repay them on the EARLY REDEMPTION DAY designated by the ISSUER to be immediately announced pursuant to paragraph 14 and the following provisions on EARLY REDEMPTION AMOUNTS if the ISSUER determines at its own reasonable discretion that

- (a) the ISSUER will lose their authorisation pursuant to the LAW OF 2004;
- (b) an insolvency proceeding or similar process under applicable law was filed for the ISSUER regarding the ISSUER'S assets;
- (c) with regard to REFERENCE FUND, payments are not made or are not paid in full to the HYPOTHETICAL INVESTOR in accordance with the relevant provisions underlying REFERENCE FUND despite being due;

- (d) a mandatory return is ordered for all or a portion of the REFERENCE FUND;
- (e) a CREDIT EVENT occurs
- (f) a net asset event occurs, i.e. with respect to the REFERENCE FUND
  - (i) the value of a REFERENCE FUND announced during an annual observation period has decreased by an amount corresponding to or exceeding a value of 30% (fluctuation limit); or
  - (ii) it breaches a statutory restriction relating to leverage that applies to or concerns it or its assets, a judicial or otherwise officially ordered decision or provision that applies to it or its assets, its FUND DOCUMENTATION or a contractual limitation that concerns it or its assets;
- (g) a violation of strategy, i.e. a breach or violation of the strategy or investment guidelines laid out in the FUND DOCUMENTATION with respect to the REFERENCE FUND which, in the ADMINISTRATION AND ACCOUNTING AGENT'S reasonable opinion, is capable of affecting the value of REFERENCE FUND or the rights of HYPOTHETICAL INVESTORS;
- (h) a regulatory action, i.e. with respect to the REFERENCE FUND
  - (i) the cancellation, suspension or revocation of the registration or authorisation of the REFERENCE FUND by any government authority or a regulatory authority with competent jurisdiction;
  - (ii) and change in the legal, fiscal, financial or regulatory treatment of the REFERENCE FUND or its consultants or managers which, in the reasonable opinion of the ADMINISTRATION AND ACCOUNTING AGENT, is capable of having a detrimental effect on the value of REFERENCE FUND or on the HYPOTHETICAL INVESTOR; or
  - (iii) that the REFERENCE FUND or COMPANY PROVIDER becomes the subject of an investigation, proceeding or litigation by a governmental authority or other regulatory authority with respect to a possible violation of the applicable laws governing trade relating to or resulting from REFERENCE FUND transactions;
- (i) a disruption of information, i.e. with respect to the REFERENCE FUND
  - (i) the occurrence of an event that, in the reasonable opinion of the ADMINISTRATION AND ACCOUNTING AGENT, makes the determination of the value of REFERENCE FUND impossible or impracticable for the ADMINISTRATION AND ACCOUNTING AGENT and this persists for at least 180 days;
  - (iii) the failure of the REFERENCE FUND (A) to provide or arrange for the provision of information whose delivery to the ISSUER, the ADMINISTRATION AND ACCOUNTING AGENT or the HYPOTHETICAL INVESTOR was required, or (B) information that was hitherto provided to the aforementioned persons according to the standard commercial practice of the REFERENCE FUND or the COMPANY PROVIDER and, in the opinion of the ADMINISTRATION AND ACCOUNTING AGENT, is necessary to ensure that the ISSUER or HYPOTHETICAL INVESTOR is able to monitor compliance with the investment guidelines, asset distribution principles and other similar REFERENCE FUND guidelines;
- (j) a legal change, i.e. on or after the ISSUE DATE
  - (i) due to the adoption or amendment to any applicable law or regulation (especially a tax law); or



- (ii) due to the promulgation or amendment of the interpretation of any applicable law or regulation by a competent court, a court of law or a regulatory authority (especially those involving the tax authorities);

the ADMINISTRATION AND ACCOUNTING AGENT may reasonably arrive at the conclusion that the purchase, holding or sale of REFERENCE FUND has become unacceptable or that the ISSUER is being subjected to significantly increased costs in connection with the fulfilment of its obligations for the DEBENTURE BONDS (especially due to increased tax obligations, a reduction in tax benefits or any other adverse effect on its tax position);

- (k) the ISSUER determines in good faith that the performance of its obligations for the DEBENTURE BONDS or the transactions undertaken by it to simulate the REFERENCE ASSET'S investment and risk profile is or will become wholly or partially illegal, unlawful or prohibited for any other reason in accordance with current or future valid legal provisions, rules, judgements, orders or guidelines by a governmental, administrative or legal entity, authority or court, or an amendment to the interpretation thereof;
- (l) an amendment to the FUND DOCUMENTATION will be undertaken that is expected to have a significant negative effect on the value of the HYPOTHETICAL INVESTOR'S investment in the REFERENCE FUND or the rights of REFERENCE FUND unit holders; or
- (m) in the opinion of the ADMINISTRATION AND ACCOUNTING AGENT, an adjustment pursuant to paragraph 8 of the TERMS OF ISSUE is not possible or economically appropriate,

and this occurrence has an economically detrimental effect on the DEBENTURE BONDS in the reasonable estimation of the ADMINISTRATION AND ACCOUNTING AGENT.

16.3 The DEBENTURE BOND HOLDERS are entitled to extraordinarily terminate DEBENTURE BONDS at any time for good cause via registered letter to the ISSUER, recognized by the relevant case law. Pursuant to the preceding sentence, the notice of termination must include adequate documentation of ownership of the DEBENTURE BONDS by the relevant DEBENTURE BOND HOLDERS, such as a current deposit statement. Termination comes into effect upon the receipt of the notice of termination by the ISSUER. In such a case, redemption of DEBENTURE BONDS is carried out on the EARLY REDEMPTION DATE and equal to the EARLY REDEMPTION AMOUNT. In particular, good cause for extraordinary termination by the DEBENTURE BOND HOLDERS includes:

- (a) the dissolution or liquidation of the ISSUER or the FUND and the start of insolvency proceedings or similar proceedings against the ISSUER or the FUND, including the dismissal or termination of such proceedings due to insufficient assets; and
- (b) in the event of substantial misconduct or fraud by a Member of the Board (Director) of the ISSUER, provided that this misconduct or fraud is (i) established by a valid court decision or (ii) has been acknowledged as misconduct by the Board Member in question unless the ISSUER immediately recalls the Board Member in question.

A DEBENTURE BOND HOLDER'S right of termination ceases if the cause has been rectified prior to the right of termination being exercised, as stipulated here in paragraph 16.3.

16.4 According to this paragraph 16, the following capitalised terms associated with the termination of DEBENTURE BONDS are defined as follows:

**“EARLY VALUATION DAY”** is (i) the REFERENCE ASSET VALUATION DAY immediately following the date on which the Notification of the DEBENTURE BONDS by the ISSUER or the DEBENTURE BOND BEARERS takes effect, or (ii) if that day is earlier, the day that is 30 days after the CUTOFF-DAY.

**“CUTOFF-DAY”** is the day that is 60 BANKING DAYS after the date on which the Notification of the DEBENTURE BONDS by the ISSUER or the DEBENTURE BOND BEARERS takes effect.

**“EARLY REDEMPTION AMOUNT”** is the amount per DEBENTURE BOND in the SPECIFIED CURRENCY on the EARLY VALUATION DAY specified by the ADMINISTRATION AND ACCOUNTING AGENT as the sum of (i) The CASH COMPONENT on the EARLY VALUATION DAY and (ii) The REPAYMENT COMPONENT on the EARLY VALUATION DAY and (iii) the Net Proceeds on the EARLY VALUATION DAY in the event of a sale of outstanding claims after the CUTOFF-DAY, under consideration of the provisions on MARKET DISTURBANCES (paragraph 7).

**“EARLY REDEMPTION DAY”** is a BANK WORKING DAY within a period of 10 BANK WORKING DAYS following the EARLY VALUATION DAY.

## **17 EXCLUSION OF LIABILITY**

The ISSUER, the ADMINISTRATION AND ACCOUNTING AGENT and the PAYING AGENT shall in no way be liable to DEBENTURE BOND HOLDERS or third parties for

- (a) a negative performance of the REFERENCE ASSET, the undertaking of payments using the REFERENCE FUND or other payments of underlying values in accordance with these TERMS OF ISSUE associated with the REFERENCE FUND; or
- (b) decisions, acts or omissions by the REFERENCE FUND or those people employed there as managing directors or supervisors, especially not for the undertaking or the omission of payments or the calculations, communications and statements made by the REFERENCE FUND.

## **18 MISCELLANEOUS**

- 18.1 The form and content of the DEBENTURE BONDS and all rights and obligations arising from the issues provided for in these TERMS OF ISSUE are determined by the laws of the Grand Duchy of Luxembourg for all intents and purposes, excluding the provisions concerning international conflict of laws.
- 18.2 DEBENTURE BOND HOLDERS' resolutions generally require a simple majority of those voting rights exercised, whereas for resolutions that amend the substance of the TERMS OF ISSUE, a majority of at least 75% of participating votes is required. DEBENTURE BOND HOLDERS resolutions are effected by way of a vote without holding a meeting. The holders' vote should be initiated by the ISSUER or the common representative of the DEBENTURE BOND HOLDERS. A holders' meeting is convened if DEBENTURE BOND HOLDERS whose total DEBENTURE BONDS account for 5% of outstanding DEBENTURE BONDS request this in writing and justify this with any special interests. The bearers' meeting is quorate if the participating DEBENTURE BOND HOLDERS represent a value of at least 50% of the outstanding DEBENTURE BONDS. If a quorum cannot be met and a new meeting must be convened, this is generally always quorate and must represent at least 25% of outstanding DEBENTURE BONDS in order to make decisions with a qualified majority.
- 18.3 The place of performance is the Grand Duchy of Luxembourg.
- 18.4 All disputes arising in connection with these TERMS OF ISSUE or their validity will be ultimately decided in accordance with the rules of arbitration of the arbitration board of the Chamber of Commerce of the Grand Duchy of Luxembourg without the possibility of recourse to legal

action. The place of arbitration proceedings is Luxembourg. The language of arbitration proceedings is German. The arbitration tribunal consists of three arbitrators.

18.5 Under these TERMS OF ISSUE, the ISSUER is entitled to amend or supplement

- (a) obvious clerical errors or miscalculations or similar obvious errors; and
- (b) contradictory or incomplete provisions without the consent of DEBENTURE BOND HOLDERS

where, in the cases referred to in (b), only those amendments or supplements are permitted which are reasonable for the DEBENTURE BOND HOLDERS and which take into account the interests of the ISSUER, i.e. those that do not significantly weaken the financial situation of the DEBENTURE BOND HOLDERS. Amendments and supplements to these TERMS OF ISSUE must be announced by the ISSUER immediately pursuant to paragraph 14.

18.6 In accordance with Article 95 of the Luxembourg Law of 15 August 1915 on Commercial Companies, the provisions of Articles 86 to 94-8 of the same Law do not apply to DEBENTURE BONDS.

18.7 Should a provision of these TERMS OF ISSUE be or become wholly or partially invalid, the remaining provisions shall remain valid so long as the ISSUER is not required to pay additional interest or other amounts to DEBENTURE BOND HOLDERS. The invalid provision shall be replaced by a valid provision that reflects the economic intent of the invalid provision as closely as legally possible.

## 19 UNITED STATES

The Notes will not be offered and issued to U.S. persons as defined in Regulation S of the U.S. Securities Act of 1933.

### • ISIN

The Notes have been accepted for clearance and settlement through SIX SIS AG, Switzerland.

The ISIN of the Notes is for Bond Class I: CH0567547366.

The ISIN of the Notes is for Bond Class II: CH1108674024.

## CONTACT INFORMATION

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THE ADMINISTRATION AND CALCULATION AGENT	MEDIAN SERVICES (LUX) SA 17, Rue de Flaxweiler 6776 Grevenmacher Grand Duchy of Luxembourg
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