

PROSPECTUS DATED 15 NOVEMBER 2019

ISEC S.A.
in its capacity as management company (*société de gestion*) of
ARACHIDE FCP
acting in respect of Compartment 2

(a Luxembourg securitisation fund (fonds de titrisation) within the meaning of the Luxembourg act dated 22 March 2004 on securitisation, as amended)

EUR50,000,000 Aquila Capital Infrastructure Notes due 2024

Isec S.A., a public limited liability company (*société anonyme*) incorporated under the laws of Grand Duchy of Luxembourg (**Luxembourg**), having its registered office at 7, Grand-Rue, L-6630 Wasserbillig, Luxembourg, registered with the Luxembourg trade and companies register (*R.C.S. Luxembourg*) under number B220820 and having the Legal Entity Identifier (LEI) 529900C4OQMNT3PDLO94 (the **Management Company**) in its capacity as management company (*société de gestion*) of Arachide FCP, a Luxembourg securitisation fund (*fonds de titrisation*) within the meaning of the Luxembourg act dated 22 March 2004 on securitisation, as amended (the **Securitisation Act 2004**), being subject to and governed by the Securitisation Act 2004, having the Legal Entity Identifier (LEI) 529900QQN3YJJVJS7J30 (the **Fund**) and acting in respect of Compartment 2 (the **Issuer**) will issue on the Initial Issue Date (as defined in the terms and conditions of the Notes (as defined below) (the **Conditions**)) EUR10,000,000 Aquila Capital Infrastructure Notes due 2024 (the **Initial Notes**) and may issue up to EUR50,000,000 Aquila Capital Infrastructure Notes due 2024 (the **Further Notes**) on Further Issue Dates (as defined in the Conditions). The Further Notes shall be consolidated and form a single series with the outstanding Initial Notes of up to EUR50,000,000 Aquila Capital Infrastructure Notes due 2024 (the **Notes**).

The Notes will track the performance of the Class B shares (ISIN: DE000A2AMRJ4) (the **Underlying Securities**) issued by Aquila Capital Infrastructure Fund GmbH & Co., a *offene Investmentkommanditgesellschaft* incorporated in Germany, having its registered office in Hamburg and registered with the Hamburg trade register (*Handelsregister Hamburg*) under number H120077 (the **Underlying Fund**).

This Prospectus does not constitute an offer, nor any solicitation of an offer, to invest in the Underlying Fund.

The net proceeds of the issue of the Notes can be freely used by the Issuer. In particular, there is no obligation on the Issuer to use the proceeds from the issue of any Notes to invest in any underlying assets on behalf of investors. The Issuer shall not be obliged to directly invest in the Underlying Securities but it shall invest, for hedging purposes, in assets which it deems, in its reasonable discretion, to be suitable to ensure full and punctual payment of the Note Redemption Price or the Partial Redemption Price, respectively (each as defined in the Conditions) (such assets, which may include the Underlying Securities, the **Suitable Assets**). The Issuer may use the proceeds of the Notes to invest in Suitable Assets to be attributed to the Compartment Assets (as defined below).

The Notes will be direct, unsecured, limited recourse debt obligations of the Issuer with respect to the Compartment Assets and rank *pari passu* and rateably, without any preference: (i) among themselves, (ii) with all other existing units issued under the Compartment (as defined below) and (iii) with all other existing direct, unsecured, limited recourse indebtedness of the Issuer, but, in the event of insolvency (including bankruptcy, insolvency and voluntary or judicial liquidation), only to the extent permitted by applicable laws relating to creditors' rights generally.

The Notes are issued in bearer form and in a denomination of EUR1,000 each. The Notes bear interest and the holders of the Notes (the **Noteholders**) will only be entitled to the proceeds received by the Issuer under or in connection with the Compartment Assets.

Under the Suitable Assets, the Issuer is not entitled to regular payments. After the payment of the Costs (as defined in the Conditions), proceeds (if any) received by the Issuer under the Suitable Assets prior to the full redemption or repurchase and cancellation of the Notes will be either (i) retained by the Issuer in order to be used towards the future redemption of the Notes on the Maturity Date, the Early Redemption Date, the Partial Redemption Date or the Event of Default Redemption Date or the purchase of the Notes in the open market or otherwise, or (ii) used for additional investments in further Suitable Assets.

By subscribing to, or otherwise acquiring, the Notes, the Noteholders acknowledge and agree, and will be deemed to have acknowledged and agreed, that the financial servicing of the Notes and any payments under the Notes will depend exclusively on payments received by the Issuer under or in connection with the Compartment Assets.

An investment in the Notes involves certain risks. For a discussion of these risks see “Risk Factors”.

The Notes are issued in respect of a separate compartment called “Compartment 2” created by the Fund (the **Compartment**). The Compartment is a distinct part of the Fund's assets and liabilities. The Compartment Assets (as defined below) are exclusively available to satisfy the rights of the Noteholders and the rights of the creditors whose claims have arisen as a result of the creation, the operation or the liquidation of the Compartment, as contemplated by the management regulations of the Fund (the **Management Regulations**). The assets relating to the Notes include any and all (i) Suitable Assets and any related rights and (ii) cash received by the Issuer in connection with the Suitable Assets, all of which are allocated, at any given time, to the Compartment (collectively, the **Compartment Assets**). All the Notes to be issued pursuant to this Prospectus will, subject to the Conditions, be entitled to a *pro rata* share of the Compartment Assets.

This Prospectus has been approved as a prospectus by the Liechtenstein Financial Market Authority (the **FMA**), as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The FMA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FMA should not be considered as an endorsement of the Issuer or of the quality of the securities that are subject to this Prospectus.

Application will be made to the Frankfurt Stock Exchange (*Börse Frankfurt Zertifikate AG*) for the Notes to be admitted to trading and listed on the unregulated open-market segment (*Freiverkehr*) of the Frankfurt Stock Exchange (*Börse Frankfurt Zertifikate AG*).

The Issuer has also requested the FMA in accordance with article 25 of the Prospectus Regulation to provide the competent authorities in the Federal Republic of Germany (and together with the Principality of Liechtenstein collectively, the **Public Offer Jurisdictions** and each, a **Public Offer Jurisdiction**) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Regulation. The publication of the Prospectus will be made at least one Business Day (as defined in the Conditions) prior to the commencement of an offer to the public of the Notes in the relevant Public Offer Jurisdiction.

References in this Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the unregulated open-market segment (*Freiverkehr*) of the Frankfurt Stock Exchange (*Börse Frankfurt Zertifikate AG*). The unregulated open-market segment (*Freiverkehr*) of the Frankfurt Stock Exchange (*Börse Frankfurt Zertifikate AG*) is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU) (as amended, **MiFID II**).

This Prospectus is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the EEA) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United

States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see the section "*Subscription and Sale*" below.

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

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

IMPORTANT INFORMATION

This Prospectus comprises a prospectus in respect of all Notes for the purpose of Article 6.3 of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer, which, according to the particular nature of the Issuer and the Notes, is necessary to enable an investor to make an informed assessment concerning the Issuer and the Notes.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain information relating to the Underlying Securities and the Underlying Fund of the sections "Summary" and "Risk Factors", headings 2 (*Underlying Funds, Management Company and Service Providers*) and 3.3 (*Coordinator*) of the section "Description of the Parties" and section "Description of the Underlying Fund and the Underlying Securities" of this Prospectus has been provided by Oaklet GmbH or has been reproduced from publicly available information, such as the Underlying Fund Prospectus, the Underlying Fund Articles, the Underlying Fund's annual reports (all relevant terms as defined below). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from such information, no facts have been omitted which would render the reproduced information materially inaccurate or misleading.

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

Other than in relation to the documents which are deemed to be incorporated by reference (see the section "*Documents Incorporated by Reference*" below), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FMA.

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

Neither this Prospectus nor any other information supplied in connection with the issue, sale or delivery of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer that any recipient of this Prospectus or any other information supplied in connection with the offering, sale, or delivery of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

The Issuer does not make any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

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

IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES WHERE THERE IS NO EXEMPTION FROM THE OBLIGATION UNDER THE PROSPECTUS REGULATION TO PUBLISH A PROSPECTUS

Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus. Any such offer is referred to as a **Non-exempt Offer**.

If, in the context of a Non-exempt Offer, you are offered Notes by any entity, you should check that such entity has been given consent to use this Prospectus for the purposes of making its offer before agreeing to purchase any Notes. The following entity has consent to use this Prospectus in connection with a Non-exempt Offer: Aquila Capital Investmentgesellschaft mbH.

The entity listed above has been given consent to use the Prospectus only during the period starting on the day following the date of this Prospectus and terminating on 15 November 2020 (the **Offer Period**) and only in the Public Offer Jurisdictions. Other than as set out above, the Issuer has not authorised the making of any Non-exempt Offer by any person and the Issuer has not consented to the use of this Prospectus by any other person in connection with any Non-exempt Offer of Notes.

Please see below for certain important legal information relating to Non-exempt Offers.

Restrictions on Non-exempt Offers of Notes in relevant Member States

This Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes in each Member State in relation to which the Issuer has given its consent (each specified Member State a **Non-exempt Offer Jurisdiction** and together the **Non-exempt Offer Jurisdictions**). Any person making or intending to make a Non-exempt Offer of Notes on the basis of this Prospectus must do so only with the Issuer's consent to the use of this Prospectus as provided under "*Consent given in accordance with Article 5(1) of the Prospectus Regulation*" below and provided such person complies with the conditions attached to that consent.

Consent given in accordance with Article 5(1) of the Prospectus Regulation

In the context of a Non-exempt Offer of Notes, the Issuer accepts responsibility, in each of the Non-exempt Offer Jurisdictions, for the content of this Prospectus in relation to any person (an **Investor**) who purchases any Notes in a Non-exempt Offer made by an Authorised Offeror (as defined below), where that offer is made during the Offer Period and provided that the conditions attached to the giving of consent for the use of this Prospectus are complied with. The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

The Issuer makes no representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and the Issuer has no responsibility or liability for the actions of that Authorised Offeror.

Except in the circumstances set out in the following paragraphs, the Issuer has not authorised the making of any Non-exempt Offer by any offeror and the Issuer has not consented to the use of this Prospectus by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and the Issuer does not accept any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer. If, in the context of a Non-exempt Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Prospectus for the purposes of the relevant Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Prospectus and/or who is responsible for its contents it should take legal advice.

The financial intermediary referred to in paragraph (a) below is the **Authorised Offeror**.

Consent

In connection with the Notes and subject to the conditions set out below under “*Common Conditions to Consent*”:

Specific Consent

- (a) the Issuer consents to the use of this Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Notes by: Aquila Capital Investmentgesellschaft mbH acting as coordinator.

General Consent

- (b) the Issuer has not granted general consent to all financial intermediaries.

Common Conditions to Consent

The conditions to the Issuer's consent to the use of this Prospectus in the context of the relevant Non-exempt Offer are that such consent:

- (i) is only valid during the Offer Period; and
- (ii) only extends to the use of this Prospectus to make Non-exempt Offers of the Notes in the Principality of Liechtenstein and the Federal Republic of Germany.

The consent referred to above only relates to Offer Periods (if any) occurring within 12 months from the date of this Prospectus.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS PROSPECTUS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. THE ISSUER HAS NO RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.

Save as provided above, the Issuer has not authorised the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such offer.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY

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

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

In this Prospectus, all references to:

- **euro, EUR and €** refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. All references in the Prospectus to business day(s), unless specified otherwise, are references to Business Day(s) (as defined below); and
- the **Issuer** may, where relevant and if the context so requires, be construed as a reference to the Fund.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or 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.

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SUMMARY

INTRODUCTION

This summary should be read as an introduction to the Prospectus. Any decision to invest in any Notes should be based on a consideration of the Prospectus as a whole, including any documents incorporated by reference. An investor in the Notes could lose all or part of the invested capital. Where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff may, under national law where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to the Issuer solely on the basis of this summary, including any translation of it, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes. You are about to purchase a product that is not simple and may be difficult to understand.

The Notes described in this Summary are up to EUR50,000,000 Aquila Capital Infrastructure Notes due 2024, with International Securities Identification Number (ISIN) XS2050464887, issued by Isec S.A., a public limited liability company (*société anonyme*) incorporated under the laws of Grand Duchy of Luxembourg (**Luxembourg**), having its registered office at 7, Grand-Rue, L-6630 Wasserbillig, Luxembourg, registered with the Luxembourg trade and companies register (*R.C.S. Luxembourg*) under number B220820 and having the Legal Entity Identifier (LEI) 529900C4OQMNT3PDLO94 (the **Management Company**) in its capacity as management company (*société de gestion*) of Arachide FCP, a Luxembourg securitisation fund (*fonds de titrisation*) within the meaning of the Luxembourg act dated 22 March 2004 on securitisation, as amended (the **Securitisation Act 2004**), being subject to and governed by the Securitisation Act 2004, having the Legal Entity Identifier (LEI) 529900QQN3YJJVJS7J30 (the **Fund**) and acting in respect of its Compartment 2 (the **Issuer**).

The Prospectus has been approved as a prospectus by the Liechtenstein Financial Market Authority (**FMA**), Landstrasse 109, Postfach 279, 9490 Vaduz, Liechtenstein on 15 November 2019.

KEY INFORMATION ON THE ISSUER

Who is the Issuer of the securities?

The Issuer is a Luxembourg securitisation fund (*fonds de titrisation*), acting in respect of its Compartment 2 (the **Compartment**), being subject to and governed by the Securitisation Act 2004 and acting through its Management Company, incorporated under the laws of Luxembourg and domiciled in Luxembourg. The Issuer's Legal Entity Identifier (LEI) is 529900QQN3YJJVJS7J30. The Issuer has no legal personality and is managed by the Management Company. All the Management Company's shares are held by Stichting Legatus II, a foundation established and existing under the laws of The Netherlands. The business operations of the Issuer consist in the performance of securitisation transactions within the meaning of the Securitisation Act 2004. The current members of the board of directors of the Management Company are Moritz Hohenwarter, Marion Fritz, Fabian Föhre, Erik van Os and Béatrice Stülpe, all (except Moritz Hohenwarter whose professional address is at 61 Bettinastrasse, Frankfurt am Main 60325) having their professional address at 7, Grand Rue, L-6630 Wasserbillig. The statutory audit firm (*cabinet de révision agréé*) of the Fund and specifically of the Compartment is Pricewaterhouse Coopers, having its registered office at 2, rue Gerhard Mercator, L-2182 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 65.477.

What is the key financial information regarding the Issuer?

The Issuer has commenced operations on 8 July 2019 and no financial statements have been drawn up as at the date of this Prospectus.

What are the key risks that are specific to the Issuer?

In purchasing the Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified a number of factors which could materially adversely affect its business and ability to make payments due. These factors include:

- The Fund is an unregulated securitisation fund subject to the Securitisation Act 2004 and is acting through its Management Company. It has established the Compartment which is a separate and distinct part of the Fund's estate (*patrimoine*). Pursuant to the Securitisation Act 2004, claims against the Fund by the holders of the Notes will be limited to the net assets of the Compartment.
- There may be other creditors in respect of the Compartment or other creditors, the claims of which have not arisen in connection with the Compartment. The holders of the Notes may be exposed to such competing claims of other creditors of the Issuer.
- If the payments received by the Issuer in respect of the net assets of the Compartment are not sufficient to discharge all the liabilities of the Compartment (including the claims of the holders of the Notes), the Issuer will not be obliged to make any further payments to any holder of Notes in excess of the amounts received upon the realisation of the net assets of the Compartment.
- The holders of the Notes (the **Noteholders**) do not have the right to petition for the winding up, liquidation or bankruptcy of the Issuer as a consequence of any shortfall or to take any similar proceedings.
- The Fund is structured to be an insolvency-remote vehicle. However, a creditor who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of the Fund is entitled to make an application for the commencement of insolvency proceedings against the Fund.
- No security interests over the assets of the Compartment have been created by the Issuer.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The Notes are up to EUR50,000,000 Aquila Capital Infrastructure Notes due 2024, with ISIN XS2050464887. The securities being offered are Notes which track the Class B Shares (ISIN: DE000A2AMRJ4) (the **Underlying Securities**) issued by Aquila Capital Infrastructure Fund GmbH & Co., a *offene Investmentkommanditgesellschaft* incorporated in Germany and registered with the Hamburg trade register (*Handelsregister Hamburg*) under number HRA120077 (the **Underlying Fund**).

The Issuer will initially issue an aggregate nominal amount of EUR10,000,000 (ten million euro) of Notes in bearer form. On such other date or dates falling within the period of the offer of Notes as the Issuer may determine in its own discretion, the Issuer may issue further Notes in bearer form up to EUR50,000,000 (fifty million euro).

The Notes are in bearer form and will, in the case of definitive Notes, be serially numbered. Each Note has a denomination of EUR1,000 (one thousand euro). The currency of the Notes is Euro. There are no restrictions on the free transferability of the Notes.

Status (Ranking)

The Notes constitute direct, unsecured, limited recourse debt obligations of the Issuer with respect to the Compartment Assets (as defined below) and rank *pari passu* and rateably, without any preference: (i) among themselves, (ii) with all other existing units issued under the Compartment and (iii) with all other existing direct, unsecured, limited recourse indebtedness of the Issuer, but, in the event of insolvency (including bankruptcy, insolvency and voluntary or judicial liquidation), only to the extent permitted by applicable laws relating to creditors' rights generally.

Compartment Assets means any and all (i) Suitable Assets (as defined below in “*Why is this prospectus being produced?*”) and any related rights and (ii) cash received by the Issuer in connection with the Suitable Assets, all of which are allocated, at any given time, to the Compartment.

Taxation

All payments in respect of the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Luxembourg or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Negative pledge

So long as the Notes remain outstanding, the Issuer may not create or permit to exist any mortgage, lien (other than liens arising by operation of law), pledge, charge or other security interest upon the whole or any part of its present or future assets or revenues to secure any loan debt, guarantee or other obligation unless the Notes share in and are equally and rateably secured by such mortgage, lien, pledge, charge or other security interest, and the instrument creating such mortgage, lien, pledge, charge or other security interest expressly so provides.

Events of default

The terms of the Notes contain, amongst others, the following events of default:

- (A) if the Issuer fails to perform or observe any of its material obligations under the terms of the Notes and the failure continues for the period of thirty (30) days following the service by a holder of Notes on the Issuer of notice requiring the same to be remedied;
- (B) if bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), general settlement or composition with creditors (*concordat préventif de la faillite*), reorganisation or similar Luxembourg or foreign laws proceedings affecting the rights of creditors generally are opened against the Management Company and remain in effect for a period of thirty (30) consecutive days; and
- (C) in the case of cessation of the functions of the Management Company, if it has not been replaced within one month.

Meetings

Articles 470-1 to 470-19 of the Luxembourg Act dated 10 August 1915 on commercial companies, as amended (the **Companies Act 1915**) will not apply. For the avoidance of doubt, no holder of Notes may, to the fullest extent permissible under applicable law, initiate proceedings against the Issuer based on article 470-21 of the Companies Act 1915.

A paying agency agreement dated 2 October 2019 and made between the Issuer and Banque et Caisse d'Épargne de l'Etat, Luxembourg as paying agent, contains provisions for convening meetings of the holders

of the Notes to consider any matter affecting their interests, including the modification by extraordinary resolution of, among other things, the Notes or such paying agency agreement.

Governing law

Luxembourg law.

Interest

The Notes bear interest from their date of issue. Interest will be paid annually in arrears on the 10th Business Day (as defined below) of each year (such date, the **Interest Payment Date**). The first interest payment will be made on 18 January 2021.

For any interest or dividend payments received by the Hypothetical Investor (as defined below) in a given Interest Period (as defined below) which do not reduce the principal or nominal value of the Underlying Securities (the **Compartment Asset Return Payments**), the Issuer will pay to the Noteholders on the next Interest Payment Date an amount being the higher of either (i) EUR 0.00 or (ii) any amount up to the amount of the relevant Compartment Asset Return Payments minus (i) any Costs (as defined below) outstanding on the date on which the relevant Compartment Asset Return Payments are made and which have been incurred or will be incurred by the Issuer in the Interest Period in which the relevant Compartment Asset Return Payments are made, (ii) any Costs that have been incurred by the Issuer in previous Interest Periods but which remain unpaid and (iii) the Liquidity Reserve Amount (as defined below).

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

Costs means the following costs and expenses incurred by the Issuer, which shall be paid in the order of priority below:

- (i) firstly, any accrued and unpaid taxes which shall be paid by the Compartment;
- (ii) secondly, the annual administration fee of 0.06% p.a. + EUR10,000 p.a. calculated on the gross asset value of the Notes outstanding which shall be paid to the Management Company and the annual calculation agent fee of 0.10% p.a. calculated on the gross asset value of the Notes outstanding, subject to a minimum of EUR12,000 p.a. which shall be paid to Oaklet GmbH (in such capacity, the **Calculation Agent**) as well as the operational general costs allocated to the Compartment ranking pari passu and pro rata among them;
- (iii) thirdly, any transaction costs and audit fees ranking pari passu and pro rata among them; and
- (iv) fourthly, all amounts, fees and costs payable to any other party whose claims have arisen in connection with the creation, operation or liquidation of the Compartment (other than the holders of the units issued under the Compartment and Noteholders, in respect of such units or the Notes (as the case may be) and other than the parties to whom various payments listed as items (i) to (iii) (inclusive) above are due) (ranking pari passu and pro rata among them).

Interest Period means the period from (and including) 1 January of each year to (but excluding) 1 January of the following year. The beginning and end of an Interest Period remains unadjusted if the date falls on a day which is not a Business Day.

Liquidity Reserve Amount means an amount reserved by the Issuer which shall be equal to the expected Costs plus any purchase price and related costs which would be incurred in the event of the repurchase of the Notes, as determined by the Calculation Agent in consultancy with the Coordinator (as defined below in “*Are the Notes being offered to the public as part of a Non-Exempt Offer?*”).

Redemption

Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on 1 July 2024 or, in the case of the occurrence of a Maturity Extension Event, on the Maturity Extension Date (both terms as defined below) at an amount equal to (i) the amount received by a hypothetical investor in the same position as the Issuer which invested the proceeds of the Notes in Underlying Securities (the **Hypothetical Investor**) in connection with the full redemption of the Underlying Securities minus (ii) the payable costs and expenses incurred by the Issuer (and which shall be paid in the order of priority set out in the terms of the Notes) which remain outstanding or unpaid, to be distributed, *pari passu* and *pro rata* to the amount of their contribution, by the number of the units issued under the Compartment and/or Notes between each holders of such units and each holders of Notes (and to be distributed, *pari passu* and *pro rata* to the amount of their contribution between all holders of Notes) (such amount, the **Note Redemption Price**).

Maturity Extension Date means the earliest of either (i) the fifth (5) Business Day following the receipt by the Hypothetical Investor of the full redemption payment from the Underlying Securities or (ii) 1 July 2034.

Maturity Extension Event means an event that occurs when (i) the Underlying Fund cancels or suspends the redemption of all or part of the Underlying Securities in accordance with the prospectus of the Underlying Fund dated 1 January 2018 and (ii) as a result of such cancellation or suspension, the Note Redemption Price is unavailable on 1 July 2024. The Issuer will issue a notice to the Noteholders by which it informs the Noteholders about the occurrence of a Maturity Extension Event no later than 1 July 2024.

In certain circumstances (for example, without limitation, tax reasons, force majeure, full redemption of the Underlying Securities), the Issuer may at its option issue a notice to the holders of the Notes by which it informs the holders of the Notes about the early redemption of the Notes (in whole but not in part).

Following the receipt by the Hypothetical Investor of principal payments before 1 July 2024 or the Maturity Extension Date which reduce the principal or nominal value of the Underlying Securities, the Issuer may at its option partially redeem the Notes. The Issuer will subsequently reduce the nominal value of the Notes accordingly.

The Notes may not be redeemed early at the option of the Noteholders.

Limitations to the rights attached to the Notes

By subscribing to the Notes, or otherwise acquiring the Notes, the holders of the Notes expressly acknowledge and accept, and will be deemed to have accepted and acknowledged, that the Fund (i) is subject to the Securitisation Act 2004 and (ii) has created the Compartment in respect of the Notes to which all assets, rights, claims and agreements relating to the Notes will be allocated. Furthermore, the holders of the Notes acknowledge and accept that they have only recourse to the assets of the Compartment and not to the assets allocated to any other compartments created by the Fund or any other assets of the Fund. The holders of the Notes expressly acknowledge and accept that once all the assets allocated to the Compartment have been realised, they are not entitled to take any further steps against the Issuer, the Fund to recover any further sums due and the right to receive any such sum shall be extinguished. The holders of the Notes accept not to attach or otherwise seize the assets of the Issuer allocated to the Compartment or to other compartments of the Fund or other assets of the Fund. In particular, no holders of the Notes shall be entitled to petition or take any other step for the winding-up, the liquidation or the dissolution of the Issuer or the Fund or any similar insolvency related proceedings.

Representative of holders

Not applicable - No representative of the Noteholders has been appointed by the Issuer.

Where will the securities be traded?

Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the unregulated open-market segment (*Freiverkehr*) of the Frankfurt Stock Exchange (*Börse Frankfurt Zertifikate AG*).

What are the key risks that are specific to the securities?

There are also risks associated with the Notes, including a range of market risks, including:

- The Notes are limited recourse. All payments to be made by the Issuer in respect of the Notes will be made only from the assets and rights comprised in, and any monies received from time to time by or on behalf of the Issuer in respect of the assets which have been allocated to the Compartment (such as the Suitable Assets). The holders of the Notes will consequently bear, amongst others, the insolvency risk of the Underlying Fund;
- The value of the Notes may be affected by the variable interest rate.
- Certain payments in relation to fees and expenses rank senior to payments of principal under the Notes to the holders of the Notes;
- The holders of the Notes have no direct right of action against the Underlying Fund or any other Suitable Assets;
- The conditions of the Notes may be modified without the consent of the holder in certain circumstances;
- Investors are exposed to the risk of changes in law or regulation affecting the value of the Notes held by them; and
- There may be no or only a limited secondary market in the Notes and this would adversely affect the value at which an investor could sell his Notes.

KEY INFORMATION ON THE OFFER OF NOTES

Are the Notes being offered to the public as part of a Non-Exempt Offer?

This issue of Notes is being offered in a Non-exempt Offer in the Principality of Liechtenstein and the Federal Republic of Germany.

Consent: Subject to the conditions set out below, the Issuer consents to the use of the Prospectus in connection with a Non-exempt Offer of Notes by Aquila Capital Investmentgesellschaft mbH (in such capacity, the **Coordinator**).

Offer period: The Issuer's consent referred to above is given for Non-exempt Offers of Notes during the period starting on the day following the date of this Prospectus and terminating on 15 November 2020 (the **Offer Period**).

Conditions to consent: The conditions to the Issuer's consent are that such consent (a) is only valid during the Offer Period; and (b) only extends to the use of this Prospectus to make Non-exempt Offers of the Notes in the Principality of Liechtenstein and the Federal Republic of Germany.

AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND

SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.

Under which conditions and timetable can I invest in this security?

Offers may be made in the Federal Republic of Germany and the Principality of Liechtenstein to any person during the Offer Period. In other EEA countries during the Offer Period, offers may only be made pursuant to an exemption from the obligation under the Regulation (EU) 2017/1129 to publish a prospectus. In all jurisdictions outside of the Offer Period, offers will only be made pursuant to an exemption from the obligation under the Regulation (EU) 2017/1129 to publish a prospectus.

The Issuer will issue EUR10,000,000 Notes on the first day of the Offer Period and may determine in its own discretion to issue further Notes up to EUR50,000,000. The Issuer will regularly inform the holders of the Notes during the Offer Period by publishing the relevant information on the website of the Issuer (www.arachide.lu).

During the Offer Period, the Notes are sold on the secondary market for the market price prevailing at the relevant time (the **Subscription Price**). The Subscription Price will be fixed at 100% of the aggregate nominal value of the Notes until 31 May 2020. For the remaining Offer Period, the maximum Subscription Price will be 102% of the aggregate nominal value of the Notes. During the Offer Period, up to 5 per cent. of the market price paid by investors for each Note may be retained by the Issuer for the purpose of paying a distribution fee to Aquila Capital Investmentgesellschaft mbH.

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

The offer volume is EUR50,000,000, tradeable in multiples of EUR1,000 (being equal to the nominal amount per Note). The minimum application of Notes per investor is EUR1,000. The maximum allocation of Notes will be subject only to availability at the time of the application.

The offer of the Notes will be open during the Offer Period. Applications for the purchase of Notes can be made to Oaklet S.A.. The Issuer reserves the right for any reason to close the Offer Period early.

Why is this prospectus being produced?

The net proceeds from the issue of Notes can be freely used by the Issuer for its general corporate purposes. In particular, there is no obligation on the Issuer to use the proceeds from the issue of any Notes to invest in any underlying assets on behalf of investors. The Issuer shall not be obliged to directly invest in the Underlying Securities but it shall invest, for hedging purposes, in assets which it deems, in its reasonable discretion, to be suitable to ensure full and punctual payment of the Note Redemption Price or the Partial Redemption Price, respectively (each as defined below) (such assets, which may include the Underlying Securities, the **Suitable Assets**). The Issuer may use the proceeds of the Notes to invest in Suitable Assets to be attributed to the Compartment Assets.

The estimated net amount of the proceeds that the Issuer may obtain from the issue and sale of the Notes depends on the market price of the Notes which depends on the performance of the Underlying Securities. Total commissions and expenses payable by the Issuer in connection with the Notes and the Suitable Assets are expected to be approximately EUR120,000. No further commissions and expenses are payable by the Issuer.

So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes and the market risks associated with the Funds and the Funds Securities are also described below.

In each category below the Issuer sets out first the most material risks, in its assessment. The assessment of the materiality of each risk factor based on the probability of its occurrence and the expected magnitude of its negative impact is disclosed by rating the relevant risk as, low, medium or high.

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

RISK FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

The Fund is an unregulated securitisation fund subject to the Securitisation Act 2004 and is acting through its Management Company.

The Fund is established as an unregulated securitisation fund (*fonds de titrisation*) within the meaning the Securitisation Act 2004 and does not fall under the supervision of the CSSF pursuant to Chapter 2 of the Securitisation Act 2004. The Fund does not have a legal personality. It has been created by a simple decision of the board of directors of the Management Company (the **Board**) and the issuance of fund units to the Management Company. The Management Company manages the Fund.

The Board may establish one or more compartments (within the meaning of articles 62 *et seq.* of the Securitisation Act 2004), each of which is a separate and distinct part of the Fund's estate (*patrimoine*) and which may be distinguished by the nature of acquired risks or assets, the terms and conditions of the obligations incurred in relation to the relevant compartment, their reference currency or other distinguishing characteristics.

With respect to the Notes, the Fund has established a separate compartment called "Compartment 2" (the **Compartment**). Pursuant to the Securitisation Act 2004, claims against the Fund by the Noteholders and of the other Compartment Creditors (as defined below) will be limited to the net assets of the Compartment. If the Compartment is liquidated, its assets shall be applied in accordance with the Conditions.

The assets of the Compartment (the **Compartment Assets**) shall include the following rights and assets of the Issuer:

- a) the proceeds of the issue of the Notes, to the extent not applied in making payment under the agreements entered into by the Issuer in connection with the issue of the Notes and the acquisition of the Suitable Assets (the **Transaction Documents** and each a **Transaction Document**);
- b) the Suitable Assets; and
- c) the rights, title and interest of the Issuer in, to and under each of the Transaction Documents.

The proceeds of the Suitable Assets are available for payment and distribution to the Noteholders only after payment of the Costs in accordance with the Priority of Payments (both terms as defined in the Definitions).

Upon redemption of the Notes in whole (but not in part), the Compartment shall be liquidated and all assets allocated to the Compartment which have not been used for the discharge of the liabilities under the Compartment will be transferred to the general estate of the Fund. The assets so transferred will no longer form part of the Compartment Assets.

There may be other creditors in respect of the Compartment or other creditors, the claims of which have not arisen in connection with the Compartment.

Pursuant to the Securitisation Act 2004, the Compartment Assets are exclusively available to satisfy the rights of the Noteholders and the rights of any other creditor whose claims have arisen in connection with the Compartment (together, the **Compartment Creditors**). The amounts payable by the Issuer to the Compartment Creditors under the Transaction Documents are referred to as **Compartment Liabilities**.

The Issuer is not aware of any claims of persons other than the Compartment Creditors that have arisen or may in the future arise on terms that such claims would be entitled to be satisfied from the Compartment Assets. However, if such claims exist at the issue date of the Notes or will arise in the future, they may have a material and adverse effect on the value of the Compartment Assets available to meet the claims of the Noteholders and the other Compartment Creditors, and therefore the Compartment Assets may not be sufficient to satisfy all amounts scheduled to be paid to the Noteholders and the other Compartment Creditors.

The Noteholders may be exposed to competing claims of other creditors of the Issuer, the claims of which have not arisen in connection with the Compartment if foreign courts, which have jurisdiction over assets of the Fund allocated to a compartment (such as, the Compartment) do not recognise the segregation of assets, as provided for in the Securitisation Act 2004. The claims of these other creditors may affect the scope of assets which are available for the claims of the Noteholders and the other Compartment Creditors. If as a result of such claims, a shortfall arises, such shortfall will be borne by the Noteholders and the other Compartment Creditors specified in the Conditions.

The rights of the Noteholders and the other Compartment Creditors to participate in the assets of the Issuer are limited to the Compartment Assets.

If the payments received by the Issuer in respect of the Compartment Assets are not sufficient to discharge all the Compartment Liabilities (including the claims of the Noteholders), the obligations of the Issuer in respect of the Compartment Liabilities (including the Notes) will be limited to the Compartment Assets. The Issuer will not be obliged to make any further payments to any Noteholders and/or other Compartment Creditors in excess of the amounts received upon the realisation of the Compartment Assets. Following the application of the proceeds of realisation of the Compartment Assets in accordance with the Conditions of the Notes and the Management Regulations, the claims of the Noteholders and any other Compartment Creditors for any shortfall shall be extinguished and the Noteholders and the other Compartment Creditors (and any person acting on behalf of any of them) may not take any further action to recover such shortfall.

The Noteholders and the other Compartment Creditors do not have the right to petition for the winding-up, liquidation or bankruptcy of the Issuer.

The Noteholders and the other Compartment Creditors do not have the right to petition for the winding-up, liquidation or bankruptcy of the Issuer as a consequence of any shortfall or to take any similar proceedings. Failure to make payment in respect of any shortfall shall in no circumstances constitute an Event of Default (as defined in the Conditions) under the Conditions of the Notes. Any shortfall under the Compartment Assets shall be borne by the Noteholders and the other Compartment Creditors specified in the Conditions.

A creditor who has not accepted non-petition and limited recourse provisions in respect of the Fund is entitled to make an application for the commencement of insolvency proceedings against the Fund.

The Fund is structured to be an insolvency-remote vehicle. The Issuer will aim at contracting with each creditor (with respect to Compartment Liabilities or otherwise) only upon terms that such party agrees not to make application for the commencement of winding-up, liquidation and bankruptcy or similar proceedings against the Fund. Legal proceedings initiated against the Fund in breach of these provisions shall, in principle, be declared inadmissible by a Luxembourg court.

Notwithstanding the foregoing, if the Fund fails for any reason to meet its obligations or liabilities (that is, if the Fund is unable to pay its debts and may obtain no further credit), a creditor who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of the Fund is entitled to make an application for the commencement of insolvency proceedings against the Fund. In that case, such creditor would, however, not have recourse to the assets of any compartment but would have to exercise its rights on the general assets of the Fund unless its rights would arise in connection with a specific compartment, in which case the creditor would have recourse to the assets allocated to that compartment. Furthermore, the commencement of such proceedings may, in certain conditions, entitle creditors to terminate contracts with the Fund and claim damages for any loss created by such early termination. The Fund is insolvency-remote but under no circumstances insolvency-proof.

No security interests over the Compartment Assets have been created by the Issuer.

The Issuer has not created any security interest over the Compartment Assets to secure its obligations in respect of Compartment Liabilities (including the Notes) and no such security interests exist for the benefit of the Noteholders or the other Compartment Creditors.

The Issuer relies on third parties which may fail to perform their obligations under the Transaction Documents

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

The Issuer is party to contracts with a number of third parties who have agreed to perform a number of services in relation to the Notes. In particular, Oaklet GmbH (in such capacity, the **Calculation Agent**) and Banque et Caisse d'Épargne de l'État, Luxembourg (in such capacity, the **Paying Agent**) have agreed to provide services with respect to the Notes and the Transaction Documents.

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

The Issuer may have conflicting interests.

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

RISK FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES

Risks related to the structure of the Notes

The value of the Notes may be affected by the variable interest rate

Notes with variable interest rates can be volatile investments. According to the Conditions, for any and all Compartment Asset Return Payments (as defined in the Conditions) received by the Hypothetical Investor (as defined in the Conditions) in a given Interest Period (as defined in the Conditions), the Issuer will pay to the Noteholders on the next Interest Payment Date (as defined in the Conditions) an amount being the higher of either (i) EUR 0.00 or (ii) any amount up to the amount of the relevant Compartment Asset Return Payments minus (i) any Costs outstanding on the date on which the relevant Compartment Asset Return Payments are made and which have been incurred or will be incurred by the Issuer in the Interest Period in which the relevant Compartment Asset Return Payments are made, (ii) any Costs that have been incurred by the Issuer in previous Interest Periods but which remain unpaid and (iii) the Liquidity Reserve Amount (as defined in the Conditions). As a result, the interest payment may be EUR0.00 and the Notes will in such case be considered as zero coupon Notes.

The Notes are limited recourse.

All payments to be made by the Issuer in respect of the Notes will be made only from the assets and rights comprised in, and any monies received from time to time by or on behalf of the Issuer in respect of, the Compartment Assets (the **Relevant Assets**) and which will be allocated to the Compartment. The Noteholders will consequently bear, amongst others, the insolvency risk of the Underlying Fund.

To the extent that the Relevant Assets are less than the minimum amount which the holders of the outstanding Notes then outstanding were scheduled to receive (the difference being referred to herein as a shortfall), such shortfall will be borne by the Noteholders.

Each holder of Notes, by subscribing to or purchasing the Notes, accepts and acknowledges, and will be deemed to accept and acknowledge, that:

- a) the Noteholders shall look solely to the Relevant Assets for payments to be made by the Issuer under the Notes;
- b) the monies received in respect of the Relevant Assets will be used first to pay various costs incurred by the Issuer before distributions will be made to the Noteholders;
- c) the obligations of the Issuer to make payments under the Notes will be limited to the Relevant Assets and the Noteholders shall have no further recourse to the Issuer (or any of its rights, assets or properties) in respect of the Notes;
- d) following application of the Relevant Assets, and without prejudice to the foregoing, any right of the Noteholders to claim payment of any amounts or assets exceeding the Relevant Assets shall be automatically extinguished; and
- e) the Noteholders shall not be able to petition for the winding up, liquidation or bankruptcy of the Fund as a consequence of any shortfall or otherwise.

For the avoidance of doubt, none of the Paying Agent, the Calculation Agent, Aquila Capital Investmentgesellschaft mbH (in such capacity, the **Coordinator**) or a shareholder of the Issuer has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes. There is no guarantee from any such person to the Noteholders that they will recover any amounts payable under the Notes.

Any recourse against the shareholders or the directors of the Issuer in respect of obligations assumed by the Issuer under the Notes is excluded. The Issuer is not an agent of the Noteholders for any purpose.

Payments to be made by the Issuer under the Notes are dependent on the performance of Compartment Assets

Payments to be made by the Issuer under the Notes are expressly subject to receipt of funds under the Compartment Assets and therefore the Noteholders incur the risk by subscribing the Notes that they will lose all or part of their respective investment in the Notes.

The Noteholders have no direct right of action against the Underlying Fund or any other Suitable Assets.

Consistent with the Securitisation Act 2004, none of the Noteholders has any direct right of action against any Underlying Fund or any other Suitable Assets to enforce its rights under the Notes or to compel any Underlying Fund to comply with its obligations in relation to a Compartment Asset, even in the case of the Issuer's failure to act or the insolvency of the Fund. However, if, pursuant to the rights of the Issuer under the Compartment Assets, the Issuer is entitled and, furthermore, has, become obliged, to take legal action against the Underlying Fund and has failed to take such action within a reasonable time, then (if and to the extent such failure is continuing), the Noteholders are entitled to institute indirect legal action (*action oblique*) in accordance with the relevant provisions of the Luxembourg civil code against the Underlying Fund *in lieu* of the Issuer and on its behalf.

Certain payments in relation to fees and expenses rank senior to payments of principal under the Notes to the Noteholders

In connection with the Notes, Noteholders should note that certain amounts, including but not limited to amounts payable to the Paying Agent and the Calculation Agent and to the Issuer, rank senior to payments of principal under the Notes to the Noteholders.

The Noteholders have no redemption rights

Except if one or more Events of Default (as defined in the Conditions) have occurred, the Notes may not be redeemed early at the option of the Noteholders.

By subscribing to, or otherwise acquiring, the Notes, each Noteholder will be deemed to have accepted, acknowledged and agreed to all the provisions of the Management Regulations.

By subscribing to, or otherwise acquiring, the Notes, the Noteholders will, and shall be deemed to, fully adhere to, and be bound by, the Management Regulations. The text of the Management Regulations in force as of the date of this Prospectus have been filed with the Luxembourg trade and companies register and are available for inspection at the Luxembourg trade and companies register during normal business hours. As and when restated versions (*statuts coordonnés*) of the Management Regulations are produced, such restated versions will be filed with the Luxembourg trade and companies register and will be available for inspection. Each amendment to the Management Regulations will be published in the official gazette in Luxembourg, the *RESA, Recueil électronique des sociétés et associations*.

Modifications to the Conditions of the Notes may be made without the consent of the Noteholders or certain Noteholders.

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

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

The Calculation Agent, the Coordinator or the Paying Agent under the Notes may have conflicting interests.

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

The Calculation Agent, the Coordinator or the Paying Agent, or a member of its group, or some other person connected with it may receive non-public information with respect to the Compartment Assets, which is or may be of significance in relation to the Notes. Neither the Calculation Agent, the Coordinator or the Paying Agent nor any member of their respective groups, or any other person connected with any of them, intends to make such information available to the Noteholders, unless required by law.

Risks related to the Notes generally

There may be a change of Luxembourg law.

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

The United Kingdom's vote to leave the European Union adversely affect the market value and/or the liquidity of the Notes in the secondary market

On 23 June 2016 the UK held a referendum to decide on the UK's membership of the European Union. The UK vote was to leave the European Union. On 29 March 2017, the UK exercised its right under Article 50 of the Lisbon Treaty to leave the European Union. The timing and the manner of the UK's withdrawal from the European Union is currently unknown and may not become clear in the short-term. Whilst the medium- to long-term consequences of the decision to leave the European Union remain uncertain, it is expected that there will be a short-term negative impact to the general economic conditions in the UK and business and consumer confidence in the UK, which may in turn have a negative impact elsewhere in the European Union and more widely. This may be affected by the length of time it takes for the UK to leave the European Union and the terms of any future arrangements the United Kingdom has with the remaining member states of the European Union.

Neither the Issuer nor the Calculation Agent, the Coordinator or the Paying Agent can estimate the exact impact of the UK's withdrawal. The increasing attractiveness of anti-European Union political movements to voters in a number of countries in the European Union could lead to a partial unwinding of European integration. An escalation of political risks in the UK and other member states of the European Union could potentially lead to deteriorating business, consumer or investor confidence which in turn could lead to (i) reduced levels of business activity; (ii) higher levels of default rates and impairment; and (iii) mark to market losses in trading portfolios resulting from changes in credit ratings, share prices and solvency of counterparties. No assurance can be given that such matters would not adversely affect the market value and/or the liquidity of the Notes in the secondary market and/or the ability of the Issuer to satisfy its obligations under the Notes.

Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the derivative securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for certain investors in securitisation exposures and/or on the incentives for certain investors to hold derivative

securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Calculation Agent, the Coordinator or the Paying Agent makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the date of this Prospectus or at any time in the future.

In particular, investors should note that the Basel Committee on Banking Supervision (**BCBS**) has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as "**Basel III**"), including certain revisions to the securitisation framework. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**)). BCBS member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the LCR requirements refer to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements refer to implementation from January 2018). As implementation of any changes to the Basel framework (including those made via Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of derivative securities (e.g. as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

In addition, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement provision. Amongst other things, such requirements restrict a relevant investor from investing in derivative securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

Neither the Issuer nor any other entity has committed to retain a material net economic interest in relation to this transaction. As a result, an EU regulated investor required to comply with the EU risk retention and due diligence requirements seeking to invest in the Notes (on issue or at any time thereafter) will be unable to satisfy such risk retention and due diligence requirements in respect of such investment.

It should be noted that the European authorities have reached political agreement on two new regulations related to securitisation. The regulations have entered into force on 1 January 2019. Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are material differences between the previous requirements and the current requirements including with respect to application approach under the retention requirements and the originator entities eligible to retain the required interest. Securitisations established prior to the application date of 1 January 2019 and that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date will remain subject to the previous risk retention and due diligence requirements and will not be subject to the revised requirements in general.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Risks related to the market generally

The Notes do not have an established trading market when issued, and one may never develop.

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

Even if the Notes are admitted to the unregulated open-market segment (*Freiverkehr*) of the Frankfurt Stock Exchange (*Börse Frankfurt Zertifikate AG*), it is not possible to predict if and to what extent a secondary market may develop in any Notes or at what price any Notes will trade in the secondary market or whether such market will be liquid or illiquid. No assurance is given that any such listing, quotation or admission to trading will be maintained. The fact that the Notes are so listed, quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed, quoted or admitted to trading.

The Compartment Assets are subject to market volatility.

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

Hedging the risk relating to an investment in the Notes may significantly reduce the income generated by an investment in the Notes.

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

Exchange rate risks and exchange controls if an investor's financial activities are denominated principally in a currency or currency unit other than the Euro.

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

RISK FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE UNDERLYING FUND AND THE UNDERLYING SECURITIES

Specific risks in relation to the Underlying Fund and its management company and the Underlying Securities

Investments of the Underlying Fund can be made through intermediate companies, target funds and/or directly. In general, intermediate companies and/or target funds will be developing, building up, renewing and/or acquiring from third parties infrastructure assets. Therefore, the Underlying Fund is exposed to a number of risks associated with the activities undertaken by it, the intermediate companies and/or target funds.

Regulatory Risks

Investments in Infrastructure Assets, in particular renewable energy as well as the respective infrastructure sector, depend largely upon governmental grants and permits or license requirements. The renewable energy as well as respective infrastructure sector is the subject of intense and sometimes rapidly changing regulation in many jurisdictions. Therefore, the Underlying Fund is exposed to the risk that the competent authorities may pass legislation that might hinder or invalidate the rights of the owner, e.g. Intermediate Companies, under already concluded contracts as well as hinder or impair the ability of Intermediate Companies to obtain the necessary permits or licenses necessary for Infrastructure Assets in the development phase. Furthermore, the relevant licenses and permits may be adversely altered, revoked, or in the case of their expirations not be extended by the relevant authorities. In addition, the competent legislative bodies, authorities or other state or municipal institutions or organisations may in the future amend or repeal existing laws, regulations or guidelines. If such risk materialises, the ability of the relevant Intermediate Company to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund may be adversely affected. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to Investors and in the worst case scenario total loss of their investment.

Risk of Technical Unavailability

The technical availability of facilities can be reduced due to shutdowns or service interruptions (for example, unscheduled repair or maintenance work), leading to temporary or permanent lower or no electric current. If such risk materialises, the ability of the relevant intermediate company/target fund to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund may be adversely affected. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to Investors and in the worst case scenario total loss of their investment.

Risk of Government Subsidies and Incentives as regards Infrastructure Assets

In the case of Infrastructure Assets, in particular renewable energy assets, many countries have provided incentives in the form of feed-in tariffs and other incentives to power plant owners, distributors, system integrators in order to promote the use of renewable energy. Many of these government incentives expire, phase out over time, terminate upon the exhaustion of the allocated funding, require renewal by the applicable authority or will be amended by governments due to changing market circumstances (such as market price fluctuations or oversupply of produced electricity) or changes to national, state or local energy policy. There is also possibility that the power plants acquired by the Intermediate Companies for instance may operate in countries where no such incentives are permitted by law. In such case, the economic success of an Intermediate Companies depends largely on the market conditions and is subject to risks which may result in decreased revenue thereby adversely affecting the ability of the relevant Intermediate Company to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to Investors and in the worst case scenario total loss of their investment.

Acquisition Risk

It cannot be assured that all acquisitions of facilities or operating companies are free from third party encumbrances. The Underlying Fund is therefore subject to the risk that a certain acquisition or investment cannot be carried out or is only possible at considerably higher costs. An intermediate company/target fund may also incur unforeseen costs to enforce its legal position with respect to a certain acquisition or investment. In such case, if no compensation from the relevant seller (or its guarantor) can be obtained, the ability of such intermediate company/target fund to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund may be adversely affected. In addition, if an acquisition cannot be carried out or does not proceed to completion, all relevant abortive costs incurred must be borne by the Underlying Fund. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to investors and in the worst case scenario total loss of their investment.

Development Risk

The Underlying Fund is subject to the risk of unsuccessful (late-stage) developments of Infrastructure Assets (as defined in section "*Description of the Underlying Fund and the Underlying Securities*"). During the development of the relevant plants, facilities and/or infrastructures, there is the possibility that the owner (e.g. an intermediate company) is, for example, unable to obtain any or all necessary rights or permits, sufficient financing, insurances or guarantees, unable to keep to budgeted capital expenditures, or unable to secure adequate resources for planning, design and transportation. Furthermore, there is, for example, the possibility that the nature or condition of the intended building area deviates from geological, geophysical or geotechnical studies or findings. Any error or deviation from planning during the development phase may lead to additional costs or expenses to be incurred by the intermediate company or in the worst case the unsuccessful development of the relevant plants, facilities and/or infrastructure. If no compensation from third parties (or their guarantors) can be obtained, the ability of the relevant intermediate company to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund may be adversely affected. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to investors and in the worst case scenario total loss of their investment.

Risk of Delays in Investments

The Underlying Fund is subject to the risk of delays in completing certain investments due to, for example, longer approval processes for permits or licenses, late delivery of individual components, bad weather, material defects, design errors, strikes or other unplanned development or construction delays, without receiving any compensation. If such risk materialises, production, the supply of energy and/or any other income as the case may be, could be significantly delayed, which may adversely affect the ability of an Intermediate Company/Target Fund to repay the principal or interest of debt or other instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to Investors and in the worst case scenario total loss of their investment.

Risk of Construction Errors or Defects

The Underlying Fund is subject to the risk that the power plants, facilities and/or infrastructures may not be fully functional due to construction errors or defects. If a third party is potentially liable to repair or remedy any such defect, there is a risk that such third party will not carry out such repair or remedy by the agreed deadline or at all. This could result in operational failures or malfunction of the power plants, facilities and/or infrastructures and delays in the production or supply of energy. In addition, the third party may deny the claims made by the intermediate company/target fund or an agreement on the existence of any error or defect cannot be reached. Furthermore, the third party may be no longer financially able to pay the relevant compensation to the intermediate company/target fund and the relevant defects are not sufficiently covered by any other warranty or at all. Even if such defects are covered by warranty, there is possibility that such

defects may only occur after the warranty period expires, or that the relevant damages exceed the scope of the warranty and therefore cannot be fully recovered.

If any of the above risks materialises, the ability of the relevant intermediate company/target fund to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund may be adversely affected. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to investors and in the worst case scenario total loss of their investment.

Risk of Lack of Required Regulatory Approvals

Construction and operation of power plants, facilities and/or infrastructures require regulatory approvals in most jurisdictions. Even with careful planning and verification, it cannot be assured that all necessary permits or licenses for the construction and operation of each power plant, facility and/or infrastructures in each relevant jurisdiction have been or will be obtained. The Underlying Fund is also subject to the risk that a certain permit or license is altered, withdrawn or expires and cannot be extended, which can lead to suspending or delaying the operation of the affected power plant, facility and/or infrastructures. In addition, the commencement of the operation of the power plants, facilities and/or infrastructures may be subject to certain conditions imposed by authorities. This may also delay the operation of the plants, facilities and/or infrastructures and/or increase the costs of operation. If such risk materialises, the ability of the relevant intermediate company/target fund to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund may be adversely affected. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to investors and in the worst case scenario total loss of their investment.

Risk of Unknown Liabilities

The Underlying Fund is subject to the risk that an intermediate company/target fund may take over liabilities existing prior to the acquisition of the relevant operating companies but were not disclosed by the seller or former owner to the relevant intermediate company/target fund and/or the Underlying Fund whether or not a due diligence will have been undertaken by the Fund, its AIFM and/or the portfolio manager. Such liabilities (i) may not be covered by a warranty of the seller or owner of the relevant shares or assets; (ii) may arise or occur only after the warranty period expires or (iii) may exceed the scope of the relevant warranty and therefore cannot be fully recovered.

In addition, it cannot be assured that the intermediate company/target fund can always fully investigate, assess and identify all contamination in or encumbrances on any undeveloped land or finished properties they acquire. There may be no due diligence carried out with respect to certain investments, plants or properties, and the risk or existence of encumbrances on the relevant property may also be incorrectly assessed or identified even if relevant due diligence is conducted. Furthermore, compensation or indemnification from the sellers of the relevant investment, properties or land is usually limited or excluded and therefore not or not sufficiently available.

Any cure or remedy of contamination or other encumbrances on properties which is necessary for further use of such property or required by regulatory authorities is likely to result in high costs incurred by the intermediate company/target fund. If any of the above-mentioned risks materialises, the ability of the relevant intermediate company/target fund to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund may be adversely affected. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to Investors and in the worst case scenario total loss of their investment.

Limitation of Claims and Enforcement

The Underlying Fund is exposed to the risk that title defects or other defects with respect to the shares or properties acquired by an intermediate company/target fund may not be covered by any warranty or guarantee of the respective seller or issuer, or the relevant defects occur only after the relevant warranty

period expires, or that the relevant damages exceed the scope of the warranty and therefore cannot be fully recovered.

In addition, there is a risk that the relevant obligor does not or cannot fulfil its obligations under the agreed warranty, liability and indemnification agreement or remedy the defects identified at the handover of the relevant properties, even if the relevant claims are not time-barred. If technical defects are identified, the intermediate company/target fund will bear the burden of proof that these defects already exist at the acquisition date of such properties. The same applies with regard to guarantees that third parties made in favour of the intermediate company/target fund. In this regard, the Underlying Fund bears the risk that the intermediate company/target fund cannot provide sufficient evidence for, e.g., a deterioration in the efficiency of the power plants and therefore a possible claim for compensation or replacements cannot prevail. In such case, additional production costs may be incurred due to the defects. If any of the above-mentioned risks materialises, it could impair the profitability of the Underlying Fund and may result in losses of investments.

Risk of Loss or Damage of Facilities

The Underlying Fund is subject to the risk that facilities may be destroyed or suffer material damage, and the existing insurances may not be sufficient to cover all the losses and damages. This can adversely affect the ability of the relevant intermediate company/target fund to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to Investors and in the worst case scenario total loss of their investment.

Risk of Technical Interruption or Failure as regards Facilities

Power generation and transmission plants and facilities are technically complex and sensitive. Due to the interaction of different parts from different manufacturers, technical disruptions may occur. There is also possibility of defective individual components or a lower power generation capacity than the forecast or a failure in (general) usability. The Underlying Fund is therefore exposed to the risk that the technical defaults or errors may be outside the scope of the warranty or they may occur only after the warranty period expires, resulting in additional cost of restoration or repair to be incurred by the intermediate company/target fund without compensation. This can adversely affect the ability of the relevant intermediate company/target fund to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to Investors and in the worst case scenario total loss of their investment.

Risk of Safety Requirements Compliance

If an intermediate company/target fund also operates facilities and/or infrastructures themselves, there are general legal safety requirements they need to comply with. There may be claims for damages in connection with compliance with such safety requirements against the intermediate company/target fund that are not covered by any insurance. This can adversely affect the ability of the relevant intermediate company/target fund to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to Investors and in the worst case scenario total loss of their investment.

Operational and Technical Risks

Investments in Infrastructure Assets may be subject to operating and technical risks, including the risk of mechanical breakdown, spare parts shortages, failure to perform according to design specification, failure to meet expected levels of efficiency, availability or output, increase in costs or fuel or other necessary supplies, pipeline or offtake disruptions, power shutdowns, declining demand and use of the asset (e.g. due to high prices, decrease of feed-in tariffs or competitive assets in the same region), labour strikes, labour disputes,

work stoppage and other work interruptions, and other unanticipated events which adversely affect operations. While the Underlying Fund will seek investments in which creditworthy and appropriately bonded and insured third parties bear much of these risks, there can be no assurance that any or all such risk can be mitigated, that reserves (if any) may be sufficient or that such parties, of present, will perform their obligations. An operating failure may lead to loss of a license, concession or contract, on which an investment is dependent. In addition, the long-term profitability of Infrastructure Assets, once constructed, is partly dependent upon the efficient operation and maintenance of the assets. Any user forecast or projected revenues may turn out to be incorrect. Inefficient operations and maintenance, or limitations in the skills, experience or resources of operating companies, may reduce returns to investors.

Technology Risks as regards Infrastructure Assets

This risk arises where a change could occur in the way a service or product is delivered rendering the existing technology obsolete. Given the massive fixed costs involved in constructing assets in the infrastructure sector and the fact that many infrastructure technologies are well established, any technology change that occurs over the medium term could threaten the profitability of, for example, an Intermediate Company, in particular due to the financing projections that are dependent on an extended project life. If such a change were to occur, these assets would have very few alternative uses should they become obsolete. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to Investors and in the worst case scenario total loss of their investment.

Risks at the End of the Term of Use

After completion of the operation phase, facilities and/or infrastructures may be dismantled and the land is restored to its original condition. So far there is limited information and experience with respect to the decommissioning and dismantling of power plants, facilities and/or infrastructures, especially for renewable energy. In addition, such dismantling, disposal and restoration may be subject to additional unforeseen costs to be borne by the intermediate company/target fund.

If facilities and/or infrastructures are to be sold to third parties, it cannot be assured that such facilities and/or infrastructures can be sold by the desired deadline or at the desirable purchase price due to economic fluctuations or changing market conditions in the energy and/or infrastructure sector. If any of these risks materialises, the ability of the relevant intermediate company/target fund to repay the principal or interest of debt instruments issued by it and held by the Underlying Fund or the performance of any equity interest held by the Underlying Fund may be adversely affected. As a result, profitability of the Underlying Fund may be impaired leading to reduced returns to Investors and in the worst case scenario total loss of their investment.

General risks in relation to the Underlying Fund

Dependence on the Management Company and Portfolio Manager

Although the final responsibility for the management of the Underlying Fund lies with the board of directors of the Underlying Fund (the **Fund Board**), all preparations for decisions concerning the investment of the assets of the Underlying Fund are transferred to its management company and its portfolio manager, which are responsible for preparing these decisions and through their selection and monitoring have key influence on the purchase and sale of assets for the Underlying Fund. The expertise of the Underlying Fund in selecting investments depends to a considerable degree on the continuation of the contractual relationship with the management company and the portfolio manager and on the performance and experience of its senior executives. If the services of the management company or the portfolio manager (or one of their employees in a central position) are no longer available, the performance of the Underlying Fund and the value of its Underlying securities may be considerably impaired by this, since in this case the management company's or the portfolio manager's own investment method, developed by the management company or the portfolio manager (as the case may be), may no longer be available for the benefit of the Underlying Fund. Shareholders are not entitled or authorised to participate in the management of transactions of the Underlying Fund.

Investment risks

The value of the Underlying Securities issued by the Underlying Fund may fall to zero. The investment strategy of a fund is designed in such a way that, generally, it does not correlate with the movements of the capital markets. However, the Underlying Fund may be affected adversely by unforeseeable events such as energy crises, political crises, changes in foreign exchange rates or interest rates, the forced cancellation of securities or takeover bids.

Foreign exchange rates

Foreign exchange rates are subject to the influence of a number of factors in relation to supply and demand on the international foreign exchange markets, which are, in turn, influenced by such factors as national economic factors, speculative transactions and interventions by central banks and government agencies (for example, in the form of exchange control measures or foreign exchange restrictions). Fluctuating foreign exchange rates, which are not hedged by hedging transactions, may negatively impact the value of the assets held by the Underlying Fund.

Economic conditions

Changes in economic conditions, including, for example, interest rates, inflation rates, unemployment rates, competition, technical developments, events and developments in the spheres of politics and diplomacy, as well as tax law, may considerably impair the transactions and transaction prospects of the investment company. None of the above conditions can be influenced by the management company of the Underlying Fund, and there can be no assurance that such management company will foresee any of the corresponding developments.

Forced disposal

In the event of extensive redemptions by shareholders within a short period of time, the Fund Board may be compelled to dispose of positions more quickly than would otherwise be desirable, which could impair the value of the assets of the Underlying Fund. The resultant decrease in the assets of the Underlying Fund could make it more difficult to achieve positive returns or compensate for losses, due to the lower asset base. Moreover, such extensive redemptions may increase the proportion of fees and outgoings of the Underlying Fund to be paid by the remaining shareholders of the Underlying Fund.

Credit quality risk

There are two types of credit quality risk:

- a) Failure of a contractual partner: under certain circumstances the failure of a contractual partner may adversely affect the performance of the Underlying Fund and the value of the Underlying Securities. The Fund Board will ascertain as comprehensively as practically possible that the contractual partners of the Underlying Fund are solvent and subject to the supervision of the competent authorities in the respective jurisdictions.
- b) Failure of an issuer of securities: the Underlying Fund cannot provide a guarantee of the solvency and/or solidity of the issuer in whose financial securities it invests. Consequently a risk of loss exists for the Underlying Fund if such issuer becomes unable to fulfil its obligations with respect to these securities.

Operating deficits, risks of an initial loss

The costs of operations of the Underlying Fund (including the fees to be paid to its management company and other service providers) may exceed the income of the Underlying Fund and diminish the value of the investments of the Underlying Fund and its profit potential. If the Underlying Fund commences trading under market conditions that results in considerable initial losses, the risk that the Fund will have to cease

trading increases substantially. The Underlying Fund may run into considerable payment difficulties, if its assets are exhausted early on; this is particularly the case in the light of the costs that the Underlying Fund has to bear.

Risk management

The Underlying Fund intends to use a risk management approach that is, in its opinion, suitable for the business activities of the Underlying Fund, the application of which will be the responsibility of its Fund Board. In each case, risk management requires a large number of decisions and qualitative assessments. No risk management system is absolutely certain, and it cannot be ensured that the framework conditions of the Underlying Fund created for the purposes of risk control will achieve their objective. The Fund Board may change the risk management system and procedure of the Underlying Fund, if necessary, without notifying the shareholders.

Compliance with legal regulations

The Underlying Fund has to comply with various legal requirements including requirements of different jurisdictions pursuant to, including but not limited to, securities law, tax law and pension provisions. If one of these laws should change during the planned life of the Underlying Fund, the legal requirements applying to the Underlying Fund and the shareholders may differ considerably from the requirements applicable on the date of this Prospectus.

Legal disputes and claims

Lawsuits or proceedings, which were initiated by government agencies, corporations or private individuals or other persons, may be pending against the Underlying Fund, the Fund Board and its management company. Except in cases in which a lawsuit or proceedings are based on gross negligence, intent or fraud of a director of the Fund Board or the Underlying Fund in the fulfilment of its duties, the Underlying Fund will bear any costs, expenses or losses arising in connection therewith.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been previously published, shall be incorporated by reference in, and form part of, this Prospectus:

- (a) the management regulations dated 8 July 2019 of the Fund (the **Management Regulations**) (https://oaklet.de/media/k2/attachments/ACIN_Management_Regulations.pdf);
- (b) the specific management regulations with respect to the Compartment dated 2 October 2019 (the **Specific Management Regulations**) (https://oaklet.de/media/k2/attachments/ACIN_Specific_Management_Regulations.pdf);
- (c) the articles of association of the Management Company (the **Management Company Articles**) (https://oaklet.de/media/k2/attachments/ACIN_Management_Company_Articles.pdf);
- (d) the Management Company's financial statements as of 31 December 2018 drawn up in the English language (the **Management Company Financial Statements**) (https://oaklet.de/media/k2/attachments/ACIN_Management_Company_Financial_Statements_2018.pdf):

Balance Sheet	Pages 4 to 8
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Profit and Loss Account	Pages 9-10
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Notes to the Accounts	Pages 11-15
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Audit Report	Pages 1-3
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- (e) the prospectus of the Underlying Fund as of 1 January 2018 drawn up in the German language (the **Underlying Fund Prospectus**) and including the articles of incorporation of the Underlying Fund drawn up in the German language (the **Underlying Fund Articles**) (https://oaklet.de/media/k2/attachments/ACIN_Underlying_Fund_Prospectus.pdf);
- (f) the audited annual report of the Underlying Fund dated 31 December 2018 drawn up in the German language (the **Underlying Fund Annual Report 2018**) (https://oaklet.de/media/k2/attachments/ACIN_Underlying_Fund_Annual_Report_2018.pdf):

Investment Manager's report	Pages 14 to 19
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Independent auditor's report	Pages 20 to 25
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Net asset value	Page 9
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Assets held by the Underlying Fund	Page 18
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Statement of changes in net assets	N/A
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Profit and loss calculation	Page 3
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Notes to the annual report	Pages 4 to 8
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- (g) the audited annual report of the Underlying Fund dated 31 December 2017 drawn up in the German language (the **Underlying Fund Annual Report 2017**) (https://oaklet.de/media/k2/attachments/ACIN_Underlying_Fund_Annual_Report_2017.pdf):

Investment Manager's report	Pages 12 to 19
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Independent auditor's report	Pages 20 to 21
Net asset value	Pages 9 to 10 and 14 to 15
Assets held by the Underlying Fund	Page 8
Statement of changes in net assets	N/A
Profit and loss calculation	Pages 2 to 3
Notes to the annual report	Pages 4 to 11

The documents referred to under (a) to (g) (included) above will be incorporated by reference in its entirety.

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and approved by the FMA in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes.

CROSS-REFERENCE LIST IN RELATION TO SPECIFIC ITEMS SET OUT IN (I) THE UNDERLYING FUND PROSPECTUS, (II) THE UNDERLYING FUND ARTICLES OR (III) THE UNDERLYING FUND ANNUAL REPORT 2018 (AS APPLICABLE) WHICH ARE INCORPORATED BY REFERENCE INTO THIS PROSPECTUS:

The below references to Annex 17 shall refer to the relevant annexes of Commission Delegated Regulation (EU) 2019/980 (the **Delegated Regulation**).

Annex 17 - Securities Giving Rise To Payment Or Delivery Obligations Linked To An Underlying Asset

Rule		Prospectus	Annual Report 2018
2.2	Information concerning the underlying		
2.2.1	The exercise price or the final reference price of the underlying.	26 (14.1 ii)	
2.2.2	A statement setting out the type of the underlying. Details of where information on the underlying can be obtained including an indication of where information about the past and the future performance of that underlying and its volatility can be obtained by electronic means, and whether or not it can be obtained free of charge. Where the underlying is a security: (a) the name of the issuer of the security;	10 <i>et seq</i> 5, 6, 30, 58 10	

Rule		Prospectus	Annual Report 2018
	(b) the international security identification number ('ISIN');		
2.2.3	A description of any market disruption or settlement disruption or credit events that affect the underlying.	37-38	

TRANSACTION OVERVIEW

STRUCTURE AND CASH FLOWS

The Issuer will use the net proceeds from the sale of the Notes to subscribe for Suitable Assets (which may include the Underlying Securities) on or about the date of the issue of the Notes which track the Underlying Securities. While subscribing to, or otherwise acquiring, the Notes, the Noteholders will gain an exposure to the performance (positive or negative) of the Underlying Fund which issues the Underlying Securities.

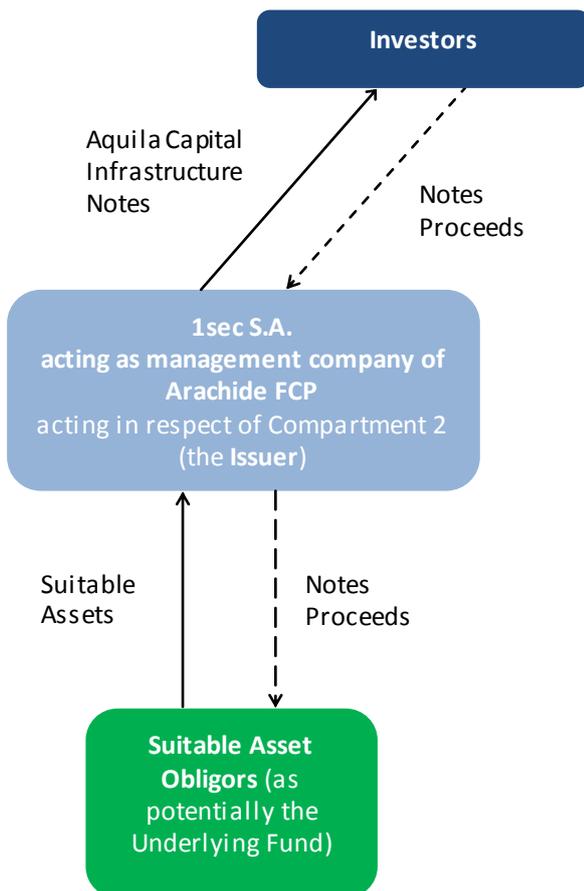
Under the Suitable Assets, the Issuer is not entitled to regular payments. After the payment of the Costs, proceeds (if any) received by the Issuer under the Suitable Assets prior to the full redemption or repurchase and cancellation of the Notes will be either (i) retained by the Issuer in order to be used towards the future redemption of the Notes on the Maturity Date, the Early Redemption Date, the Partial Redemption Date or the Event of Default Redemption Date or the purchase of the Notes in the open market or otherwise, or (ii) used for additional investments in further Suitable Assets (all terms as defined in the Conditions).

The Issuer has no material relationships with the Underlying Fund.

Pursuant to the Conditions, the Issuer will pay to the Noteholders the proceeds (minus the Costs) received by an Hypothetical Investor from the disposal or redemption (as applicable) of the Underlying Securities in connection with the redemption by the Issuer of the Notes on the Maturity Date, the Early Redemption Date, the Partial Redemption Date or the Event of Default Redemption Date.

Any payments by the Issuer to the Noteholders under the Notes are subject to and directly dependent on any payments received by the Issuer under the Suitable Assets.

The Compartment Assets have characteristics that demonstrate capacity to produce the monies to service any payments due and payable on the Notes in accordance with the Conditions.



The Underlying Securities may not yet have been issued. Accordingly, the information set out above has been extracted from the Underlying Fund Prospectus attached to this Prospectus. The Issuer accepts responsibility for the accurate extraction of such information. So far as the Issuer is aware and is able to ascertain from information published by the Underlying Fund, no facts have been omitted which would render the reproduced information misleading. No further or other responsibility in respect of such information is accepted by the Issuer. In particular, none of the Issuer, the Paying Agent, Calculation Agent or any of their affiliates (each a **Transaction Participant**) has verified such information and, accordingly, none of them makes any representation or warranty, express or implied, as to its accuracy or completeness. None of the Transaction Participants has made any investigation of the Underlying Fund in respect of the Underlying Securities or has taken any steps to verify the validity and binding nature of the Underlying Securities when issued. Prospective investors

in the Notes should make their own investigation of the Underlying Fund in respect of the Underlying Securities (including, without limitation, with regard to its financial condition and creditworthiness) and the full terms of the Underlying Securities (including, to the extent varied, the full terms of the collateral when issued).

The above summary is qualified in its entirety by the information contained in the Underlying Fund Prospectus.

For details regarding the Notes and the Underlying Securities, and more specifically potential liquidity shortfalls, please see the sections "*Conditions of the Notes*" and "*Description of the Underlying Fund and the Underlying Securities*" of this Prospectus.

REASONS FOR THE OFFER AND USE OF PROCEEDS

The net proceeds of the issue of the Notes can be freely used by the Issuer for its general corporate purposes. In particular, there is no obligation on the Issuer to use the proceeds from the issue of any Notes to invest in any underlying assets on behalf of investors. The Issuer shall not be obliged to directly invest in the Underlying Securities but it shall invest, for hedging purposes, in assets which it deems, in its reasonable discretion, to be suitable to ensure full and punctual payment of the Note Redemption Price or the Partial Redemption Price, respectively (each as defined below) (such assets, which may include the Underlying Securities, the **Suitable Assets**). The Issuer may use the proceeds of the Notes to invest in Suitable Assets to be attributed to the Compartment Assets.

The estimated net amount of the proceeds that the Issuer may obtain from the issue and sale of the Notes depends on the market price of the Notes which depends on the performance of the Underlying Securities. Total commissions and expenses payable by the Issuer in connection with the Notes and the Suitable Assets are expected to be approximately EUR120,000. No further commissions and expenses are payable by the Issuer.

CONDITIONS OF THE NOTES

*The following are the terms and conditions (the **Conditions**) of the Notes (as defined below) which will be incorporated by reference into each Global Note (as defined below) and endorsed on or attached to on each definitive Note.*

The up to EUR50,000,000 Aquila Capital Infrastructure Notes due 2024 (the **Notes**, which expression shall in these terms and conditions of the Notes (the **Conditions** and each a **Condition**), unless the context otherwise requires, include any further Notes issued pursuant to Condition 14) are issued by 1sec S.A., a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, having its registered office at 7, Grand-Rue, L-6630 Wasserbillig, Luxembourg, registered with the Luxembourg trade and companies register (*R.C.S. Luxembourg*) under number B220820 and having the Legal Entity Identifier (LEI) 529900C4OQMNT3PDLO94 (the **Management Company**) in its capacity as management company (*société de gestion*) of Arachide FCP, a Luxembourg securitisation fund (*fonds de titrisation*) within the meaning of the Luxembourg act dated 22 March 2004 on securitisation, as amended (the **Securitisation Act 2004**), being subject to and governed by the Securitisation Act 2004, having the Legal Entity Identifier (LEI) 529900QQN3YJJVJS7J30 (the **Fund**) and acting in respect of Compartment 2 (the **Issuer**).

The Notes will track the performance of the Underlying Securities (as defined below). The net proceeds of the issue of the Notes can be freely used by the Issuer. In particular, there is no obligation on the Issuer to use the proceeds from the issue of any Notes to invest in any underlying assets on behalf of investors. The Issuer shall not be obliged to directly invest in the Underlying Securities but it shall invest, for hedging purposes, in assets which it deems, in its reasonable discretion, to be suitable to ensure full and punctual payment of the Note Redemption Price or the Partial Redemption Price, respectively (each as defined below) (such assets, which may include the Underlying Securities, the **Suitable Assets**). The Issuer may use the proceeds of the Notes to invest in Suitable Assets to be attributed to the Compartment Assets (as defined below).

In these Conditions, references to the Issuer may, as the case may be, be references to the Fund and vice versa.

1. DEFINITIONS

Administration Fee means the annual administration fee of 0.06% p.a. + EUR10,000 p.a. calculated on the gross asset value of the Notes outstanding which shall be paid to the Management Company.

Agency Agreements means (i) the paying agency agreement dated 2 October 2019 and made between the Issuer and the Paying Agent and (ii) the calculation agency agreement dated 2 October 2019 and made between the Issuer and the Calculation Agent, which are both freely accessible on the following website of the Issuer: www.arachide.lu and **Agency Agreement** means any of them.

Board means the board of directors of the Management Company.

Business Day means a day (other than a Saturday and a Sunday) on which credit institutions are open for general business in Luxembourg and Frankfurt, Germany, and which is also a TARGET2 Day.

Calculation Agent means Oaklet GmbH, Frankfurt.

Calculation Agent Fee means the annual calculation agent fee of 0.10% p.a. calculated on the gross asset value of the Notes outstanding, subject to a minimum of EUR12,000 p.a. which shall be paid to the Calculation Agent.

Cash Distribution means any cash payment which shall be distributed to the Unitholders. The interest amount will be determined by the Calculation Agent in consultancy with the Coordinator and has no fixed calculation method. The interest amount cannot be negative.

Clearstream means Clearstream Banking S.A., Luxembourg.

Common Depository means a common depository for Euroclear Bank S.A./N.V. and Clearstream.

Companies Act 1915 has the meaning given to this term in Condition 12.1 below.

Compartment means the Compartment 2 created by the Fund (where "compartment" has the meaning given to this term in articles 62 *et seq* of the Securitisation Act 2004) in connection with the Suitable Assets and the Notes.

Compartment Assets means any and all (i) Suitable Assets and any related rights and (ii) cash received by the Issuer in connection with the Suitable Assets, all of which are allocated, at any given time, to the Compartment.

Compartment Asset Principal Distributions means any principal payments received by the Hypothetical Investor before the Maturity Date which reduce the principal or nominal value of the Underlying Securities (such as, for instance, a partial redemption of the Underlying Securities or a principal repayment in respect of the Underlying Securities) and **Compartment Asset Principal Distribution** means any of them.

Compartment Asset Return Payments means any interest or dividend payments (if any) received by the Hypothetical Investor in respect of the Underlying Securities which do not reduce the principal or nominal value of the Underlying Securities and **Compartment Asset Return Payment** means any of them.

Coordinator means Aquila Capital Investmentgesellschaft mbH, a German private limited company with registered office at Valentinskamp 70, D-20355 Hamburg.

Costs means the following costs and expenses incurred by the Issuer, which shall be paid in the order of priority below:

- (i) *firstly*, any accrued and unpaid taxes which shall be paid by the Compartment;
- (ii) *secondly*, Administration Fee and the Calculation Agent Fee as well as the operational general costs allocated to the Compartment ranking *pari passu* and *pro rata* among them;
- (iii) *thirdly*, any transaction costs and audit fees ranking *pari passu* and *pro rata* among them; and
- (iv) *fourthly*, all amounts, fees and costs payable to any other party whose claims have arisen in connection with the creation, operation or liquidation of the Compartment (other than the Unitholders and Noteholders, in respect of the Units or the Notes (as the case may be) and other than the parties to whom various payments listed as items (i) to (iii) (inclusive) above are due) (ranking *pari passu* and *pro rata* among them).

Coupon has the meaning given to this term in Condition 2.1 (c) below.

Early Redemption Date has the meaning given to this term in Condition 6.2 (a) below.

Euroclear means Euroclear Bank S.A./N.V.

EUR or **Euro** means the Euro, the single currency of any EU Member State that adopts or has adopted and, in each case, continues to adopt the Euro as its lawful currency in accordance with the legislation of the EU.

Event of Default has the meaning given to this term in Condition 11 below.

Event of Default Notice has the meaning given to this term in Condition 11 below.

Event of Default Redemption Date has the meaning given to this term in Condition 11 below.

Expected Maturity Date means 1 July 2024.

Force Majeure Event means an event or circumstance which prevents or otherwise impedes the designations or the performance of the Issuer's duties in relation to the Notes. These events and circumstances may include, but are not limited to, a system failure, fire, building evacuation, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstance.

Full Repayment means, in respect of each and every Note, that the Issuer has paid in full to the relevant Noteholder the Redemption Amount and no more amounts are expected to be paid by the Issuer in respect of the relevant Note.

Further Issue Date has the meaning given to this term in Condition 2.1 (b) below.

Global Note has the meaning given to this term in Condition 2.1 (c) below.

Hypothetical Investor means a hypothetical investor in the same position as the Issuer which invested the proceeds of the Notes in Underlying Securities.

Initial Issue Date means 21 November 2019.

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

Issuer Notice has the meaning given to this term in Condition 6.2 (a) below.

Interest has the meaning given to this term in Condition 5 below.

Interest Payment Date has the meaning given to this term in Condition 5 below.

Interest Period has the meaning given to this term in Condition 5 below.

Liquidity Reserve Amount means an amount reserved by the Issuer which shall be equal to the expected Costs plus any purchase price and related costs which would be incurred in the event of the repurchase of the Notes in accordance with Condition 6.4 below, as determined by the Calculation Agent in consultancy with the Coordinator.

Luxembourg means the Grand Duchy of Luxembourg.

Management Regulations means the management regulations governing the Fund dated 08 July 2019, as amended from time to time.

Maturity Date means the Expected Maturity Date or, in the case of the occurrence of a Maturity Extension Event, the Maturity Extension Date.

Maturity Extension Date means the earliest of either (i) the fifth (5) Business Day following the receipt by the Hypothetical Investor of the full redemption payment from the Underlying Securities or (ii) 1 July 2034.

Maturity Extension Event means an event that occurs when (i) the Underlying Fund cancels or suspends the redemption of all or part of the Underlying Securities in accordance with the Underlying Fund Prospectus and (ii) as a result of such cancellation or suspension, the Note Redemption Price is unavailable at the Expected Maturity Date. The Issuer will issue a notice to the Noteholders in accordance with Condition 15 (*Notices*) by which it informs the Noteholders about the occurrence of a Maturity Extension Event no later than the Expected Maturity Date.

Maximum Amount means the maximum amount of Notes which the Issuer may issue, which shall be equal to an aggregate amount of EUR50,000,000 (fifty million euro).

Note means any of the Notes which shall be issued under these Conditions.

Note Principal Amount means the outstanding principal amount of each Note at any given time, which, on the Issue Date shall be equal to EUR1,000 (one thousand euro).

Note Redemption Date means the date on which the Notes will be redeemed together with the Units, which shall be the earlier of the Maturity Date or the date on which the Notes are redeemed early in accordance with Condition 6.2 (*Early Redemption*) below or pursuant to an Event of Default in accordance with Condition 11 (*Events of Default*) below.

Note Redemption Price means the price paid to the Noteholders out of the available Compartment Assets upon redemption of the Notes they hold. The Notes Redemption Price shall be equal to (i) the amount received by the Hypothetical Investor in connection with the full redemption of the Underlying Securities minus (ii) the payable Costs which remain outstanding or unpaid, to be distributed, *pari passu* and *pro rata* to the amount of their contribution, by the number of Units and/or Notes between each Unitholders and Noteholders (and to be distributed, *pari passu* and *pro rata* to the amount of their contribution between all Noteholders).

Noteholders means the holders of one or more Notes and **Noteholder** means any of them.

Notes Principal Distribution has the meaning given to this term in Condition 6 below.

Offer Period means the period starting on the day following the date of approval of the prospectus relating to the Notes and ending on 15 November 2020.

Outstanding Notes means the Notes which have been issued on the Issue Date and are represented by a Global Note which have not been redeemed, repurchased or otherwise cancelled by the Issuer

Partial Redemption Date has the meaning given to this term in Condition 6.3 below.

Partial Redemption Price has the meaning given to this term in Condition 6.3 below.

Paying Agent means Banque et Caisse d'Epargne de l'Etat, Luxembourg.

Principal Amounts means the sum of Note Principal Amounts and Unit Nominal Amounts.

Priority of Payments means that all amounts received or recovered by the Compartment in connection with any present or future assets or revenues allocated to the Compartment, shall be applied in accordance with the following order of priority:

- (i) *first*, any Costs accrued during the relevant Interest Period;
- (ii) *secondly*, to any other creditor (other than the Noteholders and the Unitholders) which has a claim against the Compartment (*pari passu* and *pro rata* amongst them); and

(iii) *thirdly*, as payment of Cash Distribution to the Unitholders and of Interest to the Noteholders, *pari passu* and *pro rata* amongst them.

Proceedings has the meaning given to this term in Condition 18.2 below.

Records has the meaning given to this term in Condition 2.2(b) below.

Reference Currency means the currency in which the net asset value of the Compartment is calculated, that is Euro.

Specific Management Regulations means the specific management regulations relating to the Compartment dated 2 October 2019, as amended from time to time.

TARGET2 Day means any day on which the TARGET2 System is open.

TARGET2 System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

Tax Event means any amendment to or change in the laws or regulations of Luxembourg or in the interpretation or administration of any such laws or regulations which becomes effective on or after the Issue Date pursuant to which the Issuer would be required to pay additional amounts as provided in Condition 9 (*Taxation*) below.

Tax Jurisdiction means the Grand Duchy of Luxembourg or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

Underlying Fund means Aquila Capital Infrastructure Fund GmbH & Co. a *offene Investmentkommanditgesellschaft* incorporated in Germany, having its registered office in Hamburg and registered with the Hamburg trade register (*Handelsregister Hamburg*) under number HI20077.

Underlying Fund Prospectus means the prospectus of the Underlying Fund as of 1 January 2018 drawn up in the German language.

Underlying Securities means the Class B shares (ISIN: DE000A2AMRJ4) issued by the Underlying Fund.

Unit Nominal Amount means the amount of principal outstanding per Unit on the Units Redemption Date and **Unit Nominal Amounts** means the aggregate amount of principal outstanding of all Units.

Units Redemption Date has the meaning given to such term in Article 6.2 (*Redemption and Maturity*) of the Specific Management Regulations.

Unitholder means the holder of Units.

Units means the 2 units issued under the Compartment and subscribed at an issue price of EUR1,000 per unit on 2 October 2019 and any units under the Compartment issued thereafter.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

- (a) The Notes are in bearer form and will, in the case of definitive Notes, be serially numbered. The Notes may not be exchanged for Notes in registered form. Each Note has a denomination equal to the Note Principal Amount.
- (b) The Issuer issues on the Initial Issue Date an aggregate nominal amount of EUR10,000,000 (*ten million euro*) of Notes in bearer form at an initial issue price of 100% of the Note Principal Amount. On such other date or dates falling within the Offer Period as the Issuer may determine in its own discretion (each such additional date, the **Further Issue Date**), the Issuer may issue further Notes in bearer form up to the Maximum Amount.
- (c) Upon issue, the Notes will be represented by one or more permanent global notes (each, a **Global Note**) in bearer form which will be deposited with the Common Depository on or about the relevant Issue Date. A Global Note will be exchangeable for definitive Notes in bearer form only in limited circumstances specified in Condition 2.2(b) below. Coupons will be attached to the Notes issued in definitive form (the **Coupons** and each a **Coupon**).

2.2 Transfer and Title

- (a) Definitive Notes

Title to the Notes and Coupons in definitive form will pass by delivery. The Issuer and/or the Paying Agent will (except as otherwise required by law or as otherwise ordered by a court of competent jurisdiction or an official authority) deem and treat the bearer of any Note in definitive form or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

- (b) Global Note

Subject as set out below, title to the Notes will pass by delivery. The Issuer and the Paying Agent will (except as otherwise required by law or as otherwise ordered by a court of competent jurisdiction or an official authority) deem and treat the bearer of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of the Global Note, without prejudice to the provisions set out in the next succeeding paragraphs. The Global Note representing the Notes will be deposited with the Common Depository on or about the Issue Date. The Global Note will be exchangeable for definitive Notes in bearer form only in limited circumstances.

For so long as the Notes are represented by the Global Note held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear or Clearstream) who is for the time being shown in the records (the **Records**) of Euroclear or of Clearstream as the holder of a particular principal amount of such Note (in which regard any Note or other document issued by Euroclear or Clearstream as to the principal amount of such Note standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agent as the holder of such principal amount of such Note for all purposes other than with respect to payments in respect of such principal amount of such Note, for which purpose the bearer of the Global Note shall be treated by the Issuer and the Paying Agent as the holder of such principal amount of such Note in accordance with and subject to the terms of the Global Note and the expressions Noteholder and holder of Notes and related expressions shall be construed accordingly.

The Notes which are represented by the Global Note will be transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, as the case may be.

The Global Note will become exchangeable in whole, but not in part, for Notes in definitive form in the denomination of EUR1,000 when either Euroclear or Clearstream is closed for business for a continuous period of 14 days, other than public holidays, or permanently ceases business or announces an intention to do so.

Definitive Notes issued in exchange for the Global Note will be issued in bearer form only with Coupons attached. The relevant definitive Notes will be made available by the Issuer to the persons set forth in the Records.

3. STATUS

The Notes constitute direct, unsecured and limited recourse debt obligations of the Issuer with respect to the Compartment Assets and rank *pari passu* and rateably, without any preference: (i) among themselves, (ii) with all other existing Units and (iii) with all other existing direct, unsecured, limited recourse indebtedness of the Issuer, but, in the event of insolvency (including bankruptcy, insolvency and voluntary or judicial liquidation), only to the extent permitted by applicable laws relating to creditors' rights generally.

4. NEGATIVE PLEDGE

So long as the Notes remain outstanding, the Issuer may not create or permit to exist any mortgage, lien (other than liens arising by operation of law), pledge, charge or other security interest upon the whole or any part of its present or future assets or revenues to secure any loan debt, guarantee or other obligation unless the Notes share in and are equally and rateably secured by such mortgage, lien, pledge, charge or other security interest, and the instrument creating such mortgage, lien, pledge, charge or other security interest expressly so provides.

5. INTEREST

- (a) The Notes will bear interest (the **Interest**) calculated and payable as follows:

For any and all Compartment Asset Return Payments received by the Hypothetical Investor in a given Interest Period, the Issuer will pay to the Noteholders on the next Interest Payment Date (as defined below) an amount being the higher of either (i) EUR 0.00 or (ii) any amount up to the amount of the relevant Compartment Asset Return Payments minus (i) any Costs outstanding on the date on which the relevant Compartment Asset Return Payments are made and which have been incurred or will be incurred by the Issuer in the Interest Period in which the relevant Compartment Asset Return Payments are made, (ii) any Costs that have been incurred by the Issuer in previous Interest Periods but which remain unpaid and (iii) the Liquidity Reserve Amount.

- (b) The Interest payable in respect of an Interest Period will be paid annually in arrears on the 10th Business Day of each year (each, an **Interest Payment Date**). The first Interest Payment Date will be 18 January 2021. The applicable day count convention is 30/360.
- (c) Each **Interest Period** means the period from (and including) 1 January of each year (or in respect of the first Interest Period, 1 January 2020) to (but excluding) 1 January of the following year (or in respect of the first Interest Period, 1 January 2021). The beginning and end of an Interest Period remains unadjusted if the date falls on a day which is not a Business Day.]

6. REDEMPTION AND PURCHASE

6.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem on the Maturity Date, the Notes by paying the Note Redemption Price to the Noteholders. In such a case, the obligations of the Issuer under the Notes shall be fully discharged and the Noteholders shall have no further claim or recourse against the Issuer. If the Note Redemption Price is not available on the Maturity Date, the Issuer undertakes to use reasonable means to achieve Full Repayment. The Noteholders will not be entitled to any interest or other payment for the delay in receiving the Note Redemption Price unless such delay has been caused by wilful misconduct or gross negligence of the Issuer.

6.2 Early Redemption

(a) Redemption at the option of the Issuer

In the event that:

- (i) the Issuer determines in good faith that the performance of its obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof; and/or
- (ii) the Hypothetical Investor receives full redemption payment from the Underlying Securities; and/or
- (iii) a Force Majeure Event has occurred; and/or
- (iv) a Tax Event has occurred; and/or
- (v) the obligations of the Issuer arising under, or in connection with, the Notes become, in the opinion and at the discretion of the Issuer, unreasonably burdensome; and/or
- (vi) following a change in applicable law or regulation, the costs for the Issuer arising under, or in connection with, the Notes are higher than the costs that the Issuer reasonably expected to incur at the time of the issue of the Notes;

the Issuer may at its option issue a notice (the **Issuer Notice**) to the Noteholders in accordance with Condition 15 (*Notices*) by which it informs the Noteholders with respect to the early redemption of the Notes (in whole but not in part) and specifying a date which cannot be less than five (5) Business Days after the issue of the Issuer Notice nor later than thirty (30) Business Days thereafter (such date being the **Early Redemption Date**). The Issuer shall redeem the Notes on the Early Redemption Date by paying the Note Redemption Price to the Noteholders on such Early Redemption Date in accordance with Condition 7 (*Payments*) below. In such a case, the obligations of the Issuer under these Conditions shall be fully discharged and the Noteholders shall have no further claim or recourse against the Issuer. If the Note Redemption Price is not available on such Early Redemption Date, the Issuer undertakes to use reasonable means to achieve Full Repayment. The Noteholders will not be entitled to any interest or other payment for the delay in receiving the Note Redemption Price unless such delay has been caused by wilful misconduct or gross negligence of the Issuer.

(b) No redemption at the option of the Noteholders

The Notes may not be redeemed early at the option of the Noteholders.

6.3 Partial Redemption

Following the receipt by the Hypothetical Investor of a Compartment Asset Principal Distribution, the Issuer may at its option pay to the Noteholders no later than 30 (thirty) Business Days after the receipt by the Hypothetical Investor of such amount (such date being the **Partial Redemption Date**) a **Notes Principal Distribution** in an amount being the higher of either (a) EUR 0.00 or (b) an amount up to the amount of the relevant Compartment Asset Principal Distribution minus (i) any Costs outstanding on the date on which the Compartment Asset Principal Distribution is made and which have been incurred or will be incurred by the Issuer in the Interest Period in which the Compartment Asset Principal Distribution is made, (ii) any Costs that have been incurred by the Issuer in previous Interest Periods but which remain unpaid and (iii) the Liquidity Reserve Amount (the **Partial Redemption Price**). After the payment of any Notes Principal Distribution, the Issuer will subsequently reduce the Note Principal Amount accordingly.

In case that a Notes Principal Distribution would have the effect to reduce the Note Principal Amount to zero, the Note Principal Amount shall not be reduced to zero but only to EUR1.00 (one euro) as long as there is no Full Repayment. All further payments to be made by the Issuer to the Noteholders will constitute Interest that shall be distributed in accordance with Condition 5 (Interest) above. Upon the occurrence of a Full Repayment, the Note Principal Amount is reduced to zero.

The Issuer shall forthwith publish the reduced Note Principal Amount resulting from any Notes Principal Distribution in accordance with Condition 15 (Notices).

6.4 Purchase

The Issuer may at any time purchase Notes in the open market or otherwise at any price. Such Notes may be held, resold or reissued, or, at the option of the Issuer, cancelled.

6.5 Cancellation

All Notes redeemed by the Issuer upon payment by the Issuer of the Note Redemption Price may be cancelled forthwith and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. PAYMENTS

7.1 Distribution under the Notes

The Notes rank *pari passu* with the Units. Any distributions made to the Noteholders shall be made in accordance with the Priority of Payments.

Noteholders shall be entitled to receive Interest, if any, on each Interest Payment Date.

The Notes will be redeemed against the Note Redemption Price on the Note Redemption Date.

7.2 Payments in applicable currency

Subject as provided below, payments in respect of the Notes will be made in euro by credit or transfer to a EUR denominated account maintained by the payee with a bank located in a European Member State.

7.3 Presentation of definitive Notes

Payments in respect of definitive Notes will be made in the manner provided in Conditions 7.1 and 7.2 above only against presentation or surrender (as the case may be) of definitive Note or the relevant Coupons (as the case may be) at the specified office of the Paying Agent. A record of each payment made against presentation or surrender (as the case may be) of any Note will be made on

such Note by the Paying Agent to which it was presented or surrendered and such record shall be prima facie evidence that the payment in question has been made.

7.4 Payments in respect of the Global Note

Payments in respect of Notes represented by a Global Note will be made (subject as provided below) in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender (as the case may be) of such Global Note at the specified office of the Paying Agent. A record of each payment made against presentation or surrender (as the case may be) of any Global Note will be made on such Global Note by the Paying Agent to which it was presented or surrendered and such record shall be prima facie evidence that the payment in question has been made.

The bearer of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer's payment obligations in respect thereof will be discharged pro tanto by payment to, or to the order of, the bearer of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear and Clearstream as the beneficial holder of a particular principal amount of Note represented by such Global Note must look solely to Euroclear or Clearstream, as the case may be, for his share of each payment made by the Issuer to, or to the order of, the bearer of such Global Note. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as such Global Note is outstanding and the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

7.5 General provisions applicable to payments

Every payment of principal or interest in respect of the Notes to or to the account of the Paying Agent in the manner provided in the Agency Agreements shall operate in satisfaction *pro tanto* of the relative obligation of the Issuer in respect of such Notes to pay such principal or interest.

7.6 Determinations

Any calculations made in respect of the amounts payable under the Notes will be made by the Calculation Agent. Such calculations will (in the absence of wilful misconduct, bad faith or manifest error) be binding on the Issuer and the Noteholders.

7.7 Fractions

When making payments to Noteholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

7.8 Payments subject to fiscal laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required. The payment made in accordance with the provisions of Conditions 7.1 to 7.7 (inclusive) above shall be a good discharge for the Issuer.

7.9 Delay in payment

The Noteholders will not be entitled to any interest or any other payment for any delay after the due date under the Notes in receiving the amount due as a result of the due date not being a Business Day, if the Noteholders are late in surrendering the relevant Notes (if any) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

7.10 Business Days

If the payment date referred to in these Conditions above would fall on a day which is not a Business Day, the payment date shall be postponed to the immediately following Business Day without that the Noteholders shall be entitled to any interest or other sum in respect of such postponed payment.

8. SECURITISATION ACT 2004

By subscribing to the Notes, or otherwise acquiring the Notes, the Noteholders expressly acknowledge and accept, and will be deemed to have accepted and acknowledged, that the Fund (i) is subject to the Securitisation Act 2004 and (ii) has created the Compartment in respect of the Notes to which all assets, rights, claims and agreements relating to the Notes will be allocated. Furthermore, the Noteholders acknowledge and accept that they have only recourse to the assets of the Compartment and not to the assets allocated to any other compartments created by the Fund or any other assets of the Fund. The Noteholders expressly acknowledge and accept that once all the assets allocated to the Compartment have been realised, they are not entitled to take any further steps against the Issuer, the Fund to recover any further sums due and the right to receive any such sum shall be extinguished. The Noteholders accept not to attach or otherwise seize the assets of the Issuer allocated to the Compartment or to other compartments of the Fund or other assets of the Fund. In particular, no Noteholders shall be entitled to petition or take any other step for the winding-up, the liquidation or the dissolution of the Issuer or the Fund or any similar insolvency related proceedings. In case of a conflict between the provisions of this Condition 8 and the other Conditions, the provisions of this Condition 8 shall prevail.

By subscribing for the Notes, or otherwise acquiring the Notes, each Noteholder expressly acknowledges and accepts that it has no direct right in respect of the Suitable Assets.

9. TAXATION

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Luxembourg or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

10. PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within periods of 10 years (in the case of principal) and five years (in the case of interest) from the date on which the relevant payments were due.

11. EVENTS OF DEFAULT

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (a) if the Issuer fails to perform or observe any of its material obligations under the Conditions and the failure continues for the period of thirty (30) days following the service by a Noteholder on the Issuer of notice requiring the same to be remedied;
- (b) if bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), general settlement or composition with creditors (*concordat préventif de la faillite*), reorganisation or similar Luxembourg or foreign laws proceedings affecting the rights of creditors generally are opened against the Management Company and remain in effect for a period of thirty (30) consecutive days; or

- (c) in the case of cessation of the functions of the Management Company, if it has not been replaced within one month;

then any Noteholder may, by written notice (the **Event of Default Notice**) to the Issuer, effective upon the date of receipt thereof by the Issuer (such date being the **Event of Default Redemption Date**), declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Note Redemption Price without presentment, demand, protest or other notice of any kind. If the Note Redemption Price is not available on such Event of Default Redemption Date, the Issuer undertakes to use reasonable means to achieve Full Repayment. The Noteholders will not be entitled to any interest or other payment for the delay in receiving the Note Redemption Price unless such delay has been caused by wilful misconduct or gross negligence of the Issuer.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION AND SUBSTITUTION

12.1 General

Articles 470-1 to 470-19 of the Luxembourg Act dated 10 August 1915 on commercial companies, as amended (the **Companies Act 1915**) will not apply. For the avoidance of doubt, no Noteholder may, to the fullest extent permissible under applicable law, initiate proceedings against the Issuer based on article 470-21 of the Companies Act 1915.

The Paying Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by extraordinary resolution of, among other things, the Notes or the Paying Agency Agreement.

12.2 Modification

The Management Company acting as management company of the Issuer may make, without the consent of the Noteholders, any modification to the Conditions which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction applicable to the Issuer or to reflect any change of law which has an impact on the Issuer's obligations under the Notes.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders by way of a written notice in accordance with Condition 15.

12.3 Substitution

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

13. REPLACEMENT OF NOTES

If any Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Issuer upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

14. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes (i) having the same Conditions in all respects as the Outstanding Notes so that such further issue shall be consolidated and form a single series with the Outstanding Notes, and references in these Conditions to the Notes shall be construed accordingly or (ii) upon such terms and conditions as the Issuer may determine at the time of their issue, up to the Maximum Amount.

Each issuance of further Notes will be fungible with the then existing Notes.

15. NOTICES

15.1 Notices to the Issuer

Notices or communications to the Issuer shall be addressed to the Management Company at:

1sec S.A.

7, Grand-Rue, L-6630 Wasserbillig, Grand Duchy of Luxembourg

Attention: the board of directors of the Management Company.

The Management Company may change its address for service by written notice given to the Noteholders in accordance with Condition 15.2 below.

15.2 Notices to the Noteholders

So long as the Global Note representing the Notes is held in its entirety on behalf of Euroclear and/or Clearstream, notices in respect of Notes will be deemed to be validly given by the delivery of the relevant notice to Euroclear and/or Clearstream for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the day on which the said notice was given to Euroclear and/or Clearstream. Notices in respect of Notes in definitive form (if issued) will be deemed to be validly given if published on the website of the Calculation Agent (www.oaklet.de).

Notices to be given by the Noteholders shall, in the case of Notes in definitive form, be in writing and given by lodging the same, together with the Notes in definitive form, with the Paying Agent. While the Notes are represented by a Global Note, such notice is to be given by the Noteholders to the Paying Agent through Euroclear and/or Clearstream, as the case may be, in such manner as the Paying Agent, Euroclear and/or Clearstream, as the case may be, may approve for this purpose.

16. PAYING AGENT

The Paying Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Noteholders. The Issuer reserves the right at any time, without the prior approval of the Noteholders, to vary or terminate the appointment of the Paying Agent, provided that the Issuer will at all times maintain a Paying Agent having a specified office in Luxembourg. Notice of any such change will promptly be given to the Noteholders in accordance with Condition 15 (*Notices*).

All determinations of the Paying Agent made in respect of the Notes shall be made in its sole and absolute discretion and shall be final, conclusive and binding on the Issuer and the Noteholders in the absence of manifest error. In particular, the Paying Agent, in making any determination, adjustment or calculation in relation to the Notes, shall at all times act in good faith and in a commercially reasonable manner. The Noteholders shall (in the absence as aforesaid) not be entitled to proceed against the Paying Agent in connection with the exercise or non-exercise by it of its obligations, duties and discretions pursuant to the Notes.

The Paying Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

17. CHARGES AND EXPENSES

The Fund acting on behalf of the Compartment shall pay the Costs out of the Compartment Assets.

18. GOVERNING LAW AND JURISDICTION

18.1 Governing Law

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

18.2 Jurisdiction

The Luxembourg district courts are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes (**Proceedings**) may be brought in such courts. Each of the Issuer and the Noteholders irrevocably submit to the jurisdiction of the Luxembourg district courts and waive any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Issuer only and shall not affect the Issuer's right to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings by the Issuer in one or more jurisdictions preclude the taking of Proceedings by the Issuer in any other jurisdiction (whether concurrently or not).

DESCRIPTION OF THE PARTIES

1. ISSUER

1.1 Corporate Information of the Fund and its Management Company

Arachide FCP, as the Issuer in respect of the Notes, was created on 8 July 2019 under the laws of Luxembourg as a securitisation fund (*fonds de titrisation*) subject to the provisions of the Securitisation Act 2004 by the board of managers of 1sec S.A., a public limited liability company (*société anonyme*) incorporated on 10 January 2018 under the laws of Luxembourg and acting as its Management Company.

The Fund has been created for an unlimited duration as a co-ownership (*copropriété*) and is registered with the Luxembourg trade and companies register under number K1968. The Fund has no legal personality and is managed by the Management Company.

The Management Company has been incorporated for an unlimited duration and is registered with Luxembourg trade and companies register under number B220820. The Management Company was initially established as a securitisation company (*société de titrisation*) subject to the Securitisation Act 2004 and, since an extraordinary general meeting of its sole shareholder on 7 May 2019, its articles have been amended and restated to change its corporate purpose as set out in section 1.3 below.

The registered office of the Management Company is located at 7, Grand Rue, L-6630 Wasserbillig (telephone number (+352) 26 70 42 1). The official website of the Issuer is www.arachide.lu. The information on the website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

The Fund is not a regulated securitisation fund authorised by the CSSF. As a consequence, neither the Fund nor any of its compartments shall issue units or securities to the public on a continuous basis.

The general management regulations of the Issuer (the **Management Regulations**) were filed with the Luxembourg trade and companies register and published in the *Recueil électronique des sociétés et associations (RESA)*, number RESA_2019_158.874 of 10 July 2019 and the articles of association of the Management Company (the **Management Company Articles**) were filed with the Luxembourg trade and companies register and published in the RESA, number RESA_2019_124.736 on 29 May 2019.

The Management Regulations govern the relations between the Management Company, the holders of the units issued under a compartment by the Fund and the holders of the certificates issued under a compartment by the Fund. The specific management regulations of the Fund set forth all material terms and characteristics governing the units issued by the Fund under a specific Compartment including, without limitation, priority in which units will be issued, any minimum holding amounts, any minimum subscription amounts and any minimum subsequent subscription amounts, as the case may be, details of funding and redemption rights.

Legal Entity Identifier (LEI) of the Fund is 529900QQN3YJJVJS7J30. Legal Entity Identifier (LEI) of the Management Company is 529900C4OQMNT3PDLO94.

1.2 Share capital and shareholder

The Management Company has a share capital of EUR30,000 divided into 300 ordinary shares each having a par value of EUR100 and fully paid-up.

All the Management Company's shares are held by Stichting Legatus II, a company incorporated and existing under the laws of The Netherlands and having its registered office at Johannes Vermeerplein 11, 1071DV Amsterdam.

1.3 Business operations of the Fund and the Management Company

Pursuant to article 5 of the Management Regulations, the business operations of the Fund consist in entering into, performing and serving as an investment vehicle for, any securitisation transactions as permitted under the Securitisation Act 2004. The Fund may acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or ownership of claims, receivables and/or other goods, either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities (*valeurs mobilières*) of any kind whose value or return is linked to these risks or, to the extent permitted by the Securitisation Act 2004, all other types of financial instruments whose value or return is linked to these risks. The Fund may assume or acquire these risks by acquiring, by any means, claims, structured deposits, receivables and/or other goods and assets (including movable or immovable and tangible or intangible assets), structured products relating to commodities or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way.

The Fund may, within the limits of the Securitisation Act 2004, proceed, so far as they relate to securitisation transactions, to (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes, certificates and other securities or financial instruments of any kind (including notes, certificates or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings and exchangeable or convertible securities), structured products relating to commodities or assets (including debt or equity securities of any kind), receivables, claims or loans or other credit facilities (and the agreements relating thereto) as well as all other types of assets (including any movable or immovable and tangible or intangible assets), and (iii) the ownership, administration, development and management of a portfolio of assets (including, among other things, the assets referred to in (i) and (ii) above) in accordance with the provisions of the relevant documentation.

The Fund may, within the limits of the Securitisation Act 2004 and for as long as it is necessary to facilitate the performance of its purpose, borrow in any form and enter into any type of loan agreement. It may issue Units and Certificates under one or more issue programmes in accordance with Article 11 of the Management Regulations. The Fund may lend funds including the proceeds of any borrowings and/or issues of securities, within the limits of the Securitisation Act 2004 and provided such lending or such borrowing relates to securitisation transactions.

The Fund may, within the limits of the Securitisation Act 2004, give guarantees and grant security over its assets.

The Fund may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions for as long as such agreements and transactions are necessary to facilitate the performance of the Fund's purpose. The Fund may generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The Fund may, within the limits of the Securitisation Act 2004 and in accordance with the provisions of the relevant documentation entered into by the Fund or by a specific Compartment, assign or arrange for the assignment of the underlying assets and risks which guarantee the rights of the relevant investors.

Pursuant to article 4 of the Management Company Articles, the corporate purpose of the Management Company is to act as management company of any Luxembourg securitisation fund set up in accordance with the Securitisation Act 2004.

1.4 Administration and management

Pursuant to Article 10 of the Management Company Articles, the Management Company is managed by a board of directors (the **Board**), which consists of not fewer than three members, who must not be shareholders of the Management Company and who are elected by the shareholders at a general meeting of the shareholders of the Management Company. As long as the Management Company has only one shareholder it may also be managed by a sole director.

The Board has full authority to execute all acts in connection with business operations and management within the framework of the business purpose of the Management Company defined in the Articles. All powers not reserved for the general meeting by law or by the Management Company Articles fall within the scope of responsibility of the Board. The Board can transfer certain of its tasks.

The current members of the Board are Moritz Hohenwarter, Marion Fritz, Fabian Föhre, Erik van Os and Béatrice Stülp, all (except Moritz Hohenwarter whose professional address is at 61 Bettinastrasse, Frankfurt am Main 60325) having their professional address at 7, Grand Rue, L-6630 Wasserbillig.

The principal outside activities of the members of the Board may be significant with respect to the Issuer and give rise to potential conflicts of interests to the extent that:

- Erik van Os is also employee of Oaklet S.A.;
- Béatrice Stülp and Marion Fritz are also managing directors of Oaklet S.A.;
- Fabian Föhre is also member of the board of directors of Oaklet S.A; and
- Moritz Hohenwarter is also employee of Oaklet GmbH.

1.5 Trend information

The Issuer has commenced operations on 8 July 2019 and no financial statements have been drawn up as at the date of this Prospectus. Thus, there have been no material adverse changes in the prospects of the Fund since the date of its last published audited financial statements. There have also been no material adverse changes in the prospects of the Management Company since 31 December 2018.

Moreover, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

1.6 Financial information

Accounting

The Fund produces audited annual financial statements. Those financial reports will provide for information on each of the compartment's assets (including the **Compartment Assets**) as well as the consolidated accounts of the Fund and be made available at the registered office of the Management Company. Pursuant to article 9.5 of the Management Regulations, audited annual reports will be published within four months following the end of the accounting year.

The Management Company produces audited annual financial statements. In accordance with Articles 461-1, 461-7 and 461-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the **Companies Act 1915**), the Management Company is obliged to publish its annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of the shareholders.

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

Financial year

The Fund's financial year begins on the first of January of each year and ends on 31 December of the same year. The first financial year began on the date of the Management Company's creation and will end on 31 December 2019.

The Management Company's financial year begins on the first of January of each year and ends on 31 December of the same year. The first financial year began on the date of the Management Company's incorporation and ended on 31 December 2018.

Valuation principles

Assets and liabilities – The value of all assets, which are quoted, listed or normally traded on a stock exchange, are valued at the state of the (insofar as applicable) most recently available trading price (or as determined by the Board) at the relevant point in time. Insofar as such stocks are listed or traded on more than one stock exchange, the relevant market is that which constitutes the main market, which the Board or the calculation agent, depending on which is appropriate, determines as that with the most appropriate criteria with regard to the valuation of the assets concerned. If the assets are units or shares of undertakings for collective investment, those assets are valued at the most recently available net asset value or, if that value does not reflect the market price of those assets, the price of the assets is determined by the Board on a fair and reasonable basis. All other assets, including non-quoted assets and quoted assets, for which a price is not available, are valued at their estimated value, which was arrived at by a competent entity approved by the Board for this purpose, with care and in good faith in accordance with the prevailing market practice and the applicable laws and regulations.

Cash and cash equivalents – Cash and cash equivalents comprise the cash holdings, bank balances, overnight deposits at banks, reduced by overdrafts of bank accounts.

Foreign currencies – Assets and liabilities, which are denominated in foreign currencies, are converted into euros at the exchange rate valid on the balance sheet date. Differences, which result from the conversion, are included in the profit and loss account.

Income and expenses, which are denominated in foreign currencies, are converted into euros at the exchange rate valid on the transaction date.

Historical financial information

The Issuer has commenced operations on 8 July 2019 and no financial statements have been drawn up as at the date of this Prospectus.

For information concerning the Management Company's financial statements as of 31 December 2018 please refer to the *Documents Incorporated by Reference* set out in item (d) on page 31 of this Prospectus.

2. UNDERLYING FUND, MANAGEMENT COMPANY AND SERVICE PROVIDERS

Please see point 1 (*The Underlying Fund, its Management Company and Service Providers*) in section "*Description of the Underlying Fund and the Underlying Securities*" of this Prospectus.

3. AGENTS AND MATERIAL CONTRACTS

The Notes are issued with the benefit of a paying agency agreement dated 2 October 2019 (the **Paying Agency Agreement**) under which the Paying Agent (as defined below) will fulfil the duties as described under section 3.1 below and a calculation agency agreement dated 2 October 2019 (the **Calculation Agency Agreement** and, together with the Paying Agency Agreement, the **Agency Agreements**) under which the Calculation Agent (as defined below) will fulfil the duties as described under section 3.2 below.

Further, the Issuer entered into an coordination agreement dated 2 October 2019 and effective as of 16 October 2019 (the **Coordination Agreement**) under which the Coordinator (as defined below) will fulfil the duties as described under section 3.3 below.

3.1 Paying Agent

Under the Paying Agency Agreement, the Issuer has appointed Banque et Caisse d'Épargne de l'État, Luxembourg (**BCEE**), an independent public establishment incorporated under the laws of Luxembourg, having its registered office in 1, Place de Metz, L-2954 Luxembourg as the paying agent (the **Paying Agent**).

The Paying Agent will carry out the tasks set out in the Paying Agency Agreement, including the provision of customary banking services for the Issuer as well as registrar and transfer agent services with respect to the Notes issued by the Issuer, which normally includes the tasks performed by registrar and transfer agents in Luxembourg.

The liability of the Paying Agent toward the Issuer is restricted to intent and gross negligence. It cannot be held liable if it refuses to perform such tasks in good faith, if it has good reason to believe that they are impermissible or not allowed or are contrary to existing laws or regulations, or if it is prevented from carrying out its tasks due to force majeure. The Issuer declares that it is prepared to indemnify the Paying Agent generally against any liability with respect to losses and damages that have occurred, which were imposed on it within the framework of fulfilling its tasks and duties under the Paying Agency Agreement, insofar as they are not the result of intent or gross negligence. This indemnification is restricted to the assets of the compartment for which the paying agent acts.

3.2 Calculation Agent

Pursuant to the Calculation Agency Agreement, Oaklet GmbH (the **Calculation Agent**) having its registered office at Bettinastrasse 61, 60325 Frankfurt am Main, Germany assumes the functions of calculation agent for the determination of all relevant amounts under the Notes.

The liability of the Calculation Agent toward the Issuer is restricted to intent and gross negligence. It cannot be held liable if it refuses to perform such tasks in good faith, if it has good reason to believe that they are impermissible or not allowed or are contrary to existing laws or regulations, or if it is prevented from carrying out its tasks due to force majeure. The Issuer declares that it is prepared to indemnify the calculation agent generally against any liability with respect to losses and damages that have occurred, which were imposed on it within the framework of fulfilling its tasks and duties under the Calculation Agency Agreement, insofar as they are not the result of intent or gross negligence. This indemnification is restricted to the assets of the compartment for which the calculation agent acts.

The Issuer may terminate the appointment of the Calculation Agent at any time and/or appoint additional or other Calculation Agent by giving to the Calculation Agent at least 90 days' prior written notice to that effect.

3.3 Coordinator

The Issuer has concluded the Coordination Agreement with Aquila Capital Investmentgesellschaft mbH, a German private limited company with registered office at Valentinskamp 70, D-20355 Hamburg and acting as coordination agent of the Issuer in respect of the Notes (the **Coordinator**).

Under the Coordination Agreement, the Coordinator will ensure the offering and distribution of the Notes in the Public Offer Jurisdictions.

The Coordinator supports the Issuer during the set-up process and during the lifetime of the Notes with regards to the structure of the Notes, the distribution countries, any operational issues, the fee structure and general related issues.

4. CUSTODIAN

The Issuer has appointed BCEE as the custodian bank for the safekeeping of cash, securities and other assets, which the Issuer currently owns or will acquire in the future.

The custodian bank will carry out tasks stipulated in the custodian bank agreement, including the receipt and safekeeping of cash, securities and other assets that the Issuer currently owns. The safekeeping is performed on behalf of the custodian bank, the Issuer or one of its representatives or on behalf of whosoever is necessary for the purchase of certain securities or other assets in certain countries. The safekeeping is performed either by the custodian bank itself or by other banks or clearing systems.

The custodian bank is under the obligation to carry out the tasks incumbent upon it pursuant to the custodian bank agreement with due diligence and in harmony with the tasks and duties set out in the custodian bank agreement.

Each of the above mentioned party's relationship with the Issuer is to act in its respective capacity described above. There is no direct or indirect ownership or control link between the above mentioned parties nor between each such party and the Issuer.

DESCRIPTION OF THE UNDERLYING FUND AND THE UNDERLYING SECURITIES

1. THE UNDERLYING FUND

1.1 Corporate Information

The Underlying Fund's legal name is Aquila Capital Infrastructure Fund GmbH & Co., a *offene Investmentkommanditgesellschaft* with registered office in Hamburg, Germany.

The Underlying Fund constitutes an open-ended, specialised alternative investment fund governed by the German *Kapitalanlagegesetzbuch (KAGB)* and is managed by an external AIFM, Aquila Capital Investmentgesellschaft mbH (the **AIFM**).

The corporate object of the Underlying Fund is the investment and management of its funds following an investment strategy for collective investment in compliance with §§ 273 to 282, 284 KAGB and to the best interest of its investors.

The Underlying Fund constitutes a master-feeder AIF and invests, except for liquidity investments, its funds exclusively in shares (at least 85% of its value) of Aquila Capital Infrastructure Fund S.A., SICAV RAIF. The Aquila Capital Infrastructure Fund S.A., SICAV RAIF is subject to Luxembourg risk spreading provisions. Therefore, the Underlying Fund indirectly is carrying out investments on the basis of risk diversification.

The Underlying Fund has no compartments and does not constitute an umbrella structure.

1.2 Eligible Assets

The Underlying Fund invests indirectly through the acquisition of shares of Aquila Capital Infrastructure Fund S.A., SICAV RAIF into the following eligible assets (together, the **Infrastructure Assets**):

- participations in companies;
- renewable energy;
- infrastructure;
- units or shares of (i) closed-ended domestic specialised AIF or (ii) closed-ended specialised EU-AIF or (iii) third country specialised AIF;
- securities;
- money market instruments; and
- bank deposits.

No securities financing transactions in the sense of Regulation (EU) 2015/2365 of the European Parliament and Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 may be carried out by the Underlying Fund.

1.3 Investor Profile

The units of the Underlying Fund may only be offered to semi-professional and professional investors in the meaning of the KAGB.

Legal persons may only subscribe for units of the Underlying Fund under specific conditions.

1.4 Risk Spreading

Indirectly through its master fund, Aquila Capital Infrastructure Fund S.A., SICAV RAIF, the Underlying Fund may subscribe for or invest into the following assets and within the below limits:

- (a) Up to 50 % in participations in companies;
- (b) Up to 35 % in target investment funds managed by entities of the Aquila group or if an Aquila group entity provides auxiliary remunerated advisory or asset management functions with regard to these funds' assets;
- (c) Up to 75 % in target investment funds which are not managed by Aquila group entities;
- (d) Up to 10 % in open-ended specialized AIF;
- (e) Up to 35 % in securities;
- (f) Up to 25 % in one single eligible asset.

Investments in derivatives may only be used for hedging purposes if the held assets are likely to lose value.

No third party funds (leverage) may be used directly by the AIFM nor indirectly by means of the masterfund for acquiring assets.

1.5 Conflicts of interest

The general partner of the Underlying Fund, Aquila Capital Infrastructure Verwaltungsgesellschaft mbH, is a direct 100 % subsidiary of Aquila Capital Real Assets Management GmbH, which is 100% subsidiary of Aquila Capital Holding GmbH and the limited managing partner of the Underlying Fund.

Thus, Aquila Capital Investment Management II GmbH is a direct 100 % subsidiary of Aquila Capital Holding GmbH, which is a 100 % subsidiary of Aquila Holding GmbH.

The AIFM is a 100 % subsidiary of Alceda Holding GmbH, which is a 100 % subsidiary of Aquila Holding GmbH.

The AIFM has delegated its asset and investment advisory function as well as administrative functions to Aquila Capital Management GmbH, a 100 % subsidiary of AQ Holding GmbH, which is a 100 % subsidiary of Aquila Holding GmbH.

Certain members of the management or supervisory board of the AIFM may be members of the management or supervisory board of any company of the Aquila group.

Such personal or capital related intersections and relations may result in conflicts of interests, which, as the case may be, can conflict with the interests of the investors.

For preventing of such conflicts of interests, the AIFM has put in place a compliance division ensuring the respect of certain regulations and which is in charge of notifying such potential conflicts of interest.

2. THE UNDERLYING SECURITIES

The Notes will track the performance of the Class B shares (ISIN: DE000A2AMRJ4) (the **Underlying Securities**) issued by the Underlying Fund.

The price of the Underlying Securities will depend on the net asset value of the Underlying Fund at the time of the relevant subscription.

Form, denomination and ranking

The Underlying Securities have been issued in registered form and in a denomination of EUR100.

The Underlying Securities are direct, unconditional and unsecured obligations of the Underlying Fund, which will at all times rank *pari passu* among themselves. The obligations of the Underlying Fund under the Underlying Securities are unsecured. Hence, there is no level of collateralisation as regards the obligations of the Funds under the Underlying Securities. The concept of loan to value ratio is not applicable with respect to the repacking of the Underlying Securities.

Maturity and redemption amount

The Underlying Securities have no maturity and can be redeemed after 24 (twenty-four) months.

Any amount payable by the Underlying Fund upon the redemption of the Underlying Securities is dependent on the performance of the Underlying Fund which determines its gross asset value and the value of the Underlying Securities.

Payments

Payments (if any) under the Underlying Securities are made upon a decision of the board of directors of the Underlying Funds.

Listing and admission to trading

The Underlying Securities are not listed and/or admitted to trading.

Governing law

The Underlying Securities are governed by, and will be construed in accordance with, German law.

NAV per Underlying Security

The net asset value per Underlying Security is EUR101,60 as of 31.03.2019.

3. FURTHER INFORMATION REQUIRED BY THE RELEVANT ANNEXES OF THE DELEGATED REGULATION

For further information concerning the Underlying Fund and the Underlying Securities, please refer to the information which has been incorporated by reference in, and forms part of, this Prospectus set out in section *Documents Incorporated by Reference* on pages 32 and 33 of this Prospectus.

TAXATION

Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Notes.

1. GENERAL TAXATION INFORMATION

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

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

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

2. LUXEMBOURG TAXATION

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

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

2.1 Taxation of the Noteholders

(a) Withholding Tax

(i) Non-resident Noteholders

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

(ii) Resident Noteholders

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the Law) there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident Noteholders.

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

(b) Income Taxation

(i) Non-resident Noteholders

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

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

(ii) Resident Noteholders

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

(a) Luxembourg resident corporate Noteholders

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

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

(b) Luxembourg resident individual Noteholders

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

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

2.2 Net Wealth Taxation

A corporate Noteholder, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg wealth tax on such Notes except if the Noteholder is governed by the law of 11 May 2007 on family estate management companies, as amended or by the law of 17 December 2010 on undertakings for collective investment, as amended or by the law of 13 February 2007 on specialised investment funds, as amended or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended or is governed by the law of 23 July 2016 on reserved alternative investment funds¹.

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

2.3 Other Taxes

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

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

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

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

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

3. GERMANY

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the tax laws of the Federal Republic of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

The law as currently in effect provides for a reduced tax rate for certain investment income. The coalition agreement between the German Christ Democratic Party, the Christian-Social Union and the German Social Democratic Party for the formation of a new German federal government provides that the flat tax regime shall be partially abolished. The coalition agreement further specifies that the solidarity surcharge shall be abolished in stages provided that the individual income does not exceed certain thresholds. There is however no draft bill available yet and a lot of details are hence still unclear. Hence, it is still unclear, whether, how and when the current discussion may result in any legislative change.

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

German Tax Residents

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

Withholding tax on on-going payments and capital gains

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

The same treatment applies to capital gains (i.e. the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by a non-business Holder provided the Notes have been kept or administered in a custodial account with the same Disbursing Agent since the time of their acquisition. If similar Notes kept or administered in the same custodial account were acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining the capital gains. Where Notes are acquired and/or sold or redeemed in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively with the result that any currency

gains or losses are part of the capital gains. If interest coupons or interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposal are subject to withholding tax. The same applies to proceeds from the payment of interest coupons or interest claims if the Notes have been disposed of separately.

To the extent the Notes have not been kept or administered in a custodial account with the same Disbursing Agent since the time of their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 per cent. (including solidarity surcharge, plus church tax, if applicable) on 30 per cent. of the disposal proceeds (plus interest accrued on the Notes (**Accrued Interest**, *Stückzinsen*), if any), unless the current Disbursing Agent has been notified of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution from another Member State of the European Union or the European Economic Area or from certain other countries (e.g. Switzerland or Andorra).

Pursuant to administrative guidance losses incurred by a Noteholder from bad debt (*Forderungsausfall*) or a waiver of a receivable (*Forderungsverzicht*), are generally not tax-deductible. The same rules should apply if the Notes expire worthless. This view has however been challenged by a judgement of the Federal Tax Court (*Bundesfinanzhof*); it is not yet clear whether the decision will be generally applied by the tax authorities. According to the draft bill of the Federal Ministry of Finance ("*Entwurf eines Gesetzes zur weiteren steuerlichen Förderung der Elektromobilität und zur Änderung weiterer steuerlicher Vorschriften*") losses from capital claims of private investors shall now generally not be deductible for tax purposes. However, the legislative process is still in its very beginning and may therefore still be subject to change.

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

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

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

Taxation of current income and capital gains

The personal income tax liability of a non-business Holder deriving income from capital investments under the Notes is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or if no Disbursing Agent is involved in the payment process, the non-business Holder must report his or her income and capital gains derived from the Notes on his or her tax return and then will also be taxed at a rate of 25 per cent. (plus solidarity surcharge and church tax thereon, where applicable). If the withholding tax on a disposal, redemption, repayment or assignment has been calculated from 30 per cent. of the disposal

proceeds (rather than from the actual gain), a non-business Holder may and in case the actual gain is higher than 30 per cent. of the disposal proceeds must also apply for an assessment on the basis of his or her actual acquisition costs. Further, a non-business Holder may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemized basis is not permitted.

Losses incurred with respect to the Notes can only be off-set against investment income of the non-business Holder realised in the same or the following years.

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

Non-German Tax Residents

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

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

Inheritance and Gift Tax

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

Other Taxes

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

The proposed financial transaction tax (FTT)

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

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

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

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Therefore, it is currently uncertain whether and when the proposed FTT will be enacted by the participating EU Member States and when it will take effect with regard to dealings in the Notes.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

4. LIECHTENSTEIN

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

Taxation of individuals in the Principality of Liechtenstein

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

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

Under the Tax Act, wealth is not taxed directly (by means of a certain percentage of the taxable wealth). Rather, a fixed percentage of the taxable wealth (currently four per cent; to be determined every year by the Liechtenstein parliament) is added to the taxable income and the total tax is then calculated based on the sum of the taxable income and the fixed percentage of the taxable wealth. The taxable wealth is determined based on the market value of the assets at the beginning of the year or at the beginning of the period of tax liability, respectively; for example, securities with a quotation are valued according to the quotation and, in general, securities without a quotation as well as non-

securitized rights and claims, including privileges whose value can be determined, shall be assessed according to market value, which generally shall not be set lower than nominal value, unless the taxpayer demonstrates that the nominal value does not correspond to the market value.

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

Taxation of legal entities and trusts in the Principality of Liechtenstein

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

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

By contrast, dividends arising from participations in domestic and foreign legal entities and capital gains from the disposal or liquidation of participations in domestic and foreign legal entities do (as a general rule) not constitute taxable income for legal entities, either (the term "dividends" includes ordinary dividends, profit shares, extraordinary dividends, bonus payouts and irregular distributions of profits and distributions of reserves).

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

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

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

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

SUBSCRIPTION AND SALE

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States of America (the **United States** or the **U.S.**) or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

The Notes may not be offered, sold or delivered (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons and any offer or sale of the Notes during the distribution compliance period will be subject to the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Offer to the Public Selling Restriction under the Prospectus Regulation

In relation to each Member State of the European Economic Area, an offer of Notes which are the subject of this Prospectus cannot be made to the public in that Member State except that an offer of such Notes to the public may be made in that Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Regulation (EU) 2017/1129 (the **Prospectus Regulation**);
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Issuer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any 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 the Notes; and
- the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

General

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

TERMS AND CONDITIONS OF THE OFFER TO THE PUBLIC

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

1. OFFER PERIOD

The **Offer Period** for the Notes will start on the day following the date of this Prospectus and terminate on 15 November 2020.

On completion of the offer of the Notes during the Offer Period, the Issuer will announce the result of the offer on the website of the Issuer (www.arachide.lu).

The Issuer reserves the right for any reason to close the Offer Period early. Notice of the early closure of the Offer Period will be made to investors by means of a notice published on the website of the Issuer (www.arachide.lu).

2. PRICE DURING THE OFFER PERIOD

During the Offer Period, the Notes are sold on the secondary market for the market price prevailing at the relevant time (the **Subscription Price**). The Subscription Price will be fixed at 100% of the aggregate nominal value of the Notes until 31 May 2020. For the remaining Offer Period, the maximum Subscription Price will be 102% of the aggregate nominal value of the Notes.

Up to 5 per cent. of the market price paid by investors for each Note sold during the Offer Period may be retained by the Issuer for the purpose of paying the up-front fee to Aquila Capital Investmentgesellschaft mbH (in such capacity, the **Coordinator**).

The Issuer will notify the FMA of the result of the offering of the Notes (the final Subscription Price and the final amount of Notes) at the end of the Offer Period.

3. CONDITIONS OF THE OFFER

The Issuer will issue EUR10,000,000 Notes on the first day of the Offer Period and may determine in its own discretion to issue further Notes up to EUR50,000,000. The offer volume is EUR50,000,000, tradeable in multiples of EUR1,000 (being equal to the nominal amount per Note).

The Issuer reserves the right to withdraw the offer and/or cancel the issuance of Notes for any reason at any time on or prior to the Issue Date, where **Issue Date** means the Initial Issue Date or any of the Further Issue Dates, as applicable (all terms as defined in the Conditions). For the avoidance of doubt, if any application has been made by a potential investor to purchase the Notes and the Issuer exercises the right to withdraw the offer, each such potential investor shall not be entitled to subscribe for or otherwise purchase any Notes. Notice of such withdrawal or cancellation of the issuance of the Notes will be made to investors by means of a notice published on the website of the Issuer (www.arachide.lu).

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

The offer of the Notes will be open during the Offer Period. Applications for the purchase of Notes can be made to Oaklet S.A. by sending an e-mail to securities@oaklet.lu. Amendments to the Offer Period and the application process, if any, will be notified to investors by means of a notice published on the website of the Issuer (www.arachide.lu).

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

The minimum application of Notes per investor is EUR1,000. The maximum allocation of Notes will be subject only to availability at the time of the application.

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

6. DETAILS OF THE METHOD FOR PAYING UP AND DELIVERING THE NOTES

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

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

The Issuer will also regularly inform the Noteholders during the Offer Period about the number of Notes sold during such Offer Period to investors by publishing the relevant information on the website of the Issuer (www.arachide.lu).

8. CATEGORIES OF POTENTIAL INVESTORS TO WHICH THE NOTES ARE OFFERED

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

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

Not applicable, there is no possibility to reduce subscription.

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

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

GENERAL INFORMATION

1. AUTHORISATION

The issue of the Notes and the creation of the Compartment was duly authorised by a resolution of the board of directors of the Management Company acting in respect of the Fund on 2 October 2019.

2. LISTING AND ADMISSION TO TRADING

Application has been made to the Frankfurt Stock Exchange (*Börse Frankfurt Zertifikate AG*) for Notes issued to be admitted to trading on the unregulated open-market segment (*Freiverkehr*) of the Frankfurt Stock Exchange (*Börse Frankfurt Zertifikate AG*). The unregulated open-market segment (*Freiverkehr*) of the Frankfurt Stock Exchange (*Börse Frankfurt Zertifikate AG*) is not a regulated market for the purposes of the Markets in Financial Instruments Directive (**Directive 2014/65/EU**). The Issuer reserves the right to apply at any time after the issue date for the admission of the Notes to trading on any further stock exchange.

3. CLEARING SYSTEMS

The Notes have been accepted for clearance through Euroclear and Clearstream. The ISIN for the Notes is XS2050464887 and the Common Code is 205046488.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream is Clearstream Banking S.A., 42 avenue JF Kennedy, L-1855 Luxembourg.

4. DOCUMENTS AVAILABLE

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available on www.arachide.lu:

- (1) the Prospectus;
- (2) the Paying Agency Agreement;
- (3) the Calculation Agency Agreement;
- (4) the Management Regulations;
- (5) the Specific Management Regulations; and
- (6) the Underlying Fund Prospectus (containing the Underlying Fund Articles); and
- (7) any supplements to this Prospectus and any other documents incorporated therein by reference.

5. SIGNIFICANT OR MATERIAL CHANGE

The Issuer has commenced operations on 8 July 2019 and no financial statements have been drawn up as at the date of this Prospectus.

There has been no significant change in the financial position of the Management Company since 31 December 2018 and there has been no material adverse change in the financial position or prospects of the Management Company since 31 December 2018 either.

6. LITIGATION AND ARBITRATION

None of the Issuer and its Management Company are engaged in any governmental, legal, arbitration, administrative or other proceedings (including any such proceedings which are pending or threatened of which the Issuer or its Management Company, as applicable, is aware) in the 12 months preceding the date of this document which are likely to have a material adverse effect upon the Issuer's or the Management Company's financial position or profitability.

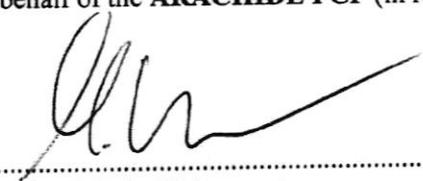
7. STATUTORY AUDITOR

The statutory auditor (*cabinet de revision agréé*) of the Fund is PricewaterhouseCoopers, *Société coopérative*, having its registered office at 2, rue Gerhard Mercator, L-2182 Luxembourg and registered with the Luxembourg trade and companies register under number B65477. The statutory auditor is a member of the Luxembourg Institute of Auditors (*Institut des réviseurs d'entreprises*).

8. POST-ISSUANCE TRANSACTION INFORMATION

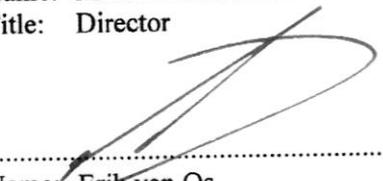
The Issuer does not intend to provide any post-issuance transaction information in relation to the issue of the Notes, except if required by any applicable laws and regulations.

Isec S.A.
acting on behalf of the **ARACHIDE FCP** (in respect of its Compartment 2)
as Issuer

By: 

Name: Moritz Hohenwarter

Title: Director

By: 

Name: Erik van Os

Title: Director

Issuer

1sec S.A.
7, Grand Rue,
L-6630 Wasserbillig
Grand Duchy of Luxembourg
in its capacity as management company (*société de gestion*) of
Arachide FCP (*fonds de titrisation*)
acting in respect of Compartment 2

Paying Agent

Banque et Caisse d'Épargne de l'État, Luxembourg,
1, Place de Metz,
L-2954 Luxembourg
Grand Duchy of Luxembourg

Calculation Agent

Oaklet GmbH
Bettinastrasse 61
60325 Frankfurt am Main
Germany

Coordinator

Aquila Capital Investmentgesellschaft mbH
Valentinskamp 70
20355 Hamburg
Germany

Legal adviser to the Issuer as to Luxembourg law

Allen & Overy

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