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# ALPHA TRAINS FINANCE S.A.

(a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 22, rue Alfred de Musset, L-2175 Luxembourg, registered with the Luxembourg register of trade and companies under number B194034)

**€5,000,000,000**
**Multicurrency Programme for the Issuance of Bonds**

**unconditionally and irrevocably guaranteed**
**(subject to the occurrence of the Initial Issue Date) by**
**ALPHA TRAINS HOLDCO II S.À R.L.**
(*a private limited liability company (société à responsabilité limitéé) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 22, rue Alfred de Musset, L-2175 Luxembourg, registered with the Luxembourg register of trade and companies under number B137594 and having a share capital of €100,000*)
**ALPHA TRAINS GROUP S.À R.L.**
(*a private limited liability company (société à responsabilité limitéé) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 22, rue Alfred de Musset, L-2175 Luxembourg, registered with the Luxembourg register of trade and companies under number B137614 and having a share capital of €100,000*)
**ALPHA TRAINS IBERIA, S.A.U.**
(*incorporated with limited liability in Iberia having its registered office at López de Hoyos 35, 1º, 28002 Madrid, Spain with registered number M-451126*)
**ALPHA TRAINS LUXEMBOURG S.À R.L.**
(*a private limited liability company (société à responsabilité limitéé) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 22, rue Alfred de Musset, L-2175 Luxembourg, registered with the Luxembourg register of trade and companies under number B140872 and having a share capital of €100,000*)
**ALPHA TRAINS EUROPA GMBH**
(*incorporated with limited liability in Germany having its registered office at Neusser Strasse 93, D-50670 Köln, Germany with registered number HRB 51575*)
**ALPHA TRAINS (LOCOMOTIVES) LIMITED**
(*incorporated with limited liability in the United Kingdom having its registered office at 35 Great St Helen's, London EC3A 6AP with registered number 04020271*)
**ALPHA TRAINS (LOCOMOTIVES) GMBH**
(*incorporated with limited liability in Germany having its registered office at Neusser Strasse 93, D-50670 Köln, Germany with registered number HRB 51341*)
**ALPHA TRAINS POLSKA SP. Z O.O.**
(*incorporated with limited liability in Poland having its registered office at Al. Jerozolimskie 56C, 00-803 Warsaw, Poland with registered number KRS 265250*)
**ALPHA TRAINS BELGIUM NV**
(*incorporated with limited liability in Belgium having its registered office at Jan Van Gentstraat 7, b 201, B-2000, Antwerpen, Belgium with registered number BE 0477.136.268*)
**ALPHA TRAINS ITALIA S.R.L.**
(*incorporated with limited liability in Italy having its registered office at Via Birmania no.81, 00144 Roma, Italy with registered number RM 1165285*)
**ALPHA TRAINS (UK) LIMITED**
(*incorporated with limited liability in the United Kingdom having its registered office at 35 Great St Helen's, London EC3A 6AP, United Kingdom with registered number 04067217*)
**LOCOMOTION CAPITAL (UK) LIMITED**
(*incorporated with limited liability in the United Kingdom having its registered office at 35 Great St Helen's, London EC3A 6AP, United Kingdom with registered number 04020256*)

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**ALPHA TRAINS LUXEMBOURG NO. 2 S.À R.L.**

(*a private limited liability company (société à responsabilité limitéé) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 22, rue Alfred de Musset, L-2175 Luxembourg, registered with the Luxembourg register of trade and companies under number B181031 and having a share capital of €12,500*)

**ALPHA TRAINS ENR S.À R.L.**

*(a private limited liability company (société à responsabilité limitéé) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 22, rue Alfred de Musset, L-2175 Luxembourg, registered with the Luxembourg register of trade and companies under number B187067 and having a share capital of €12,500*)

**Alpha Trains Finance S.A.** (the **Issuer**) has authorised the establishment of a multicurrency programme for the issuance of a single class of Bonds designated as the Bonds (the **Programme**). There is no provision under the Programme for the issuance of other classes of Bonds.

Each of Alpha Trains Holdco II S.à r.l. (the **Parent**), Alpha Trains Group S.à r.l. (**AT Group** ), Alpha Trains Iberia, S.A.U. (**AT Iberia**), Alpha Trains Luxembourg S.à r.l. (**AT Lux** ), Alpha Trains Europa GmbH (**AT Europa**), Alpha Trains (Locomotives) Limited (**AT (Loco) UK**), Alpha Trains (Locomotives) GmbH (**AT (Loco)** ), Alpha Trains Polska sp. z o.o. (**AT Polska**), Alpha Trains Belgium NV (**AT Belgium**), Alpha Trains Italia S.R.L. (**AT Italia**), Alpha Trains (UK) Limited (**AT UK**), Locomotion Capital (UK) Limited (**Loco Capital UK**), Alpha Trains Luxembourg No. 2 S.à r.l. (**AT Lux No. 2** ) and Alpha Trains ENR S.à r.l. (**AT ENR**) (together, the **Guarantors**) has guaranteed the payments of all amounts due in respect of the Bonds pursuant to guarantees which are secured over the property of each of the Guarantors.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as the competent authority under the Prospectus Act 2005 dated 10 July 2005 on prospectuses for securities, as amended (the **Prospectus Act 2005**) to approve this document as a prospectus. The CSSF assumes no responsibility for the financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for the listing of the Bonds on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market.

References in this Prospectus to Bonds being **listed** (and all related references) shall mean that such Bonds have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**). This Prospectus comprises a base prospectus for the purposes of EU Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in the Relevant Member State) (the **Prospectus Directive**).

**The Issuer may also issue unlisted Bonds and/or Bonds not admitted to trading on any regulated or unregulated market (Exempt Bonds). Exempt Bonds do not form part of this Prospectus and will not be issued pursuant to this Prospectus and the CSSF has neither approved nor reviewed information contained in this Prospectus in connection with the Exempt Bonds. All Bonds will have the benefit of the Guarantee and share equally in the Security granted by the Obligors in respect of the Charged Property.**

The Bonds may be issued, on a continuing basis, to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the "relevant Dealer" shall, in the case of an issue of Bonds being (or intended to be) subscribed by more than one Dealer or in respect of which subscriptions will be procured by more than one Dealer, be to all Dealers agreeing to subscribe for such Bonds or to procure subscriptions for such Bonds, as the case may be.

**The Bonds have not been and will not be registered under the United States Securities Act of 1933 (the *Securities Act*) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Bonds are being offered, sold or delivered (a) in the United States only to qualified institutional buyers (QIBs) (as defined in**

**Rule 144A (Rule 144A) under the Securities Act) in reliance on, and in compliance with, Rule 144A, and (b) to Persons (other than U.S. Persons) (each as defined in Regulation S) outside the United States in reliance on Regulation S (Regulation S) under the Securities Act. Each purchaser of the Bonds will be deemed to have made the representations described in "*Subscription and Sale*" and is hereby notified that the offer and sale of Bonds to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A. In addition, until 40 days after the commencement of the offering, an offer or sale of any of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the offer or sale is made otherwise than in accordance with Rule 144A.**

**See "*Risk Factors*" below to read about certain factors that prospective investors should consider before buying any of the Bonds.**

**ARRANGERS**

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK**

**UBS INVESTMENT BANK**

**DEALERS**

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK**

**UBS INVESTMENT BANK**

**Base Prospectus dated 6 March 2015**

Under the Programme, the Issuer may, subject to all applicable legal and regulatory requirements, from time to time issue Bonds in bearer or registered form (respectively **Bearer Bonds** and **Registered Bonds**). Copies of the final terms for each Tranche of Bonds to be admitted to the Official List of the Luxembourg Stock Exchange (the **Final Terms**) or the pricing supplement (in the case of Exempt Bonds) (the **Pricing Supplement**) will be available (in the case of all Bonds) from the specified office set out below of BNP Paribas Trust Corporation UK Limited as bond trustee (the **Bond Trustee**), (in the case of Bearer Bonds) from the specified office set out below of each of the Paying Agents and (in the case of Registered Bonds) from the specified office set out below of each of the Registrar and the Transfer Agent. Copies of the Prospectus, any supplement to the Prospectus and each Final Terms in relation to the Bonds to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Bonds issued under the Programme shall comprise a single class (the **Bonds**). Bonds will be issued in series on each Issue Date (each a **Series**). The Bonds may comprise one or more tranches (each a **Tranche**), with each Tranche pertaining to, among other things, the currency, interest rate and maturity date of the relevant Tranche. Each Tranche may be zero-coupon, fixed rate, floating rate, index-linked or instalment Bonds and may be denominated in Sterling, Euro or U.S. dollars (or in other currencies subject to compliance with applicable laws).

The maximum aggregate nominal amount of all Bonds from time to time outstanding under the Programme will not exceed €5,000,000,000 (or its equivalent in other currencies calculated as described in this Prospectus) unless increased from time to time by the Issuer.

Details of the aggregate principal amount, interest (if any) payable, the issue price and any other conditions not contained in this Prospectus which are applicable to each Tranche of each Series of Bonds will be set forth in a set of Final Terms, Pricing Supplement or in a separate prospectus specific to such Tranche (a **Drawdown Prospectus**). See "*Final Terms, Pricing Supplements and Drawdown Prospectuses*" below.

In the case of a Tranche of Bonds which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the relevant Final Terms or Pricing Supplement, as the case may be, shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus, unless the context requires otherwise. In the case of Bonds to be admitted to the Official List of the Luxembourg Stock Exchange, the Final Terms will be delivered to the CSSF on or before the relevant date of issue of the Bonds of such Tranche.

Ratings ascribed to all of the Bonds reflect only the views of Moody's Investor Services Ltd (**Moody's**) and Fitch Ratings Ltd (**Fitch**) and, together with Moody's and any further or replacement rating agency appointed by the Issuer, the **Rating Agencies**). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one or all of the Rating Agencies. A suspension, reduction or withdrawal of the rating assigned to any of the Bonds may adversely affect the market price of such Bonds.

Each of Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 as amended (the **CRA Regulation**).

If any withholding or deduction for or on account of tax is applicable to the Bonds, payments on the Bonds will be made subject to such withholding or deduction, without the Issuer being obliged to pay any additional amounts in consequence.

In the case of Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of such Bonds.

If issued under the relevant Final Terms or Pricing Supplement, as the case may be, Bonds that are Bearer Bonds may be represented initially by one or more temporary global Bonds (each a **Temporary Global Bond**) (which may be held either in new global Bond form or classic global Bond form), without interest coupons or principal receipts, which will be deposited with a common depositary (in the case of Temporary Global Bonds in classic global Bond form) or a common safekeeper (in the case of Temporary Global Bonds in new global Bond form) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) on or about the Issue Date of such Tranche. Each such Temporary Global Bond will be exchangeable for a permanent global Bond (each a **Permanent Global Bond**) or definitive Bonds in bearer form as specified in the relevant Final Terms or Pricing Supplement following the expiration of 40 days after the later of the commencement of the offering and the relevant Issue Date, upon certification as to non-U.S. beneficial ownership and as may be required by U.S. tax laws and regulations, as described in the section "*Forms of the Bonds*". Bearer Bonds are subject to U.S. tax law requirements. Subject to certain exceptions, the Bearer Bonds may not be offered, sold or delivered within the United States or to United States persons.

If issued under the relevant Final Terms or Pricing Supplement, as the case may be, Bonds that are Registered Bonds will be represented on issue by two global certificates in registered form (the **Global Bonds**), one of which will be issued in respect of the Bonds offered and sold in reliance on Rule 144A (the **Rule 144A Global Bond**) and the other of which will be issued in respect of the Bonds offered and sold in reliance on Regulation S (the **Regulation S Global Bond**), both of which will be registered and will be registered in the name of Cede & Co., as nominee for the Depository Trust Company (**DTC**) or the name of a nominee of a common depositary for Euroclear, as operator of the Euroclear System, and Clearstream, Luxembourg. It is expected that delivery of the Global Bonds will be made prior to the first date on which Bonds are issued under this Programme (the Initial Issue Date). Bonds in definitive, certificated and fully registered form will be issued only in the limited circumstances described in this Prospectus. In each case, purchasers and transferees of Bonds will be deemed to have made certain representations and agreements. See "*Subscription and Sale*" below.

## IMPORTANT NOTICES

This Prospectus is being distributed only to, and is directed only at, persons who (i) are outside the UK, or (ii) are persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Order**), or (iii) are high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(1) of the Order (all such persons together being referred to as **relevant persons**). Neither this Prospectus, nor any of its contents, may be acted upon or relied upon by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bond shall in any circumstances imply that the information contained in this Prospectus concerning the Issuer or the other Obligors at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct or that there has been no adverse change in the financial position of the Issuer or the other Obligors as of any time subsequent to the date indicated in the document containing such information. None of the Dealers, the Arrangers, the Bond Trustee, the Security Trustee or any of the Hedge Counterparties, the Original Initial ACF Lenders, the Original Initial ACF Lenders, Capex Facility Providers, each Facility Agent under each Authorised Credit Facility, the Agents, the Initial Liquidity Facility Providers, the Initial Liquidity Facility Agent, Registrar, Exchange Agent Transfer Agent, Principal Paying Agent, Agent Bank or the Account Bank undertakes to review the financial condition or affairs of any of the Issuer and the other Obligors during the life of the Programme or the life of the arrangements contemplated by this Prospectus or to advise any investor or potential investor in the Bonds of any information coming to its attention.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any member of the Security Group, the Dealers, the Arrangers, the Bond Trustee or the Security Trustee that any recipient of this Prospectus should purchase any of the Bonds issued under the Programme.

The distribution of this Prospectus and the offering, sale or delivery of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for the purposes of, an offer to or solicitation by any person to subscribe or purchase any Bonds in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. No representation is made by the Issuer or by any other party that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering.

Certain Tranches of Bonds issued in NGB form or under the NSS (each as defined in "*Forms of the Bonds*" below) may be held in a manner which will allow Eurosystem eligibility. This simply means that the Bonds are intended upon issue to be delivered to one of Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Bonds and the other financing arrangements described in this Prospectus to be entered into by the Issuer will be obligations solely of the Issuer.

In connection with the issue of any Tranche of Bonds, one or more relevant Dealers (the **Stabilising Manager**) (or person(s) acting on behalf of the Stabilising Manager(s)) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or person(s) acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Bonds and 60 days after the date of the allotment of the relevant Tranche of Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up.

**Any individual intending to invest in any investment described in this Prospectus should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.**

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or any applicable Final Terms or Pricing Supplement, as the case may be;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets;

- understand the nature of the Bonds and the impact of any regulations which may affect its investment in the Bonds; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal 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 Bonds are legal investments for it. Bonds can be used as security for indebtedness and other restrictions apply to the purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

All references in this Prospectus to **€**, **euro** or **EUR** are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, from time to time, **pounds**, **Sterling**, **£** or **GBP** are to the lawful currency of the UK, all references to **$**, **U.S.$**, **U.S. dollars** and **dollars** and **USD** are to the lawful currency of the United States of America.

## Forward-Looking Statements

This Prospectus contains various forward-looking statements regarding events and trends that speak only as of the date hereof and are subject to risks and uncertainties that could cause the actual results and financial position of the Issuer to differ materially from the information presented in this Prospectus. When used in this Prospectus, the words **estimate**, **project**, **intend**, **anticipate**, **believe**, **expect**, **should** and similar expressions, as they relate to the Issuer and its management and the other Obligors and their management, are intended to identify such forward-looking statements. The Issuer and the other Obligors do not undertake any obligation publicly to release the result of any revisions to these forward-looking statements to reflect the events or circumstances after the date hereof or to reflect the occurrence of unanticipated events unless, as a result of such event or circumstance, the Issuer is required under applicable law to publish a prospectus supplement after the date hereof. None of the Issuer, the Obligors, the Bond Trustee, the Security Trustee or any of the Hedge Counterparties, the Original Initial ACF Lenders, the Original Initial ACF Lenders, Capex Facility Providers, each Facility Agent under each Authorised Credit Facility, the Agents, the Initial Liquidity Facility Providers, the Initial Liquidity Facility Agent, Registrar, Exchange Agent Transfer Agent, Principal Paying Agent, Agent Bank, the Account Bank, the Arrangers or the Dealers has attempted to verify any such statements, nor does it make any representations, express or implied, with respect thereto. Prospective investors should therefore not place undue reliance on any of these forward-looking statements. None of the Issuer, the Obligors, the Bond Trustee, the Security Trustee or any of the Hedge Counterparties, the Original Initial ACF Lenders, the Original Initial ACF Lenders, Capex Facility Providers, each Facility Agent under each Authorised Credit Facility, the Agents, the Initial Liquidity Facility Providers, the Initial Liquidity Facility Agent, Registrar, Exchange Agent Transfer Agent, Principal Paying Agent, Agent Bank, the Account Bank, the Arrangers or the Dealers assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

## Responsibility Statements

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and the other Obligors which, according to the particular nature of the Issuer, the Obligors and the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus and in any Final Terms or Pricing Supplement which complete this Prospectus for each Tranche of Bonds issued hereunder. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), 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.

Each Guarantor accepts responsibility for the information set out in this Prospectus in relation to it and to its Guarantee (the **Guarantor Information**). To the best of the knowledge and belief of each Guarantor (having taken all reasonable care to ensure that such is the case), the Guarantor Information is in accordance with the facts and does not omit anything which would render the Guarantor Information inaccurate or misleading. No Guarantor accepts responsibility for any other information contained in this Prospectus. Save for the Guarantor Information (on the basis described above), no Guarantor has separately verified the information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Guarantor as to the accuracy or completeness of

any information contained in this Prospectus (other than the Guarantor Information) or any other information supplied in connection with the Programme or the distribution of any Bonds issued under the Programme.

The Issuer has accurately reproduced the information contained in the section entitled "*Description of Initial Liquidity Facility Providers*" (the **ILFP Information**) from information provided to it by the Initial Liquidity Facility Providers but it has not independently verified such information. So far as the Issuer is aware and is able to ascertain from information published by the Initial Liquidity Facility Providers, no facts have been omitted which would render the ILFP Information inaccurate or misleading.

No person has been authorised to give any information or to make representations other than the information or the representations contained in this Prospectus in connection with the issue of the Bonds, any member of the Security Group or the offering or sale of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, the Security Group, the Security Trustee, the Bond Trustee, the directors of the Issuer, the Dealers, the Arrangers, any of the Hedge Counterparties, the Original Initial ACF Lenders, Capex Facility Providers, each Facility Agent under each Authorised Credit Facility, the Agents, the Initial Liquidity Facility Providers, the Initial Liquidity Facility Agent, Registrar, Exchange Agent Transfer Agent, Principal Paying Agent, Agent Bank or the Account Bank. Neither the delivery of this Prospectus nor any offering or sale of Bonds made in connection herewith shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the other Obligors since the date hereof. Unless otherwise indicated herein, all information in this Prospectus is given as of the date of this Prospectus. This Prospectus does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or any Dealer to subscribe for, or purchase, any of the Bonds.

Save for the Issuer, the Guarantors and the Initial Liquidity Facility Providers which have only verified the information for which they specifically accept responsibility as described in the preceding paragraphs (other than the ILFP Information), no other party has separately verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Dealers, the Arrangers, the Bond Trustee, the Security Trustee, any of the Hedge Counterparties, the Original Initial ACF Lenders, Capex Facility Providers, each Facility Agent under each Authorised Credit Facility, the Agents, the Initial Liquidity Facility Providers, the Initial Liquidity Facility Agent, Registrar, Transfer Agent, Exchange Agent, Principal Paying Agent, Agent Bank or the Account Bank as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Bonds or their distribution. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer. Each person receiving this Prospectus acknowledges that such person has not relied on the Dealers, the Arrangers, the Bond Trustee, the Security Trustee, any of the Hedge Counterparties, the Original Initial ACF Lenders, Capex Facility Providers, each Facility Agent under each Authorised Credit Facility, the Agents, the Initial Liquidity Facility Providers, the Initial Liquidity Facility Agent, Registrar, Transfer Agent, Exchange Agent, Principal Paying Agent, Agent Bank or the Account Bank to review the financial condition or affairs of any of the Issuer or the other Obligors, nor on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

None of the Issuer, the Obligors, the Arrangers, the Dealers, the Bond Trustee, the Security Trustee, Hedge Counterparties, the Original Initial ACF Lenders, Capex Facility Providers, each Facility Agent under each Authorised Credit Facility, the Agents, the Initial Liquidity Facility Providers, the Initial Liquidity Facility Agent, Registrar, Transfer Agent, Exchange Agent, Principal Paying Agent, Agent Bank or the Account Bank take responsibility to investors for the regulatory treatment of their investment in the Bonds (including but not limited to whether any transaction or transactions pursuant to which Bonds are issued from time to time is or will be regarded as constituting a "securitisation" for the purposes of: (i) Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012 (the **CRR**); or (ii) Directive 2006/48/EC, as the same is referenced in Directive 2011/61/EU on Alternative Investment Fund Managers and Amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the **AIFMD**); and the application of (iii) Articles

404 to 410 of the CRR, together with the final regulatory technical standards and implementing technical standards to the CRR published by the European Banking Authority pursuant to Articles 410(2) and 410(3) of the CRR and any other applicable guidance, technical standards or related documents published by the European Banking Authority (including any successor or replacement agency or authority) and any delegated regulations of the European Commission (and in each case including any amendment or successor thereto) (together, the **CRR Retention Requirements**); and (iv) Article 17 of the AIFMD, as implemented by Section 5 of the European Union Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 supplementing the AIFMD, including any guidance published in relation thereto and any implementing laws or regulations in force in any Member State of the European Union (together, the **AIFMD Retention Requirements** and, together with the CRR Retention Requirements, the **Risk Retention Requirements**, respectively, to any such transaction) in any jurisdiction or by any regulatory authority. If the regulatory treatment of an investment in the Bonds is relevant to an investor's decision whether or not to invest, the investor should make its own determination as to such treatment and for this purpose seek professional advice and consult its regulator. Prospective investors should note that the Issuer is of the opinion that the Risk Retention Requirements do not apply to the Bonds and are referred to the "*Risk Factors*" section of this Prospectus for further information on the Risk Retention Requirements and certain related considerations.

**Prospectus Supplement**

The Issuer has undertaken, in connection with the admission of the Bonds to the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's regulated market of any issue of Bonds, that, if there shall occur between the time when this Prospectus is approved and the final closing of any offer of Bonds, or as the case may be, the time when trading on the regulated market begins, any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Bonds, the Issuer shall prepare a supplement to this Prospectus (in accordance with Article 16(1) of Directive 2003/71/EC or Article 13(1) of the Luxembourg Law on Prospectuses for securities) or publish a replacement prospectus for use in connection with any subsequent issue by the Issuer of Bonds and will supply to each Dealer and the Bond Trustee such number of copies of such supplement hereto or replacement prospectus as such Dealer and Bond Trustee may reasonably request. The Issuer will also supply to the CSSF (following approval of such supplement by the CSSF) such number of copies of such supplement hereto or replacement prospectus as may be required and will make copies available, free of charge, upon oral or written request, at the specified offices of the Paying Agents and in respect of Registered Bonds, the Registrar and the Transfer Agent.

If the terms of the Programme are modified or amended in a manner which would make this Prospectus, as so modified or amended, inaccurate or misleading, in any material respect, the Issuer shall prepare a supplement to this Prospectus or publish a replacement prospectus for use in connection with any subsequent issue by the Issuer of Bonds.

**Final Terms, Pricing Supplements and Drawdown Prospectuses**

In this section the expression **necessary information** means, in relation to any Tranche of Bonds, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the other Obligors and of the rights attaching to the Bonds. In relation to the different types of Bonds which may be issued under the Programme, the Issuer has included in this Prospectus all of the necessary information except for information relating to the Bonds which is not known at the date of this Prospectus and which can only be determined at the time of an individual issue of a Tranche of Bonds.

Any information relating to the Bonds which is not included in this Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Bonds will be contained either in the relevant Final Terms, Pricing Supplement or in a Drawdown Prospectus. For a Tranche of Bonds which is the subject of Final Terms or Pricing Supplement, those Final Terms or Pricing Supplement, as the case may

be, will, for the purposes of that Tranche only, complete this Prospectus and must be read in conjunction with this Prospectus. The terms and conditions of the Bonds as set out herein (the **Conditions**) as completed by Part A of the relevant Final Terms or Pricing Supplement are the terms and conditions applicable to any particular Tranche of Bonds which is the subject of Final Terms or Pricing Supplement, as the case may be.

The Conditions as completed by the relevant Drawdown Prospectus are the terms and conditions applicable to any particular Tranche of Bonds which is the subject of a Drawdown Prospectus. Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Tranche(s) of Bonds.

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## RISK FACTORS

*The following sets out certain aspects of the Bonds, the Guarantee, the Common Documents, the Finance Documents, the Issuer Transaction Documents and the activities of Alpha Trains and the Security Group about which prospective Bondholders should be aware. Prospective investors should carefully consider the following risk factors and the other information contained in this Prospectus before making an investment decision. The occurrence of any of the events described below could have a material adverse impact on the business, financial condition or results of operations of the Issuer or the other Obligors and could lead to, among other things:*

*(a) an Event of Default; and/or*

*(b) a Trigger Event.*

*This section of the Prospectus describes material risks that are known to the Issuer and the other Obligors as at the date of this Prospectus. This section of the Prospectus is not intended to be exhaustive and prospective Bondholders should read the detailed information set out elsewhere in this Prospectus prior to making any investment decision. The risks described below are not the only ones faced by the Obligors. Additional risks not presently known to the Obligors or which the Obligors currently believe to be immaterial may also adversely affect its business. In the event of any material adverse impact of one of or more of the risks described herein, the value of the Bonds could decline, and the Issuer may not be able to pay all or part of the interest or principal on the Bonds and investors may lose all or part of their investment. Investors should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Prospectus and their personal circumstances.*

*The risks described in this "Risk Factors" section have been grouped as follows:*

*(a) risks that arise out of the business of Alpha Trains and the regulatory environment within which Alpha Trains operates; and*

*(b) financial, tax or legally-related risks, including those that arise as a consequence of the terms and structure of the Finance Documents.*

*In addition, whilst the various structural elements described in this Prospectus are intended to lessen some of the risks discussed below for the Bondholders, there can be no assurance that these measures will ensure that the Bondholders of any Series or Tranche receive payment of interest or repayment of principal from the Issuer on a timely basis or at all.*

### BUSINESS AND REGULATORY RISKS IN RELATION TO ALPHA TRAINS (AS GUARANTORS AND OBLIGORS)

#### Alpha Trains could be negatively impacted by a failure to generate income from its rolling stock over its useful economic life

Alpha Trains' business depends on generating rental income from the leasing of rolling stock over the whole of its economic life while minimising costs commensurate with safety requirements associated with that rolling stock over the same period. Rolling stock will typically have an economic life of approximately 25-35 years[1], but lease terms will normally not exceed 15 years. Lease terms vary from as short as a few months to as long as 15 years. As such, at the end of each lease the rolling stock may still have a substantial residual value which will only be recovered if the rolling stock is re-leased or sold on favourable terms and without significant time off-lease. As at 31 August 2014, the combined weighted average remaining lease

[1] *Source SCI Verkehr GmbH, as of October 2014*

term of Alpha Trains' rolling stock is 5.1 years, with the weighted average remaining lease term for Alpha Trains' passenger trains and locomotives being 8 years and 2.5 years respectively.

The failure to achieve appropriate utilisation for economic rentals for the economic life of the rolling stock for a significant part of Alpha Trains' fleet will result in a material adverse effect on the forecast income of Alpha Trains. Even if successful, re-leasing may be time-consuming and may result in additional interim costs such as storage and maintenance costs. As at 31 August 2014, Alpha Trains' monthly utilisation rate of its rolling stock during the previous 3 years has not been below 89% and has averaged 92%.

Alpha Trains' ability to re-lease available rolling stock may be affected by, among other things, the perceived attractiveness among passenger train or locomotive operating companies of ordering newly built rolling stock as compared to re-leasing older rolling stock. In this assessment of rolling stock requirements, an operating companies' decision to order newly built rolling stock may be influenced by its price, its all-in operating cost (including cost of servicing and maintenance), its operating characteristics, such as capacity, energy consumption and reliability and changes in technology generally. An operating companies' decision will also be influenced by its ability to fund new rolling stock and underwrite residual value at an appropriate cost.

**Alpha Trains relies on lessees' continuing performance of lease obligations**

Alpha Trains operates as a supplier to passenger train and locomotive operating companies and is indirectly affected by the risks which such operating companies face. Alpha Trains' success depends in a large part upon the ability of lessees to perform their contractual obligations to Alpha Trains. The ability of each lessee to perform its obligations under its leases will depend primarily on the lessee's financial condition and cash flow, which may be affected by factors beyond Alpha Trains' control, including:

- competition;
- passenger demand for rail travel and freight transport demand;
- economic market conditions, geopolitical and other events;
- operating costs, availability and cost of fuel and electricity and general economic conditions affecting lessees' operations;
- labour relations;
- failure of infrastructure; and
- regulation affecting, the rail transportation business.

Some of Alpha Trains' lessees could experience payment difficulties. A delayed, missed or reduced rental payment from a lessee decreases Alpha Trains' revenues, cash flow and ability to make payments on its indebtedness, all of which may have an adverse effect on the business operations of Alpha Trains.

**Alpha Trains is exposed to repossession and remarketing costs**

Alpha Trains has counterparty exposure to a number of passenger train and locomotive operators. Any default by a lessee under a lease could have a material adverse effect on Alpha Trains' business if the rolling stock cannot be re-leased to an alternative user. If Alpha Trains and a defaulting lessee are unable to agree upon acceptable terms for a lease restructuring, then Alpha Trains has the right to repossess its rolling stock and to exercise other remedies upon a lessee default.

Repossession after a default by an operator could result in greater costs than those incurred when rolling stock is returned at the end of a lease. These costs include possibly significant legal expenses especially if the lessee is contesting the proceedings or is subject to insolvency proceedings. Delays resulting from repossession proceedings would increase the time during which rolling stock does not generate rental revenue. In addition, Alpha Trains may incur substantial maintenance, refurbishment or repair costs that a defaulting lessee has failed to pay and that are necessary to put the rolling stock in a condition suitable for re-lease.

**Alpha Trains depends on a limited number of suppliers and maintenance contractors to supply rolling stock and maintenance and repair services**

Alpha Trains acquired (either directly or via portfolio acquisition) the vast majority of its rolling stock from a limited number of rolling stock manufacturers. It obtained all of its electric locomotives and certain passenger trains from Bombardier Transportation. It also procured the majority of its diesel locomotives from Vossloh and a significant number of its passenger trains from Stadler. Rolling stock maintenance for Alpha Trains' locomotives is also provided by a limited group of maintenance suppliers. As the majority of leases for passenger trains are dry leases, the rolling stock maintenance for Alpha Trains' passenger trains is typically the lessee's full responsibility.

As such, Alpha Trains cannot be certain that it will always be able to obtain satisfactory equipment and service on economically attractive terms or that its suppliers and contractors will perform as expected. Should Alpha Trains be unable to (i) source the quality of equipment and maintenance services that it require; (ii) negotiate appropriate financial terms for equipment and services or (iii) obtain adequate supplies of equipment in a timely manner, or if any of its key suppliers withdraw from the market, Alpha Trains may find it difficult to replace a supplier or contractor on a timely and cost effective basis.

A failure by one of Alpha Trains' suppliers or contractors, for any reason, to supply or provide such services and/or equipment may adversely impact Alpha Trains' ability to fulfil its obligations under its leases with an operator. Such a failure could also impact Alpha Trains' ability to maximise the residual value of its rolling stock, which in turn could have a material adverse effect on Alpha Trains' business, financial condition, results of operations or prospects.

**The rail industry is subject to extensive regulation which entails certain political, legal and regulatory risks**

Whilst Alpha Trains is not itself regulated, most of Alpha Trains' customers are regulated. Excessive regulation placed on rail operating companies, which restricts their ability to contract with Alpha Trains, could have a negative effect on Alpha Trains' ability to generate rental income from its rolling stock.

Like all other businesses operating in the Continental European market, many aspects related to Alpha Trains' business are subject to numerous laws and regulations governing safety procedures, equipment specifications, employment requirements, environmental procedures, insurance coverage, taxation, pensions and other operating issues and considerations. These laws and regulations are subject to change.

There is a risk that Alpha Trains could be adversely affected by any legislative and/or regulatory changes impacting the rail industry that may be proposed in the future arising from changes of national governments and/or any review of rail policy, which may have a material adverse effect on Alpha Trains' business, financial condition, results of operations or prospects (including, without limitation, Alpha Trains incurring significant expenses in respect of compliance with such legislative and/or regulatory change).

Similarly, Alpha Trains bears the risk of changes in laws and public policies in general, including potential changes in tax laws or accounting policies and practices, which may result in expenses in respect of compliance, and/or a decrease in the level of government funding (including subsidies) for rail transport

which could have a material adverse effect on Alpha Trains' business, financial condition, results of operations or prospects.

**Competition from other lessors and alternative modes of transport or financing may adversely affect Alpha Trains' business**

Alpha Trains' business may be adversely affected by competing lessors developing or increasing their capacity or expanding their business. In addition, new market entrants may engage in sustained aggressive price competition in order to win business. Alpha Trains' inability to compete effectively with such competitors will have an adverse effect on its results of operations and profitability.

Alpha Trains' business may be adversely affected by the development of alternative financing models for, in particular, passenger trains. Alpha Trains' inability to adapt effectively to alternative financing models may have an adverse effect on Alpha Trains' business, financial condition, results of operations or prospects.

Additionally, the development of technologies which reduce the need for travel (e.g. affordable communication links such as video-conferencing and webcasts) could have an adverse impact on all forms of travel including commuting by rail. In addition, the expansion or development of alternative transport links, such as motorways and air routes that improve access and reduce travelling time on routes currently serviced by rail operators may reduce the income of such rail operators which may ultimately also adversely affect Alpha Trains' income. Similarly, should other forms of freight haulage, such as road freight haulage, become more economical or efficient relative to rail freight haulage this may reduce the income of certain rail operators which may also affect Alpha Trains' income.

**Technical failures, safety issues or operational risks could have a material adverse effect on Alpha Trains' business**

There is a risk that as a rolling stock owning group, Alpha Trains could be involved in a major operational incident with consequent human injuries or damage to property, including damage to or destruction of rolling stock, resulting in liability to Alpha Trains. Although primarily the responsibility of the relevant passenger train or locomotive operating companies, the cost to Alpha Trains for any claims made against Alpha Trains for which Alpha Trains were held liable and for which its own insurance programme were inadequate could have a material adverse effect on Alpha Trains' business, financial condition, results of operations or prospects.

Alpha Trains is also exposed to the risk of significant out of warranty rolling stock failures (such as inherent design faults or technical failures) as the economic life of rolling stock exceeds standard manufacturer warranty periods. Such rolling stock failures may result in the loss of lease revenue (if such rolling stock cannot be used) and increased costs if Alpha Trains has to implement new or additional maintenance works or implement rolling stock modifications.

Alpha Trains is also exposed to the risk of rolling stock obsolescence (mainly, as regards componentry and parts) which may result in increased costs due to Alpha Trains having to implement new or additional maintenance works or implement rolling stock modifications and related loss of lease revenue.

**Alpha Trains is exposed to general economic conditions or geopolitical events which could adversely affect its business, financial condition, results of operations or prospects**

A sustained economic downturn, whether at a global, national, or regional level, could adversely affect rail travel or investment in the railways generally (especially in the rail freight industry), or rolling stock in particular, which could have a negative impact on Alpha Trains' business, the opportunity to re-lease rolling stock, and the results of Alpha Trains' operations. A prolonged or severe economic downturn could adversely affect Alpha Trains' business, financial condition, results of operations or prospects.

**Alpha Trains is exposed to increased costs in relation to certain types of mandatory modifications to rolling stock**

The costs of any mandatory modifications that may be required to be made to rolling stock may initially be borne by Alpha Trains. These costs would typically be passed onto the operators by way of increased rentals. However, should a proposed mandatory modification be so expensive so as not to be cost effective, the relevant fleet may need to be retired from service before the end of its expected economic life. Depending on the size of such fleet, this may have a material adverse effect on Alpha Trains.

An example of where a modification may be required is pursuant to the European Train Control System (**ETCS**) which is a signalling, control and train protection system designed to replace the many incompatible safety systems currently used by European railways. The need for ETCS stems from EU Directive 96/48 concerning the interoperability of high-speed trains, followed by EU Directive 2001/16 extending the concept of interoperability to the conventional rail system. ETCS specifications have become part of, or are referred to as, the technical specifications for interoperability for (railway) control-command systems, which is a piece of European legislation managed by the European Railway Agency. It is a legal requirement that all new, upgraded or renewed tracks and new build rolling stock in the European railway system should adopt ETCS, possibly keeping legacy systems for backward compatibility.

**Alpha Trains is dependent on the services of key personnel and its ability to continue to attract and retain such personnel**

Alpha Trains' success will depend, in part, on its ability to continue to attract, retain and motivate qualified personnel. Alpha Trains relies on its senior management for the implementation of its strategy and its day-to-day operations. Competition in the rail industry for personnel with relevant expertise, especially at the senior management level, may be intense due to the specialised nature of the rail industry and the limited number of qualified individuals. Alpha Trains' failure to successfully manage its personnel needs could have a material adverse effect on Alpha Trains' business, financial condition, results of operations or prospects.

**Terrorism could have a material adverse effect on Alpha Trains' business, financial condition, results of operation or prospects**

Terrorist acts and the public's concerns about potential future attacks on public transport in Europe could adversely affect demand for Alpha Trains' rolling stock. There have been multiple acts of terrorism on public transport systems and other terrorist attacks that have discouraged travel. There is a risk that the demand for Alpha Trains' rolling stock could be adversely affected by a significant terrorist incident. Such a fall in demand could have a material adverse effect on Alpha Trains' business, financial condition, results of operations or prospects.

**Alpha Trains may be subject to certain environmental risks in relation to the rolling stock which it owns and leases**

Alpha Trains' business is subject to a number of environmental and health and safety laws and regulations. In addition to the standard health and safety regulations which affect all companies, Alpha Trains has additional obligations resulting from their ownership or disposal of rolling stock.

The rail operators have the primary responsibility to ensure the safety of rolling stock. Safety related issues could therefore have an adverse impact on the use of rolling stock, including to the extent of it being prevented from operating. Environmental considerations affect the operations of rolling stock, particularly emissions regulations (for example diesel engines), waste handling and asbestos exposure.

In addition, Alpha Trains may in some exceptional circumstances be exposed to potential statutory and third party environmental liability as a result of the operations carried out on its rolling stock by contractors, including liability arising from clean up and remediation of environmental damage to land, personal injury or

property damage, disposal of waste and the use of or carrying out of works to rolling stock which may require financial contributions from Alpha Trains. If Alpha Trains is exposed to such environmental liability, Alpha Trains is likely to have direct contractual redress (for example to contracted maintenance suppliers and operators) in respect of any such liability, usually by way of a contractual indemnity (or surety) for any loss arising from any such liability.

**Further electrification of the rail network may reduce demand for Alpha Trains' diesel fleet**

Some countries may plan to promote the electrification of rail routes, in the future. This could have an adverse effect on demand for Alpha Trains' diesel rolling stock, which in turn could have a material adverse effect on Alpha Trains' business, financial condition, results of operations or prospects.

Approximately 55% of Alpha Trains' rolling stock are diesel units, representing 31% of Alpha Trains' fleet's NBV as at 31 August 2014. Such diesel rolling stock could be displaced by other competitor's diesel rolling stock which is no longer required on the newly electrified routes.

**Changes to Lease Accounting Principles may impact interpretation of Alpha Trains' financial statements**

In May 2014 the International Account Standards Board (the **IASB**) issued for comment a revised Exposure Draft outlining proposed changes to accounting for leases. In August 2014 IASB issued an update in the light of responses to the Exposure Draft. The IASB is expected to issue a revised standard on "Leasing" in 2015.

Under the proposed revisions to the Exposure Draft it is suggested that in most leases of equipment or vehicles, a lessee will in future be required to recognise assets and liabilities for the rights and obligations created by leases of more than 12 months.

For leases of vehicles and equipment of more than 12 months the lessee may be required to report, in their financial statements, amortisation separately from interest on the lease liability and provide additional disclosure concerning the amount and timing of cash flows arising from the lease. The lessee would:

- recognise a right-of-use asset as well as a lease liability initially measured at the present value of lease payments; and

- recognise the unwinding of the discount on the lease liability as interest separately from the amortisation of the right-of-use asset.

Under the latest proposals there will be no change in how leases are currently split into "Operating Leases" and "Finance Leases" and recognised in the accounts of the relevant lessor.

There is a risk to the Security Group that if the Exposure Draft and subsequent update become an Accounting Standard, lessees who report under IFRS may become reluctant to take assets and liabilities onto their balance sheet that they did not previously account for.

The introduction and adoption of the accounting policies suggested in the Exposure Draft and subsequent update will not directly affect the economic risks and benefits of any contractual lease undertakings.

**Historical financial statements are not guarantees of future performance**

The information presented in "*Business Description of Alpha Trains – Financial Information*" reflects the financial performance of the business of Alpha Trains and has been prepared for the purposes of this Prospectus for illustrative purposes only. It is formed from a combination of the statutory accounts and management accounts of the companies transferred into the Security Group. The performance represented is

historical and past performance is not a reliable indicator of future performance. Factors within and beyond Alpha Trains' control could cause actual results to vary materially from the past performance.

Prospective investors are cautioned not to place undue reliance on the historical operating and financial data as a potential indicator of future performance, since that historical information is limited. The current Alpha Trains corporate structure has evolved through a mixture of rolling stock transfers, asset and portfolio purchases and share sales to optimise the previous legacy organisation. As such portfolio acquisitions were recent (29 July/15 August 2014 for the Rosenheim portfolio and 30 December 2013 for the Elf portfolio); historical information is limited to those financial accounts appended to this Prospectus (see "*Financial Statements of Security Group – Index to Financial Statements*" below).

**The unaudited interim financial statements of Alpha Trains ENR S.à r.l and certain numbers extracted from each of the unaudited consolidated interim management accounts of Alpha Trains Holdco S.à r.l., Alpha Trains Development No. 2 S.à r.l. and Alpha Trains Development No. 3 S.à r.l. included in this Prospectus have not been audited**

Alpha Trains ENR S.à r.l. was incorporated on 12 May 2014 and has not yet prepared or published its first year of audited financial accounts. However, this Prospectus includes unaudited financial information of Alpha Trains ENR S.à r.l. for the period ended 31 August 2014 because Alpha Trains believes that such information is important to an investor's understanding of its results of operations.

Additionally, certain information has been extracted from the unaudited consolidated interim management accounts of each of Alpha Trains Holdco S.à r.l., Alpha Trains Development No. 2 S.à r.l. and Alpha Trains Development No. 3 S.à r.l. for the period ended 31 August 2014 and included in this Prospectus, specifically in the section "*Business Description of Alpha Trains – Financial Information*".

In accordance with the requirements of the Prospectus Directive, Alpha Trains will produce and publish audited annual financial accounts in respect of Alpha Trains ENR S.à r.l. (along with each other Obligor included in the Security Group), but such accounts will be not be published and incorporated into this Prospectus until after the Initial Issue Date. While the interim accounts of Alpha Trains ENR S.à r.l. have been prepared on a substantially similar basis to the basis on which the annual audited accounts will be prepared, there may be variations between these interim accounts and the published audited financial accounts of Alpha Trains ENR S.à r.l. and such variations may be material.

Bondholders should be aware that none of Alpha Trains Holdco S.à r.l., Alpha Trains Development No. 2 S.à r.l. or Alpha Trains Development No. 3 S.à r.l. are included in the Security Group and do not provide guarantees or security in respect of the Bonds. Information in respect of these companies has been provided solely to present more recent financial information in respect of each of the Willow and Elf portfolios for the interim period ended 31 August 2014 and, in the case of the Rosenheim portfolio, for the month of August 2014. Each of Alpha Trains Holdco S.à r.l., Alpha Trains Development No. 2 S.à r.l. and Alpha Trains Development No. 3 S.à r.l. are holding companies with no material trading outside of their respective ownership of each of the Willow, Elf and Rosenheim portfolios. It is intended that on the Initial Issue Date, the shares owned by Alpha Trains Development No. 2 S.à r.l. in the Elf portfolio and by Alpha Trains Development No. 3 S.à r.l. in the Rosenheim portfolio will be transferred to Alpha Trains Luxembourg S.à r.l.. This information should be read in light of the annual audited accounts of each of the relevant Obligors in the Security Group, once those accounts have been prepared and published.

**Financial forecasts**

The information presented in "*Business Description of Alpha Trains – Financial Information*" reflects the financial performance of the business of Alpha Trains and has been prepared for the purposes of this Prospectus for illustrative purposes only. It is formed from a combination of the financial statements of companies within the Security Group and management accounting figures.

It contains forward looking statements that reflect the management of Alpha Trains' current judgment regarding conditions that Alpha Trains expects to exist and the course of action that Alpha Trains expects to take in the future. Even though Alpha Trains believes that its expectations regarding future events are based on reasonable assumptions, forward looking statements are not guarantees of future performance. The forecast has been prepared as part of Alpha Trains' normal reforecasting procedures and is consistent with the accounting policies applied by it to its historical financial information. However, the forecast includes certain assumptions (that Alpha Trains considers to be reasonable based on management's present knowledge and expectations, and estimates) which Alpha Trains believes to be fair at the date hereof. Alpha Trains' assumptions rely on its operational analysis and expectations for the operating performance of Alpha Trains' rolling stock based on their historical operating performance and management expectations. In particular, the forecast assumes that Alpha Trains receives 100% of the contracted rental income for the relevant period; lease rates in respect of the forecast for the period of September 2014 to December 2014 (inclusive) remain in line with the previous eight months' actual rates; utilisation rates for the period of September 2014 to December 2014 (inclusive) remain in line with the previous eight months' actual utilisation; and payroll costs, other overheads and other costs are consistent with year-to-date actuals amended for anticipated changes. Factors within and beyond Alpha Trains' control could cause actual results to vary materially from the expectations discussed.

Prospective investors are cautioned not to place undue reliance on this forecast and operating and financial data. The forecast for the year to 31 December 2014 and the 12 months generic data for the Rosenheim portfolio is presented to assist potential investors to obtain a view of annualised 12 months results.

**The NPV calculation set out in this Prospectus is subject to uncertainties**

The NPV calculation of the Alpha Trains' rolling stock fleet as at 31 August 2014 prepared by the independent consultant, SCI Verkehr GmbH is based on certain assumptions and estimates regarding future rentals of the Alpha Trains' rolling stock under operating leases and finance leases. Such NPV calculation is not a historical description of financial performance nor a prediction of anticipated future financial performance. Certain of the assumptions and estimates on which the NPV calculation is based are beyond the Alpha Trains' or any other person's control. By their nature, assumptions and estimates are subject to significant industry, market, political, economic, competitive, regulatory and other uncertainties and contingencies and actual values and financial performance may materially differ from the NPV calculation. Unanticipated events may occur that could have a material adverse effect on the actual results achieved by the Alpha Trains during the period covered by the NPV calculation. The Security Group cannot give any assurance that those assumptions or estimates are correct or that such NPV calculation will reflect actual results. Accordingly, the NPV calculation is not intended to be a prediction of future results. Even if the NPV calculation assumptions, methodology and estimates are accurate, actual utilisation rates, leasing rate increases and decreases and leasing patterns may differ materially from those expressed or implied therein for a variety of reasons. In addition, the degree of uncertainty increases with each successive period comprising part of the NPV calculation. Investors should make their own independent assessment of the Security Group's ability to pay principal and interest on the Bonds. The NPV calculation should not be construed as a representation by the Security Group that the NPV calculation (or any element thereof) will be achieved. See "*Business Description of Alpha Trains – Financial Information*", "*Financial Statements of Security Group*" and *Appendix 1* hereto.

**Alpha Trains is exposed to taxation risk**

The companies comprising Alpha Trains are subject to regular taxation in several European jurisdictions and are, therefore, subject to normal changes in the tax position following changes in tax legislation or regulation (or changes in the interpretation, administration or application thereof) by taxation authorities.

Due to the nature of Alpha Trains' business with a significant number of cross-border rolling stock leases, changes in taxation law, regulation or double tax treaties (or changes in the interpretation, administration or application thereof) in certain jurisdictions may have an adverse impact on Alpha Trains' tax position.

Due to the nature of the Security Group's business with a number of companies located in several European jurisdictions, a change in the place of residence or domicile for taxation purposes of any of such entities may have an adverse impact on Alpha Trains' tax position.

As rolling stock leases are often classified as royalties, changes in local tax law or regulation or in double tax treaties (or changes in the interpretation, administration or application thereof) in this respect, in particular as regards withholding tax, could adversely affect the tax position and/or the business structure of Alpha Trains. Furthermore, the taxation right according to Double Tax Treaties might be challenged by certain jurisdictions.

As the companies comprising Alpha Trains have material intra-group transactions, in particular, changes in transfer pricing regulations (or changes in the interpretation, administration or application thereof) may have an adverse impact on the overall tax charge of Alpha Trains.

Due to the high fixed asset base, restrictions on the tax deductibility of depreciation and/or changes in useful economic lives of the rolling stock for tax purposes could have an adverse impact on Alpha Trains' tax position.

Restrictions on the deductibility of interest for taxation purposes might also have an adverse impact on Alpha Trains' tax position as the fleet is financed with debt to a material extent.

Changes in the classification of leases as operating or finance leases could also have an adverse impact on Alpha Trains' position.

**FINANCING RISKS OF ALPHA TRAINS (AS GUARANTORS AND OBLIGORS)**

**Market and financing risks**

The Security Group will need to raise further debt from time to time in order, among other things:

(a) to finance or refinance future capital expenditure;

(b) to enable the Issuer to refinance Bonds and any other debt; and

(c) for general corporate purposes.

Therefore, the Security Group is exposed to market risks resulting from mismatches between the Security Group's capital requirements and its access to capital in the future. The Security Group's cost of funding may be influenced by, among other things, its own operating performance and general economic conditions. If financial markets deteriorate there could be an adverse effect on the Security Group's ability to refinance its existing debt as and when required.

Moreover, the Security Group is exposed to market risks resulting from timing mismatches between the Security Group's capital requirements and the revenue generated by its business. The Security Group's future capital requirements and level of costs will depend on numerous factors, including, among other things, the Security Group's ability to consistently secure lease contracts on appropriate terms and at sufficiently high lease rates in the future, capital expenditure caused by compliance with new regulations or safety requirements, continued demand for rolling stock leasing, the amount of cash generated from its operations and general industry and economic conditions. The inability to cover long-term funding costs through revenue streams could have a material adverse effect on the Security Group's business, financial condition, results of operations or prospects, which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

**Hedging Risks**

While the Security Group will operate a hedging programme in accordance with the Hedging Policy, it is not required to fully or perfectly hedge its present or future interest rate, foreign currency or inflation exposure and may not in practice do so. The Obligors are subject to the creditworthiness of, and in certain circumstances early termination of, the hedging arrangements by hedge counterparties.

Changes in interest, foreign currency and inflation rates, and exposure to hedge counterparty risk, could have a material adverse effect on the Security Group's business, financial condition and results of operations.

**Certain Secured Creditors will rank ahead of the Bondholders in respect of the Security**

In the event that the Security is enforced, the proceeds of such enforcement may be insufficient, after payment of amounts ranking in priority to the Bonds, to pay, in full, all amounts of principal, interest and premium (if any) due in respect of the Bonds.

Although the Security Trustee will hold the benefit of the Security on trust for, *inter alios*, the Bondholders, such security interests will also be held on trust for other Secured Creditors that will rank ahead of the Bondholders. Certain of the obligations owed by the Obligor, including the Issuer's obligations, to, *inter alios*, Bond Trustee (in its individual capacity), the Security Trustee (in its individual capacity), the Paying Agents, the Initial Liquidity Facility Provider(s) under the Liquidity Facility and the Account Bank in respect of certain amounts owed to them, will rank ahead of amounts owed by the Obligors to the Bondholders (see "*Cash Flows*" below). These amounts may be uncapped. To the extent that significant amounts are owing to any such persons and there is insufficient cash to pay all such amounts then due, the amounts available to the Bondholders may be reduced which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

**Monitoring of compliance with warranties and covenants and the occurrence of Trigger Events, Events of Default or Potential Events of Default**

The STID will provide that the Security Trustee will be entitled to assume, unless it is otherwise disclosed in any Compliance Certificate or the Security Trustee is expressly informed otherwise, that no Trigger Event, Event of Default or Potential Event of Default has occurred.

Furthermore, the Issuer and the Borrower are special purpose companies, they will not, nor do they possess the resources to, themselves, actively monitor whether a Trigger Event, Event of Default or a Potential Event of Default has occurred, including, for this purpose, the continued accuracy of the representations and warranties made by the Obligors as a whole and compliance by the Obligors as a whole with their covenants and undertakings.

Accordingly, it will fall to the Issuer or the Borrower (as the case may be), to make these determinations. In this context, a number of these representations, warranties, covenants, undertakings and Events of Default and Potential Events of Default will be qualified by reference to a relevant fact, matter or circumstance having a Material Adverse Effect. Whilst the criteria set out in the definition of Material Adverse Effect are, on their face, objective, it will fall to the Borrower itself to determine whether or not the relevant fact, matter or circumstance falls within any of the criteria and, as such, the determination will be subjective for so long as such determination is made by any of the Obligors.

However, the CTA will require the Obligors to inform the Security Trustee of the occurrence of any Trigger Event, Event of Default and Potential Event of Default promptly upon becoming aware of the same. In addition, the Obligors are required to confirm in each Investor Report and each Compliance Certificate, each of which will be delivered to, among other recipients, the Issuer and the Security Trustee, whether or not any Trigger Event, Event of Default or Potential Event of Default has occurred (and, if one has, what action is

being, or proposed to be, taken to remedy it). Failure by the Obligors to promptly identify a Trigger Event or Event of Default may impact the ability of the Issuer to meet its payment obligations under the Bonds.

**Modifications, waivers and consents in respect of the Common Documents, the Finance Documents and the Issuer Transaction Documents**

The Obligors may request the Security Trustee to agree to any modification to, or to give its consent to any event, matter or thing relating to, or grant any waiver in respect of, the Common Documents without any requirement to seek the approval of the Secured Creditors (including the Bondholders), in respect of a Discretion Matter.

The Security Trustee is entitled to exercise its sole discretion to approve a Discretion Matter if in the opinion of the Security Trustee, approval of the STID Proposal: (a) is required to correct a manifest error or is of a formal, minor, administrative or technical nature; or (b) is not materially prejudicial to the interests of the Qualifying Secured Creditors (where **materially prejudicial** means that such modification, consent or waiver could have a material adverse effect on the ability of the Obligors to pay any amounts of principal or interest in respect of the Qualifying Senior Debt owed to the relevant Qualifying Secured Creditors on the relevant due date for payment therefor). The Security Trustee is not obliged to exercise its discretion and if it chooses not to do so the voting category selection procedures set out in the STID and described in the section "*Overview of the Common Documents – Security Trust and Intercreditor Deed*" below will apply.

The Issuer may also request the Bond Trustee to agree to any modification to, or to give its consent to any event, matter or thing, or grant any waiver in respect of, the Issuer Transaction Documents (subject as provided in the STID in relation to any Common Documents) without the consent or sanction of the Bondholders or (subject as provided below) any other Secured Creditor party to such Issuer Transaction Documents.

The Bond Trustee may without the consent or sanction of Bondholders, the Receiptholders and the Couponholders, concur with, or instruct the Security Trustee to concur with the Issuer or any other relevant parties in making: (a) any modification to the Conditions or the Issuer Transaction Documents (subject as provided in the STID in relation to any Common Documents) or other document to which it is a party or in respect of which the Security Trustee holds security if in the opinion of the Bond Trustee such modification is made to correct a manifest error, is of a formal, minor, administrative or technical nature; or (b) any modification (other than in respect of a Basic Terms Modification) to the Conditions or any Issuer Transaction Document (subject as provided in the STID in relation to any Common Documents) or other document to which it is a party or in respect of which the Security Trustee holds security if the Bond Trustee is of the opinion that such modification is not materially prejudicial (where **materially prejudicial** means that such modification, consent or waiver could have a material adverse effect on the ability of the Issuer to pay any amounts of principal or interest in respect of the Bonds on the relevant due date for payment therefor) to the interests of the Bondholders, the Receiptholders and/or the Couponholders.

The Bond Trustee may, without prejudice to its rights in respect of any subsequent breach or Event of Default, from time to time and at any time but only if, and in so far as, in its opinion the interests of the Bondholders shall not be materially prejudiced (where **materially prejudiced** means that such waiver could have a material adverse effect on the ability of the Issuer to pay any amounts of principal or interest in respect of the Bonds on the relevant due date for payment therefor) thereby, waive or authorise (or instruct the Security Trustee to waive or authorise) any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Conditions or any Issuer Transaction Document (subject, as provided in the STID, in relation to any Common Documents) to which it is a party or in respect of which it holds security, or determine that any event which would otherwise constitute an Event of Default shall not be treated as such for the purposes of the Bond Trust Deed.

Pursuant to the STID, the Bond Trustee will be authorised to execute and deliver on behalf of the Bondholders, Receiptholders and/or Couponholders all documentation required to implement such

modification and such execution and delivery by the Bond Trustee will bind each of the Bondholders, Receiptholders and/or Couponholders as if such documentation had been duly executed by them.

There can be no assurance that any modification, consent or waiver in respect of the Common Documents or Issuer Transaction Documents will be favourable to all Bondholders. Such changes may be detrimental to the interests of some or all Bondholders, despite the ratings of such Bonds being affirmed.

The conditions of the Bonds contain provisions for voting by Bondholders to vote on matters affecting their interests generally (other than matters which concern the enforcement of the Security or modifications to the STID, which matters may only be addressed in accordance with the procedures set out in the STID as described above). These provisions permit defined majorities to bind all Bondholders including Bondholders who do not vote on the relevant matter and Bondholders who voted in a manner contrary to the majority.

**Voting by the Bondholders in respect of a STID Proposal**

Unless approval by Electronic Consent is available, Bondholders exercise their right to vote by "blocking" their Bonds in the clearing system and delivering irrevocable instructions to the Registrar or the Principal Paying Agent that the votes in respect of their Bonds are to be cast in a particular way. In respect of modifications, consents and waivers to the Common Documents, the Bond Trustee (as the Secured Creditor Representative of the Bondholders) is required to notify the Security Trustee of each vote received by the Registrar or the Principal Paying Agent no later than the Business Day on which any vote is received. The STID provides that as soon as the Security Trustee has received sufficient votes from the Secured Creditors (including the Bond Trustee as Secured Creditor Representative of the Bondholders) in favour of a consent, modification or waiver of a Common Document, the Decision Period will be closed and no further votes will be taken into account by the Security Trustee.

Accordingly, unless a Bondholder exercises its right to vote at the beginning of a Decision Period, it is possible that a consent, modification or waiver of a Common Document may be approved by the Secured Creditors before such Bondholder has participated in any vote and that, as a result, any consent, modification or waiver of a Common Document duly approved by the Secured Creditors shall be binding on all of the Bondholders, Receiptholders and Couponholders.

**Liquidity Facility**

The Liquidity Facility will be available to the Issuer to provide liquidity support in respect of payments of interest, scheduled principal and fee amounts payable in respect of the Initial Authorised Credit Facilities, the Bonds, the Hedging Agreements and certain other payments due to the Secured Creditors. However, there can be no assurance that funds available under the Liquidity Facility will be sufficient to cover any such shortfall. This may lead to an early termination of one or more Hedging Agreements or a default under any other facilities supported by the Liquidity Facility and, subsequently, a default under the CTA. Any such default could adversely affect the ability of the Obligors and the Issuer to make payments due to the Secured Creditors which may impact the ability of the Issuer to meet its payment obligations under the Bonds.

**Capital Structure**

The Security Group has and, following the issue date, will continue to have a substantial amount of outstanding indebtedness with significant debt service requirements. In addition, the Security Group retains the ability to incur additional indebtedness in the future to finance its capital investment programmes, subject to pre-agreed parameters. This significant leverage could have important consequences for Bondholders, including:

- making it more difficult for the Security Group to make sufficient funding available to the Issuer to meet its obligations in respect of the Bonds;

- requiring the Security Group to dedicate a substantial portion of its cash flow from operations to payments on its debt obligations, thus reducing the availability of its cash flow to fund growth and for other general corporate purposes; and

- increasing the Security Group's vulnerability to a downturn in its business, economic or industry conditions.

As the Issuer is reliant upon the financial performance of the Security Group, such significant leverage could negatively impact the ability of the Issuer to meet its obligations in respect of the Bonds.

**The Expected Maturity Date of each Tranche of Bonds is earlier than the respective Final Maturity Date of each Tranche of Bonds**

There is no guarantee that the Issuer will have sufficient funds to redeem each Tranche of Bonds on its respective Expected Maturity Date and such redemption is primarily dependent upon the performance of the Security Group transferring funds to the Issuer on or prior to the Expected Maturity Date of such Tranche of Bonds.

A failure of the Issuer to redeem in full a Tranche of the Bonds on the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement for such Tranche will result in the occurrence of an EMD Trigger Event (the consequences of which are described under "*Overview of the Common Documents – Common Terms Agreement – Trigger Event Consequences*" below). The non-payment on the Expected Maturity Date of any principal amount which would otherwise be payable under the conditions of the Bonds on such date shall not constitute a default under the Bonds. There will be no default under the conditions of the Bonds until a failure to pay interest thereon or a failure to redeem such Bonds in full on the Final Maturity Date.

The Issuer may, over time, issue other Tranches of Bonds in relation to which the Expected Maturity Date of such Tranche is earlier than the Expected Maturity Date and/or the Final Maturity Date of the Bonds which are already outstanding at that time.

**TAX RISKS**

**Change of tax law and practice**

The statements in relation to taxation set out in this Prospectus are based on current law and the practice of the relevant authorities in force or applied at the date of this Prospectus. Any changes in such law or practice might have an adverse effect on the financial position of the Issuer or the Obligors.

**Withholding tax in respect of the Bonds**

In the event that any withholding or deduction for, or on account of, tax is required to be made from payments due under the Bonds, the Issuer (or, as the case may be, the Guarantors) will only be obliged to pay any additional amounts to Bondholders or, if Definitive Bonds are issued, Couponholders, or otherwise to compensate Bondholders or Couponholders for the reduction in the amounts they will receive as a result of such withholding or deduction in certain circumstances. See "*Tax Considerations*" below for a discussion of the risk of withholding taxes applying in respect of payments under the Bonds.

**EU Savings Directive**

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Bonds) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

**Foreign Account Tax Compliance Act Withholding**

While the Bonds are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Bonds as a result of FATCA, none of the Issuer, any Guarantor, any Paying Agent, the Registrar or the Bond Trustee or any other person will be obliged pursuant to the Conditions of the Bonds to make any additional payments to the Bondholders, Receiptholders or the Couponholders in respect of such withholding or deduction. As a result, investors may receive less interest or principal than expected.

Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Bonds are discharged once it has paid the clearing systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

**The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the P**articipating Member States**).

The Commission's Proposal has a very broad scope and could, if introduces, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, be exempt.

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

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

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

**Change of law or regulation**

The conditions of the Bonds are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice or change in the regulatory regime applicable to the Issuer after the date of this Prospectus.

It is possible that, whether as a result of case law or through statute, changes in law or regulations, or their interpretation or application after the date of this Prospectus may result in the Security Group's debt financing arrangements as originally structured no longer having the effect anticipated. This could have a material adverse effect on the Security Group's business, financial condition and results of operations and/or could adversely affect the rights, priorities of payments and/or treatment of holdings in Bonds for Bondholders.

**FINANCING RISKS RELATING TO THE ISSUER AND THE OBLIGORS (INCLUDING THE GUARANTORS)**

The scope, validity and enforceability of the Security (including the Guarantee) will be subject to limitations as a matter of applicable law or its terms. The following is a summary description of certain limitations. The descriptions below are only a summary and do not purport to be complete or to discuss all of the limitations or considerations that may affect the Security. If additional Security is required to be granted pursuant to the Finance Documents such Security will also be subject to limitations which may differ from those discussed below.

**Bondholders are not only investing in the Issuer, but in the Security Group**

By investing in the Bonds, the Bondholders are making an investment not only in the Issuer, but also in the rest of the Security Group. Accordingly, various triggers (such as Trigger Events and Events of Default) are

set equally across the Security Group. Accordingly, a Trigger Event or an Event of Default may be triggered by another member of the Security Group and not by the Issuer. Such an event may cause an Event of Default earlier than expected, which may reduce the returns Bondholders expect to receive in respect of their Bonds as compared to the returns they would earn on such Bonds if the Bonds were held to their Final Maturity Date.

**Limited market for sale of shares held by the Obligors in any member of the Security Group upon an enforcement of the respective share pledges**

Upon the enforcement of the relevant share pledges and a decision by the Secured Creditors to enforce the pledges though an auction of such shares and/or to sell such shares (as applicable), there can be no assurance that there will be a market for such shares or, if there is one, that it will provide the Secured Creditors including the Bondholders with liquidity or that any such liquidity will continue for the life of the Bonds.

**It may be difficult to realise the full value of the Security**

The Security will be subject to certain limitations permitted under the Finance Documents. Such limitations could adversely affect the value of the Security securing the Finance Documents as well as the ability of the Security Trustee to enforce that Security. In addition, the security interests of the Security Trustee may be subject to practical problems generally associated with the realisation of security interests in the Security. For example, the Security Trustee may need to obtain a judgment or the consent of a court to enforce the Security. There can be no assurance that the Security Trustee will be able to obtain any such judgment or consent.

**Certain security may be revoked on insolvency**

While, as a general rule, security granted at the time when a debt is incurred is not subject to a recovery risk, pursuant to applicable law, a transaction can, subject to certain pre-requisites, be challenged or revoked if the transaction or required perfection of security action were concluded within a certain period of time (the length of which varies depending on the type of transaction and the parties thereto (including the jurisdiction of incorporation of such parties)) before the application for bankruptcy, reorganisation or execution was filed with the competent court. Therefore, mandatory insolvency laws may, under specific circumstances, require that the Security be recovered to the bankruptcy estate of the Obligors, set aside or otherwise held to be unenforceable. In such case there can be no assurance that any remaining security is sufficient to cover the Obligors' obligations in full or in part. In this regard, pursuant to the Security Trust and Intercreditor Deed, the relevant Security Documents and/or a Permitted Reorganisation, certain Security may be released and retaken which would start new hardening periods running in respect of the new Security.

**Asset Security created in one jurisdiction may not be recognised or enforceable if the relevant Asset is operating in a different jurisdiction at the time of enforcement**

The Obligors' business involves Assets operating on a cross-border basis. The governing law of the initial Security over the Assets has been determined on the basis of the laws of the jurisdiction of the Habitual Base of the Assets or the place of registration of the Assets (as the case may be) with consideration given to whether the courts of the Habitual Base of such Asset will recognise such Security. However, to the extent that an Asset is located in another jurisdiction at the time the Security over that Asset is taken or sought to be enforced, the courts of that other jurisdiction may not recognise that Security.

Where the jurisdiction of the Habitual Base of an Asset is a jurisdiction which requires an Asset to be physically located in that jurisdiction when the Security is taken, the Security may not be valid if the Assets are not so located. The applicable Security Documents require that the Assets must be located in the appropriate jurisdiction at the time of creation of that Security.

**Security may not cover all future lease receivables and/or insurance receivables**

In jurisdictions where Security cannot be taken over future lease and/or insurance receivables or where local law requires a clear identification of the relevant secured future receivables the Obligors must provide security over the relevant receivables in accordance with the Agreed Security Principles within 30 Business Days following each Calculation Date (rather than each time a new lease or insurance is entered into). Therefore, in such jurisdictions, there is a risk that certain receivables will not be subject to the Security and therefore there may be a reduction in the value of the available Security in these periods. If a Declared Default occurs, the Security Trustee has the right to instruct the Obligors to update the Security to cover any additional leases or insurances but there could still be a reduction in the value of the available security until such additional security or security extension has been effectively created and perfected.

**Security over lease receivables and insurance receivables may be ineffective against third parties (including an insolvency officer) where notice is not served and a counterparty may discharge its obligations by paying a member of the Security Group**

The Agreed Security Principles allow for notices to be given on a periodic basis in respect of future receivables, generally within 30 Business Days following a Calculation Date or following a Declared Default. In addition, notices in respect of receivables relating to the Elf Assets will not be notified until completion of certain reorganisations, subject to that permitted reorganisation being completed within six months of the Closing Date. The relevant debtors can continue to discharge their debt under the underlying lease or insurance by paying the relevant Obligor directly until such time as a further notice is served on them under the relevant Security Document upon an enforcement. Furthermore, depending on the terms of the underlying contracts and applicable law, in some jurisdictions the Security over the underlying contracts might not be perfected until the relevant counterparty is notified of the Security.

**Security may not cover all future bank accounts, increases to credit balances on bank accounts and/or cash equivalent investments**

In some jurisdictions, the Security cannot be taken over future bank accounts, increases on balances in the accounts and similar issues arise in respect of cash equivalent investments. The Obligors must provide and perfect security over the relevant bank accounts and/or cash equivalent investments in accordance with the Agreed Security Principles each time a new bank account is opened and/or a cash equivalent investment is taken out. Some jurisdictions also require new perfection formalities to be carried out every time the account balance increases (although in practice this is done on a periodic basis). In such jurisdictions, there is therefore a risk that certain cash or cash equivalent amounts will not be subject to the Security and there may therefore be a reduction in the value of the available Security until the new Security or Security extension has been granted and the further perfection formalities have been carried out.

Some jurisdictions require the amounts standing to the credit of the pledged account to be unavailable to the pledgor in order for effective security over bank accounts to be created. However, the Agreed Security Principles permit the relevant Obligors the right to withdraw amounts from the pledged account until the Security Trustee has actual notice of the occurrence of an Event of Default. The right to use the account in this way may prejudice the effectiveness of the Security.

**The initial Security may not extend to additional debt incurred by the Obligors or automatically benefit new Secured Creditors**

There may be circumstances where, due to the requirements of applicable law and notwithstanding the broad scope of the definition of Secured Liabilities, Security may not automatically extend to Permitted Acquisition Debt, Permitted Additional Debt or Permitted Refinancing Debt or material modifications of the Secured Obligations, where Security will not automatically benefit a new Secured Creditor or where it is market practice to take certain additional steps in connections with such matters. However the Security Trust and Intercreditor Deed and/or the relevant Security Documents contain covenants on the Obligors to do

all such acts and execute all such documents as the Security Trustee may reasonably require pursuant to further assurance provisions, including entering into any confirmation, ratification, extension of existing Security or granting of additional Security.

**Insolvency laws may adversely affect the enforceability of the Security**

The initiation of insolvency proceedings, including bankruptcy and reorganisation proceedings, may result in the assets of the insolvent company being taken over by a court-appointed administrator in which case the right to dispose of the said assets could also be transferred to such an administrator and, in the case of reorganisation proceedings, result in a general prohibition on payment, collection and execution of debts and enforcement of security, which applies to all creditors. The initiation of insolvency proceedings may therefore have a materially adverse effect on the ability of the Security Trustee or the Secured Creditors to initiate or to control any enforcement proceedings. If such insolvency proceedings are commenced, the ability to realise the Security might be prohibited, delayed and/or the value or priority of the Security might be impaired and/or the Security might be challenged or revoked. Future lease and insurance receivables and increases to credit balances on bank accounts may not be available to the Secured Creditors after insolvency proceedings are commenced. The realisation process may also take more time than expected, and the Secured Creditors may not receive amounts when due under the terms and conditions of the Finance Documents.

**The exercise of voting rights under share security may result in the equitable subordination of the Secured Creditors' claims against the German Obligor in an insolvency of a German Obligor**

The exercise of voting rights by the Secured Creditors in the context of security over the shares in a German Obligor and/or in its direct or indirect holding company upon enforcement or at any time before an enforcement, or similar rights resulting in effective control over the management of a German Obligor, may result in the equitable subordination of the Secured Creditors' claims against the German Obligor in an insolvency of a German Obligor.

**Corporate benefit and other applicable legal requirements may limit the scope and beneficiaries of the Security**

Each Obligor under the STID undertakes to pay to the Security Trustee, as an independent and separate creditor in its own right and not as a trustee, agent or representative of the other Secured Creditors, an amount equal to any amount which an Obligor owes to a Secured Creditor under or in connection with the Finance Documents (the **Security Trustee Claim**) on its due date, provided that discharge by an Obligor of a claim to a Finance Party will discharge the Security Trustee Claim with the same amount. As relevant, any Security created pursuant to a Security Document is granted to the Security Trustee in its individual capacity as an independent creditor of the Security Trustee Claim created pursuant to the STID. This parallel debt construct has not been tested in court in all of the jurisdictions where it will be used and there is no judicial guidance as to its efficacy. Therefore, the ability of the Security Trustee to enforce the Security may be restricted. Additionally, the Secured Creditors bear some risk associated with a possible insolvency or bankruptcy of the Security Trustee. Furthermore, if the entity acting as Security Trustee is replaced by a successor Security Trustee, this could trigger legal issues as to the validity of the Security in some jurisdictions.

The Security and/or the Guarantee (as applicable) provided as part of the overall security securing the Finance Documents are limited as required by application of law (including, *inter alia*, the provisions of Belgian, German, Italian, Luxembourg, Polish and Spanish law regulating, *inter alia*, financial assistance, capital maintenance, corporate benefit and/or the ability to guarantee and/or secure a particular type of debt). As a matter of Italian law, any Guarantee provided by an Italian Obligor must be limited to the aggregate amount of the direct/indirect benefit of any borrowings of that Italian Obligor and so will not extend to cover the Secured Liabilities incurred by the other Obligors. The liability of each such Guarantor/security provider

in respect of such obligations will only apply to the extent permitted by the relevant law and as provided for in the Security and the Security Trust and Intercreditor Deed.

In addition, due to applicable legal requirements and/or in order to comply with the Agreed Security Principles, certain Security may not secure all Secured Creditors and/or may be subject to a maximum amount. In respect of Security not securing all Secured Creditors, for Security taken on or about the Initial Issue Date this will apply to Spanish law Security Documents. In respect of Security being subject to a maximum amount, for Security taken on or about the Initial Issue Date this will apply to Italian, Polish and Spanish law Security Documents. However, all recoveries under such Security must be applied in accordance with the Post-Enforcement Priority of Payments.

Secured Creditors that accede to the relevant Finance Documents after the Initial Issue Date must accede to the Security Trust and Intercreditor Deed and the German Security Trust Agreement as Secured Creditors and ratify the Security Trustee's actions under the German law Security Documents in order to benefit, in particular, from German law share pledges and account pledges. It should be noted, however, that the validity of pledges granted to the Security Trustee as proxy without power of attorney in favour of a future pledgee has not yet been tested before the German courts so whilst this structure is used in practice, there is no legal certainty that this approach would be upheld by the German courts. As a matter of Spanish law, a Spanish limited liability company cannot provide a guarantee or security in respect of the obligations or liabilities owing under any bonds. As such, any Security granted by Alpha Trains Iberia No. 2, S.L.U. will not directly secure the Bonds. The Bondholders will instead have to rely on the pro-rata sharing and application of proceeds clauses in the Security Trust and Intercreditor Deed.

Each beneficiary of the Spanish law Security must sign up to the Spanish law Security Documents individually for the purposes of accepting it. Due to Spanish law restrictions around what non-possessory and/or registered Spanish law security can secure, the Spanish law mortgage over Spanish Assets and the Spanish law pledges over material contracts will (i) only secure the amounts owing under the Initial Authorised Credit Facilities Agreement and (ii) will only be created in favour of Secured Creditors that are party to the Initial Authorised Credit Facilities Agreement. As such, neither the Bonds nor amounts owing under any other Authorised Credit Facilities Agreement will be secured under any Spanish law mortgage over Spanish Assets or any Spanish law pledge over material contracts and the Bondholders and any Secured Creditor that is not party to the Initial Authorised Credit Facilities Agreement will instead have to rely on the pro-rata sharing and application of proceeds clauses in the Security Trust and Intercreditor Deed.

**Change of law**

The transactions described in this Prospectus (including the issue of the Bonds) and the ratings that are assigned to the Bonds are based on the relevant law and administrative practice in effect as at the date hereof, and having regard to the expected tax treatment of all relevant entities under such law and practice. It is possible that, whether as a result of case law or through statute, changes in law or regulation, or their interpretation or application, may result in either the Issuer's or the Security Group's debt financing arrangements as originally structured no longer having the effect anticipated or having a material adverse effect on the Issuer's or the Security Group's business, financial condition and results of operation and/or adversely affecting the rights, priorities of payments and/or treatment of holdings in the Bonds of the Bondholders.

**Challenges by secured creditors**

The financing transactions described in this Prospectus have been structured based on Austrian, Belgian, Danish, English, French, German, Italian, Dutch, Luxembourg, Polish and Spanish law and practice as in effect on the date of this Prospectus. It is possible that a secured creditor which is subject to laws other than the laws of any of those jurisdictions may seek to challenge the validity and/or enforceability of one or more features of the financing structure under the local laws of such creditor's jurisdiction. Potential investors should be aware that the outcome of any such challenge may depend on a number of factors, including but

not limited to, the application of the laws of a jurisdiction other than the jurisdictions listed above. There can be no assurance that any challenge would not adversely affect directly or indirectly the rights of the other secured creditors, including the Bondholders, the market value of the Bonds and/or the ability of the Issuer to make interest and principal payments on the Bonds.

## ISSUER AND BOND CONSIDERATIONS

### The Issuer is a newly established company dependent upon the financial performance of the Security Group

The Issuer is a newly established company incorporated for the purposes of facilitating the financing and other matters contemplated by the Finance Documents. Accordingly, it is primarily dependent upon the performance of the Security Group transferring funds to the Issuer in order for it to make payments in respect of the Bonds. Failure to do so will negatively impact the ability of the Issuer to meet its payment obligations under the Bonds.

### Insolvency laws and other limitations may adversely affect the validity of the Guarantees and Security

The initiation of insolvency proceedings, including bankruptcy and reorganisation proceedings, may result in the assets of the insolvent company being taken over by a court-appointed administrator in which case the right to dispose of the said assets could also be transferred to such an administrator and, in the case of reorganisation proceedings, result in a general prohibition on payment, collection and execution of debts and enforcement of security, which applies to all creditors. The initiation of such proceedings may, therefore, have a materially adverse effect on the ability of the Security Trustee or the Bondholders to initiate or to control any enforcement proceedings relating to such assets. If such insolvency proceedings are commenced, the ability to realise the Security might be prohibited, delayed and/or the value of the Security impaired. The realisation process may also take more time than expected, and the holders of the Bonds may not receive the invested principal and the accrued interest when due under the terms and conditions of the Bonds. In addition, enforcement of each Guarantee and the relevant Security may, where applicable, be limited to the extent of the amount which can be guaranteed or secured by a particular Guarantor or security provider without rendering the Guarantee or Security voidable or otherwise ineffective under applicable law (see the risk factor "*Corporate benefit and other applicable legal requirements may limit the scope and beneficiaries of the Security*" above).

### Legal investment considerations may restrict investments in the Bonds

The investment activities of certain investors are subject to legal 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: (a) the Bonds are legal investments for it; (b) the Bonds can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

### Status of Bonds

The Bonds will constitute unconditional obligations of the Issuer. The obligations of the Issuer under the Bonds will be irrevocably and unconditionally guaranteed by the other Obligors (other than the Issuer) pursuant to the terms of the guarantee made by each of them in the STID.

### Conflict of interest

The STID will contain provisions requiring the Security Trustee to take action only in accordance with the directions of the relevant Qualifying Secured Creditors or Secured Creditors (but only in respect of their

Entrenched Rights if they are Affected Secured Creditors). Accordingly the Security Trustee may be bound to take action as determined by Secured Creditors other than the Bondholders.

The Bond Trust Deed will require the Bond Trustee to have regard to the interests of all the Bondholders (so long as any of the Bonds remain outstanding) equally as regards all powers, trusts, authorities, duties and discretions of the Bond Trustee as if they formed a single class (except where expressly required otherwise).

For so long as any of the Bonds are outstanding, the Bond Trustee shall not be bound to take any steps, proceedings or other actions unless:

(a) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith; and

(b) it shall have been directed or requested to do so by Bondholders together holding or representing 25% or more of Qualifying Senior Debt.

The Bond Trustee may give its consent to any amendment to, or grant any waiver under or in respect of, any term of any Issuer Transaction Document to which it is a party or over which it has security or give its written consent to any event, matter or thing (without the consent of the Bondholders or any other person) if to do so would, among other things, not, in its opinion, be materially prejudicial to the interests of the Bondholders, or in certain circumstances, where a specified test or conditions have been met.

**Reliance by the Issuer and the Security Group on third parties and Hedge Counterparties**

The integrity of the structure and the ability of the Issuer to pay amounts due under the Bonds depend upon a number of third parties such as the Liquidity Facility Providers, the Account Bank and the Hedge Counterparties. In the event that one or more of those parties is downgraded by one or more of the rating agencies or if one or more of such third parties defaults on its obligations to make payments to the Issuer or the Obligors, this may have an adverse effect on the rating of the Bonds and/or the ability of the Issuer or the Obligors to satisfy their payment obligations in full. If a Hedging Agreement is terminated, the Issuer and the relevant Obligor may be exposed to fluctuations in interest rates and/or currencies and/or inflation that were previously hedged. Upon any such termination, the Issuer or the relevant Obligor, as applicable, may be obliged to make a termination payment to the relevant Hedge Counterparty. There can be no assurance that the Issuer or the relevant Obligor, as applicable, will have sufficient funds available to make a termination payment under the relevant Hedging Agreement, nor can there be any assurance that the Issuer or the relevant Obligor will be able to enter into a replacement hedging agreement, or if one is entered into, that the credit rating of the replacement Hedge Counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Bonds by the Rating Agencies.

**Conflicts of interest generally**

Conflicts of interest may arise during the life of the Programme as a result of various factors involving certain transaction parties. For example, such potential conflicts may arise because one or more lenders to the Issuer or the Obligors (including under a Liquidity Facility Agreement) or Hedge Counterparties may also act in other capacities under the Finance Documents, although the relevant rights and obligations under the Finance Documents are not contractually conflicting and are independent from one another.

**Limited liquidity of the Bonds; absence of secondary market for the Bonds**

There can be no assurance that a secondary market for the Bonds will develop or, if a secondary market does develop for any of the Bonds issued after the date of this Prospectus, that it will provide any holder of Bonds with liquidity or that any such liquidity will continue for the life of the Bonds. Consequently, any purchaser

of the Bonds must be prepared to hold such Bonds for an indefinite period of time or until final redemption or maturity of the Bonds.

The liquidity and market value of the Bonds at any time are affected by, among other things, the market view of the credit risk of such Bonds and will generally fluctuate with interest rates, general economic conditions, the condition of certain financial markets, international political events and the performance and financial condition of the Security Group.

**Optional redemption by the Issuer**

The Issuer may, if such option is specified in the relevant Final Terms or Pricing Supplement, elect to redeem the relevant Bonds in advance of their maturity date by giving notice to the relevant Bondholders in accordance with the Terms and Conditions. For example, the Issuer may redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds depending on the price the applicable Bonds may be redeemed at. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

**Rating Agency assessments, downgrades and changes to Rating Agency criteria may result in ratings volatility in respect of the Bonds**

The ratings to be assigned by the Rating Agencies to the Bonds reflect only the views of the particular Rating Agency and, in assigning the ratings, each Rating Agency takes into consideration the credit quality of the Obligors and structural features and other aspects of the transaction of which the Bonds form part. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in, or unavailability of, information in relation to the Obligors' underlying business and performance or if, in the Rating Agencies' judgment, other circumstances so warrant. If any rating assigned to the Bonds is lowered or withdrawn, the market value of the Bonds may be reduced. Future events, including events affecting the Obligors and/or circumstances relating to the industry in which the Security Group operates, could have an adverse impact on the ratings of the Bonds.

A confirmation from a Rating Agency that any action proposed to be taken by the Issuer will not have an adverse effect on the then current rating of the Bonds does not, for example, confirm that such action: (a) is permitted by the terms of the Finance Documents; or (b) is in the best interests of, or not prejudicial to, the Bondholders. While each of the Secured Creditors (including the Bondholders), the Security Trustee and the Bond Trustee (as applicable) are entitled to have regard to the fact that a Rating Agency has confirmed that the then current rating of the Bonds would not be adversely affected by such action, the above does not impose or extend any actual or contingent liability on that Rating Agency to the Secured Creditors (including the Bondholders and the Bond Trustee) or the Issuer or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Bondholders and the Bond Trustee) or any other person whether by way of contract or otherwise.

Any such confirmation from a Rating Agency may or may not be given at the sole discretion of that Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information required to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a confirmation in the time available or at all. A confirmation from a Rating Agency, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the Bonds form a part since the Establishment Date. A confirmation from a Rating Agency represents only a restatement of the then-current rating of the Bonds and cannot be construed as advice for the benefit of any parties to the transaction of which the Bonds form a part.

To the extent that a confirmation from a Rating Agency cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Issuer Transaction Documents and specifically the relevant modification and waiver provisions.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

**Credit ratings may not reflect all risks relating to the Bonds**

One or more independent credit rating agencies may assign an unsolicited credit rating to the Bonds. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and below and other factors that may affect the value of the Bonds. Such a rating may be lower than the rating assigned to the Bonds by the Rating Agencies and may impact the market value of the Bonds.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to the transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

**Change to covenants subject to Ratings Confirmation**

Changes can be made to certain covenants provided that the relevant members of the Security Group, as the case may be, obtain a Ratings Confirmation in respect of the particular change. The Rating Agencies may not provide their confirmation in the time available or at all, and they will not be responsible for the consequences thereof. A Ratings Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time. A Ratings Confirmation cannot be construed as advice for the benefit of any party to the transaction. No assurance can be given that, although a Ratings Confirmation in respect of any particular change has been provided, such change will not have an adverse impact upon the business of the Security Group.

**Certain risks related to Index-Linked Bonds**

The Issuer may issue Bonds with principal or interest determined by reference to the harmonized index of consumer prices (excluding tobacco) (**HICP**), or the relevant successor index, measuring the rate of inflation in the European Monetary Union (excluding tobacco) as calculated and published monthly by Eurostat. Potential investors of all Bonds, but particularly of Index-Linked Bonds, should be aware that:

- the market price of such Bonds may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time than expected;

- they may lose all or a substantial portion of their principal;
- the HICP may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices;
- if the HICP is applied to Bonds in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the HICP on principal or interest payable will likely be magnified; and
- the timing of changes in the HICP may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the HICP, the greater the effect on yield.

The historical performance of the HICP should not be viewed as an indication of the future performance of such index during the term of any Index-Linked Bonds.

**Certain risk related to Bonds issued at a substantial discount or premium**

The market values of securities issued at a substantial discount or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

**Certain risks related to Fixed Rate Bonds**

Investment in Fixed Rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Bonds.

**Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or the liquidity associated with a holding of the Bonds for certain investors**

The Basel Committee on Banking Supervision (the **Basel Committee**) approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as **Basel III**). In particular, 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** and the **Net Stable Funding Ratio**). It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and, therefore, the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

Implementation of the Basel framework and any changes as described above may have an impact on the capital requirements in respect of the Bonds and/or on incentives to hold the Bonds for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Bonds.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Bonds and as to the consequences for and effect on them of any changes to the Basel framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

**Denominations and trading**

The Bonds will either be Bearer Bonds or Registered Bonds as specified in the applicable Final Terms or Pricing Supplement (as the case may be) and serially numbered in the Specified Denomination(s) provided that in the case of any Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances that require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be £100,000, €100,000, U.S.$200,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of the relevant Bonds.

Bonds may be issued with a minimum Specified Denomination and higher integral multiples of a number that is smaller than the Specified Denomination. It is possible that the Bonds may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination. In such a case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination: (a) may not be able to trade such holding; and (b) may not receive a definitive bond in respect of such holding (should Definitive Bonds (as defined in "*Forms of the Bonds*") be printed) unless such Bondholder purchases a principal amount of Bonds such that its holding amounts to at least the minimum Specified Denomination.

**Book-entry form of Bonds**

The Bonds will initially only be issued in global form and deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Interests in the Global Bonds will trade in book-entry form only. The common depositary, or its nominee, for Euroclear and Clearstream, Luxembourg will be the sole holder of the Global Bonds representing the Bonds. Accordingly, owners of book-entry interests must rely on the procedures of Euroclear and Clearstream, Luxembourg, and non-participants in Euroclear or Clearstream, Luxembourg must rely on the procedures of the participant through which they own their interests, to exercise any rights and obligations of a holder of Bonds.

Unlike the holders of the Bonds themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Bonds. The procedures to be implemented through Euroclear and Clearstream, Luxembourg may not be adequate to ensure the timely exercise of rights under the Bonds.

**The Bonds could be subject to exchange rate risks and exchange controls risks**

The Issuer will pay principal and interest on the Bonds in the Specified Currency. 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 Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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. The Issuer has no control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. Moreover, if payments on certain Bonds are determined by reference to a formula containing a multiplier or leverage factor, the effect of any change in the exchange rates between the applicable currencies will be magnified. In recent years, exchange rates between certain currencies have been highly volatile and volatility between such currencies or with other currencies may be expected in the future. Fluctuations between currencies in the past are not necessarily indicative, however, of fluctuations that may occur in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease the Investor's Currency-equivalent yield on the Bonds, the Investor's Currency-equivalent value of the principal payable on the Bonds and the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

**Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Bonds**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed 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 capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Bonds are responsible for analysing their own regulatory position and none of the Issuer, the Guarantors, the Arranger, the Dealers, the Security Trustee, any Authorised Credit Provider, any Agent, the Account Bank or the Bonds Trustee makes any representation to any prospective investor or purchaser of the Bonds regarding the regulatory capital treatment of their investment on the date of this Prospectus or at any time in the future.

In particular, investors should be aware of: (i) Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012 (the **CRR**); or (ii) Directive 2006/48/EC, as the same is referenced in Directive 2011/61/EU on Alternative Investment Fund Managers and Amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the **AIFMD**); and the application of (iii) Articles 404 to 410 of the CRR, together with the final regulatory technical standards and implementing technical standards to the CRR published by the European Banking Authority pursuant to Articles 410(2) and 410(3) of the CRR and any other applicable guidance, technical standards or related documents published by the European Banking Authority (including any successor or replacement agency or authority) and any delegated regulations of the European Commission (and in each case including any amendment or successor thereto) (together, the **CRR Retention Requirements**); and (iv) Article 17 of the AIFMD, as implemented by Section 5 of the European Union Commission Delegated Regulation (EU) No. 231/2013 of 19 December, 2012 supplementing the AIFMD, including any guidance published in relation thereto and any implementing laws or regulations in force in any Member State of the European Union (together, the **AIFMD Retention Requirements** and, together with the CRR Retention Requirements, the **Risk Retention Requirements**), which currently apply in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its bond 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 ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the Risk Retention Requirements may result in penalties for relevant investors and/or have a negative impact on the price and liquidity of the Bonds in the secondary market.

The Issuer is of the opinion that the Bonds do not constitute an exposure to a "securitisation" for the purposes of the CRR or the AIFMD and, as such, the Risk Retention Requirements should not apply to investments in the Bonds. Therefore, neither the Issuer nor any other Obligor has committed to retain a material net economic interest in relation to the issuance of any Bonds.

None of the Issuer, the Obligors, the Arrangers, the Dealers, the Bond Trustee, the Security Trustee, Hedge Counterparties, the Original Initial ACF Lenders, Capex Facility Providers, each Facility Agent under each Authorised Credit Facility, the Agents, the Initial Liquidity Facility Providers, the Initial Liquidity Facility Agent, Registrar, Transfer Agent, Exchange Agent, Principal Paying Agent, Agent Bank or the Account Bank is responsible for informing Bondholders of the effects of the changes to risk weighting which may result for investors from the adoption, implementation and/or interpretation of the Risk Retention

Requirements by their own regulator. Bondholders are responsible for analysing their own regulatory position. Potential investors should consult their regulator should they require guidance in relation to the regulatory capital treatment that their regulator would apply to an investment in the Bonds.

**EUROPEAN MARKET INFRASTRUCTURE REGULATION**

The Issuer may enter into "over the counter" (**OTC**) derivative contracts. Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (**EMIR**) entered into force on 16 August 2012 and imposes certain obligations on parties to OTC derivative contracts. The obligations imposed under EMIR will depend on whether the counterparties to an OTC derivative contract are classified as "financial counterparties" (**FC**) or "non-financial counterparties" (**NFC**) or third country entities that are equivalent to an FC or NFC.

FCs will, depending on the classification of their counterparty, be subject to an obligation to clear all "eligible" OTC derivative contracts through an authorised or recognised central counterparty (**CCP**) (the **Clearing Obligation**). FCs must also report the details of all derivative contracts they have concluded, modified or terminated to a registered or recognised trade repository (the **Reporting Obligation**). In addition, FCs are subject to certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a CCP. These risk-mitigation techniques may include the timely, accurate and appropriately segregated exchange of margin (subject to the classification of the FC's counterparty) (the **Margin Requirements**), timely confirmation, daily valuation, portfolio reconciliation, portfolio compression and dispute resolution procedures.

The obligations of NFCs under EMIR depend on whether the NFC has exceeded the "clearing threshold". The "clearing threshold" is calculated by reference to the gross notional value of OTC derivative contracts entered into for hedging purposes by the NFC and other NFCs in its group. Only NFCs which have exceeded the "clearing threshold" will be subject to the Clearing Obligation, Margin Requirements and certain other of the risk-mitigation techniques (subject to the classification of its counterparty). All NFCs are subject to the Reporting Obligation and certain risk-mitigation techniques.

The Reporting Obligation and certain of the risk-mitigation techniques are currently in force. The detailed rules in relation to the Clearing Obligation and Margin Requirements have not yet been finalised and the timeframe for their implementation remains uncertain. If the Issuer is required to comply with obligations under EMIR this may give rise to additional costs and expenses of the Issuer which may reduce amounts available to make payments under the Bonds. In addition, the Issuer may be required to report details of its derivative contracts to trade repositories (or appoint a third party to report such derivative contracts on its behalf).

## DESCRIPTION OF THE PROGRAMME

### Overview of Alpha Trains

In this Prospectus, **Alpha Trains** means the rolling stock leasing business conducted by the subsidiaries of Alpha Trains (Luxembourg) Holdings S.à r.l, but excluding, the holding company (Alpha Trains (Luxembourg) Holdings S.à r.l,) Alpha Trains Development No. 1 S.à r.l, Alpha Trains EMIL S.à r.l (in relation to the EMIL portfolio), Alpha Trains STS S.à r.l (in relation to the STS portfolio), Alpha Trains (Malta) Holdco 1 Limited, Alpha Trains (Malta) Holdco 1 Limited, Luxembourg Branch, Alpha Trains Holdco S.à r.l., Woldhurst Properties Limited, Alpha Trains Development No. 2 S.à r.l., Alpha Trains Development No. 3 S.à r.l., Alpha Trains Development No. 4 S.à r.l. and Alpha Trains TWN S.à r.l..

### Introduction

#### *General*

Alpha Trains is the largest privately owned operating lessor of rolling stock in Continental Europe (by number of leased passenger trains and locomotives). It has a well diversified fleet. It has a leading market share in the two business segments in which it operates:

- regional passenger train leasing business, based in Cologne: primarily focused on the German, regional passenger rail market, as a consequence of the ongoing liberalisation of rail transport services in Germany, and nearby countries (such as Denmark and Slovakia). These passenger trains are deployed under long-term leases; and

- locomotive leasing business, based in Antwerp: which leases locomotives for the purpose of hauling goods, containers and passenger coaches across 11 countries in Continental Europe, with most leased locomotive operations being concentrated in Germany, Benelux and France.

Alpha Trains was originally established in 1999 as the Continental European business of Angel Trains. Angel Trains was created in 1994 as one of three UK passenger rolling stock companies (**UK ROSCOS**) in preparation for the privatisation of the British rail industry. Angel Trains established its Continental European locomotive leasing division in Antwerp, Belgium in 2001 and one year later the Continental European passenger division was established in Cologne, Germany.

In August 2008, the then owner of Angel Trains, the Royal Bank of Scotland Group (**RBS**), sold Angel Trains to a consortium of international investors. As part of this transaction, the Continental European division was separated and made independent from the UK business and rebranded as Alpha Trains in 2010.

As at 31 August 2014, Alpha Trains' fleet consisted of a portfolio of 271 passenger trains and 370 locomotives[2]. At separation from Angel Trains, the Alpha Trains historical portfolio comprised 233 locomotives and 171 passenger trains (the **Willow portfolio**) and it has made subsequent acquisitions of fleet portfolios and passenger trains as part of its strategic growth objectives as further described below:

- in December 2013, Alpha Trains acquired a portfolio of 137 locomotives and 65 passenger trains previously owned by RBS (the **Elf portfolio**). The Elf portfolio was well known to Alpha Trains as it had been exclusively managed by Alpha Trains whilst under RBS' ownership; and

[2] At the end of December 2014, Alpha Trains sold a Vossloh G1206 freight locomotive and at the date of this Prospectus is in commercial discussions to sell a Vossloh G1000 freight locomotive. Such sales do not, and will not, have a material impact on the business of Alpha Trains or the financial information presented in this Prospectus.

- in July 2014, Alpha Trains entered into a sale and leaseback transaction and acquired 35 Stadler Flirt EMUs, which are operated under a 11.5 year lease with Veolia Verkehr on a German/Austria concession that started operations in December 2013 (the **Rosenheim portfolio**).

In addition to the Willow portfolio, the Elf portfolio and the Rosenheim portfolio, certain members of Alpha Trains also act as a rolling stock manager and receive management fees relating to the following portfolios:

- the EMIL portfolio, which relates to the purchase of 15 single-decker four-car Stadler Type Flirt EMUs and 13 double-decker six-car Stadler Type KISS EMUs from Stadler Pankow GmbH, to be leased to WestfalenBahn GmbH (the **EMIL portfolio**); and

- the STS portfolio, which relates to the purchase of 20 three-car Bombardier Type Talent 2 EMUs and 15 five-car Bombardier Type Talent 2 EMUs purchased from Bombardier Transportation Gmbh, to be leased to Abellio Rail Mitteldeutschland GmbH (the **STS portfolio**).

Both concessions will commence in December 2015.

The EMIL portfolio and the STS portfolio do not form part of the Security Group. The Security Group (the **Security Group**) will be comprised of the Issuer and Holdco II and any other Subsidiary of Holdco II which accedes, *inter alia*, to the CTA and the STID in accordance with the terms of the Finance Documents. Following the repayment of certain existing financial indebtedness following the Initial Issue Date of the Bonds, it is intended that the Security Group will consist of the Issuer, Alpha Trains Group S.à r.l (the **Borrower**), Holdco II, Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l., Alpha Trains Iberia, S.A.U., Alpha Trains Europa GmbH, Alpha Trains (Locomotives) Limited, Alpha Trains (Locomotives) GmbH, Alpha Trains Polska sp. z o.o., Alpha Trains Belgium NV, Alpha Trains Italia S.R.L., Alpha Trains (UK) Limited, Locomotion Capital (UK) Limited and Alpha Trains ENR S.à r.l..

Alpha Trains' fleet was valued at €1.86 billion on 31 December 2014 based on the Net Present Value (**NPV**) as appraised by the independent consultant SCI Verkehr GmbH. The fleet NPV is comprised of the NPV of the expected future net cash flows for each rolling stock asset of each portfolio (the Willow, Elf and Rosenheim portfolios) as at 31 August 2014 based on a discounted cash flow methodology as explained in the Business Description of Alpha Trains. See "*Business Description of Alpha Trains – Financial Performance*", "*Financial Statements of the Security Group*", "*Risk Factors – The NPV calculation set out in this Prospectus is subject to uncertainties*" and *Appendix 1* to this Prospectus.

***Alpha Trains Shareholders***

The holding company of Alpha Trains is Alpha Trains (Luxembourg) Holdings S.à r.l., which is held by the following consortium of shareholders:

- Arcus European Trains SCSp, which owns 51.1% of Alpha Trains (Luxembourg) Holdings S.à r.l.'s shares. Arcus European Trains SCSp is managed by subsidiaries of Arcus Infrastructure Partners LLP (**Arcus**), an independent fund manager which specialises in European infrastructure. Arcus was founded in 2009 and currently manages investments with an aggregate enterprise value of €12 billion;

- Public Sector Pension Investment Board (**PSP Investments**), which owns 28.0% of Alpha Trains (Luxembourg) Holdings S.à r.l.'s shares. PSP Investments is one of Canada's largest pension investment managers, with CAD 93.7 billion of assets under management as at 31 March 2014 and invests funds for the pension plans of the Public Service, the Canadian Forces, the Royal Canadian Mounted Police and the Reserve Force; and

- an AMP Capital managed investment company, which owns 20.9% of Alpha Trains (Luxembourg) Holdings S.à r.l.'s shares. AMP Capital was established in 1849 and is a leading infrastructure investment house with over USD 127 billion as at 30 September 2014 in assets under management.

**Financial Performance**

Alpha Trains derives most of its revenue from lease arrangements that provide stable contractual income. The two main value drivers for Alpha Trains' revenues are lease rates and utilisation rates of the rolling stock. Alpha Trains has recorded a combined rolling stock monthly utilisation rate above 90% on average between its two business segments over the last three years, with (taking account of planned extraordinary refurbishment events which are subsequently rentalised) and almost 100% utilisation rate for its passenger trains. For the full year 2014, Alpha Trains has forecast revenue of €146.4 million and EBITDA of €128.1 million including Rosenheim results since the start of operations (July/August 2014) (see further "*Risk Factors – Business and Regulatory Risks in relation to Alpha Trains (as Guarantors and Obligors) – Financial Forecasts*" and "*Business Description of Alpha Trains– Financial Information*").

**Key strengths**

***Market Leader in two attractive markets***

Alpha Trains has two business segments – regional passenger train leasing and locomotive leasing – and is the largest private sector rolling stock operating lessor in Continental Europe (by number of leased passenger trains and locomotives). Alpha Trains has a strong geographic focus on Germany which, as at 31 August 2014, accounted for 59% of its total lease revenues. Revenue from operations in the Benelux region contributed the second highest proportion to Alpha Trains' total lease revenue, representing 16% of lease revenues, as at 31 August 2014.

The German regional passenger rail market has benefited from consistent market growth during the last several years (CAGR: 3.1% per annum increase in market volume in EUR between 2005-12[3], and from a favourable regulatory framework with a dynamic concession tender environment and strong support from public authorities (€7.4 billion[4] of public funds allocated in 2015 to public transport generally). The market liberalisation in Germany has been a key factor for the entry and growth of non- Deutsche Bahn regional passenger train operators, which have now reached a significant market share (26% in 2013 expressed in percentage of train-km).

The rail freight market segment also currently has a positive outlook in Europe, in particular in Germany, due to favourable dynamics including the gradual improvement of the European economy (which in turn is stimulating higher freight traffic), and there is a larger share of rail freight amongst other modes of transport and growth in intermodal and containerised transport and hinterland ports. Private operators and subsidiaries of foreign incumbent operators' market share had grown to 29% of the total European market share in 2012.

***Young, diversified and efficient fleet***

Alpha Trains has a well diversified fleet strategically developed to meet market requirements. The portfolio comprises passenger trains and locomotives which are both electric and diesel powered, manufactured by a number of different long established reputable manufacturers, are specified with different capacities (power or seating as appropriate) and homologated[5] for a variety of countries. During recent years, the overall proportion of passenger trains in Alpha Trains' fleet has increased through the acquisitions of the Rosenheim portfolio in July 2014, comprising 35 new passenger trains, and the Elf portfolio acquisition in December 2013. The diversity and quality of the Alpha Trains' fleet is also illustrated by the proportion of electric and

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3 *Source SCI Verkehr GmbH, as of October 2014*

4 *Source: Alpha Trains*

5 **Homologation** means, in a given country, that the relevant rolling stock (i.e. passenger trains and/or locomotives) is capable and authorised by the country's relevant authorities to operate on the railways of such country.

diesel rolling stock (the electric rolling stock represents a higher portion, comprising 69% of Alpha Trains' total fleet NBV[6]). The attractiveness of electric rolling stock is sustained by factors such as political support driven in part by environmental reasons and a trend towards the electrification of rail networks. Notwithstanding the attractiveness of electric rolling stock, diesel rolling stock also remains an important focus of Alpha Trains, since many rail markets in which Alpha Trains operates, including Germany, are not (and Alpha Trains does not expect they will be in the near future) fully electrified. Alpha Trains' fleet is young with a NBV-weighted average age of circa six years as at 31 August 2014 compared to the UK ROSCOS average age of 16 to 18 years and compared to the economic life (between 25 and 35 years[7]) of this rolling stock. This relatively young fleet age results in Alpha Trains' rolling stock being attractive for re-leasing opportunities.

***Diversified customer base with strong creditworthiness.***

Alpha Trains' customer base is mainly composed of public operators, subsidiaries of major European rail incumbents (directly or indirectly owned by European States) and private groups being in certain cases subsidiaries of large investment-grade parents. Alpha Trains has a well diversified customer base, with operating leases in place with 11 passenger train operators and 59 locomotive lessees, which mitigates the risk of any single lessee default. As discussed in "*Business Description of Alpha Trains – Customers – Lessee diversification*", no lessee accounts for more than 13% of Alpha Trains' lease revenue (as at 31 August 2014).

Alpha Trains also benefits from a well diversified customer base by region. For the regional passenger rail segment, Germany contributed 86% of Alpha Trains' passenger lease revenue as at 31 August 2014. For the locomotives division, the geographic sources of revenues are well diversified due to the European rail freight traffic flows, with Germany (35% of total revenue) and Benelux (31% of total revenue) being the two main contributing regions, along with contributions of 5-10% from each of France, Italy and Spain. Alpha Trains has relationships with customers in 13 countries, which mitigates the risk of over dependence on any single customer group or region.

The diversification of Alpha Trains' customer base (by customer group and region) reflects the rail freight segment in Europe being liberalised earlier coupled with Alpha Trains' strategic decision to build up a locomotive fleet with multi-country homologation systems (67% of Alpha Trains' locomotives fleet are multi-country homologated, as at 31 August 2014 based on number of units).

***High portfolio utilisation and strong remarketing capabilities***

Since April 2011, Alpha Trains' overall rolling stock asset utilisation has consistently been above 90% with an almost 100% utilisation rate for its passenger trains (taking account of planned extraordinary refurbishment events which are subsequently rentalised) and a positive upward trend reaching 90% for its locomotives as at 31 August 2014. This high utilisation rate is supported by Alpha Trains' strong understanding of market dynamics, fostering good relationships with customers, targeted marketing and commercial action and strategic investment in appropriate rolling stock assets.

The remarketing of locomotives has tended to occur more frequently, due to their shorter lease lengths, and the track record of remarketing has consistently been supported by a large and loyal customer base which has also been extended particularly over the last two years and by the high quality of Alpha Trains' engineering and commercial expertise for locomotive returns and redeployment.

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6 NBV, in the context of a single asset, means the original cost of the relevant asset plus any additions less any subsequent accumulated depreciation and subsequent accumulated impairment losses. NBV, in the context of Alpha Trains' fleet, means the sum of the NBV of each assets' NBV in Alpha Trains' fleet including spares and assets under finance leases.

7 *Source SCI Verkehr GmbH, as of September 2013*

***Long-term contracted Revenue***

The inherent nature of Alpha Trains' business provides a high degree of income stability and predictability for periods of several years, as once contracted, operating leases are generally non-cancellable. Passenger concession contracts are typically awarded on a long-term basis (10 to 15 years) and the operators align the underlying rolling stock lease agreement with the concession term. As at 31 August 2014, the weighted average remaining lease term of Alpha Trains' rolling stock is 5.1 years (weighted by lease revenue), which provides a high degree of stability to Alpha Trains' cash flow in the medium term.

***Highly experienced management team and key competitive advantages***

Alpha Trains benefits from Continental European expertise and local presence delivered by 81 employees spread across the various business units located in Antwerp, Cologne, Luxembourg and Madrid. Alpha Trains' employees are multilingual, capable of carrying out transactions in various local languages and are knowledgeable in the laws of various jurisdictions. Alpha Trains' employees comprise 13 different nationalities and speak, on average, three languages per person.

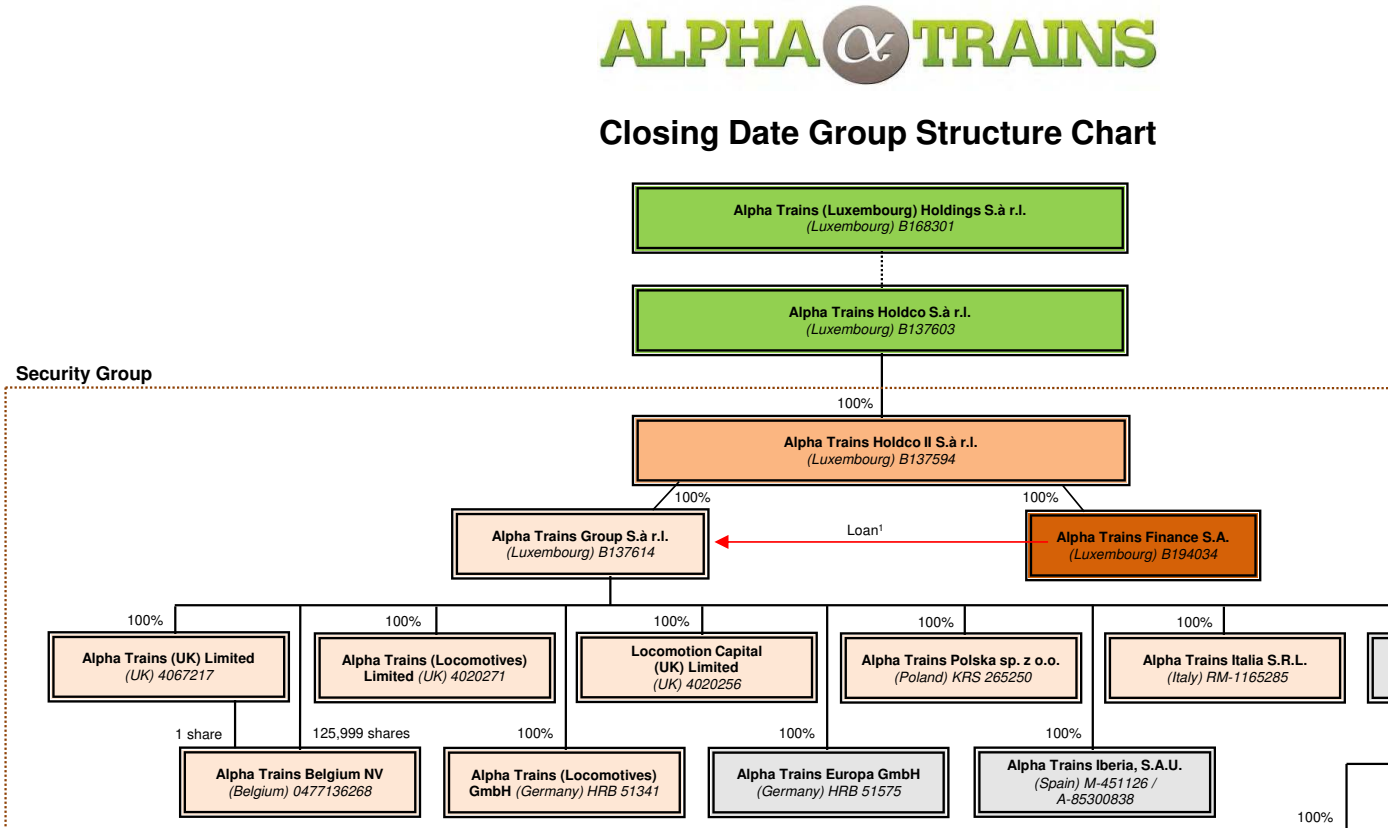
Alpha Trains' leadership team, as set out in the section "*Business Description of Alpha Trains – Management and employees*" has over 100 years of aggregate industry experience. Shaun Mills, Alpha Trains' Chief Executive Officer, has over 10 years' experience in the transportation industry and has been working in Germany for 11 years. Each of the Managing Directors of the passenger and locomotive divisions, Thomas Schmidt and Fernando Perez, also have over 15 years' experience in the rail industry.

Alpha Trains has very good long-term relationships with customers and relevant parties (such as the public transport authorities and rail manufacturers). Such relationships yield a significant competitive advantage in obtaining new contracts and to help operators to obtain passenger concessions. Alpha Trains also employs an accomplished technical team consisting of 18 engineers who are involved in the purchasing process from inception, so as to select the most suitable rolling stock for any particular opportunity. The technical team inspects the rolling stock to control its technical condition during the lease and at the re-delivery upon expiry of the lease term, manages the maintenance and heavy maintenance and other works on, for example, modifications, and ensures the rolling stock is maintained in accordance with high safety standards. The technical team is also responsible for checking that the rolling stock purchased conforms to the standards and requirements specified in the relevant purchase agreement and that all residual obligations of suppliers are satisfied during the rolling stock's warranty period and, on an ongoing basis through the rolling stock's life, monitoring such rolling stock's residual value.

**Corporate Structure**

On or prior to the Initial Issue Date, Alpha Trains will undertake a corporate reorganisation with the effect that the entities holding the Willow, Elf and Rosenheim portfolios will be direct or indirect subsidiaries of the Borrower. The structure chart below shows Alpha Trains following the completion of such reorganisation.

***Corporate Structure Diagram of the Security Group***




1: On the Initial Issue Date (and each subsequent date on which the Issuer issues further Bonds under the Programme), the Issuer will on-lend those bond proce
general corporate purposes in accordance with the terms of the Common Documents.

2: Alpha Trains Iberia No. 2, S.L.U. is part of the Security Group but due to current Spanish law limitations is not providing a guarantee or security in favour of

**Overview of the Programme**

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| **Issuer** | Alpha Trains Finance S.A., a public limited liability company (société anonyme) incorporated in Luxembourg (registration number B194034) having its registered office at 22, rue Alfred de Musset, L-2175 Luxembourg. |
| **Holdco II** | Alpha Trains Holdco II S.à r.l, a private company incorporated in Luxembourg with limited liability (registration number B 137.594) and its registered office at 22, rue Alfred de Musset, L-2175 Luxembourg. |
| **Security Group** | The Issuer and Holdco II and any other Subsidiary of Holdco II which accedes, *inter alia*, to the CTA and the STID in accordance with the terms of the Finance Documents (the **Security Group**). Following the repayment of certain existing financial indebtedness following the Initial Issue Date of the Bonds, it is intended that the Security Group will consist of the Issuer, the Borrower, Holdco II, Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l., Alpha Trains Iberia, S.A.U., Alpha Trains Europa GmbH, Alpha Trains (Locomotives) Limited, Alpha Trains (Locomotives) GmbH, Alpha Trains Polska sp. z o.o., Alpha Trains Belgium NV, Alpha Trains Italia S.R.L., Alpha Trains (UK) Limited, Locomotion Capital (UK) Limited and Alpha Trains ENR S.à r.l.. |
| **Security Group Agent** | Alpha Trains Group S.à r.l. (the **Security Group Agent**). |
| **Guarantors** | On and from the Initial Issue Date, each Obligor (other than the Issuer and Alpha Trains Iberia No. 2, S.L.U) will guarantee the obligations of each other Obligor under the Secured Debt to the Security Trustee. The obligations of the Issuer under the Bonds will be irrevocably and unconditionally guaranteed by the other Obligors (other than Alpha Trains Iberia No. 2, S.L.U) pursuant to the terms of the guarantee made by each of them in the STID (together, the **Guarantee**).<br><br>The obligations of each of the Guarantors under the Guarantee and the other Finance Documents to which they are party are secured by the assets of each of the Guarantors. |
| **Obligors** | Each member of the Security Group. |
| **Arrangers** | Crédit Agricole Corporate and Investment Bank and UBS Limited. |
| **Dealers** | Crédit Agricole Corporate and Investment Bank and UBS Limited. |
| **Bondholders** | Holders of the Bonds issued by the Issuer from time to time (each a **Bondholder** and together the **Bondholders**). |
| **Original Initial ACF Lenders** | The original lenders under Facility A, Facility B, Facility C, the Capex Facility and the Maintenance Reserve Facility (the **Original Initial ACF Lenders**). |
| **Initial ACF Agent** | Crédit Agricole Corporate and Investment Bank. |
| **Authorised Credit Providers** | The **Authorised Credit Providers** will comprise lenders or other providers of credit or financial accommodation under any Authorised Credit Facility (and will initially include the Bondholders, the Original Initial ACF Lenders, Capex Facility Providers, the Initial Institutional Lenders and the Hedge Counterparties). |

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| **Secured Creditors** | The secured creditors of the Obligors will comprise the Bondholders, the Bond Trustee (for itself and on behalf of the Bondholders), the Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Original Initial ACF Lenders, the Revolving Credit Facility Providers, the Capex Facility Providers, the Maintenance Reserve Facility Providers, each Facility Agent under each Authorised Credit Facility, the Initial Institutional Lenders, each Hedge Counterparty, each Liquidity Facility Provider, the Liquidity Facility Agent, the Maintenance Reserve Facility Providers, the Account Bank, the Principal Paying Agent, the Agent Bank, the Transfer Agent, the Registrar, the Exchange Agent, each other Agent, the Calculation Agent, each other Authorised Credit Provider, any Additional Secured Creditors, each PP Creditor, each PP Creditor Secured Creditor Representative and any other entity which provides funding to the Obligors and accedes to the STID, the MDA and CTA from time to time, and **Secured Creditor** means any one of them. |
| **Security Trustee** | BNP Paribas Trust Corporation UK Limited (or any successor trustee appointed pursuant to the terms of the Security Documents, the STID and any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Secured Creditor in respect of the Secured Debt (the **Security Documents**)) will act as security trustee for itself and on behalf of the Secured Creditors and will hold, and will be entitled to enforce, the security provided by the Obligors subject to the terms of the Security Documents. |
| **Bond Trustee** | BNP Paribas Trust Corporation UK Limited (or any successor trustee appointed pursuant to the Bond Trust Deed (as defined below)) will act as Bond Trustee for and on behalf of the Bondholders. |
| **Hedge Counterparties** | Any counterparty to any Hedging Agreement (each a **Hedge Counterparty** and together the **Hedge Counterparties**) from time to time. |
| **Hedging Agreement** | A **Hedging Agreement** means the ISDA Master Agreement, the schedule thereto and each confirmation, in each case to be entered into pursuant to the Hedging Policy between the Issuer or any member of the Security Group, on the one hand, and a Hedge Counterparty, on the other, and the transactions effected thereunder. |
| **Account Bank** | Credit Agricole Luxembourg (or any successor account bank appointed pursuant to the Account Bank Agreement) (the **Account Bank**). |
| **Initial Liquidity Facility Provider(s)** | The lenders under the Initial Liquidity Facility Agreement. |
| **Principal Paying Agent** | BNP Paribas Securities Services, Luxembourg Branch will act as principal paying agent (or any successor principal paying agent appointed pursuant to the Agency Agreement) (the **Principal Paying Agent**) and, together with any other paying agent appointed by the Issuer from time to time (each a **Paying Agent**), will provide certain issue and paying agency services to the Issuer in respect of the Bonds. |
| **Registrar** | BNP Paribas Securities Services, Luxembourg Branch (or any successor registrar appointed pursuant to the Agency Agreement) will act as registrar and will provide certain registrar services to the Issuer in respect of any Bonds issued in registered form. |
| **Transfer Agent** | BNP Paribas Securities Services, Luxembourg Branch (or any successor transfer |

agent appointed pursuant to the Agency Agreement) will act as transfer agent and will provide certain transfer agency services to the Issuer in respect of any Bonds issued in registered form.

**Exchange Agent** BNP Paribas Securities Services, Luxembourg Branch (or any successor transfer agent appointed pursuant to the Agency Agreement) will act as exchange agent and will provide certain exchange services to the Issuer in respect of any Bonds issued in registered form.

**Agent Bank** BNP Paribas Securities Services, Luxembourg Branch (or any successor agent bank appointed pursuant to the Agency Agreement) will act as agent bank (the **Agent Bank**) in respect of the Bonds.

**Rating Agencies** Initially, each of Moody's Investor Services Ltd (**Moody's**) and Fitch Ratings Ltd (**Fitch**).

**Use of Proceeds** The net proceeds of each Series of Bonds will be applied towards, amongst other things, the general corporate purposes of the Security Group, including:

(a) to (i) refinance the Existing Indebtedness on or around the Initial Issue Date, (ii) refinance indebtedness arising from the Authorised Credit Facilities from time to time, and (iii) finance Permitted Acquisitions; and

(b) towards any fees, commissions, costs, expenses, stamp, registration and other taxes incurred in connection with the above.

**The Initial Authorised Credit Facilities Agreement** On or prior to the Initial Issue Date, the Issuer, the Initial ACF Arrangers, the Original Initial ACF Lenders and the Initial ACF Agent, among others, will enter into a senior loan agreement (the **Initial Authorised Credit Facilities Agreement**). The facilities provided under the Initial Authorised Credit Facilities Agreement will be a term facility made available to the Issuer of up to €325,000,000 (**Facility A**), a term loan facility of up to €235,000,000 (**Facility B**), a revolving credit facility of up to €50,000,000 (**Capex Facility**), a revolving credit facility of up to €20,000,000 (**Maintenance Reserve Facility**) and a revolving credit facility of up to €25,000,000 (**Facility C**) each as permitted under the CTA.

The Issuer will use the sums advanced under Facility A and Facility B to fund, directly or indirectly, the refinancing of the Existing Indebtedness, interest on amounts repaid and/or costs and expenses incurred in connection with the refinancing of the Existing Indebtedness.

The Issuer will use the sums advanced under the Capex Facility to fund, directly or indirectly, the financing and/or refinancing Capital Expenditure of the Security Group which is permitted in accordance with the terms of the Initial ACF Finance Documents.

The Issuer will use the sums advanced under the Maintenance Reserve Facility to fund, directly or indirectly, the funding of the Maintenance Obligations.

The Issuer will use the sums advanced under Facility C to fund, directly or indirectly, the general corporate purposes and working capital requirements (but excluding funding any Capital Expenditure) of the Security Group.

For further details of Facility A, Facility B, the Capex Facility, the Maintenance Reserve Facility and Facility C, see "*Overview of the Finance Documents – Initial*

*Authorised Credit Facilities Agreement*" below.

**The Senior Institutional Facilities Agreement**

On or prior to the Initial Issue Date, the Issuer, the Initial Institutional Lenders, and the Initial Institutional Agent, among others, will enter into a senior loan agreement (the Senior Institutional Facilities Agreement). The facilities provided under the Senior Institutional Facilities Agreement will be term facilities made available to the Issuer of up to an aggregate amount of €250,000,000 (the **Facilities**), each as permitted under the CTA.

The Issuer will use the sums advanced under the Facilities to fund, directly or indirectly, the refinancing of the Existing Indebtedness, interest on amounts repaid and/or costs and expenses incurred in connection with the refinancing of the Existing Indebtedness.

For further details of the Facilities, see "*Overview of the Finance Documents – Senior Institutional Facilities Agreement*" below.

**CTA**

On and from the date of the CTA (to be dated no later than the Initial Issue Date), each of, among others, the Obligors, the Issuer, the Security Trustee, the Bond Trustee, the Security Group Agent, the Initial Liquidity Facility Providers, the Initial ACF Arrangers, the LF Arrangers, the Liquidity Facility Agent, the Original Initial ACF Lenders, the Initial ACF Agent and the Account Bank will enter into (or otherwise accede to prior to the Initial Issue Date) a common terms agreement (the **CTA**). The CTA will set out the representations, covenants (positive, negative and financial), Trigger Events and Events of Default which will apply to the Secured Debt including any Authorised Credit Facility (which will include any Bonds issued under this Programme).

**Authorised Credit Facility** means any facility or agreement entered into by any Obligor for Secured Debt as permitted by the terms of the Common Terms Agreement, the providers of which are parties to or have acceded to the STID, this Agreement and the Common Terms Agreement, and includes the Revolving Credit Facility, the Capex Facility, the Initial Authorised Credit Facilities, the Maintenance Reserve Facility, the Liquidity Facility, the Initial Senior Institutional Facilities, each PP Debt Note Purchase Agreement, the PP Debt, the Hedging Agreements, the Bond Trust Deed, the Bonds, and (a) any fee letter or commitment letter entered into in connection with the foregoing facilities or agreements or the transactions contemplated in the foregoing facilities, and (b) any other document (not being the Dealership Agreement, a Subscription Agreement or a Common Document) that has been entered into in connection with the foregoing facilities or agreements or the transactions contemplated thereby that has been designated as a document that should be deemed to be an Authorised Credit Facility for the purposes of this definition by the parties thereto (or any agent or trustee on their behalf and including at least one Obligor) and excluding any facility or agreement under which Subordinated Intragroup Liabilities are incurred.

For further details of the CTA, see "*Overview of the Common Documents – Common Terms Agreement*" below.

**Enforcement**

On the occurrence of an Event of Default, the Security Trustee shall request instructions from the Qualifying Secured Creditors (through their Secured Creditor Representatives, being the Bond Trustee in the case of the Bondholders) in accordance with the STID as to whether an Enforcement Notice and/or an Acceleration Notice should be delivered. The Security Trustee shall deliver an

Enforcement Notice to the Security Group Agent (on behalf of all Obligors) if (i) an Event of Default has occurred and is continuing and (ii) the Security Trustee is instructed to do so by the Participating Qualifying Secured Creditors and (iii) the indemnity and/or security and/or pre-funding requirements set out in the STID have been satisfied.

For further details of the STID, see "*Overview of the Common Documents – Security Trust and Intercreditor Deed*" below.

**Security Trust and Intercreditor Deed**

On and from the date of the STID (to be dated no later than the Initial Issue Date), each of the Obligors and the Secured Creditors will enter into (or otherwise accede to prior to the Initial Issue Date) a security trust and intercreditor deed (the **STID**). The STID will set out the intercreditor arrangements in respect of the Security Group (the **Intercreditor Arrangements**). The Intercreditor Arrangements will bind each of the Secured Creditors, including the Bondholders, and each of the Obligors.

The purpose of the Intercreditor Arrangements is to regulate, among other things: (a) the claims of the Secured Creditors (including the Bondholders); (b) the exercise, acceleration and enforcement of rights by the Secured Creditors (including the Bondholders); (c) the rights of the Secured Creditors (including the Bondholders) to instruct the Security Trustee; (d) the Entrenched Rights and the Reserved Matters of the Secured Creditors (including the Bondholders); and (e) the giving of consents and waivers and the making of modifications to the Common Documents.

The Intercreditor Arrangements also provide for the ranking in point of payment of the claims of the Secured Creditors both before and after the delivery of an Acceleration Notice and for the subordination of all claims of Subordinated Intragroup Creditors or claims among the Security Group.

For further details of the STID, see "*Overview of the Common Documents – Security Trust and Intercreditor Deed*" below.

**Hedging**

Pursuant to the CTA, the Security Group (including the Issuer) will be subject to a hedging policy (the **Hedging Policy**) such that (unless the Hedging Policy requires or permits otherwise) within 30 days of the Initial Issue Date (and thereafter, at all times), the Issuer is hedged as regards interest rates to ensure that at any time a minimum of 70% (and not more than 105%) of the total outstanding Relevant Debt is fixed rate pursuant to a Hedging Agreement or effectively bears a fixed rate for a period which is not shorter than the lesser of three years or the maturity of the Relevant Debt. For any Relevant Debt incurred after the Initial Issue Date, the Issuer will have 30 days from the incurrence of that debt to enter into appropriate hedging arrangements in accordance with this requirement and the CTA and until the expiry of such 30 day period shall not be in breach of the Hedging Policy as a result of the incurrence of that Relevant Debt. The Issuer may (but is not obliged to) enter into inflation swaps and/or indexed linked swaps to hedge inflation risk provided that (after taking into account any relevant Offsetting Transaction) the aggregate notional accretions of all such inflation swaps and/or indexed linked swaps does not exceed 8% of Senior Debt.

For the purposes of the above, **Relevant Debt** means (without double counting) principal amounts outstanding under the Secured Debt from time to time (disregarding for these purposes the notional amount under any Hedging Agreement and the drawn or undrawn commitments under any Liquidity Facility

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| | Agreement, the Maintenance Reserve Facility, the Revolving Credit Facility and the Capex Facility).<br><br>For further details of the Hedging Policy, see "*Summary of the Common Documents – Common Terms Agreement – Hedging Policy*" below. |
| **Liquidity Facility** | The Issuer will have the benefit of a liquidity facility provided pursuant to a liquidity facility agreement (the **Liquidity Facility Agreement**) with certain lenders (each a **Liquidity Facility Provider** and together the **Liquidity Facility Providers**) which must at all times be at least equal to the respective projected interest and commitment or commission payments and payments of principal that are part of the scheduled amortisation (including any final payment of scheduled amortisation on a Final Maturity Date but not, for the avoidance of doubt, any payments of principal on a Final Maturity Date in connection with non-amortising debt or a balloon repayment on a Final Maturity Date) of the Secured Debt, as applicable and net of payments (other than accretion payments, payments on any break or final termination payments under any Hedging Agreements) under the Hedging Agreements to which each is a party (in aggregate, the **Required Debt Service Liquidity**). |
| **Governing law** | The Common Documents, the Finance Documents, the Security Documents, the Dealership Agreement and any Subscription Agreement and any non-contractual obligations arising out of or in connection in respect thereof, will (except for the Security Documents (excluding the English law governed Security Document)) be governed by English law. The Security Documents (other than the English law governed Security Document) will be governed by Austrian, Belgian, Danish, Dutch, French, German, Italian, Luxembourg, Polish and Spanish law (as applicable). |
| **Programme Size** | Up to €5,000,000,000 (or its equivalent in other currencies) aggregate nominal amount of Bonds outstanding at any time as increased from time to time by the Issuer. |
| **Issuance in Series and Tranches** | Bonds issued under the Programme will form a single class and be issued in Series on each Issue Date. Each Series may comprise one or more Tranches issued on different issue dates. Bonds issued after the initial issuance may be fungible with the Bonds issued on or after the Initial Issue Date or may be issued on different terms in accordance with the Bond Trust Deed.<br><br>On each Issue Date, the Issuer will issue the Tranches of Bonds set out in the Final Terms or Pricing Supplement or Drawdown Prospectus, as the case may be, published on the relevant Issue Date. |
| **Certain Restrictions** | Each issue of Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the restrictions applicable at the date of this Prospectus. See "*Subscription and Sale*" below.<br><br>Bonds having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (**FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least €100,000 or its equivalent. See "*Subscription and Sale*" below. |

| | |
|---|---|
| **Currencies** | Euro, Sterling, U.S. dollars and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer. |
| **Final Terms, Pricing Supplement or Drawdown Prospectus** | Bonds issued under the Programme may be issued either: (a) pursuant to this Prospectus and associated Final Terms or Pricing Supplement (as the case may be); or (b) pursuant to a standalone Drawdown Prospectus. |
| **Denomination of Bonds** | Bonds will be issued in such denominations as may be specified in the relevant Final Terms or Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements applicable to the currency of the relevant Tranche of Bonds. Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive (2003/71/EC) (as amended), shall have a minimum specified denomination of £100,000, €100,000, U.S.$200,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of such Bonds. |
| **Redenomination** | The applicable Final Terms or Pricing Supplement may provide that certain Bonds may be redenominated in euro. The relevant provisions applicable to any such redenomination will be contained in Condition 19 (*European Economic and Monetary Union*). |
| **Maturities** | Subject to any applicable law or regulation applicable to the Issuer or the relevant specified currency, the Bonds will have such maturities as may be agreed between the Issuer and the relevant Dealer. |
| **Issue Price** | Bonds may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as set out in the relevant Final Terms or Pricing Supplement (as the case may be). |
| **Interest** | Bonds will, unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be), be interest-bearing and interest will be calculated (unless otherwise specified in the relevant Final Terms or Pricing Supplement) on the Principal Amount Outstanding (as defined in the Conditions) of such Bonds. Interest will accrue at a fixed or floating rate (plus, in the case of Index-Linked Bonds, amounts in respect of indexation) and will be payable in arrears, as specified in the relevant Final Terms or Pricing Supplement, or on such other basis and at such rate as may be so specified. Interest will be calculated on the basis of such Day Count Fraction (as defined in the Conditions) as may be agreed between the Issuer and the relevant Dealer as specified in the relevant Final Terms or Pricing Supplement. |
| **Form and Status of Bonds** | The Bonds will constitute unconditional obligations of the Issuer. Bonds will rank *pari passu* without preference or priority in point of security among themselves and will be issued in bearer or registered form.<br><br>Bonds issued in registered form shall not be exchangeable for Bonds issued in bearer form and vice versa.<br><br>The Bonds represent the right of the holders of such Bonds to receive interest (where applicable) and principal payments from the Issuer in accordance with the terms and conditions of the Bonds and the Bond Trust Deed entered into by the |

| | |
|---|---|
| | Issuer and the Bond Trustee in connection with the Programme (the **Bond Trust Deed**). |
| **Fixed Rate Bonds** | Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.<br><br>The Interest Rate and the Post-EMD Fixed Interest Rate (if any) payable on each Tranche of Fixed Rate Bonds will be agreed between the Issuer and the relevant Dealer for such Tranche of Fixed Rate Bonds. |
| **Floating Rate Bonds** | Floating Rate Bonds will bear interest at a rate determined on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service plus the applicable margin (if any).<br><br>The Margin and the Step-Up Floating Fee Rate (if any) will be agreed between the Issuer and the relevant Dealer for each Tranche of Floating Rate Bonds. |
| **Instalment Bonds** | Fixed Rate Bonds which are repayable in two or more instalments of such amounts and on such dates as indicated in the applicable Final Terms or Pricing Supplement. |
| **Index-Linked Bonds** | Payments of principal or interest in respect of Index-Linked Bonds will be calculated by reference to the harmonized index of consumer prices (excluding tobacco)(**HICP**), or the relevant successor index, measuring the rate of inflation in the European Monetary Union (excluding tobacco) as calculated and published monthly by Eurostat (**Eurostat**).<br><br>The Interest Rate and the Step-Up Index-Linked Fee Rate (if any) payable on each Tranche of Index-Linked Bonds will be agreed between the Issuer and the relevant Dealer for such Tranche of Index-Linked Bonds. |
| **Other provisions in relation to Floating Rate Bonds and Index-Linked Bonds** | The Floating Rate Bonds and Index-Linked Bonds may also have a maximum interest rate, a minimum interest rate (or any combination of the foregoing). |
| **Zero Coupon Bonds** | Zero Coupon Bonds may be offered and sold at a discount to their nominal amount and will not bear interest. |
| **Interest Periods and Payment Dates** | Such interest periods and interest payment dates as the Issuer and the relevant Dealer may agree in relation to a particular Tranche of Bonds. |
| **Final Redemption** | As set out in Condition 8(a) (*Final Redemption*), if a Tranche of Bonds has not previously been redeemed in full, such Tranche shall be finally redeemed at its Principal Amount Outstanding (in the case of Index-Linked Bonds as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) plus accrued interest on the Final Maturity Date as specified in the applicable Final Terms or Pricing Supplement.<br><br>Instalment Bonds shall be repayable in two or more instalments of such amounts and on such dates as indicated in the applicable Final Terms or Pricing Supplement. |

**Redemption at Expected Maturity Date**

As set out in Condition 8(b) (*Redemption at Expected Maturity Date*), the aggregate Principal Amount Outstanding in respect of a Tranche of Bonds shall be repaid by the Issuer, if the Issuer has sufficient funds to enable it to do so, on the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement for such Tranche, subject to the Conditions.

A failure of the Issuer to redeem in full a Tranche of Bonds on the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement for such Tranche in accordance with these Conditions will result in the occurrence of an EMD Trigger Event. The non-payment on the Expected Maturity Date of any principal amount which would otherwise be payable under these Conditions on such date shall not constitute an Event of Default pursuant to Condition 11 (*Events of Default*).

**Optional Redemption**

As set out in Condition 8(c) (*Optional Redemption*), the Issuer may (prior to the Final Maturity Date (as defined in the Conditions)) redeem Bonds in whole or in part (but on a *pro rata* basis only) upon giving not more than 60 nor fewer than 15 days' prior written notice to the Bond Trustee, the Secured Creditors and the Bondholders on any Interest Payment Date at their Redemption Amount (as defined in the Conditions).

**Mandatory Redemption upon application of amounts standing to the credit of the Defeasance Account**

As set out in Condition 8(f) (*Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account*), the Issuer may apply amounts standing to the credit of the Defeasance Account to redeem Bonds in whole or in part (but on a *pro rata* basis only) upon giving not more than 60 nor fewer than 15 days' prior written notice to the Bond Trustee, the Secured Creditors and the Bondholders on any Interest Payment Date at their Redemption Amount (as defined in the Conditions).

**Redemption for Taxation Reasons**

As more particularly set out in Condition 8(e) (*Redemption for Taxation Reasons and Illegality*), if the Issuer satisfies the Bond Trustee that:

(a) either (i) the Issuer or (ii) the Guarantors would be unable for reasons outside of their control to procure payment by the Issuer and in making payment itself or themselves (in each case), would become obliged to deduct or withhold from any payment of interest or principal in respect of the Bonds (other than in respect of default interest), any amount for or on account of Taxes as a result of any change in or amendment to laws or regulations or any change in the application or official interpretation of laws or regulations (including a holding by a court of competent jurisdiction) which changes become effective after the Initial Issue Date; or

(b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Initial Issue Date that a Hedge Counterparty would be entitled to terminate a Hedging Agreement in accordance with its terms as a result of the Issuer or the Hedge Counterparty being required to make any withholding or deduction for or on account of any Taxes from payments in respect of a Hedging Agreement; or

(c) by reason of a change after the Establishment Date in the tax treatment of the Issuer or any other member of the Security Group in respect of the deductibility for tax purposes of interest paid by the Issuer or another Obligor where the change in such treatment adversely affects the amount

of such payments which may be deducted by the Issuer or another Obligor, provided that such change is not the result of an action (or inaction) by the Issuer or any other member of Security Group,

then the Issuer (or as the case may be, a Guarantor) may, in order to avoid the relevant deductions, withholding or illegality but is not obliged to: (i) use its reasonable endeavours to arrange the substitution of a company incorporated under the laws of another jurisdiction approved by the Bond Trustee as principal debtor under the Bonds upon satisfying the conditions for substitution of the Issuer as set out in Condition 15 (*Passing of resolutions by Bondholders, Modification, Waiver and Substitution*); or (ii) convert any Bearer Bonds into Registered Bonds in accordance with Condition 2(a) (*Exchange of Bonds*) if such conversion will be effective to avoid the relevant deduction or withholding or illegality. If the Issuer (or as the case may be, the Guarantor) elects not to seek to avoid the relevant deductions, or is unable to arrange a substitution as described above having used reasonable endeavours to do so or a conversion of Bearer Bonds to Registered Bonds would not prevent any withholding or deduction or illegality and, as a result, the relevant deduction or withholding or illegality is continuing then the Issuer may, upon giving not more than 15 nor less than five Business Days' prior written notice to the Bond Trustee, the Guarantors, the Secured Creditors and the Bondholders in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the affected Tranche of Bonds on any Interest Payment Date at (1) their Principal Amount Outstanding plus accrued but unpaid interest thereon (each adjusted, in the case of Index-Linked Bonds, in accordance with Condition 7(b) (*Application of the Index Ratio*)) or (2) in respect of a redemption as a result of the occurrence of the circumstances set out in paragraph (c) above where such change in deductibility is in respect of interest payable by the Issuer or any Obligor under any Subordinated Liabilities, the amount for the affected Tranche of Bonds in respect of a redemption to which Condition 8(c) (*Optional Redemption*) would apply (irrespective of whether the Final Terms or Pricing Supplement provides that such Condition applies in respect of the affected Tranche of Bonds).

**Redemption for Index Events**

As more particularly set out in Condition 8(d)(i) (*Redemption for Index Events*), upon the occurrence of any Index Event, the Issuer may, upon giving not more than 15 nor less than five Business Days' prior written notice to the Bond Trustee, the Secured Creditors and the holders of the Index-Linked Bonds, redeem all (but not some only) of the Index-Linked Bonds of any Tranche of Bonds on any Interest Payment Date at the Principal Amount Outstanding (adjusted for indexation) plus accrued but unpaid interest.

**Taxation**

All payments in respect of Bonds, including under the Guarantee, will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied. To the extent that withholding or deduction of taxes, duties, assessments or governmental charges is required by law, the Issuer and the Guarantors will be obliged to pay additional amounts in respect of any such withholding or deduction, except where such withholding or deduction is imposed on a payment that is required to be made pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**).

All payments in respect of the Bonds will be subject in all cases to: (a) any fiscal or other laws and regulations applicable thereto in the place of payment; and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise

imposed pursuant to FATCA, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

**Security** The obligations of the Issuer, including in respect of the obligations owed under the Bonds, and the other Obligors are secured pursuant to the Security Documents. See "*Overview of the Finance Documents*" below.

**Guarantee** As set out in the STID, payment of amounts owed by the Issuer under the Bonds will be irrevocably and unconditionally guaranteed by the Guarantors. The obligations of the Guarantors under the Guarantee constitute direct obligations of the Guarantors secured against the assets of the Guarantors.

**Covenants** The representations, warranties, covenants and events of default which will apply to the Bonds are set out in the CTA and the Bond Trust Deed. See "*Overview of the Common Documents – Common Terms Agreement*" and "*Overview of Issuer Transaction Documents – Bond Trust Deed* ".

**Distribution** Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

**Listing** It is expected that the Bonds issued under the Programme will be admitted to the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market.

**Ratings** The ratings assigned to the Bonds by the Rating Agencies reflect only the views of the Rating Agencies. The ratings of a particular Tranche of Bonds will be specified in the relevant Final Terms or Pricing Supplement.

The initial Bonds will carry a preliminary rating which will be confirmed by the Rating Agencies on or about the Initial Issue Date. Both Rating Agencies are established in the European Union and are registered under the CRA Regulation. As such, they are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

A rating is not a recommendation to buy, sell or hold securities and will depend, among other things, on certain underlying characteristics of the business and financial condition of the Security Group. A rating may be subject to suspension, change or withdrawal at any time by the assigning Rating Agency.

**Events of Default** The events of default under the Finance Documents are summarised and include, but are not limited to, the following:

(a) Non payment of any amount due (subject to certain grace periods);

(b) Breach of the Senior Debt/NPV Ratio and/or the Senior FCF DSCR as at the relevant Calculation Date (subject to certain rights to cure);

(c) A failure by any Obligor to comply with the terms of the Finance Documents (subject to certain cure periods);

(d) The misrepresentation by any Obligor in the Finance Documents which proves to have been incorrect or misleading in any material respect when made or repeated (subject to certain cure periods);

(e) Any Obligor is unable, or admits an inability, to pay its debts as they fall due, except (among others) in respect of any Subordinated Liabilities or Subordinated Intragroup Liabilities;

(f) Subject to certain specific exceptions, any corporate action, legal proceedings or other procedure or step being taken in relation to any Obligor in any jurisdiction;

(g) It is or becomes unlawful for any Obligor or Holdco II to perform any of its obligations under the Finance Documents or any Security Interest ceases to be effective, or any obligation of the Obligors ceases to be legal, valid, binding or enforceable against them;

(h) Any Obligor rescinds or purports to rescind a Finance Document (subject to certain grace periods);

(i) The authority or ability of any member of the Security Group to conduct its business is materially limited or wholly or substantially curtailed due to any nationalisation or similar measure in each case in a manner or to the extent which has a Material Adverse effect (subject to certain conditions);

(j) Any Obligor fails to comply with any final judgement of any courts and such failure has a Material Adverse Effect;

(k) Any litigation, arbitration, administration or other proceedings are brought against an Obligor (subject to certain materiality thresholds);

(l) A cross-default occurs in respect of any Financial Indebtedness of an Obligor (subject to certain materiality thresholds);

(m) An Obligor suspends or ceases to carry on all or a material part of its business which is likely to result in a Material Adverse Effect (except in certain limited circumstances); and

(n) The Security Group Agent ceases to own, directly or indirectly, 100% of the shares in the members of the Security Group (other than Holdco II and the Issuer), except pursuant to any Permitted Reorganisation.

**Trigger Events**

The trigger events under the CTA (each, a **Trigger Event**) are summarised as follows and include, but are not limited to, the following:

(a) The undrawn commitment under the Liquidity Facilities is less than the Required Debt Service Liquidity;

(b) The sum of the undrawn commitment available under the Maintenance Reserve Facility and any amount credited to the Maintenance Reserve Account is less than the Required MRA Balance;

(c) A breach of certain Trigger Event Ratio Levels;

(d) The breach of the Permitted Portfolio Covenant;

(e) The failure to pay Senior Debt at its Expected Maturity Date;

(f) Any drawing under a Liquidity Facility which is applied towards scheduled debt service payments on the Senior Debt;

(g) A drawing under a Maintenance Reserve Facility;

(h) An Event of Default occurs and is continuing (subject to certain grace periods and remedies);

(i) The long-term credit rating of any Rated Debt is downgraded below Investment Grade by any Relevant Rating Agency; and

(j) On any Calculation Date (after taking into account any offsetting transactions), the aggregate notional accretions of all Hedging Agreements which are inflation swaps and/or index linked swaps are greater than 8% of the aggregate principal amount of Senior Debt then outstanding.

**Consequences of a Trigger Event**

If a Trigger Event occurs and is continuing, then:

(a) No Obligor may make a Restricted Payment other than a Permitted Payment;

(b) An amount equal to the EMD Excess Cashflow (or, as the case may be, an amount equal to the Excess Cashflow) is transferred to the Lock-Up Account; and

(c) Certain application of amounts standing to the credit of the Lock-Up Account.

**Remedy of Trigger Events**

The CTA will provide for the manner in which Trigger Events may be remedied and in respect of financial covenants will be treated as cured on the next Calculation Date on which the relevant covenant is satisfied.

**Obligations of the Security Trustee**

The Security Trustee will, in acting as mentioned above, be acting in that capacity as if it were enforcing security and it shall, therefore, be acting on the instructions of the Qualifying Secured Creditors in accordance with the Security Documents. The Obligors will acknowledge in the Security Documents that the Security Trustee shall be accountable only to the Secured Creditors and shall have no obligation to the Obligors.

**Selling Restrictions**

There are restrictions on the offer, sale and transfer of the Bonds in the United States, the United Kingdom and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Bonds. See "*Subscription and Sale*" below.

**Investor Information**

Alpha Trains Group S.à r.l., as Security Group Agent, is required to produce an Investor Report semi-annually on each Reporting Date which will be posted on the Designated Website. Alpha Trains Group S.à r.l. is also required to publish annual audited accounts and an auditors' report along with semi-annual unaudited accounts and compliance certificates. The Investor Report will contain, among other things, an overview of the general performance of the Permitted Business (including any new significant developments or announcements), the amount of any material Capital Expenditure, details of any significant financing developments, any acquisitions or disposals of Subsidiaries or Joint Ventures, an overview of the current hedging position and the results of certain financial tests

and ratios required to be calculated in accordance with the CTA.

## INDUSTRY OVERVIEW

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### European Rolling stock overview

The railway rolling stock sector can be segmented as follows:

Classification of the different railway vehicles and positioning of Alpha Trains

*Source: Alpha Trains*

European rolling stock can be categorised broadly into powered and unpowered vehicles. Unpowered vehicles include freight wagons and passenger coaches, while locomotives and passenger trains are classified as powered vehicles. Passenger trains and passenger coaches are further divided into regional and high-speed long-distance vehicles. All of the above are restricted by basic technical parameters (such as, among others, gauge width, signalling, monitoring and power system) which leads to a wide diversification across the European network.

The markets of Alpha Trains' two business segments, regional passenger and freight locomotive, are described below.

### Regional passenger rail market in Germany

Alpha Trains' regional passenger rail operations are mainly located in Germany which accounted for 86% of its passenger lease revenue as at 31 August 2014, the other markets being Denmark and Slovakia (11% and 3% of its passenger lease revenue as at 31 August 2014 respectively)[8]. Given the contribution of the German regional market in Alpha Trains' passenger lease revenues, this and following sections relating to regional passenger leasing will focus on the German market but include wider market details where relevant.

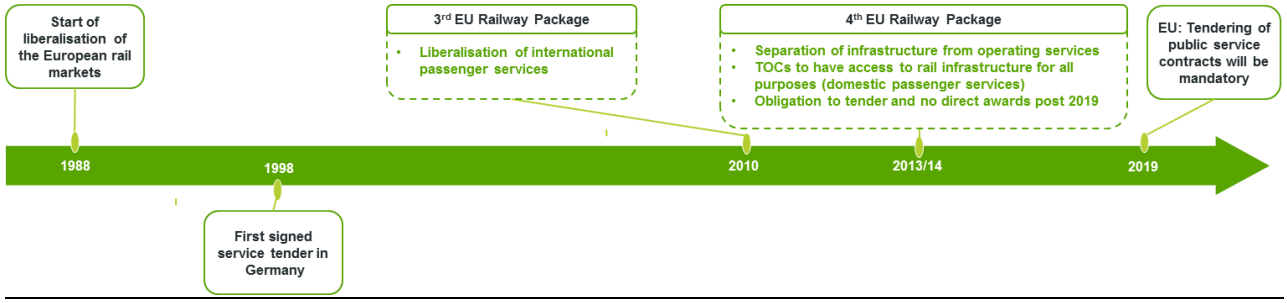
***The German regional passenger rail market is one of the most liberalised passenger rail markets in Europe***

Germany implemented its first regional service tender in 1998, well ahead of European liberalisation policies. The early liberalisation of this market is the main driving force of the increased market share of non-Deutsche Bahn operators, 26% of the market in 2013 expressed in percentage of train-km[9].

[8] *Source: Alpha Trains*

[9] "train-kilometre" or "train-km" in the context of passenger trains is a unit of measure representing a movement of a passenger train over 1 kilometre.

Major milestones of the European passenger rail liberalisation




*Source: Alpha Trains*

In 2010, the third European Railway Package allowed international passenger transporters access to the entire EU rail network.

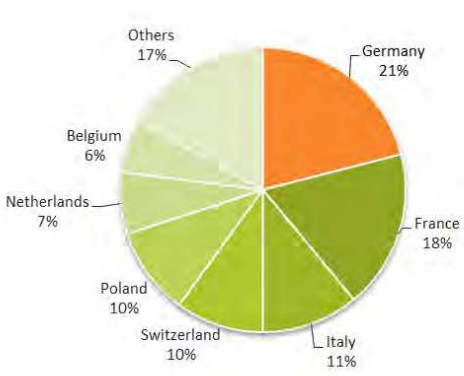
In 2013, the fourth European Railway Package reaffirmed the European Union's commitment to further open the market for passenger services provided by all train operating companies with compulsory tenders for public passenger services from 2019. The fourth European Railway Package is in the European legislative procedure.

***Overview of the current German regional passenger rail market***

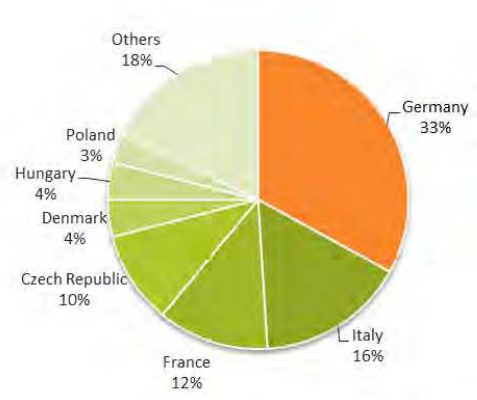
The fleet of vehicles that operate in the German regional passenger rail market is the largest in Europe (excluding Baltic States, Finland, Spain, Portugal, UK and Ireland as set out on the charts below) with 21% of the European fleet of 12,500 electrical multiple units electric passenger trains (**EMUs)** and 33% of the European fleet of 7,900 diesel multiple units diesel passenger trains (**DMUs**).

Breakdown of the European fleet* by country in 2013 [measured in units]

EMU fleet




DMU fleet



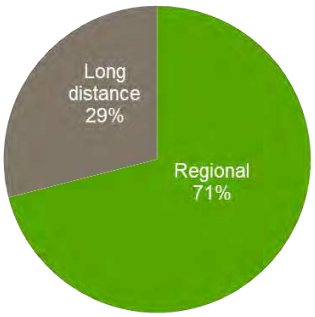

**excluding Baltic States, Finland, Spain, Portugal, UK and Ireland*

*Source: SCI Verkehr GmbH*

In Germany, the regional passenger rail market represents over 70% of the total German passenger rail market and is the largest in Europe generating €9.6 billion revenue in 2012, according to BAG SPNV Marktreport 2013.

*(http://bag-spnv.de/presse/details/marktreport-spnv-2013-der-wettbewerb-im-spnv-ist-wieder-im-aufwind-braucht-aber-stabilere-rahmenbedingungen).*

Rail passenger market segments in Germany (2012 in % of revenue)




*Source: Bundesnetzagentur Marktuntersuchung Eisenbahnen 2013 (http://www.bundesnetzagentur.de/SharedDocs/Downloads/DE/Sachgebiete/Eisenbahn/Unternehmen_Institutionen/Veroeffentlichungen/Marktuntersuchungen/MarktuntersuchungEisenbahnen/MarktuntersuchungEisenbahn2013.pdf?__blob=publicationFile&v=2)*

### *A growing market*

The German regional passenger rail market has experienced a steady growth of 3.1% per year since 2005 (by revenues), driven by the increase in both the number of passengers on the regional passenger rail market (a 2.7% per annum CAGR increase from 2002 to 2012[10]) and the share of the regional rail market among other modes of passenger transport (a 25% increase from 2002 to 2012 based on the share of passenger kilometres driven)[11]. This growth has been driven by the high level of decentralisation in Germany; increasing environmental-awareness; the improving quality and reliability of rail services and rail infrastructure; the rising cost of motorised transport and higher road traffic congestion, all of which are encouraging more passengers to use railways.

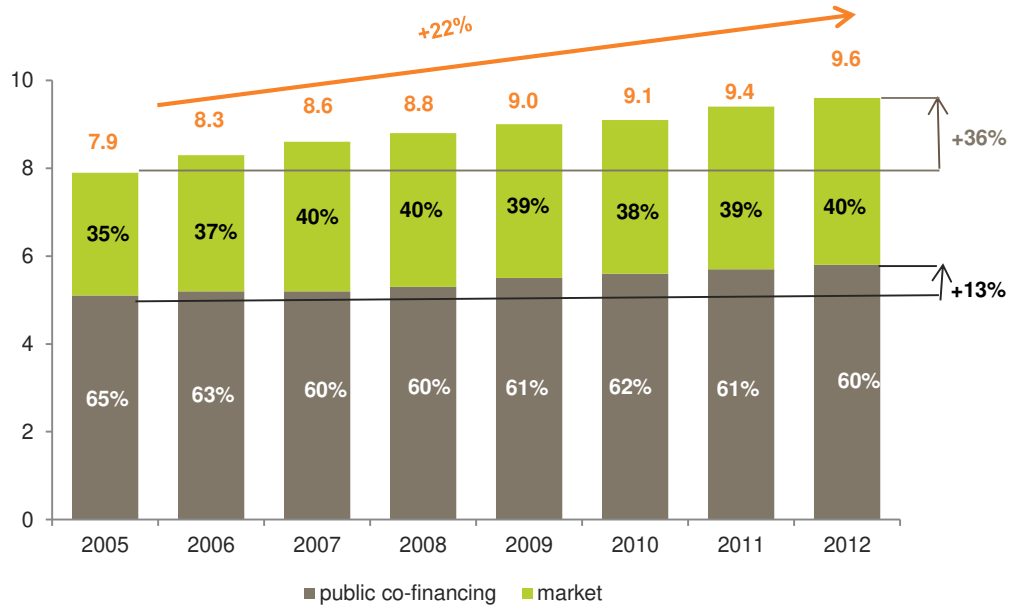
Regional market (in billions of passengers)

*Source: BAG SPNV Marktreport 2013*

The €9.6 billion market size of the German regional passenger rail market is shared between rail operators (63%[12]), infrastructure providers (30%) and station owners (7%). Out of this €9.6 billion, approximately 40% comes from market customers, with the remainder being funded through public subsidies.

[10] *Source: BAG SPNV Marktreport 2013*
[11] *Source: BAG SPNV Marktreport 2013*
[12] Source: *BAG SPNV Marktreport 2013*

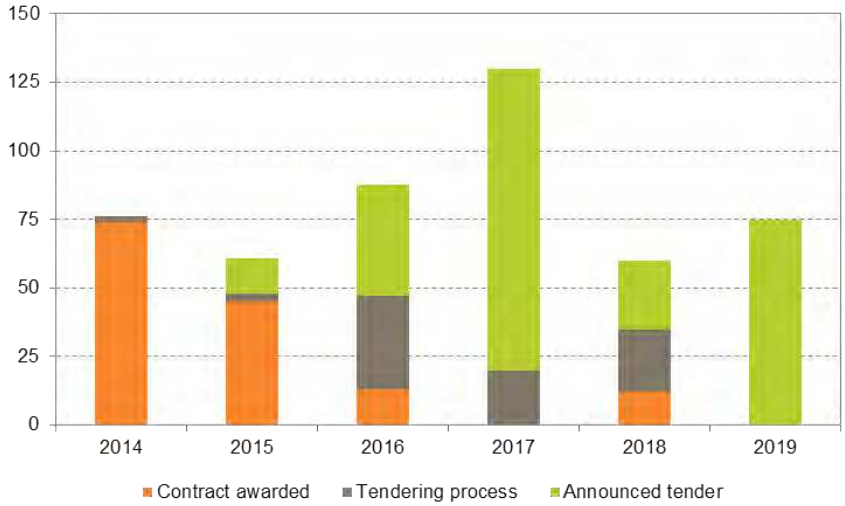
Evolution of market volume in German regional rail transport between 2005 - 2012 (in € billion)




*Source: BAG SPNV Marktreport 2013*

***One of the most liberalised market in Europe***

Evolution of volume for tender in regional rail transport in Germany by tender status (in million train-km)[13]




*Source: SCI Verkehr GmbH, as of October 2014*

The tendering process is being accelerated to sustain the policy of liberalisation of the regional passenger rail market. Currently, only 50% of the German regional passenger rail market is open to competition with approximately 82 million train-km currently in the tendering process[14]. Following a complaint from a private operator in early 2011, the German Federal Court of Justice ruled that regional passenger rail

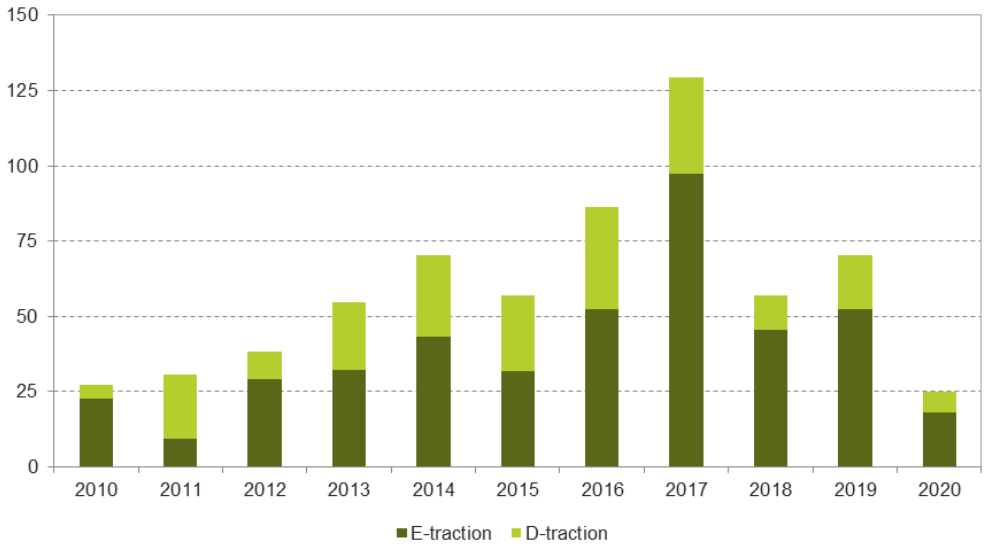
1313 "train-kilometre" or "train-km" in the context of passenger trains is a unit of measure representing a movement of a passenger train over one kilometre.

14 *Source: SCI Verkehr GmbH, as of October 2014.*

contracts needed to go through a normal tendering process severely restricting the possibility of direct awards[15].

In addition, from 2014 onwards, many existing regional passenger rail contracts will expire, which is expected to lead to the number of tenders on the market being higher than ever before in the coming years.

Evolution of volume for tender in regional rail transport in Germany (in million train-km)




*Source: SCI Verkehr GmbH, as of October 2014*

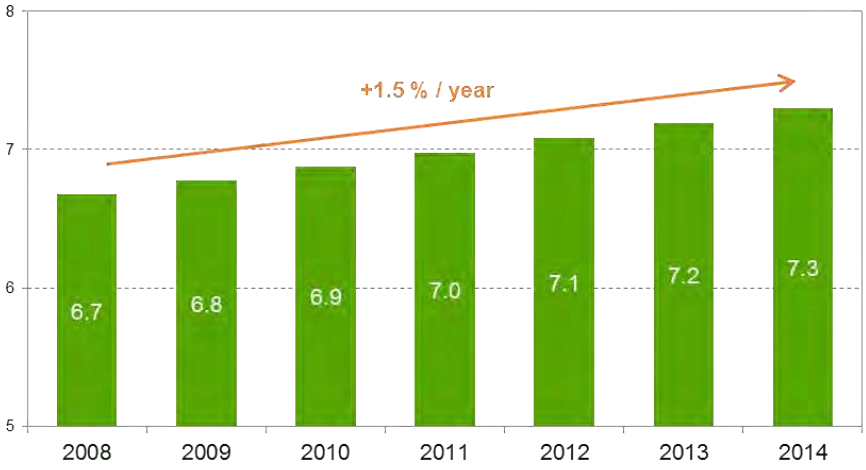
### *Framework and regulation*

*The Federal Government*

Under the German Constitution, the Federal Government has to ensure that the population is provided with sufficient public transport services. Therefore, it subsidises the 16 Länders through "regionalisation funds": the amounts of these "regionalisation funds" are set by law for a seven year period. For instance, the revision of the Regionalisation Act at the end of 2007, determined the amount of subsidies in 2008 and their growth by 1.5% per year up to 2014 (in 2013, such funds amounted to €7.2 billion for public transport in general and €6 billion of such funds for regional rail services). The amount of "regionalisation funds" for 2015 has been fixed at €7.4 billion, an increase of 1.5% compared with 2014. The final amount and conditions of use for the upcoming years will be discussed and agreed in the course of 2015; the amount is expected to be stable.

German Government subsidies to regional rail transport (€ billion)

[15] *Source: Mofair Wettbewerber Report 2013-2014 (http://www.netzwerk-bahnen.de/assets/files/veroeffentlichungen/pdf/Wettbewerber%20Report%202013%202014(1).pdf)*




*Source: BAG SPNV Marktreport 2013*

*The Länders*

The 16 German Federated States (**Länders**) (in charge of public services for their respective states) delegate the tendering of rail passenger concessions to 27 Public Transport Authorities[16] (**PTAs** and each, a **PTA**)) that organise the tendering process of rail passenger concessions of typically 10 to 15 years between two or three train operating companies[17] (**TOCs**) for each tender.

*The PTAs*

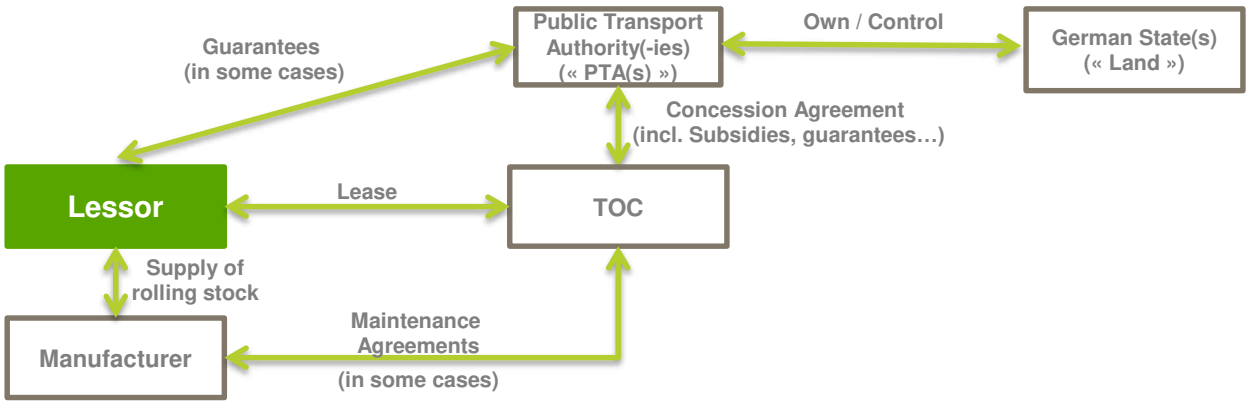
The PTAs determine the key terms of the concession agreements including service requirements and the level of the TOC's revenue that will be covered by subsidies. The bidding criteria are primarily price offered (i.e. the amount of subsidies required) and specific key performance indicators.

Most concession contracts (estimated at approximately two-thirds) have historically been awarded as "gross" contracts with no or limited traffic risk since TOCs receive contractually determined fixed payments from the PTAs. Such concession contracts typically also allowed for the pass through of a large proportion of the inflationary cost increases (such as fuel and labour costs) and infrastructure cost (track access charges and station fees). The remaining contracts ("net contracts") (estimated at approximately one-third) are partially exposed to traffic risk as part of the revenue is variable (the fare-box revenue) and only the contractually agreed subsidies, with indexation of energy costs, labour costs, as well as the pass through of track access charges and station charges being fully reimbursed by PTAs. However, the general demand for public transport and individual mobility is less sensitive to economic developments making the overall market growth for passenger rail traffic very stable.

The contractual structure of such concessions reflects a high level of reliable subsidies from local PTAs.

Alpha Trains' typical concession structure with an operating lessor is illustrated below:

16 *Source: Alpha Trains*
17 *Source: Alpha Trains*




*Source: Alpha Trains*

During the early stages of the liberalisation process, the PTAs typically tendered short and medium-term concessions to allow new entrants to the market to become established and grow their businesses to such critical mass that they could compete with Deutsche Bahn, the German state incumbent rail operator. The concessions being tendered subsequently became larger with longer contract periods. The increasing contract periods (usually 10 to 15 years) of regional concessions combined with the tendering process (detailed below) offer longer visibility within the regional passenger rail leasing market.

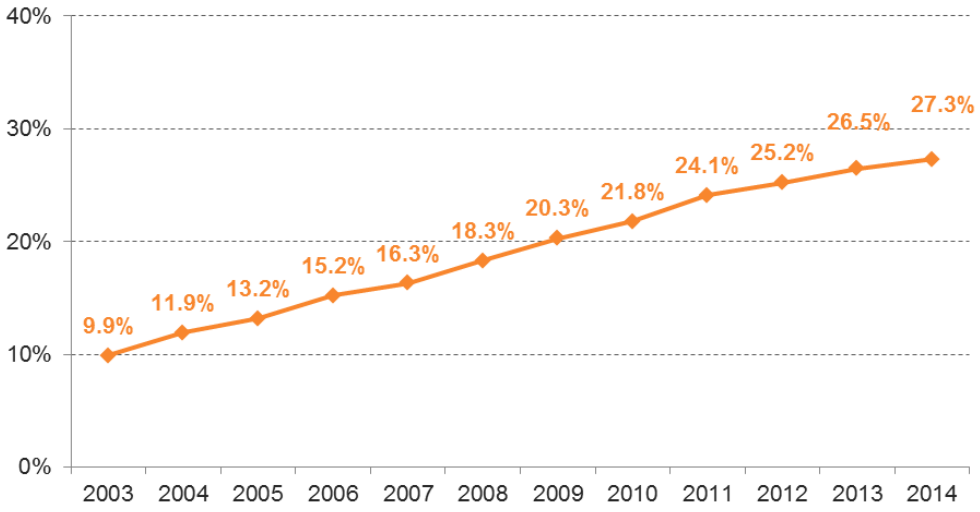
***Passenger rail operators***

As a consequence of liberalisation, the market share of the incumbent rail operator DB Regio (subsidiary of Deutsche Bahn) has decreased in favour of new competitors. Furthermore, in recent years, private operators have had a greater ability to access reasonably priced sources of finance following the 2008-2009 financial crisis and in certain instances PTAs have offered municipal financing conditions to lower private operators' costs of funds. This has led to a greater degree of competitiveness by private operators against Deutsche Bahn over time with 50% of tenders having been won by non-Deutsche Bahn operators since liberalisation in 1995[18].

Post-financial crisis, the PTAs have introduced certain instruments to support the financing/leasing of a new build fleet, that can benefit the operating lessors during the life of the concessions. On a case-by-case basis, the PTAs have provided re-admission guarantees (where the relevant PTA guarantees that the technical specifications of the next tender shall allow the current equipment to be eligible), re-usage guarantees (where the PTA guarantees that, in case of insolvency of an operator, the succeeding operator will step into the existing lease until the end of the concession) and capital service guarantees (where the PTA guarantees the debt service attached to the debt raised for the rolling stock financing).

Share of non-Deutsche Bahn operators in regional rail transport by capacity (train-km)

[18] *Source: Mofair Wettbewerber Report 2013-2014.*

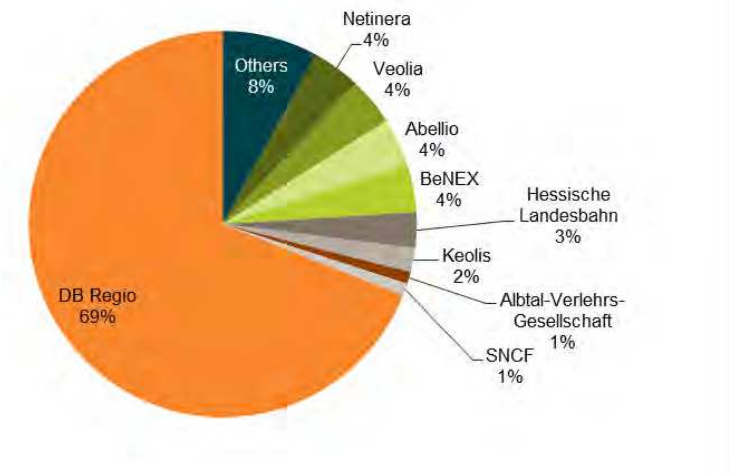



*Source: Mofair and Netzwerk, Competitor Railway Report 2013/2014 (www.netzwerk-bahnen.de)*

While DB Regio benefits from a large fleet of both electric and diesel trains, it has been losing its market share (currently at 73%[19]) and this trend is expected to continue with further liberalisation of the German regional passenger rail market. Besides DB Regio, the market is fragmented among many competitors each with a market share between 1% and 4%[20] of the German regional passenger rail market as illustrated below. The competitors include established private players (Veolia Verkehr and BeNEX), subsidiaries of major European incumbent rail operators (Netinera, Abellio and Keolis) as well as public operators (Hessische Landesbahn and Albtal-Verkehrs-Gesellschaft) and new entrants (MTR, National Express and the Go Ahead Group).

[19] *Source: Mofair and Netzwerk, Competitor Railway Report 2013/2014 (www.netzwerk-bahnen.de)*
[20] *Source: BAG SPNV Marktreport 2013*

Forecast of market share (2016) performance taking into account the already contracted concessions (in train-km)




*Source: BAG SPNV Marktreport 2013*

Netinera is 51% owned by the Italian incumbent passenger train operator Ferrovie dello Stato Italiane and by financial investor Cube Transport SCA. Netinera predominantly operates regional services in the North and East of Germany. In addition, Netinera offers cross-border rail transport services to Czech Republic.

Veolia Verkehr is a subsidiary of Transdev Group, a French group of companies 50% owned by Veolia Environnement and 50% by Caisse des Dépôts et Consignations. Veolia Verkehr operates in the whole regional passenger rail network in Germany.

Abellio is the subsidiary of the Dutch rail operator Nederlandse Spoorwegen. Abellio operates regional passenger rail services in Germany.

BeNex is indirectly 51% owned by the city of Hamburg. BeNex operates regional passenger rail services in the North and East of Germany as well as bus services in Munich.

Hessische Landesbahn is wholly owned by the state of Hesse and predominantly provides regional rail transport services in the state of Hesse, but it also provides bus and rail freight services. Hessische Landesbahn plans to expand in the regional passenger train segment through mergers.

Keolis is 70% owned by the French incumbent passenger train operator SNCF and 30% owned by the Caisse de dépôt et placement du Québec. Keolis' regional rail services are currently limited to Westphalia but it plans to increase its market share in Germany by taking part in tenders, especially in Westphalia where it has already won concessions in the past.

Albtal-Verlehrs-Gesellschaft is wholly owned by the city of Karlsruhe where it operates both regional passenger rail and bus services.

The German regional passenger rail market is marked by the robustness of its regional passenger rail operators, which has led to a very low level of insolvencies (only two cases have so far become known: FLEX AG/NVAG (insolvency in 2003) and Karsdorfer Eisenbahn (insolvency in 2004)). This is in part due to the credit quality of the rail operators and their parents (public entities or large foreign incumbents in the passenger train market as detailed above).

***German passenger train leasing market***

The passenger train leasing market in Germany is characterised by relatively large rolling stock fleets on long lease terms that typically match concession terms, which are individually shorter than the original asset life of the assets.

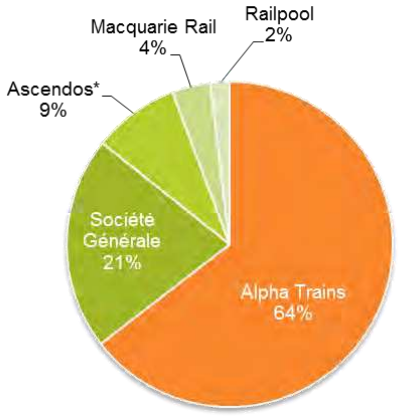
There are a number of barriers to entry in the regional passenger rail leasing market including operational expertise, significant upfront capital investments and a requirement for detailed market knowledge including strong relationships with suppliers, TOCs and PTAs. As a result, there are a limited number of operating lessors active in this market.

The demand for leasing is increasing as the market share of foreign incumbent passenger train operators and private TOCs is increasing. Whereas a national state incumbent rail operator is likely to own its rolling stock fleet, private TOCs usually prefer to lease rolling stock given the sizeable upfront capital investment to purchase new vehicles and the difference between the concession lengths and the asset life of rolling stock leading to bearing the residual value risk on any owned rolling stock.

Foreign incumbent passenger train operators prefer the leasing option due to the difficulty in transferring assets from their home country to a foreign rail network. Foreign incumbent passenger train operators often face technical and practical difficulties in redeploying their existing fleets for new projects outside their home jurisdiction including rolling stock availability (as their existing rolling stock may be used under concessions with different end dates, and their rolling stock may have technical specifications for their home country that are different from another country).

***Regional passenger rail operating lessors (excluding PTA pools)***

Estimated Continental Europe Passenger Train leasing market share (by number of trains) of the top five regional passenger rail operating lessors in 2013




** Ascendos: excluding 67 Twindexx coaches to be sold to DSB*

*Source: Alpha Trains own internal estimates, based on identified fleets owned by competitors, regulatory publications, information published or provided by operators and other industry participants as well as Alpha Trains own knowledge of the market.*

*Source: in relation to Ascendos, www.ascendos.com*

Alpha Trains believes that it has a market-leading position in the leasing market for regional passenger trains with an estimated 64%[21] of the privately-owned Continental Europe leasing fleet (of the top 5 regional passenger rail operating lessors as set out above).

[21] *Source: Alpha Trains*

Société Générale is estimated as the second largest passenger rail operating lessor in Continental Europe with 21%[22] of the fleet (of the top 5[23] regional passenger rail operating lessors as set out above).

Ascendos (owned by a group of international investors based in Australia, Singapore and the UK, namely Global Investments Limited, Everest Babcock & Brown Opportunities Fund and BOSSAF Rail Limited, a member of Lloyds Banking Group) is estimated as the third largest passenger rail operating lessor with an estimated 9% of the Continental Europe fleet (of the top 5 regional[24] passenger rail operating lessors as set out above). Ascendos leases its low-diversified fleet of Stadler EMUs and Alstom DMUs to operators in Germany. Ascendos also leases a fleet of locomotives, passenger coaches (although in June 2014, Ascendos entered into a sale agreement to sell Ascendos' fleet of 67 Bombardier double deck coaches to the current lessee by October 2017) and freight wagons[25].

Macquarie Rail owns an estimated 4%[26] of the passenger rail operating lessor fleet currently all leased in the Netherlands.

Railpool (owned by Oaktree Capital) owns an estimated 2%[27] of the Continental Europe operating lessor fleet (of the top 5[28] regional passenger rail operating lessors as set out above). Railpool's low-diversified fleet of Stadler EMUs are leased in the Netherlands[29]. A fleet of 46 double deck coaches has been sold to the initial lessee DSB in Denmark[30].

***Other passenger train markets in Continental Europe***

Outside the German regional passenger rail market, the other markets where Alpha Trains is acting as an operating lessor are Denmark (11% of Alpha Trains' passenger lease revenue as at 31 August 2014) and Slovakia (3% of Alpha Trains' passenger lease revenue as at 31 August 2014). Other opportunities could come from other advanced countries in terms of liberalisation such as The Netherlands, Austria and the Czech Republic.

***Denmark***

Alpha Trains is leasing a fleet of 41 DMUs to two different state-owned operators in Denmark. Both fleets are already on lease with these operators for more than 10 years with some more years to come. The small Danish rail market is regulated, having opened to public tendering in 2000. The market is still dominated by the public sector, with Danish State Railways DSB operating approximately 75% of train kilometres. Apart from DSB and its subsidiaries 6 more rail operators are active in the regional passenger rail market.

***Slovakia***

Alpha Trains is leasing a fleet of 10 DMUs to a privately owned operator in Slovakia. The operation started in 2012 and is providing commuter services into Slovak's capital Bratislava. It is the first ever privately operated route in this country. By providing German homologated DMUs at relatively short notice to our customer, Alpha Trains played an important role in process of opening the market which will create re-leasing opportunities for vehicles that might become available elsewhere in the future.

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22 *Source: Alpha Trains*
23 *Source: Alpha Trains*
24 *Source: Alpha Trains*
25 *Source: www.ascendos.com*
26 *Source Alpha Trains*
27 *Source: Alpha Trains*
28 *Source: Alpha Trains*
29 *Source: www.railpool.eu*
30 *Source: EU Official Journal 2012/5 225 370391*

## Rail freight market in Continental Europe

### *Liberalisation of the European freight market*

Major milestones of the European and German rail freight liberalisation

*Source: Alpha Trains*

The European Union commission is a major sponsor of rail liberalisation, and has brokered the introduction of one major directive and four "packages" of legislation to accelerate the process of rail liberalisation, resulting in the full liberalisation of the European rail freight market in 2007.

In 1988, the first directive sought commitment from member states for independent national railways, separate financial reporting between operations and infrastructure, and fair access for other operators. It was met with mixed success, although Germany successfully implemented full rail liberalisation between 1994 and 1998. Benelux countries were liberalised between 1998 and 2005.

In 2001, the first European Railway Package allowed international freight transporters access to the Trans-European Rail Freight Network from 2003, and then to the entire EU rail network from 2008. It also specified rules governing the allocation of infrastructure capacity to operators.

In 2004, the second European Railway Package set a common regulatory framework for rail safety, as well as the Convention related to international rail transport (**COTIF**) that allows simplified contracts and procedures for rail freight traffic. It also established the European Railway Authority. In addition, it accelerated the liberalisation of rail freight services both for international freight operators (access provided to the entire European rail network by 2006 instead of 2008) and for all types of rail freight operators (access provided to the entire European rail network by 2007).

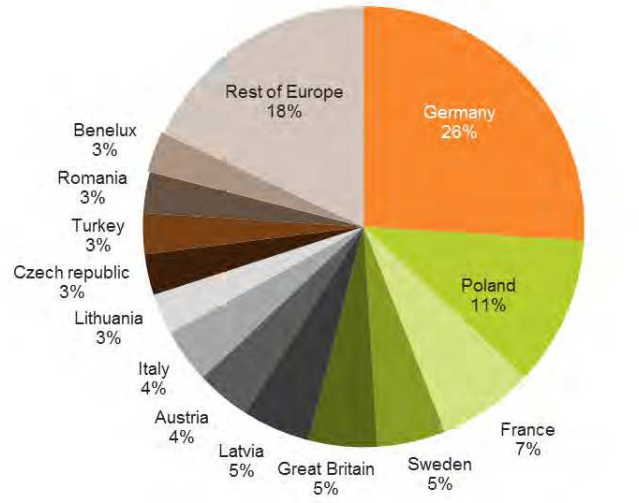
In 2013 and 2014, the fourth European Railway Package empowered the European Railway Authority to issue vehicle authorisations on certain topics such as homologation.

### *Overview of the current rail freight market in Europe*

The size of the European rail freight market is approximately €17 billion or 1.8 billion tonnes transported in 2013.

The market is very fragmented and heterogeneous, however with the first ten largest contributing countries making up almost 75% of the European volume. Such countries' railway history, population usage of rail, rail infrastructure conditions, economic structure and the geographical situation of each such country play a significant role in the value placed on rail freight transport.

Top countries by rail freight volume in Europe 430 billion tonne-km[31] in 2012




*Source: SCI Verkehr GmbH*

The three largest markets for rail freight in Europe are each exhibiting different trends:

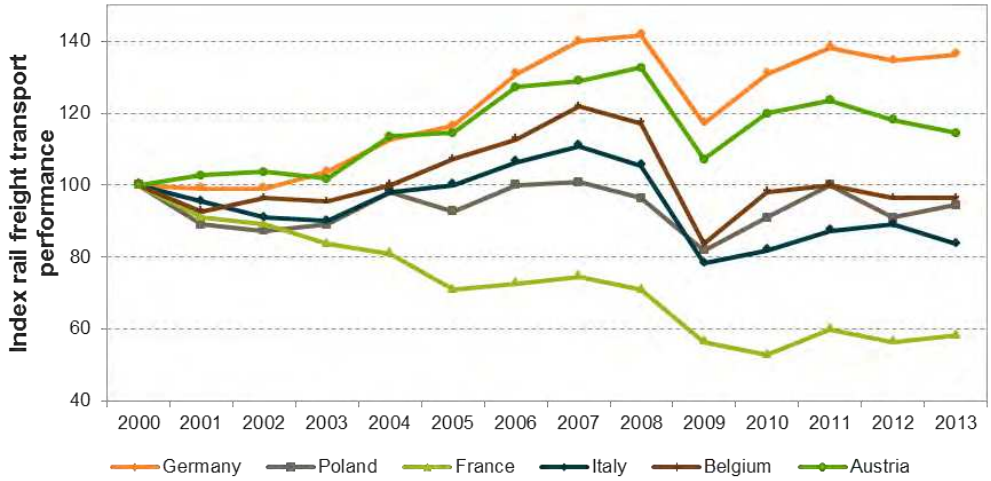
- Germany is the largest market with 26% of the total European freight volume. Its economic outlook remains positive and the German rail freight market is estimated to grow at a rate of 1.4% per year over the period to 2020[32].

- Poland is the second largest market with 11% of the total European freight volume and is expected to grow at a rate of 1.3% per year up to 2020[33]. There are an increasing number of private competitors (which are gaining market share from the dominant incumbent rail freight operator, PKP Cargo), but road transportation remains dominant.

- France is the third largest market with 7% of the European freight volume. France has seen declining volumes in recent years due to a preference for the road and lower traffic (driven by issues stemming from poor service quality and by a focus in investment on infrastructure for passenger long-distance lines). Rail transport is expected to grow at a rate of 1.3% per year up to 2020[34].

31 **Tonne-km** means the movement of one tonne of freight over one kilometre.
32 *Source: SCI Verkehr GmbH, as of February 2014.*
33 *Source: SCI Verkehr GmbH, as of February 2014.*
34 *Source: SCI Verkehr GmbH,* as of February 2014.

Development of rail freight performance in selected countries in Europe between 2000-2013 [Index 2000 = 100, based on tonne-km]

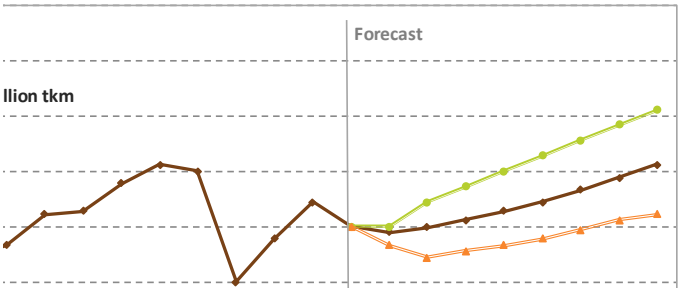



*Source: SCI Verkehr GmbH, as of December 2013.*

### *Expected trends of the rail freight market in Europe*

The European rail freight market experienced relatively steady growth over the 2002-2008 period spurred by increasing demand. The financial and economic crisis in late 2008 caused a significant reduction in freight transport demand in 2009. A recovery was then observed across Europe in 2010 and 2011, compared to the high decrease in 2009, but the performance recovery stalled in 2012 due to further unfavourable economic conditions. Over the period until 2020, SCI Verkehr expects a compounded annual growth rate (**CAGR**) of approximately 1.3% for rail freight transport in Europe, supported by higher freight traffic and a larger share of rail among other modes of transport, albeit with different growth rates in each country.

Development of rail freight performance in Europe between 2000-2012 and forecast until 2020 [Index 2000 = 100 = 430 billion tonne-km, based on tonne-km]




*Source: SCI Verkehr GmbH, as of December 2013.*

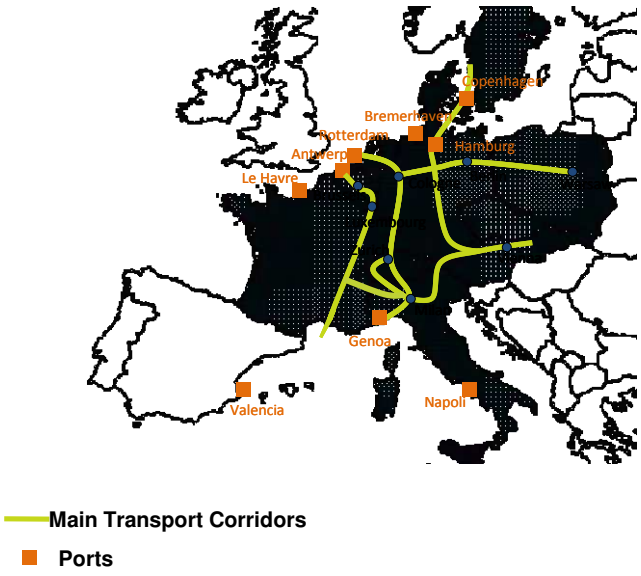
The anticipated growth in rail freight traffic is driven by the expected gradual improvement of the European economy and the growth in intermodal and containerised transport and hinterland ports over the period to 2020.

The anticipated increase in the share of rail freight among other modes of freight transport is supported by the increasing environmental awareness and the strong political support for rail freight transport to prevent road congestion, environmental and noise pollution and to be less dependent on oil costs. Globalisation also favours rail freight transport as a better option for longer-distance transport. Additionally, whilst road freight transport is still dominant in Europe, the liberalisation process, by increasing competition amongst rail freight operators, contributed to strengthen rail freight competiveness in terms of transport costs, delivery time and flexibility.

***Development of cross-border rail freight routes in Europe***

The anticipated growth in German rail freight transport is likely to have a positive effect on rail freight traffic with neighbouring countries. In addition, the European Union's initiative towards technical integration of the different systems in Europe (that are detailed below) and its co-financing of interoperable gauge lines contribute to the development of cross-border corridors.

Main rail freight routes in Europe in 2020




*Source: SCI Verkehr GmbH*

The main transport corridors are expected to be:

- North-South (Scandinavia- Italy);
- West – East (from the "ZARA" ports (Zeebrugge, Antwerp, Rotterdam and Amsterdam) towards Poland/Eastern Europe);
- Rhine – Alpine (ZARA ports towards to Italy);
- Central Europe- South-Eastern Europe (from Germany to Romania / Bulgaria / Turkey via the Czech Republic and Slovakia);

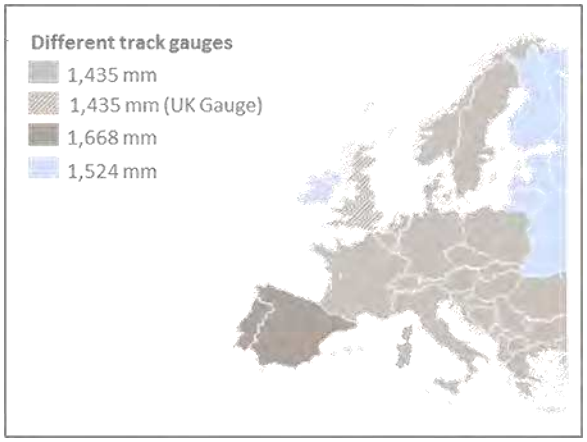
- Atlantic – Mediterranean (from the ZARA ports to France, Spain, Portugal, and also via Luxembourg); and

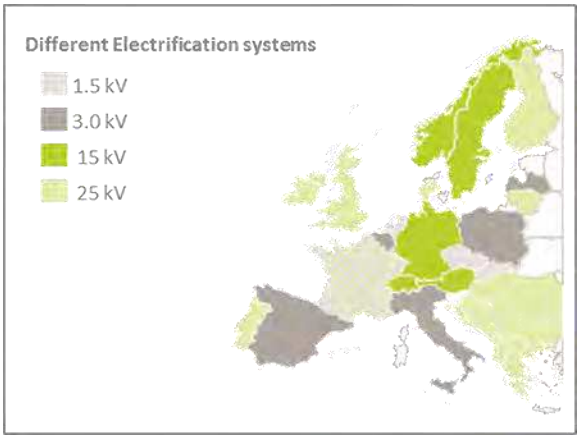
- Baltic – Adriatic.

***Main barriers to entry in Europe***

The European rail freight market is highly complex with most European nations having their own historically-developed railway systems. Market barriers to entry include administrative barriers (such as safety certifications, licensing and rolling stock homologation), information barriers, operational barriers (such as network access conditions, the infrastructure charging system, access to other service facilities and services) and legal barriers (such as the degree of independence of the incumbent rail freight operator with respect to the state and the regulatory framework of the industry).

In terms of technical barriers, while most of Europe's track gauge is 'standard' (1,435mm) and nearly all routes can take an axle weight strength of 20 tons or more, barriers to operate in other countries persist with regard to signalling and safety systems, and electrical supplies. Additional barriers to entry include the requirement to get a national homologation for each country where the locomotives operate.




Key: mm = millimetre

Kv = KiloVolt

*Source: SCI Verkehr GmbH*

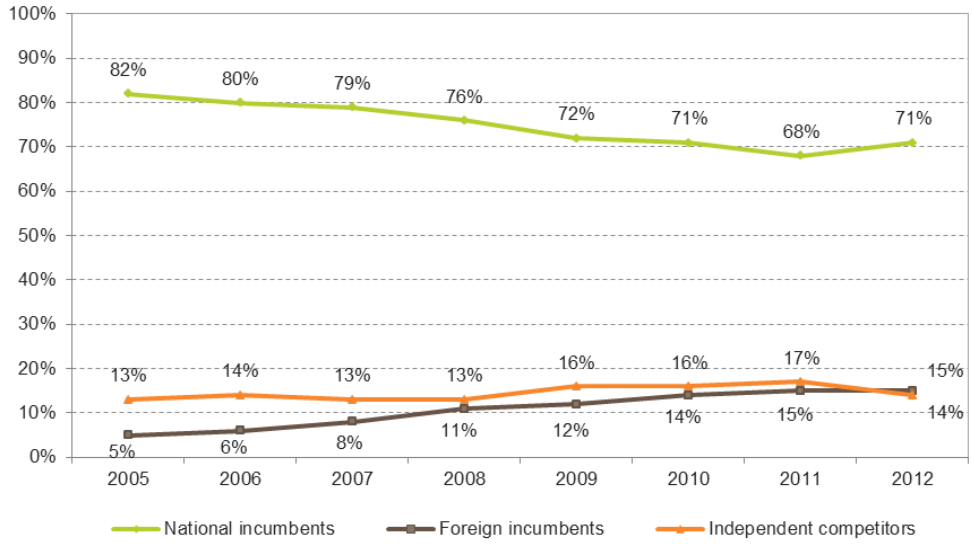
***Rail freight operators in Europe***

*Decrease of the market share of the national incumbent operators driven by EU policy driven market liberalisation*

Whilst liberalisation is developing in Europe, the relative transport volumes of national incumbent operators have decreased from 82% in 2005 to 71% in 2012, driven by the loss of their market share, gained by both new private railway competitors and foreign incumbent operators competing in their non-domestic market.

Unlike national incumbent operators who generally own their fleets, new private competitors and foreign incumbent operators prefer the leasing option instead of purchasing the rolling stock necessary to transport freight. This is for the following reasons: entering a new market implies significant capital investment either to adapt the operator's existing fleet to the local technical specifications which vary widely across Europe or to acquire new rolling stock. Thus, leasing is favoured by new entrants as it allows more operational and financial flexibility and puts the residual value risk on the leasing company.

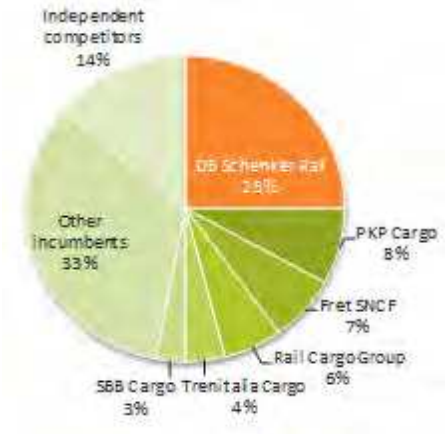
Development of rail freight market shares of national/foreign incumbents and competitors in Europe between 2005-2012 (tonne-km)



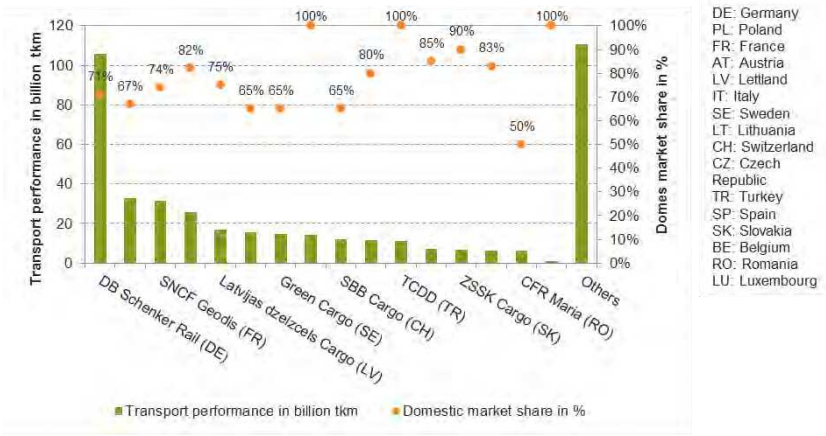

*NB:* *The market shares of the national incumbents refer to their respective domestic market. Incumbents taken over are allocated to the group of foreign incumbents. Until the takeover by DB Schenker Rail, EWS is considered as an independent competitor.*

*Source: SCI Verkehr GmbH*

Europe top operators by rail freight performance in 2013 [430 billion tonne-km]




Transport performance and market shares in its domestic markets of the most important incumbents* in Europe 2012 [billion tonne-km]




**including group members*

*Source: SCI Verkehr GmbH*

DB Schenker Rail (wholly owned by DB Mobility Logistics AG, a subsidiary of Deutsche Bahn) is the leader in Europe in terms of rail freight performance (with a 25% market share, largely ahead of the 8% market share of the second largest player) and in terms of the number of operating countries with numerous subsidiaries across Europe. In Germany, the incumbent DB Schenker Rail Deutschland (the largest unit of DB Schenker Rail) has lost market share in the domestic market from approximately 79% in 2008 to 71% in 2012. Despite this, DB Schenker Rail already has a strong position on international markets due to numerous takeovers in Europe over the last few years.

PKP Cargo SA is the second largest rail freight operator and the largest player in its domestic market in Poland. PKP Cargo SA is undergoing transformation from incumbent and state-owned enterprise into a market-oriented, competitive operator after its initial public offering in October 2013. PKP Cargo SA is currently 52% owned by PKP SA with the remaining shares being held by diversified shareholders. At the end of 2010, PKP Cargo SA also created the subsidiary PKP Cargo International for future rail services beyond the Polish borders.

Fret SNCF, the third largest European freight operator, is a division of SNCF Geodis (wholly owned by SNCF) which operates in the logistics and rolling stock management segment through two other divisions. Fret SNCF is currently restructuring in its domestic market and has an expansion strategy in foreign markets (including Benelux, Germany, Denmark, Poland, Switzerland, Sweden, Czech Republic, UK and Romania) through its subsidiary Captrain.

Rail Cargo Group expanded its sphere of influence outside its domestic country (Austria where it enjoys a market share of 82%) through the acquisition of wholly owned companies: MAV Cargo in Hungary and Linea S.p.a. in Italy.

Trenitalia Cargo is the freight division of rail incumbent Ferrovie dello Stato and the largest rail freight transport operator in Italy. Trenitalia Cargo is currently reorganising its domestic market operations and is looking to an internationalisation strategy in European countries (Germany, France, Austria, Switzerland, Sweden, Norway, Denmark and the Netherlands) through its subsidiary TX Logistik.

International consolidation and concentration in the rail freight market has been fostered by the 2008 crisis, creating the five largest rail freight operators (DB Schenker Rail, PKP Cargo, Fret SNCF, Rail Cargo Group and Trenitalia Cargo) that collectively account for 50% of the rail freight transport performance in Europe offering a full range of transport services by rail and intermodal transport.

***Rail freight leasing market in Continental Europe***

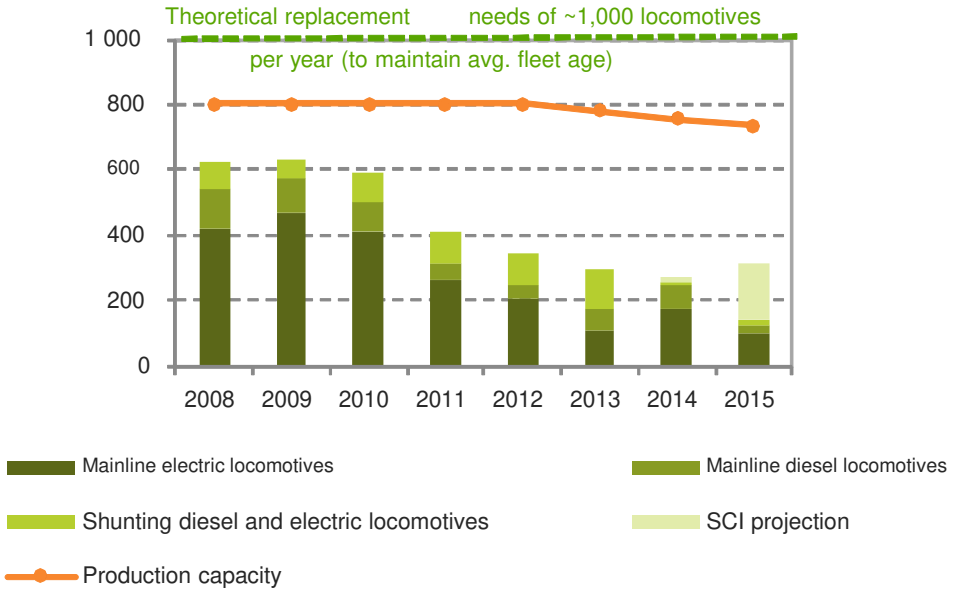
*Leasing opportunities to replace an ageing rail freight fleet in Europe*

The theoretical useful lives of electric and diesel locomotives are respectively 30-35[35] years and 25-30 years[36], assuming no extension of useful life has been performed. To maintain the current European fleet age (which is close to the maximum useful life), 1,000 locomotives per year would be needed while current production capacity is limited at approximately 800 locomotives per year.

In addition, the need to comply with stricter emission standards and more stringent fleet characteristics stipulated in public tenders, should all stimulate demand for rail freight vehicles, thereby creating a market opportunity for Alpha Trains.

[35] *Source SCI Verkehr GmbH, as of October 2014*
[36] *Source SCI Verkehr GmbH, as of October 2014*

Production/Ordered locomotives in Continental Europe




*Source: SCI Verkehr GmbH*

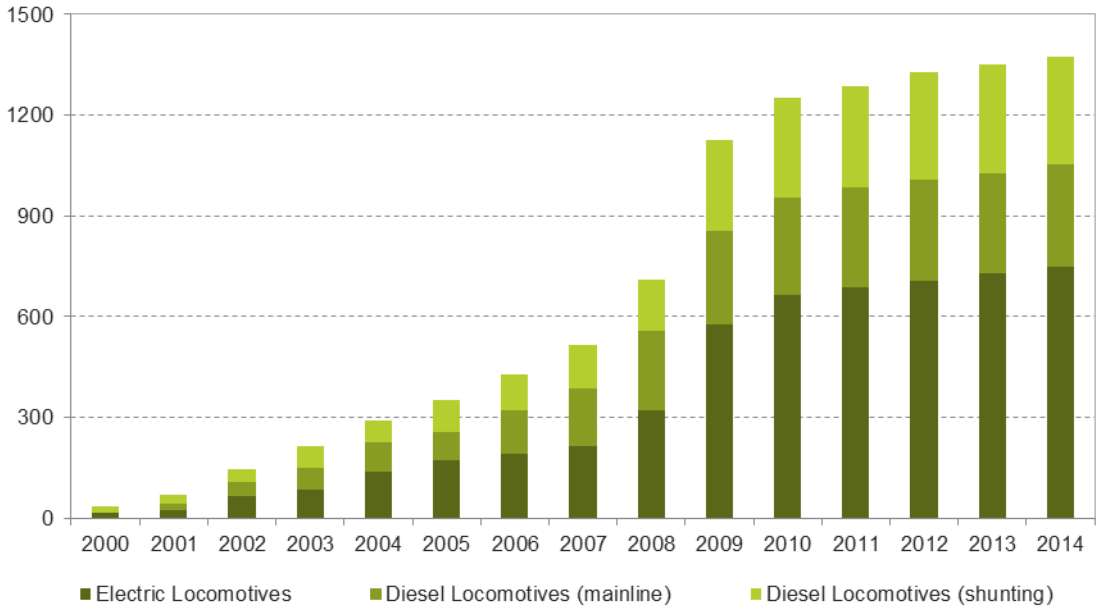
**Overview of the rail freight operating leasing market**

The locomotive leasing market is typically characterised by relatively small fleets on short-term leases that usually match the underlying freight transport contracts (of approximately up to 5 years[37] duration) but that are significantly shorter than asset life (of approximately 30 years), offering some flexibility and re-leasing opportunities for used rolling stock. On average, over its useful life, it is not inconceivable that a locomotive could have ten[38] different lessees and therefore Alpha Trains' ability to remarket (a proven competence based on historic utilisation (see "*Business Description of Alpha Trains – Fleet – Utilisation Rate – Sustained Utilisation Rate*")) is important, together with ensuring serviceability of the locomotive during a change of lessee.

The leasing rail freight fleet comprises approximately 1,420 locomotives in the stock of leasing companies, which constitutes approximately 5% of the total Continental European locomotive fleet, but which is equivalent to more than 20% of the recently ordered, modern locomotives (especially electric locomotives). Therefore, the leasing fleet is growing faster than the operator-owned fleet. This highlights the preference of rail operators for flexibility (especially after the 2008 economic downturn) provided by the leasing option.

[37] *Source: Alpha Trains*
[38] *Source: Alpha Trains*

Leased locomotives fleet in Central Europe (number of units)*




*(*including Akiem since 2009; locomotives of new orders of Railpool, ELL and second batch of Akiem not included)*

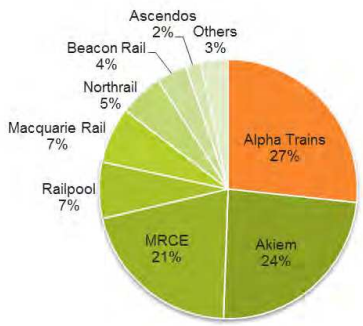
*Source: SCI Verkehr GmbH*

### *Rail freight operating lessors*

The locomotive leasing market in Continental Europe has three key players (Alpha Trains, Akiem and MRCE) that account for more than 70% of the current market fleet.

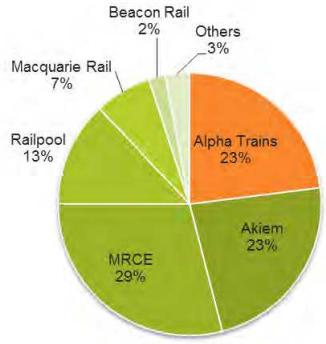
Barriers to entry in the locomotive leasing market include operational expertise, strong relationships with suppliers and rail freight operators, and significant upfront capital investments.

Market Share based on the number of leased locomotives in Continental Europe in 2013 (c.1420 units)



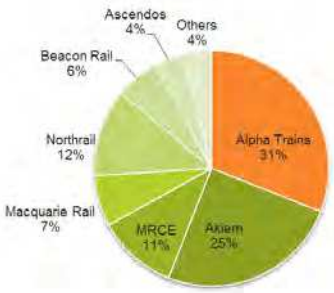

*Source: SCI Verkehr GmbH*

Electric (c. 770 units)




Source: SCI Verkehr GmbH

Diesel (c. 650 units)




Source: SCI Verkehr GmbH

Alpha Trains is the largest rail freight operating lessor with 27% of the fleet of leased locomotives in Continental Europe (by number of leased locomotives). Alpha Trains' rail freight fleet is almost equally split between electric and diesel locomotives, and is comprised of approximately two thirds of multi-country homologated locomotives.

Akiem is the second largest rail freight operating lessor (with 24% of the fleet in Continental Europe). Akiem is wholly owned by the French incumbent SNCF. Many locomotives were transferred from SNCF to Akiem in order to increase the utilisation of this rolling stock resulting in a strong growth in Akiem's fleet in 2009. Therefore, Akiem's fleet is mainly focused on France-homologated equipment leased primarily to SNCF. Akiem's fleet was equally split between diesel and electric locomotives, before its recent order of the latest version of Bombardier's electric locomotive with the last mile diesel engine (Traxx AC3).

MRCE is the third rail freight operating lessor with 20% of the fleet in Continental Europe. MRCE is owned by Mitsui & Co and offers full service management for third party locomotives.

Smaller competitors that own between 7% and 3% of the fleet in Continental Europe include the following operating lessors.

Railpool, which was recently acquired by the private equity fund Oaktree and provides mainly electric locomotives under full service leases. Railpool plans to expand and has ordered a total of 40 new locomotives, consisting of 35 Traxx and five Vectron locomotives. In addition, Railpool has a framework contract for further 30 Traxx locomotives.

Macquarie Rail, owned by Macquarie Group, acquired its rail freight fleet from Lloyds in 2012, which is equally split between diesel and electric locomotives.

Northrail is a joint-venture between Seehafen Kiel GmbH & Co. KG and Paribus investment company. Northrail is a small and recent player which predominantly specialises in used diesel locomotives.

ELL (owned by the infrastructure fund of investment firm KKR) was recently founded as a new provider of full-service locomotive leasing solutions to freight and passenger operators throughout Continental Europe.

## BUSINESS DESCRIPTION OF ALPHA TRAINS

Information and figures contained in this section (except where otherwise expressly noted) refers to Alpha Trains as at 31 August 2014 and incorporates all of the rolling stock utilised with Alpha Trains' business including the first month of the Rosenheim portfolio. For the avoidance of doubt, the EMIL and STS portfolios are not included.

### Strategy

Alpha Trains is Continental Europe's leading privately-owned operating lessor of passenger trains and locomotives. Alpha Trains' strategy is to professionally manage the provision of rolling stock to the Continental European rail industry in the market segments in which Alpha Trains operates. Alpha Trains benefits from a long and successful track record of maximising utilisation of its rolling stock fleet, whilst focusing at the same time on achieving market lease rates or higher under its lease contracts. Alpha Trains is focused on detailed forward-planning and management of leasing opportunities to ensure that a high utilisation of rolling stock is maintained, and that wherever possible its customers' forward rolling stock needs are met.

Alpha Trains has established strong relationships with a broad set of long-term creditworthy customers and third parties, and intends to maintain and develop these relationships further in the future. Alpha Trains focuses on maintaining a safe, high quality and reliable fleet, and as such rolling stock maintenance and strict safety protocols form a core part of its business and strategy for the future.

### Corporate structure

The diagram above (under "*Description of the Programme – Corporate Structure*") shows Alpha Trains' corporate structure post-refinancing, which is expected to occur on or about the Initial Issue Date. As previously discussed, see "*Description of the Programme – Introduction*"), Alpha Trains excludes, the holding company (Alpha Trains (Luxembourg) Holdings S.à r.l), Alpha Trains Development No. 1 S.à r.l, Alpha Trains EMIL S.à r.l (in relation to the EMIL portfolio), Alpha Trains STS S.à r.l (in relation to the STS portfolio), Alpha Trains (Malta) Holdco 1 Limited, Alpha Trains (Malta) Holdco 1 Limited, Luxembourg Branch, Alpha Trains Holdco S.à r.l., Woldhurst Properties Limited, Alpha Trains Development No. 2 S.à r.l., Alpha Trains Development No. 3 S.à r.l., Alpha Trains Development No. 4 S.à r.l. and Alpha Trains TWN S.à r.l.. The EMIL portfolio relates to the purchase of 15 single-decker four-car Stadler Type Flirt EMUs and 13 double-decker six-car Stadler Type KISS EMUs from Stadler Pankow GmbH and to be leased to WestfalenBahn GmbH. The STS portfolio relates to the purchase of 20 three-car Bombardier Type Talent 2 EMUs and 15 five-car Bombardier Type Talent 2 EMUs purchased from Bombardier Transportation Gmbh and to be leased to Abellio Rail Mitteldeutschland GmbH. Certain members of Alpha Trains also act as a rolling stock manager and receive management fees relating to the EMIL portfolio and the STS portfolio.

The corporate structure of Alpha Trains is operated via a hub/spoke mechanism. In general, each of the relevant rolling stock owning companies (the **Willow Asset Owner**[39] and the **Elf Asset Owner**[40] respectively, enter into leasing arrangements with other members of Alpha Trains from time to time (together referred to as **Spoke Entities**) in various jurisdictions, depending on the location of the ultimate operator of the relevant rolling stock. These arrangements will be structured with the Willow Asset Owner or the Elf Asset Owner, as the case may be, as the "hub", entering into head leases with Spoke Entities (the **Head Leases**). Each Spoke Entity has entered into leases with customers (and may enter into further leases in the future) (referred to as **Subleases**). There is one head lease per Sublease. The customers pay lease rents

[39] The Willow Asset Owner is comprised of Alpha Trains Luxembourg S.à r.l., Alpha Trains Europa GmbH and Alpha Trains Iberia, S.A.U. (in respect of rolling stock homologated in Spain and Portugal).

[40] The Elf Asset Owner is comprised of Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains Iberia No. 2, S.L.U. (in respect of rolling stock homologated in Spain and Portugal).

to the Spoke Entities, which in turn will pay rent pursuant to the relevant Head Lease to the Willow Asset Owner or the Elf Asset Owner, as the case may be. The Willow Asset Owner and the Elf Asset Owner may also enter into direct leasing arrangements with the ultimate operator of the relevant rolling stock.

In respect of the Rosenheim portfolio, Alpha Trains ENR S.à r.l purchased the relevant rolling stock from the customer and subsequently, as the new owner of the relevant rolling stock, leased the relevant rolling stock back to the customer pursuant to a sale and leaseback arrangement.

The main holding companies are:

- The Borrower: Alpha Trains Group S.à r.l, 100%-owned by Holdco II, will receive the financing from the Issuer (via an intercompany loan) and advance such debt proceeds to its subsidiaries (also via intercompany loans).

- Holdco II: Alpha Trains Holdco II S.à r.l., 100%-owned indirectly by Alpha Trains (Luxembourg) Holdings S.à r.l., will hold the entire group financed under the Finance Documents.

- The Issuer, Alpha Trains Finance S.A., a newly formed Luxembourg bankruptcy remote special purpose vehicle, will issue Senior Debt (comprised of a liquidity facility, senior notes, bank facilities and hedging facilities) whose proceeds will be on-lent to the Borrower, Alpha Trains Group S.à r.l.

The rolling stock owning companies (which is intended will become Guarantors and Obligors immediately following the Initial Issue Date) include:

- Alpha Trains Luxembourg S.à r.l. which, as at 31 August 2014, owns a fleet of 221 locomotives and 146 passenger trains (mainly from the Willow portfolio except Spanish-homologated rolling stock and one fleet of 25 German passenger trains).

- Alpha Trains Luxembourg No. 2 S.à r.l. which, as at 31 August 2014, owns a fleet of 125 locomotives and 65 passenger trains (all such rolling stock is from the Elf portfolio).

- Alpha Trains Iberia, S.A.U. which, as at 31 August 2014, owns a fleet of 12 locomotives (11 locomotives homologated only for Spain and one locomotive homologated for operation in Spain and Portugal). All such rolling stock is from the Willow portfolio.

- Alpha Trains Europa GmbH, which as at 31 August 2014, owns a fleet of 25 passenger trains. All such rolling stock is from the Willow portfolio.

- Alpha Trains ENR S.à r.l, which as at 31 August 2014, owns a fleet of 35 passenger trains. All such rolling stock is from the Rosenheim portfolio.

**Net Present Value calculation**

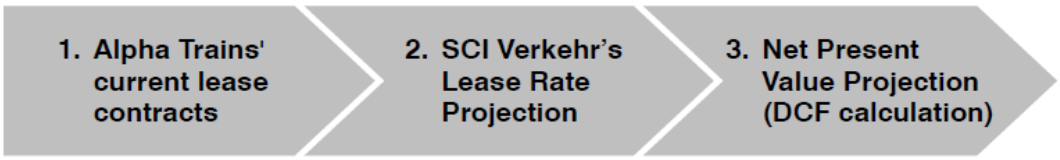
Alpha Trains has a fleet valued at €1.86 billion on 31 December 2014 based on the Net Present Value (**NPV**) as appraised by the independent consultant SCI Verkehr GmbH. The NPV of Alpha Trains is comprised of the NPV of the expected future net cash flows for each rolling stock asset of each portfolio (the Willow, Elf and Rosenheim portfolios) as at 31 August 2014 based on a discounted cash flow methodology as explained below. See "*Risk Factors – The NPV calculation set out in this Prospectus is subject to uncertainties*".

***Overview of SCI Verkehr GmbH methodology for the NPV-calculation***

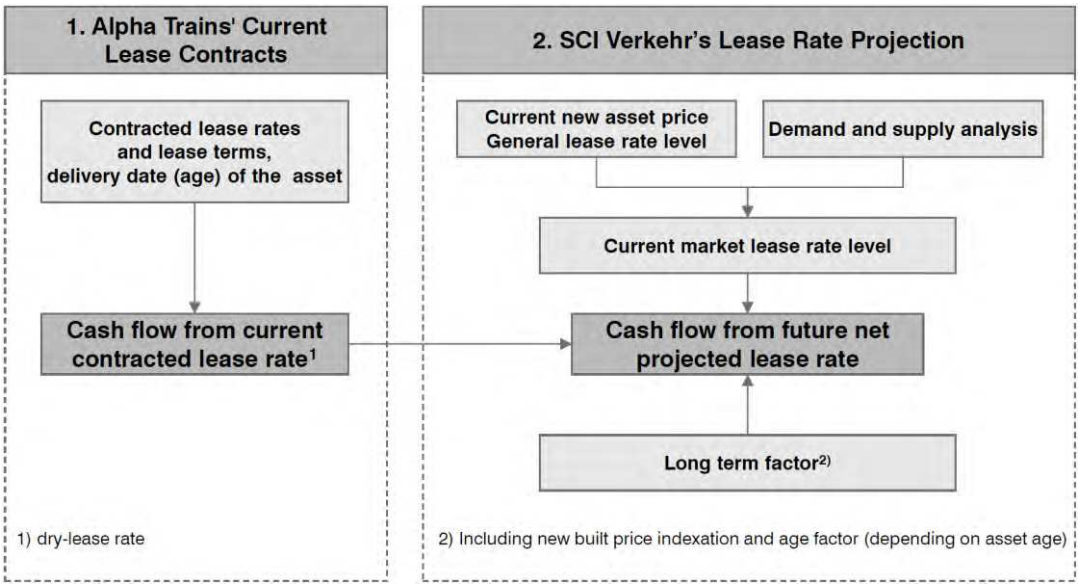
*As summarised by SCI Verkehr GmbH:*

SCI Verkehr GmbH has adopted a financial, cash flow based approach in the valuation of the rolling stock of Alpha Trains. The discounted cash flow (**DCF**) approach is a method commonly used to evaluate businesses with good prospects and which operate in markets with low volatility. A similar valuation approach has been applied and approved in many similar fleet appraisals by SCI Verkehr GmbH. SCI Verkehr GmbH is an independent consultancy that focuses on strategic consulting in the transport industry. It has no interest in the Issuer, and its address is Vor den Siebenburgen 2, D-50676 Cologne, Germany. SCI Verkehr GmbH prepared this valuation at the request of the Issuer and the Obligors, and has consented to the reference in this Prospectus to its report, and to the valuation being appended to this Prospectus (see "*Appendix 1*").

The valuation methodology comprises three key steps:




For each of the steps different input parameters are compiled. The figure below gives an overview of the input parameters of each step. The dark grey boxes reflect the three steps of the valuation and their respective output. The light grey boxes refer to the input parameters for the portfolio valuation.



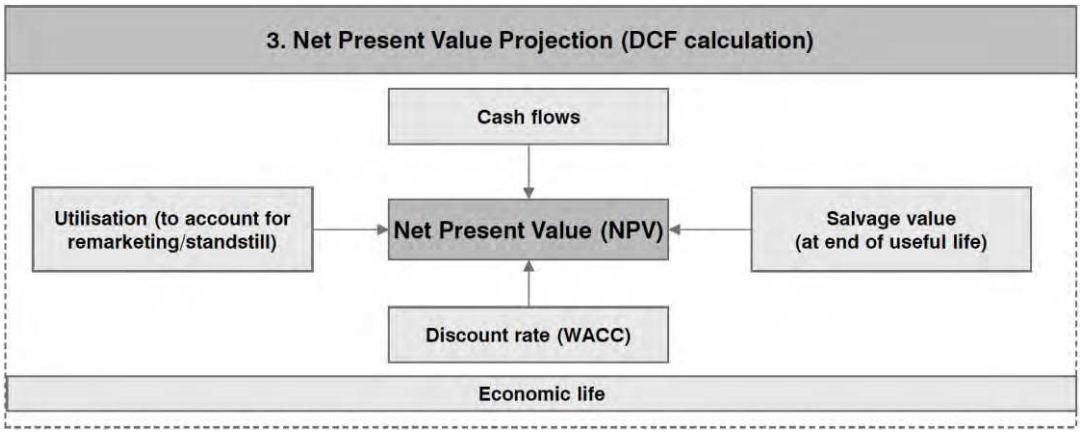



*Figure 1: Overview of DCF valuation methodology and input parameters*

SCI Verkehr GmbH has used a number of assumptions for the valuation of Alpha Trains' portfolio. The input parameters for the lease rate projection as well as the DCF valuation are summarised in the illustration above.

In general, SCI Verkehr GmbH's projections are derived based on:

- data and information: relevant data from the SCI Verkehr GmbH rolling stock database and additional research from published sources;
- market intelligence: continuous observation and analysis of the rail and leasing markets and discussions with market experts; and
- methodology: a valuation approach that has been approved in many other asset appraisals.

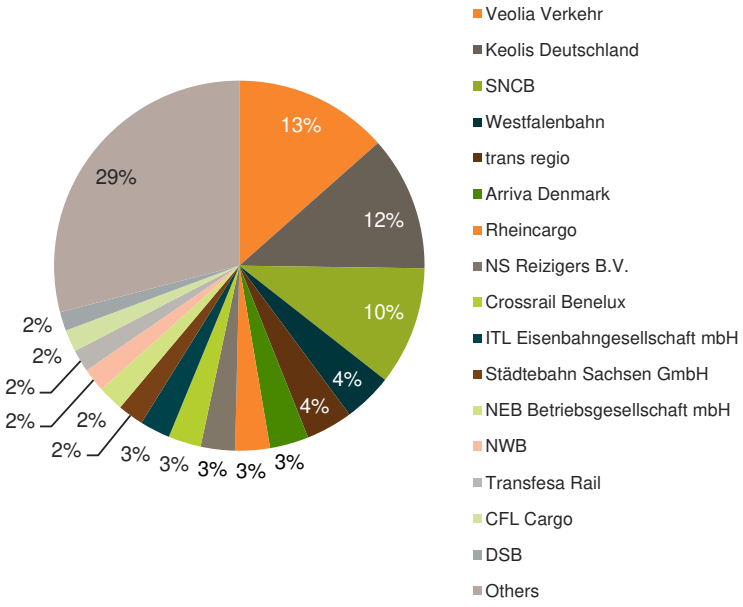
*Source: SCI Verkehr GmbH*

## Customers

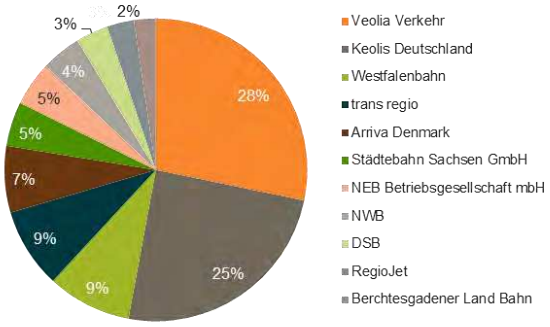
*Lessee diversification*

Alpha Trains has rolling stock operating leases with 70 different lessees as at 31 August 2014. No single lessee accounted for more than 13% of total lease revenues as at 31 August 2014. In the locomotive segment, Alpha Trains' customer base is highly diversified with 59 lessees. The only exception is the Belgium state-owned railway company (**SNCB**) which accounts for 20% of Alpha Trains' locomotive lease revenue as at 31 August 2014. Alpha Trains' customer base in the passenger segment is less fragmented with 11 lessees (primarily due to its strong competitive position in the German market) and the higher level of concentration in the regional passenger rail market.

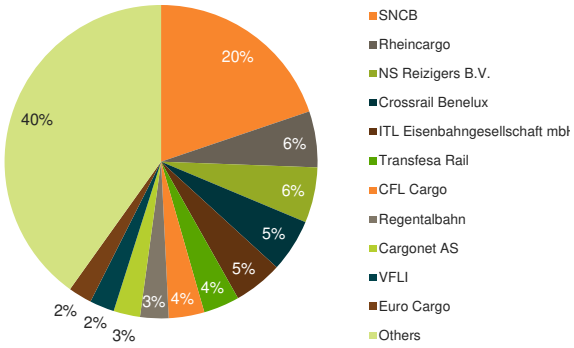
Lease Revenue breakdown by lessee as at 31 August 2014




Lease Revenue breakdown by lessee as at 31 August 2014 – Passenger Trains




Lease Revenue breakdown by lessee as at 31 August 2014 – Locomotives




*Source: Alpha Trains*

Alpha Trains' top 10 lessees account for approximately 59% of Alpha Trains' total lease revenue as at 31 August 2014 in the freight and passenger markets.

Alpha Trains' largest lessee, Veolia Verkehr, leases passenger trains from Alpha Trains and accounted for 13% of Alpha Trains' total lease revenues. Veolia Verkehr is a subsidiary of Transdev Group, a French group of companies 50% owned by Veolia Environnement and 50% by Caisse des Dépôts et Consignations (which

is owned by the French State). See further description on this lessee in "*Industry Overview – Passenger Rail Operators"*.

*European Rolling stock overview*

Alpha Trains' second largest lessee, Keolis Deutschland, leases passenger trains from Alpha Trains and accounted for 12% of Alpha Trains' total lease revenues. Keolis Deutschland is wholly owned by Keolis, which is itself 70% owned by the French incumbent SNCF and 30% owned by Caisse des dépôt et placement du Quebec (see further description on this lessee in "*Industry Overview – European Rolling stock overview – Passenger rail operators*").

Alpha Trains' third largest lessee, SNCB, leases passenger trains from Alpha Trains and accounted for 10% of Alpha Trains' total lease revenues and operates in the freight market. SNCB is the Belgian incumbent operator with an 83% market share (based on transport performance in its national market) and is the most important rail freight transport operator in the Benelux states. In Europe, SNCB is ranked fourteenth with a transport capacity of approximately 6.1 billion tonne-km in 2012.

Alpha Trains' fourth largest lessee, Westfalenbahn, leases passenger trains from Alpha Trains and accounted for 4% of Alpha Trains' total lease revenues. Westfalenbahn operates four routes in the north-western region of Germany and is a public operator, 25% owned by Abellio and 75% owned by 3 corporations which are in turn owned by public municipal bodies.

Alpha Trains' fifth largest lessee, trans regio, leases passenger trains from Alpha Trains and accounted for 4% of Alpha Trains' total lease revenues. Trans regio operates two regional passenger routes in the North-West of Germany. Trans regio is wholly owned by Veolia Verkehr (please refer to the above description).

Alpha Trains' second largest lessee in the locomotives division, Rheincargo GmbH (**Rheincargo**), which accounted for 3% of Alpha Trains' total lease revenues, is the most important independent rail freight operator in Germany. Rheincargo also operates in the Netherlands. RheinCargo is 50% owned by HGK Häfen and Güterverkehr Köln (indirectly owned by the city of Cologne) and 50% owned by Neuss-Düsseldorfer Häfen (the ports of Düsseldorf).

Alpha Trains' third largest lessee in the locomotives division, NS Reizigers B.V., which accounted for 3% of Alpha Trains' total lease revenues, operates as a subsidiary of the Dutch incumbent Nederlandse Spoorwegen.

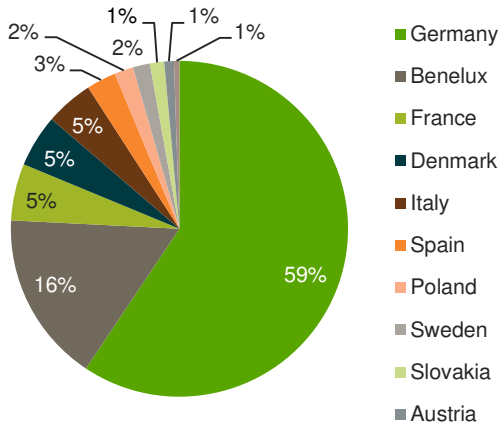
Alpha Trains' fourth largest lessee in the locomotives division, Crossrail Benelux, which accounted for 3% of Alpha Trains' total lease revenues, operates as a subsidiary of the Swiss private operator Crossrail AG, which maintains operations in Belgium, the Netherlands, Germany, Switzerland, Italy and France.

Alpha Trains' fifth largest lessee in the locomotives division, ITL Eisenbahngesellschaft mbh, which accounted for 3% of Alpha Trains' total lease revenues, is part of the Captrain Deutschland Group (which is owned by Fret SNCF, further described in "*Industry Overview – European Rolling stock overview – Rail freight operators in Europe*") that specialises in rail freight services along the East-West transport axis and offers cross-border transport between Germany, Poland and Czech Republic, through its two subsidiaries.

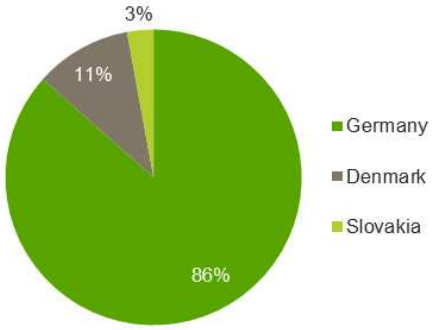
***Geographic diversification***

Alpha Trains currently leases rolling stock in 13 countries. Germany is Alpha Trains' largest market, representing 59% of Alpha Trains' total lease revenues as at 31 August 2014. Germany also presents favourable market characteristics such as a large market size at an advanced stage of liberalisation of rail transport services (see "*Industry Overview – Overview of the current rail freight market in Europe – Overview of the German regional passenger rail market*").

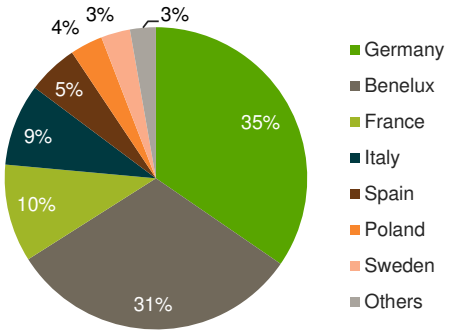
Lease Revenue breakdown by country as at 31 August, 2014[41]




Lease Revenue breakdown by country as at 31 August 2014 - Passenger Trains Division




Lease Revenue breakdown by country as at 31 August 2014 - Locomotives Division




*Source: Alpha Trains*

Alpha Trains' regional passenger trains division is largely concentrated in Germany at present whilst Alpha Trains' locomotives division is more geographically diversified. Lease revenue from Germany, the largest contributor of regional passenger lease revenue, represented 86% of Alpha Trains' regional passenger lease revenues as at 31 August 2014 as a consequence of Alpha Trains' competitive position in the German regional passenger rail market. The locomotives division is more diversified, with 11 main operating countries, and the top two markets, Germany and Belgium, accounted for 57% of Alpha Trains' locomotives lease revenues as at 31 August 2014.

***Type of lessees***

Alpha Trains' customers, as described above, can be classified into state-owned incumbent rail operators (or direct or indirect subsidiaries of state-owned incumbent rail operators), public operators and private operators.

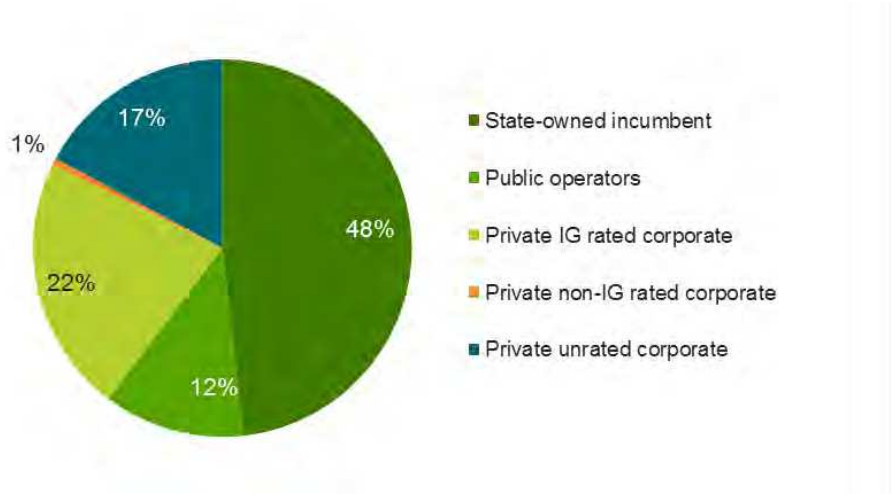
Lessees being state-owned incumbent rail operators (or direct or indirect subsidiaries of state-owned incumbent rail operators) accounted for 48% of Alpha Trains' total lease revenue as at 31 August 2014,

[41] *Source: Alpha Trains*

including Keolis Deutschland, SNCB, Arriva Denmark, NS Reizigers B.V., ITL Eisenbahngesellschaft GmbH, Transfesa Rail, CFL Cargo, DSB, Regentalbahn, Cargonet AS, VFLI and Euro Cargo. Public operators include mainly transport companies owned by German municipalities and regions like Westfalenbahn, Rheincargo, and BLS Cargo and accounted for 12% of Alpha Trains' total lease revenue as at 31 August 2014.

Private operators (direct or indirect subsidiaries of private corporates) accounted for 40% of Alpha Trains' lease revenue as at 31 August 2014, including Veolia Verkehr, trans regio (being owned by Veolia Group), Crossrail Benelux, Städtebahn Sachsen GmbH, RegioJet and NordWestBahn (**NWB**).

Lease Revenue breakdown according to Lessee's majority shareholder as at 31 August 2014




*Source: Alpha Trains*

## Leases

### *Main types of leases*

Alpha Trains leases its rolling stock under different lease structures depending on the level of additional services provided outside the leasing services. The lease structures entered into by Alpha Trains are described below.

- *Dry leases*: All maintenance during the lease term (light, day-to-day, preventive and corrective maintenance, and heavy periodic maintenance) is undertaken by the lessee. Alpha Trains collects maintenance reserves from the lessee for future heavy maintenance events and reimburses the costs of such heavy maintenance up to the contractually agreed amounts. In some passenger leases the maintenance revenue amounts are deferred against an adequate security.

- *Soggy leases*: The lessee has the responsibility for light, day-to-day, preventive and corrective maintenance whilst Alpha Trains is responsible for heavy maintenance events during the lease term. Such heavy maintenance will be paid through the maintenance reserves collected by Alpha Trains from the lessee during the term of the lease. Such maintenance reserve will also be used to defray the costs of heavy maintenance carried out after the expiry of the current lease (similar to dry leases).

- *Wet leases (concerning locomotives only)*: All maintenance and insurance during the lease term is undertaken by the lessor. Alpha Trains offers a full maintenance services package (maintenance services are outsourced to external maintenance providers) including property damage insurance. The heavy maintenance costs are paid through the maintenance reserves collected by the lessor from the lessees during the term of the lease and rentalised in the wet lease agreement.

- *Power By the Hour leases*: Form of dry lease. The lease rental is calculated on the basis of the actual usage of the locomotive, i.e. the lessee is charged a certain amount per operating hour or kilometre. Such amount includes a proportional part of maintenance reserves. A fixed amount for a locomotive and a certain amount of pre-agreed mileage (operating hours or kilometres) may also be agreed upon. This is of benefit to an operator which may be attempting to obtain additional business, but is unable to commit until it secures freight shipping contracts.

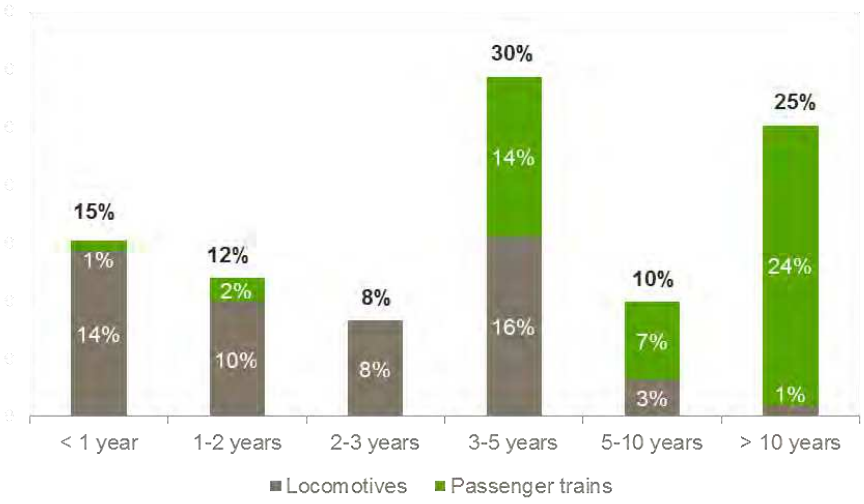
- *Park and Lease leases*: Form of dry lease. For this type of lease, locomotives are leased to maintenance providers and parked at the maintainer's workshops who will rent out such rolling stock to rail operators at a very short notice (especially for emergency use or during maintenance events). The lease rental is calculated on the basis of the actual usage of the locomotive, i.e. the lessee is charged a certain amount per operating hour.

Although Alpha Trains has a diesel locomotive wet lease product, its locomotive fleet is still mainly leased under dry leases with an increasing number of soggy leases. In addition, Alpha Trains generally leases its entire passenger train fleet under dry leases, except on an exceptional basis when Alpha Trains also covers heavy maintenance and refurbishment projects (soggy leases).

***Lease maturities***

Alpha Trains operates its fleet under lease agreements with well spread out maturity profiles. The aggregate lease revenue from leases maturing within two years accounted for less than 30% of total lease revenue as at 31 August 2014.

Lease maturity profile (as a percentage of the total lease revenue) as at 31 August 2014




*Source: Alpha Trains*

Alpha Trains benefits from a predictable revenue base as it derives most of its revenue from long-term lease agreements. The weighted average (weighted by the revenue derived from the rolling stock) remaining lease term of Alpha Trains' rolling stock (including both passenger trains and locomotives) is 5.1 years as at 31 August 2014.

The regional passenger segment improves the overall predictability of revenues as the weighted average remaining lease term of passenger trains is 8.0 years as at 31 August 2014, which is significantly higher than that of the locomotives, which is 2.5 years as at the same date.

***Key terms of the lease agreements***

The Subleases between a Spoke Entity and a customer (or, in the case of direct leases, between the relevant rolling stock owner and the customer) will generally have the following terms:

- delivery and redelivery of rolling stock;
- arrangements regarding manufacturer warranties (including spare parts);
- rentals and payments;
- restrictions on subleasing;
- quiet enjoyment (from the Spoke Entity);
- insurance obligations;
- maintenance, operation and repair obligations, including modification provisions and restrictions;
- rights of inspection, default maintenance and security;
- information recording (such as mileage and other performance data); and
- termination rights.

**Fleet**

***Fleet breakdown between diesel versus electric and freight versus passenger***

As at 31 August 2014, Alpha Trains had a large and diversified fleet of 641 rolling stock assets, almost equally split between passenger trains and locomotives with a significant portion of electric rolling stock assets (as a percentage of Alpha Trains' fleet's NBV as at 31 August 2014)[42].

Breakdown of Alpha Trains' fleet's NBV as at 31 August 2014 between passenger versus locomotives and electric versus diesel rolling stock

*Note: "Passenger Locomotives": locomotives which are capable of and modified specifically to be used in passenger services*

*Source: Alpha Trains*

[42] At the end of December 2014, Alpha Trains sold a Vossloh G1206 freight locomotive and at the date of this Prospectus is in commercial discussions to sell a Vossloh G1000 freight locomotive. Such sales do not, and will not, have a material impact on the business of Alpha Trains or the financial information presented in this Prospectus.

***Multi-homologated rolling stock***

Approximately two thirds of Alpha Trains' locomotive fleet benefits from multi-country homologations. This provides Alpha Trains with a strategic advantage in servicing an increasing demand for cross-border rail freight transport in Europe (see "*Industry Overview – Overview of the current rail freight market in Europe*"). In addition, this also means that Alpha Trains is able to remarket and redeploy such rolling stock in various countries as detailed below.

Alpha Trains' locomotive fleet as at 31 August 2014 by number of countries of homologation (based on the number of units):

*Source: Alpha Trains*

The three main countries where one-country homologated locomotives can be used reflect the current focus of Alpha Trains' fleet on the German market as well as the technical requirements of certain countries (such as Italy (different power supply) and Spain (different gauge)). A high proportion of multi-country locomotives can be operated in Germany, resulting in approximately 79% of Alpha Trains' locomotives (either one-country or multi-country homologation) being capable of operation in Germany.

***Young Fleet age***

Alpha Trains has a relatively young fleet with an average age of 6.2 years (weighted by the fleet's NBV) as at 31 August 2014 with an average economic useful life of approximately 30 years per rolling stock. The weighted average age of Alpha Trains' passenger trains is 5.4 years (compared to 7.0 years for Alpha Trains' locomotive fleet) reflecting Alpha Trains' recent focus on the passenger segment.

***Rolling stock description***

As at 31 August, 2014, Alpha Trains had a diversified fleet comprised of the following rolling stock:

*PASSENGER ELECTRICAL MULTIPLE UNITS (**EMUS**)*

| **Manufacturer** | **Class** | **Main characteristics** | **Number of Alpha Trains' lessees** | | **Deliveries** | **Numb** |
|---|---|---|---|---|---|---|
| Stadler | FLIRT | Articulated EMU of 2 to 6 sections | 4 | **Market** | From 2004 | 1020 (inclu units o order) |
| | | | | **Alpha Trains** | May 2007 - August 2014 | 102 |
| | | The FLIRT offers operational flexibility due to its ability of being configured in multisystem power usage. Therefore, these trains are well established in the mark reliability as shown by its large order book and size. Its homologation is availabl re-leasing and redeployment opportunities. | | | | |

[43] *Source: SCI Verkehr GmbH,* as of February 2014.

| | | | | | | |
|---|---|---|---|---|---|---|
| Siemens<br> | DESIRO | Non-articulated EMU primarily for use on suburban and inter-urban services | 1 | **Market** | From 2008 | 430 (inclu units o firm order) |
| | | | | **Alpha Trains** | Sept. 2008 - Jun. 2009 | 17 |
| | | Due to its non-articulation, this class is easy to reconfigure into two to six-car ve size is currently limited although it is expected to increase with the order of 305 contract with OBB for a committed order of 100 units and an optional order of 1 ordered 5 Desiro for 2 cross-border operation between AT and HU. | | | | |

*PASSENGER DIESEL MULTIPLE UNITS (**DMUS**)*

| **Manufacturer** | **Class** | **Main characteristics** | **Number of Alpha Trains' lessees** | | **Deliveries** |
|---|---|---|---|---|---|
| Bombardier<br> | TALENT | DMU of 2 or 3 cars | 5 | **Market** | 1997 - 2006 |
| | | | | **Alpha Trains** | Jan. 2003 - Jan 2006 |
| | | The Talent was developed in cooperation with Deutsche Bahn and can be easily good customer reputation resulting in a large fleet size. | | | |

[44] *Source: SCI Verkehr GmbH,* as of February 2014.
[45] *Source: SCI Verkehr GmbH,* as of February 2014.

| | | | | | |
|---|---|---|---|---|---|
| Siemens<br> | DESIRO Classic | Articulated standard 2-car DMU mainly used for commuter and regional services | 4 | **Market**<br><br>**Alpha Trains** | 2000 - 2009<br><br>Dec. 2000 - Dec. 2005 |
| | | Due to its homologations in nine countries this class offers good remarketing op | | | |
| Alstom<br> | LINT41 | Articulated 2 - car DMU | Through Jutland concession | **Market**<br><br>**Alpha Trains** | From 1999<br><br>Mar. 2004 - Dec. 2004 |
| | | Due to its positive functional features, this is a very popular train as evidenced b | | | |
| ADtranz (original manufacturer while now manufactured by Stadler after Bombardier took over ADtranz in 2001)<br> | RS1 | Single-car DMU | 2 | **Market**<br><br>**Alpha Trains** | 1996 - 2008<br><br>2000/2001 |
| | | Due to its high motorisation, this class is successful on hilly areas and – in singl routes. | | | |

[46] *Source: SCI Verkehr GmbH,* as of February 2014.
[47] *Source: SCI Verkehr GmbH,* as of February 2014.
[48] *Source: SCI Verkehr GmbH,* as of February 2014.

*ELECTRIC LOCOMOTIVES*

| Manufacturer | Class | Number of Alpha Trains' lessees | | Deliveries | Number | Hom |
|---|---|---|---|---|---|---|
| Bombardier | TRAXX 185 | 16 | **Market** | From 2000 | 1000[49] | 10 co DK, RO, S |
| | | | **Alpha Trains** | Dec. 2001 - Aug. 2009 | 64 | 6 cou count (DE, DE+A DE+A DE+A |
| | | This class is the most popular locomotive with locomotive drivers due to its s In addition, lease rates were steady over the lifetime of the TRAXX185 and f expected to be stable. | | | | |
| Bombardier | TRAXX 186 | 9 | **Market** | From 2006 | 270[50] | 9 cou BE, F |
| | | | **Alpha Trains** | Aug. 2007 - Jan. 2010 | 80 | 6 cou DE+I DE+A |
| | | The multi-system train is suitable for cross-border traffic. This rolling stock i proven technology and with leasing companies due to its flexible usage. | | | | |

[49] *Source: SCI Verkehr GmbH,* as of February 2014.
[50] *Source: SCI Verkehr GmbH,* as of February 2014.

| | | | | | | |
|---|---|---|---|---|---|---|
| Bombardier<br> | TRAXX 145 | 2 | **Market** | 1997 - 2002 | 130[51] | 2 |
| | | | **Alpha Trains** | Apr. 2001 - Jan. 2002 | 6 | 1 |
| | | This class is an economical alternative to the more recent TRAXX185. This i Germany. | | | | |
| Bombardier<br> | TRAXX E483 | 6 | **Market** | From 2006 | 150[52] | 1 |
| | | | **Alpha Trains** | Sept. 2007 - Jun. 2009 | 20 | 1 |
| | | This locomotive for use on the Italian and Polish networks has a strong positi modern competitive products. | | | | |

These locomotives could be reconfigured for passenger operations (this is also the case for a small number of Alpha Trains' electric locomotives).

[51] *Source: SCI Verkehr GmbH,* as of February 2014.
[52] *Source: SCI Verkehr GmbH,* as of February 2014.

*DIESEL LOCOMOTIVES*

| Manufacturer | Class | Main characteristics | Number of Alpha Trains' lessees | | Deliveries |
|---|---|---|---|---|---|
| Vossloh | G1206 | 4-axle single cab diesel hydraulic shunting locomotive able to haul freight trains at mainline speeds | 18 | **Market** | From 1997 |
| | | | | **Alpha Trains** | Oct. 2000 - Dec. 2008 |
| | | The G1206 is established in the market place and is suitable for cross-border oper | | | |
| Vossloh | G2000 | 4-axle dual cab diesel hydraulic locomotive able to haul freight trains at mainline speeds fitted with Caterpillar engines and a Voith hydraulic transmission | 17 | **Market** | From 2000 |
| | | | | **Alpha Trains** | Sept. 2001 - Nov. 2009 |
| | | This up-rated version of the G1206 benefits from higher traction power and lower electric locomotives. Its modular design is suitable for future reconfiguration and homologations offer cross-border opportunities. | | | |

53 *Source: SCI Verkehr GmbH,* as of February 2014.

54 At the end of December 2014, Alpha Trains sold a Vossloh G 1206 Freight locomotive. This sale does not have a material impact on the business of Alpha Prospectus

55 *Source: SCI Verkehr GmbH,* as of February 2014.

| | | | | | |
|---|---|---|---|---|---|
| Vossloh<br> | E4000 | 6-axle double cab diesel-electric locomotive fitted with diesel engine and traction package from General Motors Electro-motive | 6 | **Market**<br><br>**Alpha Trains** | From 2006<br><br>Sept. 2008 - Sept. 2010 |
| This proven and reliable asset class benefits from higher traction power and lower electric locomotives. Alpha Trains' asset class has a broad gauge design that restri Spain and Portugal. | | | | | |
| Vossloh<br> | G1000 | 4-axle single cab diesel hydraulic locomotive fitted with either MTU engines (1500 kW version) or Caterpillar engines (1700 kW version) and a Voith hydraulic transmission. The 1500 kW version was later replaced by the G1206. | 9 | **Market**<br><br>**Alpha Trains** | From 2001<br><br>Nov. 2003 - Mar. 2007 |
| This standard locomotive in the heavy shunting segment and its modular design o reconfiguration and changes in homologation. | | | | | |

56 *Source: SCI Verkehr GmbH,* as of February 2014.

57 *Source: SCI Verkehr GmbH,* as of February 2014.

58 As at the date of this Prospectus, Alpha Trains is in commercial discussions to sell a Vossloh G 1000 freight locomotive. If concluded, this Sale will not have a the financial information presented in this Prospectus.

| | | | | | |
|---|---|---|---|---|---|
| Vossloh | G1700 | 4-axle single cab diesel hydraulic shunting locomotive able to haul freight trains at mainline speeds fitted with MTU engines and Voith hydraulic transmission | 1 | **Market**<br>**Alpha Trains** | From 2002<br>Dec |
| | | This standard locomotive in the multi-purpose segment is well liked and understo<br>Its modular design is suitable for future reconfiguration and changes in homologa | | | |
| Siemens | ER20 | 4-axle diesel-electric locomotive fitted with MTU engine | 1 | **Market**<br>**Alpha Trains** | 2000 - 2012<br>Sept. 2007 - Dec. 2007 |
| | | This standard locomotive for diesel mainline services is widely distributed among<br>with separate systems (engines, electronics etc.) housed in separate fabricated uni<br>operational flexibility is provided by some cylinders that can be turned off to redu<br>In addition, this locomotive can be operated in passenger and freight markets. | | | |
| EMD | Class66 | 6-axle diesel-electric locomotive | 1 | **Market**<br>**Alpha Trains** | 1998 - 2011<br>Aug. 2007 - Dec. 2007 |
| | | This standard locomotive is widely distributed among operators due to its proven<br>historically cheaper procurement price than direct competitors. It is suitable for li<br>cross-border transport due to its high number of homologations. However, produc<br>meeting the emission standards. | | | |

[59] *Source: SCI Verkehr GmbH,* as of February 2014.
[60] *Source: SCI Verkehr GmbH,* as of February 2014.
[61] *Source: SCI Verkehr GmbH,* as of February 2014.

Key:

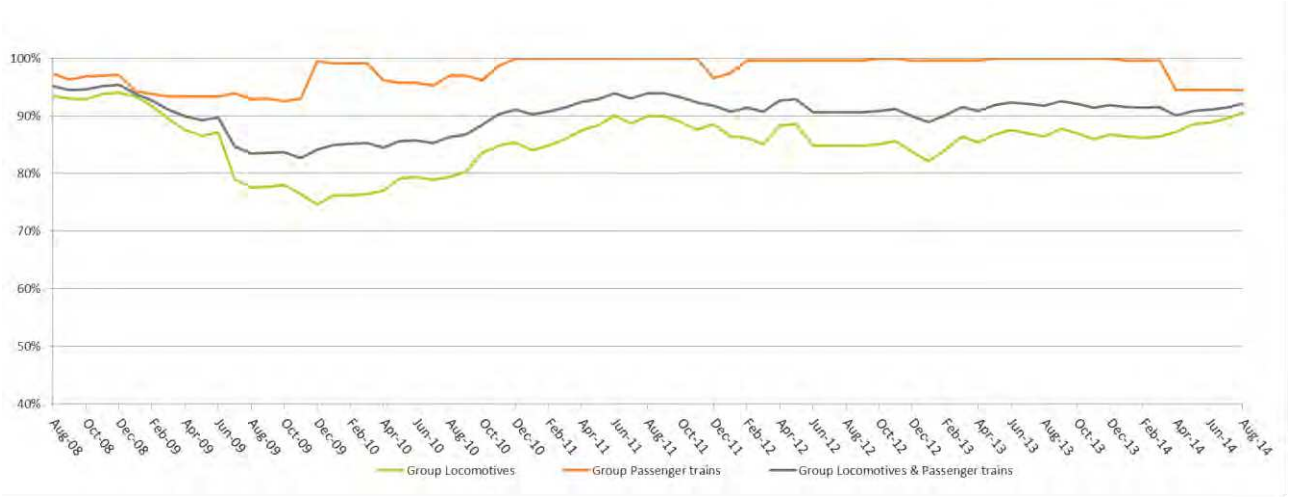
| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1. AT: Austria | BE: Belgium | BU: Bulgaria | BY: Belorussia | CH: Switzerland | CZ: Czech Republic | DE: Germany | DK: Denn |
| FR: France | GR: Greece | HU: Hungary | IT: Italy | LT: Lithuania | LU: Luxembourg | NL: The Netherlands | NO: Norw |
| RO: Romania | SE: Sweden | SK: Slovakia | | | | | |

ETCS: The European Train Control System is a signalling, control and train protection system designed to replace the many national safety systems in

***Utilisation Rate***

*Sustained Utilisation Rate*

The chart below shows the combined Willow and Elf portfolios monthly utilisation rates from 2008 to 2014. The utilisation rate shown below includes rolling stock undergoing heavy maintenance or overhaul work upon lease expiry as off-lease.




*Source: Alpha Trains*

The utilisation rate of Alpha Trains' fleet has historically been at very high levels. As at 31 August 2014, Alpha Trains' monthly utilisation rate of its rolling stock during the previous 3 years has not been below 89% and has averaged 92%.

Several factors have contributed to this high level of utilisation. These factors include the following:

- a shortage of rolling stock in Europe due to an increase in demand for rail services over the past 10 years in the European freight market (see "*Industry Overview – Overview of the current rail freight market in Europe*") and in the German regional passenger market (see "*Industry Overview – Overview of the German regional passenger rail market*"). Demand exceeds capacity on many routes, especially freight routes, which leads to overcrowding at peak times on many services (see "*Industry Overview – Rail freight market in Continental Europe – Rail freight leasing market in Continental Europe*");

- Alpha Trains has a large and diversified rolling stock fleet (including in particular a locomotive fleet with multi-homologation systems which allows operation, redeployment and remarketing in several countries), which reduces the risk of not being able to re-lease an individual unit;

- a substantial portion of Alpha Trains' fleet (85% for passenger trains and 79% for locomotives) is currently homologated to operate in Germany. The market has been growing by 3.1%[62] per year since 2005 in Germany's regional passenger rail market (in EUR, see "*Industry Overview – Overview of the German regional passenger rail market*") and by a CAGR of 2.4% since 2000[63] in the rail freight market (in tonne-km, see "*Industry Overview – Overview of the current rail freight market in Europe*"); and

- successful remarketing of the passenger trains and locomotives (as described below).

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62 *Source: SCI Verkehr GmbH, as of February 2014.*
63 *Source: SCI Verkehr GmbH, as of February 2014.*

***Passenger trains:***

The utilisation rate in the regional passenger segment was at or close to 100% (taking account of planned extraordinary refurbishment events which are subsequently rentalised) since delivery of the relevant passenger trains during the last three years and has been very stable with only small drops in utilisation rates due to maintenance or modification work being required to prepare the passenger trains for the next (typically, already signed) lease contracts.

In December 2008, at the end of a lease contract, a new lease contract was already signed for a concession which partly started in December 2009. Although the above utilisation chart shows a drop in utilisation, the income received by Alpha Trains during 2009 was not negatively impacted as the lessee paid a significant reservation fee to Alpha Trains for reserving the relevant DMUs for one year. Additionally, a DMU fleet was being offered under a potential long-term contract and therefore was only offered on short-term opportunities in advance of the long-term contract commencing to prevent the long-term opportunity from being frustrated.

In April 2010 and December 2011, the utilisation rate dropped slightly due to mandatory heavy overhaul work after the end of the relevant lease contracts in preparation for a new long-term lease contract.

In December 2013, at the end of a concession for 20 DMUs, 5 passenger trains were re-leased to the same lessee while the 15 other passenger trains were leased to a new operator after a mandatory heavy maintenance and refurbishment, which refurbishment costs were 'rentalised' and will be recovered in the lease rate over a 10-year term which commenced in December 2014.

*Locomotives:*

The utilisation rate in the locomotives division was above 85% during the last three years up to 31 August 2014 and has been very stable, despite the challenging economic conditions in Europe.

Between February 2009 and February 2010, the lower utilisation rate was due to adverse economic conditions caused by the financial crisis which coincided with the scheduled deliveries of locomotives ordered by RBS before the Elf portfolio was acquired by Alpha Trains which could not be immediately leased upon delivery due to general market conditions. However, even during the financial crisis, the lowest utilisation rate for Alpha Trains' locomotives fleet was 75%.

In February 2012 and February 2013, Alpha Trains' utilisation rate reduced (although not as significantly as in 2009/10), mainly due to the remarketing delay of certain locomotives not renewed at lease maturity, and due to delays in heavy maintenance in respect of 10 locomotives, as a consequence of the limited capacity of heavy maintenance providers. Alpha Trains has since added an additional heavy maintenance provider in the locomotives division to provide additional heavy maintenance capacity.

***Rolling stock remarketing***

*Passenger trains:*

For the passenger fleet, the remarketing process starts years before an existing contract ends. The remarketing process requires the harmonisation of supply and demand and detailed knowledge of current market activity and trends, and the likely leasing opportunities that will arise. When a passenger franchise and thereby a lease contract is coming to an end there are several alternatives for the leased units that typically occur:

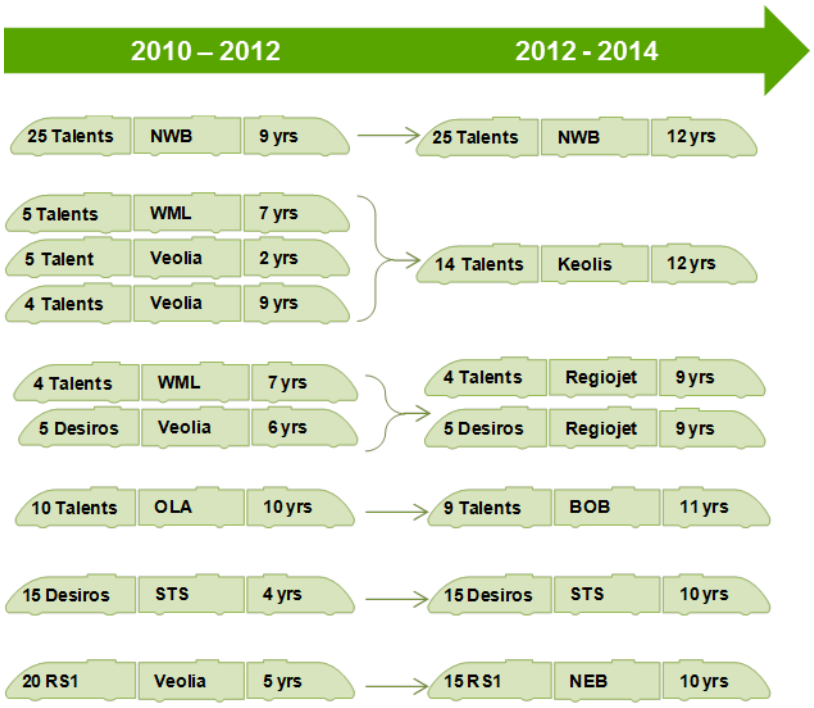
- the existing fleet remains with the current operator and stays on the same concession for the next concession period (usually 10 to 15 years). This minimises costs and risks for all parties (Alpha Trains, the TOC and the PTA) and is the first priority for the commercial team. During the last five

years, approximately two thirds of the Alpha Trains passenger fleet being released has been released to the previous operator;

- the existing fleet can be re-leased to a new operator on the same concession;
- the existing fleet can be re-leased on a new concession;
- the existing fleet can be re-leased on short term projects through combining or splitting the available rolling stock to meet shorter-term demands in the market and to bridge periods until a long-term placement; and
- the existing fleet may be modified at the request of a TOC to enable deployment on the next concession. These modifications are never speculative and are either paid for directly by the TOC or are rentalised in the new lease agreement.

Alpha Trains has a strong track record of successfully re-leasing rolling stock (following the expiry of previous lease arrangements). This track record has been assisted by a detailed understanding of market dynamics, fostering good relationships with customers and stakeholders, targeted marketing, proactive commercial placement of off-lease rolling stock with new customers and strategic investment in fleets.

All such remarketing options have already been successfully implemented by Alpha Trains as depicted in the below chart.




For illustration purposes:

- in 2012 and 2011 (i.e. 24 months and 30 months before the relevant passenger train leases were scheduled to end) the passenger train lease contracts were extended with the same lessee respectively for 10 years with Städtebahn Sachsen GmbH and 12 years with NordWestBahn;
- in 2011 (i.e. 30 months before the relevant passenger train leases were scheduled to end) a new passenger train lease agreement was established with Keolis Deutschland (after putting together a larger fleet from smaller fleets leased with Prignitzer Eisenbahn GmbH and Veolia Verkehr). The

same remarketing process was implemented in 2011 (i.e. 6 months before the relevant passenger train leases were scheduled to end) for a new passenger train lease agreement with RegioJet; and

- in 2011 (i.e. 24 months years before the relevant passenger train leases were scheduled to end), a new passenger train lease agreement was put in place for a new operator on a new route, NEB (after splitting the passenger fleet leased with Veolia Verkehr). The same remarketing process was implemented in 2012 (i.e. 15 months before the relevant passenger train leases were scheduled to end) for a new passenger train lease agreement with Bayerische Oberlandbahn GmbH (a subsidiary of Veolia Verkehr).

Maximising the remarketing outcomes requires Alpha Trains to assess the likely market demands well in advance of the expiration of the relevant lease contract and to use its unique position in the market to do this. Discussions are often held with the PTAs so that both parties can understand the upcoming concession requirements (this is important to the PTAs to generate used fleet competition in the market, usually against the incumbent operator) and Alpha Trains sometimes has the chance to suggest optimising alternatives to the PTAs. In addition Alpha Trains is approached by potential TOC bidders so they can similarly assess the rolling stock which could be available to facilitate them bidding on a particular concession to maximise their chances of winning such concession. This central trusted position in the tender market is a key attribute of Alpha Trains and this together with a critical mass of used and well-maintained rolling stock, acts as an effective barrier to entry for new lessors.

*Locomotives*

Due to the different dynamic in the freight market compared to the regional passenger market, the remarketing activities in the Locomotives Division typically start a few months (3 to 12 months, depending on the characteristics of the rolling stock and market where the rolling stock operates or can operate) before the notional lease expiry. A large number of the customers of Alpha Trains' Locomotives Division match the term of the leases they enter into with the length of the underlying freight contracts. Although freight transport contracts are tendered any time in the year a high number of freight transport contracts are re-tendered at the year end. This results in a relatively continuous re-leasing of locomotives and on average 12 locomotives are successfully re-marketed every month (either with leases that are extended or with delivery of locomotives into new leases) with additional peaks at year end.

Given the number of locomotives to be re-marketed every month, Alpha Trains has developed the necessary resources (both human and technical) and processes to adequately serve locomotive re-leasing to maximise utilisation and lease income. As an example of Alpha Trains' track record in remarketing of locomotives in the 2011 - 2014 period Alpha Trains has remarketed 582 locomotives of which 334 (57%) were extended and 248 (43%) were delivered on new leases. This high number of locomotives remarketed is reflected in the high utilisation rates achieved as shown for the last 4 years in the chart entitled "Standard Utilisation Rate" above. Futhermore, the average deal negotiation time improved from 44 days in 2011 to 27 days in 2014.

Alpha Trains has a highly experienced multilingual commercial team with established relationships in the 11 countries where Alpha Trains leases locomotives. This allows Alpha Trains to maximise the number of leads and to pursue the optimal commercial opportunity for each locomotive to be remarketed. A further example of Alpha Trains' wide commercial reach is reflected in the number of opportunities Alpha Trains identifies and wins. On average over the last 4 years we have identified opportunities to lease 281 locomotives every year, of which Alpha Trains has won 52% of the opportunities per year, the customers have cancelled the projects for 35% of the opportunities, and Alpha Trains has only lost deals for the remaining 13% of opportunities.

The remarketing process is initiated by the Commercial Team which regularly identifies the leases due to expire and assesses the short and long-term demand for each locomotive type in Alpha Trains' fleet. Whenever there is a lease to expire, the relevant Commercial Manager will contact the customer well in advance of the lease maturity to determine if the customer will extend the lease or re-deliver the locomotive.

This allows Alpha Trains to ensure that the optimal lease opportunity is pursued and that Alpha Trains has the best possible visibility on the future number and type of locomotives that will need to be redeployed with new customers.

If a lease extension is possible, lease renewal will be anticipated prior to the lease expiry and otherwise the commercial team will develop plans to schedule the re-delivery of the locomotive and its transfer to the next lessee. In some cases, re-delivery and delivery can take place in the same day, hence not generating any off-lease period and providing rental income continuity. In other cases, the locomotives go off-lease and they need to wait until other customers lease them. Alpha Trains assesses each opportunity independently to decide if it is better to move the locomotive immediately on a new lease or to keep it off-lease for a short period of time until the locomotive is deployed in a lease with better commercial conditions (higher lease rate and/or longer lease term).

The re-marketing process in the Locomotives Division is supported by the engineering, legal and operations team of Alpha Trains. These functions are critical to either ensure that lease extensions are processed timely or in the event of locomotive re-delivery, that the locomotive meets the re-delivery conditions on the scheduled re-delivery date through timely inspections and regular communication with the lessees.

***Rolling stock inspection and maintenance***

The maintenance of Alpha Trains' rolling stock (and thus preserving the value and utility of Alpha Trains' passenger trains and locomotives) is a vital part of Alpha Trains' business.

*Rolling stock maintenance*

The maintenance requirements of rolling stock are scheduled well in advance of entering into a lease and are carefully negotiated with suppliers.

Alpha Trains has a dedicated team of 18 engineers, who manage, monitor and procure scheduled maintenance works on rolling stock, as well as mandatory modifications and lease change refurbishments.

Light maintenance, which comprises the day-to-day maintenance of rolling stock undertaken by the operator, does not require the rolling stock to be taken out of service for any significant period. Light maintenance is performed in accordance with a maintenance programme specified in each lease supplement and at the intervals specified therein.

Heavy maintenance work comprises work such as overhauls which requires the relevant rolling stock to be taken out of service for an extended period in order for the work to be performed. Heavy maintenance work is performed by certified contractors in accordance with a specific maintenance regime established by Alpha Trains and set out in the relevant leases. The schedule of heavy maintenance works varies according to the class of vehicle, with some heavy maintenance scheduled on a mileage basis and some heavy maintenance scheduled on a time basis.

As evidence of Alpha Trains' track record in managing heavy maintenance events, during the last 4 years, Alpha Trains has carried out heavy maintenance on 107 of the 370 locomotives in its fleet with an average of 10 locomotives in heavy maintenance every month. In addition, Alpha Trains has performed 216 overhauls of capital spares such as diesel engines, hydraulic transmissions and final drives. The vast majority of these heavy maintenance events were performed within the foreseen downtime. Exceptionally, some of the overhauls have taken longer than foreseen, typically due to corrective works required but not attributable to Alpha Trains and the exceeding downtime has been either assumed by the lessees or been compensated with liquidated damages from the heavy maintenance providers.

*Passenger trains:*

For the regional passenger fleet, Alpha Trains has no "real time" monitoring device as the passenger trains operate on specific routes under long-term concession periods and are therefore under the control of the respective lessees. Alpha Trains does however use its in-house asset management planning system (**AMPS-I**) together with proprietary software "Alpha Dox", an online technical documentation management system, to monitor rolling stock condition. The maintenance control is conducted through a monthly reporting system for the maintenance events and lease-reporting obligations for accidents and certain incidents. Furthermore, Alpha Trains' fleet engineers regularly inspect Alpha Trains' passenger trains, the maintenance facilities of its lessees and the capabilities of the maintenance providers.

*Locomotives:*

In the locomotives division, Alpha Trains uses several IT systems that complement the physical observations of the fleet as outlined above. This system is comprised of AMPS-I, Alpha Dox and a Telematic system.

The AMPS-I system stores rolling stock details (including technical features, lease maturity and names of the lessees) and maintenance status for each locomotive (that records the performance of the current locomotive fleet and their components, as well as the work carried out, its date and costs). This information is updated on a continuous basis and is regularly backed up offsite. The system is used to electronically file records of maintenance work carried out by third party maintenance providers.

Part of this information and the technical documentation required to operate and maintain the locomotives are accessible to locomotive lessees and maintenance contractors through the Alpha Dox system.

The Telematics system (installed on selected freight Vossloh locomotives such as the classes G1000, G1206, G2000) provides real-time reporting of GPS coordinates, usage (kilometres and engine hours) and operational data, which allows for remote monitoring of the condition of the relevant freight Vossloh locomotives.

In addition, Alpha Trains' engineering team has online access to usage and maintenance information of the majority of electric locomotives owned by Alpha Trains.

*Residual Value Risk Management*

Residual Value Risk Management aims at minimising the financial risk exposure stemming from leases and rolling stock. This objective is achieved by both the commercial and engineering teams through several processes detailed below.

To mitigate customer risks, Alpha Trains performs a credit analysis of customers, (as well as close monitoring of payment against terms. Leases are usually settled one month in advance), an analysis of the risks related to concession contracts for passenger trains, and assesses technical-operational risks such as the capability of the lessee to operate and maintain the rolling stock properly.

To mitigate rolling stock risks, Alpha Trains performs regular asset-condition reporting and physical inspections of rolling stock by Alpha Trains' engineering team. Alpha Trains utilises extensive audit and rolling stock inspections in order to ensure that rolling stock is kept in good condition and fully operational until at least the end of its book life.

To mitigate lease risks, Alpha Trains typically requires performance guarantees of the lessees obligations' under the relevant lease contract. Regular reporting by the lessee is required by all lease contracts. Alpha Trains regularly tracks lessee's obligations such as lease payments and maintenance. To mitigate technical risks, all leases have well established processes in place for rolling stock vehicle return at the end of the lease term.

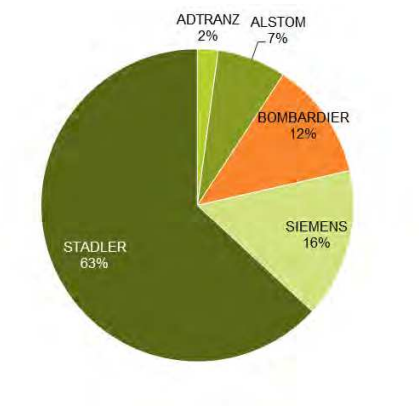
## Suppliers

### *Rolling stock manufacturers*

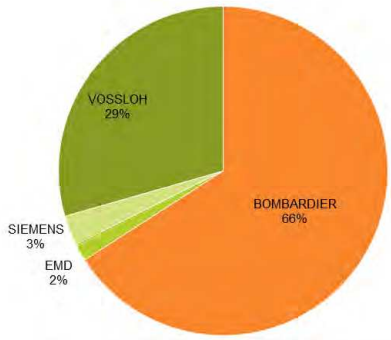
The manufacturers of Alpha Trains' passenger train rolling stock comprises Stadler, which accounted for approximately 63% of Alpha Trains' passenger train fleet NBV as at 31 August 2014, and a smaller number of units from Siemens (16%), Bombardier (12%), Alstom (7%) and Adtranz (2%). The two main manufacturers for locomotives, Bombardier and Vossloh, accounted for approximately 95% of Alpha Trains' locomotive fleet NBV as at 31 August 2014. Alpha Trains owns rolling stock from seven different manufacturers in total. Alpha Trains believes its strong relationships with these suppliers would enable Alpha Trains to find adequate alternative suppliers in the event one or more of these suppliers failed to perform.

Breakdown of the NBV of Alpha Trains' rolling stock by manufacturer as at 31 August 2014.

**Passenger trains**




**Locomotives**




*Source: Alpha Trains*

When purchasing rolling stock directly from the manufacturers, Alpha Trains targets suppliers that are experienced manufacturers, whose passenger trains and locomotive models possess a proven track record of reliability and performance and homologation. Alpha Trains' engineering team is also involved in the purchasing process from inception by choosing the most suitable rolling stock and by ensuring that the quality of the rolling stock purchased conforms to the standards and requirements specified in the relevant purchase agreement. Alpha Trains' engineering team also checks during the rolling stock's warranty period that all residual obligations of the suppliers have been fulfilled.

Alpha Trains has entered into purchase contracts with financial institutions, operators or manufacturers in connection with the purchase of the fleet of rolling stock. Whilst the terms of each purchase agreement are subject to commercial negotiation, pursuant to the purchase contracts, the manufacturer of the rolling stock will generally agree to carry out the design, manufacture and supply of equipment. The purchaser of the new rolling stock will generally have the following rights:

- rights against the manufacturer in relation to, amongst other things, the design, construction, testing, safety and delivery of the equipment;
- indemnities against losses incurred if the manufacturer is required to cease working due to being in breach of safety standards;
- grant of an irrevocable, royalty-free, transferable and non-exclusive licence of the manufacturer's relevant intellectual property rights;

- warranties in relation to defects;
- rights in relation to purchasing spare parts and special tools, with respect to manufacture and supply agreements only;
- general manufacturer's indemnity, backed by insurance;
- liquidated damages for any delay in delivery by the supplier against agreed timescales; and
- termination rights for poor or late performance by the manufacturer or the manufacturer's insolvency.

***Maintenance suppliers***

The vast majority of Alpha Trains' fleet (as at 31 August 2014); in particular all regional passenger trains, are leased under dry leases where all maintenance obligations are undertaken by lessees directly.

For regional passenger trains, in a limited number of leases, Alpha Trains is involved in ordering heavy maintenance works or refurbishment projects for its passenger trains directly from selected suppliers, in order to benefit from economies of scale by combining such works to be done for smaller fleets or to support smaller operators not familiar with such activities and to make sure the right supplier is selected for the respective works.

For locomotives, Alpha Trains' supplier base of heavy maintenance work is well diversified for both electric and diesel locomotives. Heavy maintenance works for Vossloh diesel locomotives is provided by eleven maintenance contractors, seven of which are located in Germany, two in France, one in Italy and one in Spain. Heavy maintenance works for Bombardier electric locomotives is provided by three maintenance operators: one located in Germany, one located primarily in Germany and the third located in Switzerland.

Alpha Trains benefits from a strong track record in procuring large orders of maintenance works. Alpha Trains is currently expanding its supplier base to search for competitive suppliers, using Alpha Trains' tendering processes for larger fleets, or small lot tendering, when required, to promote competition among suppliers and maintenance plan optimisation.

Alpha Trains has entered into a number of framework agreements for the supply of maintenance, renovation and repair works. Whilst the terms of each such framework agreement are subject to commercial negotiation, pursuant to such framework agreements, the supplier will generally agree with Alpha Trains to carry out the contracted works according to an agreed schedule/price on the following terms:

- the supplier is liable for defects in the contracted works (including manufactured spare parts);
- liquidated damages for any delay if the contracted works are not completed on schedule;
- the supplier must obtain all necessary intellectual property rights;
- the supplier is vicariously liable for the acts of agents;
- warranties in relation to defects (the typical warranty period is 2 years);
- the supplier is required to insure the relevant rolling stock, including liability insurance;
- the supplier bears the risk of loss of the relevant rolling stock (including accidental destruction and third party actions (such as graffiti or vandalism)) during the contracted works completion;

- the supplier is required to carry out the relevant contracted works at its own risk and in compliance with all applicable laws; and

- termination rights upon notice without cause and immediate termination rights for material breach.

Alpha Trains has also developed a complex predictive model which forecasts the occurrence of future heavy maintenance events for its locomotives and their associated costs based on multiple criteria (such as, among others, specific rolling stock usage, manufacturers' maintenance plan recommendations and Alpha Trains' maintenance improvement initiatives). This predictive model allows Alpha Trains to comfortably anticipate future heavy maintenance costs and enables Alpha Trains to adequately manage the necessary maintenance reserves amount and to track accurate maintenance expenditure cash flows. Due to the long-term and dry-lease nature of the passenger train lease contracts, the risk of price increases for maintenance events generally lies with the lessees. Alpha Trains has implemented mechanisms in the passenger train lease contracts which allow Alpha Trains to adjust the maintenance reserve amounts for such passenger train leases as needed.

***Safety***

Most of Alpha Trains' rolling stock is leased on a dry-lease basis where the lessee has the responsibility for all maintenance works (including heavy maintenance). Consequently the lessee retains most, if not all, of the safety responsibilities. However, in some cases, Alpha Trains is responsible for the heavy maintenance on the rolling stock and therefore is responsible for safety responsibilities associated to such maintenance events.

Even in cases where all maintenance obligations are retained by the lessee, Alpha Trains still has an interest to ensure that Alpha Trains' rolling stock remains safe at all times to prevent incidents that could negatively affect Alpha Trains' reputation or business and to preserve the value of Alpha Trains' rolling stock. As such, Alpha Trains has implemented a robust safety management system, which covers personal and rolling stock safety. Alpha Trains' approach to the safety of its staff is documented through an occupational health & safety policy. This policy outlines the responsibilities of staff and managers to ensure that all Alpha Trains' staff work in a safe environment.

Rolling stock safety is managed through the quality management system. This system comprises a set of procedures which cover all Alpha Trains' recurrent activities involving Alpha Trains' rolling stock, such as, among others, the acquisition of rolling stock, delivery and re-delivery to and from operators, maintenance monitoring and certification management. Since Alpha Trains cannot guarantee that rolling stock will not be involved in any significant incidents such as major accidents or a major failure with safety implications, Alpha Trains' quality management system also includes processes relating to safety incident management.

Alpha Trains' quality management system is periodically reviewed and is audited on a regular basis. Alpha Trains' engineering and management teams meet on a monthly and quarterly basis to review relevant safety issues.

**Insurance**

***Alpha Trains' Insurance***

Alpha Trains maintains specific insurance policies for third party liability risks, covering public, products, pollution and professional risks, insurance policies for directors' and officers' liability, and policies for loss or damage to (i) any off-lease rolling stock and (ii) certain on-lease locomotives, which have been notified to the property damage insurer and for which the lessees will reimburse the relevant insurance premium. In addition, Alpha Trains maintains insurances for normal employer's liability and premises occupancy risks, which includes coverage for property damage, business interruption and goods in transit.

The insurance programme, except for the property damage insurance to cover certain on-lease locomotives, is placed by Alpha Trains (Luxembourg) Holdings S.à r.l., and covers all subsidiaries of Alpha Trains and will also cover the Issuer (once incorporated). The insurers of such policies include, among others, Zurich Global Corporate, QBE Insurance (Europe), QBE Casualty Syndicate, ACE European Group and AIG Europe.

Alpha Trains maintains third party liability cover to a total of €209,250,000[64] equivalent as at the date of this Prospectus. There is no legal obligation on Alpha Trains to maintain third party liability cover at this level, but it has been considered prudent to maintain this arrangement. This insurance is arranged, and accordingly priced, on a contingent basis, on the understanding that, as noted below, all of Alpha Trains' lessees maintain the necessary level of cover in accordance with their licence obligations as applicable in the relevant jurisdictions where they operate. In the event of claims arising from an incident, they would initially fall to be dealt with under the relevant lessee's insurance programme.

Alpha Trains has also effected contingent all risks insurance cover for the locomotives of up to €25,000,000 per annum and subject to a deductible of €100,000 per event for rolling stock that is under a current lease, but where the existing insurance cover (which is the contractual responsibility of the lessee) is not sufficient (for example, if the rolling stock is not insured for the right amount or if the existing insurance cover has otherwise lapsed (for example, if premiums have not been paid)).

Since Alpha Trains' separation from Angel Trains in 2008 there have been no material claims under any of Alpha Trains' insurances.

***Lessee's Insurance***

Alpha Trains' operating lease contracts place obligations on the lessees to hold property damage insurance on the rolling stock leased. Such coverage is based upon agreed fleet values. In some limited cases, Alpha Trains accepts that certain train operators (for example state-owned train operators) are self-insured. The Willow and Elf Assets Owners or certain other of the Security Group's subsidiaries (in their capacity as contractual lessors of the relevant rolling stock) will be jointly named and/or the loss payee under such insurance policies. However, save in the case of a total loss event, Alpha Trains typically allows direct payment by the relevant insurers under such insurance to the relevant train operators in circumstances where they are managing repairs as agreed with loss adjusters. In all cases cover is extended to provide for claims arising from accidents, acts of vandalism and theft.

The lease contracts place further obligations on the lessees to obtain third party liability insurance, in accordance with the applicable regulatory governance framework for such lessees.

**Pensions**

The Railway Pension Scheme (the **RPS**) is an industry-wide pension scheme in the United Kingdom created to provide secure and flexible pension arrangements in the multi-employer railway industry. It was created on 1st October 1994. Active members, preserved pensioners and pensioners of the British Rail Pension Scheme were transferred into the RPS on that date. There are approximately 105 separate sections within the RPS, each with a dedicated employer. The company Alpha Trains UK limited, which is part of the Security Group, participates in the Alpha Trains Shared Costs Section of the RPS. The RPS is administered by RPMI Limited. The Security Group also operates defined contribution retirement benefit plans in Germany, Spain, and Belgium.

The RPS is a shared cost arrangement, whereby both Alpha Trains UK and the individual members share the cost of the scheme. However, the Alpha Trains section is closed to new members and comprises only members who are receiving a pension or those with a deferred pension.

[64] Being the equivalent of £155,000,000 converted using an exchange rate of £1 = €1.35

Formal actuarial valuations of the assets and liabilities of the RPS are carried out on a triennial basis by the Scheme Actuary. The latest valuation was carried out as at 31st December 2013.

The 2013 Actuarial Valuation shows that the Technical Provisions funding level was 118% (2010 105%). There are no active members and therefore no Future Service Joint Contribution Rate (FSJCR) is applicable.

The IAS19 valuation prepared for the 31st December 2013 statutory accounts showed the Alpha Trains UK Shared Costs Section of the RPS to have a surplus of €1.36 million. The next full actuarial valuation to be carried out as at 31st December 2016 will include a review by the trustees of the RPS and Alpha Trains UK of the funding arrangements and contributions payable by the members of the Security Group.

The assets of the Alpha Trains Shared Cost Section of the RPS do not include any of the Security Group's own financial instruments, nor any property occupied by, or other assets used by the Security Group.

**Litigation**

Other than the pending litigation discussed below, Alpha Trains is not subject to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer or Alpha Trains is aware) which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of Alpha Trains.

***Pending litigation***

Alpha Trains Italia S.R.L., a company included in Alpha Trains, was involved in legal proceedings that are currently pending.

In mid-2010 and early 2011, Alpha Trains Italia leased the following locomotives to Arenaways: (3 x E483 Traxx locomotives from the Elf portfolio, and 3 x G2000 and 1 x E483 Traxx locomotives from the Willow portfolio). Arenaways experienced serious cash flow problems following competitive pressure from the Italian railway operator (Trenitalia) that hindered Arenaways from carrying out the service for which the above locomotives were leased. At the end of July 2011, Arenaways filed a default declaration before the court of Turin and Arenaways was subsequently declared insolvent in early August 2011.

The total net outstanding rental and maintenance reserve payments owed by Arenaways following its insolvency amounted to approximately €577,000. The hearing for the assessment of the submitted claims in the Arenaways bankruptcy proceeding took place on 6 February 2014 and the court admitted Alpha Trains Italia's claims and considered preferred claims for an overall amount of €198,000 (preferred claims would be satisfied in priority should any moneys become available following the disposal of the Arenaways insolvent estate, i.e. its assets. Of note, such disposal is still ongoing).

This resulted in financial losses related to the locomotives from the Elf portfolio of €122,000 and from the Willow portfolio of €455,000. The estimated legal costs relating to such repossession is €90,000 (of which €45,000 was recovered from RBS in connection with the Elf portfolio).

**Management and employees**

Alpha Trains' management team is highly experienced and has a strong knowledge and understanding of the Continental European rail industry stemming in part from the fact that Alpha Trains was a "first mover" in this market and several of the managers around at that time remain in the business. Alpha Trains' management team includes the Managing Directors of the two business segments (i.e. the Locomotives Division and the Passenger Division) who manage the operational-level day-to-day business of these divisions, and who report directly to the Chief Executive Officer. Reporting directly into the managing directors of the two divisions are senior managers responsible for commercial, legal and engineering. In addition, Alpha Trains' management team comprises managers and functional heads that provide support and

HQ services to the whole group including finance, treasury and funding, human resources, IT and legal. Alpha Trains' senior management team is comprised of the following individuals:

**Shaun Mills**

***Chief Executive Officer***

Shaun Mills has been with Alpha Trains for over 4 years joining the business in September 2010 as Chief Executive Officer. Shaun was previously the Chief Financial Officer and (post-acquisition by NS Railways) Chief Executive Officer at Abellio Group GmbH (a German bus and train operator), and Finance Director with Arriva plc and Finance Director of the UK train operator Great North Eastern Railway (GNER).

Prior to working in the transport sector, Shaun held a variety of senior international positions with companies in the BAE Systems group, including Managing Director of Heckler & Koch GmbH and RO Defence Rocket Motors, and Finance Director at Avro International Aerospace (civil aircraft), Royal Ordnance plc (weapon manufacturer) and Eurofighter GmbH. Shaun has over eleven years' experience of working in Germany and ten years in the transport sector. Shaun is also a qualified chartered accountant and worked for KPMG for twelve years.

**Rainer Uhlhorn**

***Chief Financial Officer***

Rainer joined Alpha Trains as Chief Financial Officer on 1 February 2015. Prior to joining Alpha Trains, Rainer held a variety of senior roles across various industries, including Karlie group GmbH, Sanimed GmbH and Rütgers Group, each with an international breadth. Rainer has significant experience in finance projects including company integrations, implementation of finance systems and financial reporting/budgeting instruments and refinancings.

**Ingo Wurzer**

***Head of Group Investment Funding***

Ingo joined Alpha Trains as Head of Group Investment Funding in July 2013. Prior to joining Alpha Trains, Ingo held a variety of different senior roles in the finance sector, including corporate finance, structured finance and corporate banking at Deutsche Apotheker & Ärztebank, WestLB and BDO.

**Linn Hartnack**

***Group Head of Human Resources***

Linn took over responsibility for all human resources-related matters for Alpha Trains in 2012. Prior to joining Alpha Trains, Linn gathered almost 10 years' experience in different international human resources positions in a variety of industries.

**Thomas Schmidt**

***Managing Director, Passenger Division***

Thomas was appointed Managing Director of the Passenger Division in June 2013. Thomas joined Alpha Trains in August 2002 as a Commercial Manager, and was subsequently promoted internally to Senior Commercial Manager and later to Commercial Director. Prior to joining Alpha Trains, Thomas worked at Deutsche Bahn and GE Rail Services.

**Jörg Hagemeyer**

***Engineering Director, Passenger Division***

Jörg was appointed Engineering Director of the Passenger Division in 2012. Jörg joined Alpha Trains in January 2004 as a fleet engineer and was later promoted to Engineering Manager in March 2009. Prior to joining Alpha Trains, Jörg worked for Bombardier in Aachen as a project manager and service engineer for diesel multiple units.

**Thomas Paul Müller**

***Commercial Director, Passenger Division***

Thomas joined the Passenger Division in September 2004 and has extensive customer relationships and project experience. Prior to joining Alpha Trains, Thomas worked in the international structured transport finance and advisory business, including leasing (aircraft, ships and trains).

**Fernando Pérez**

***Managing Director of Locomotives Division***

Fernando joined Alpha Trains in January 2001 as an Engineering Manager of the Locomotives Division. In 2004, Fernando was promoted to Engineering Manager, Strategic Projects.

In April 2007, Fernando was transferred to Spain as Country Representative for Spain and Portugal. In August 2010, he assumed the position of Engineering Director of the Locomotives Division based in Antwerp. Before joining Alpha Trains, Fernando held the position of project manager at Alstom.

**Peter Magedler**

***Engineering Director of Locomotives Division***

Peter started his career with Alpha Trains in March 2008 as a project manager in London. In 2010, he transferred to the Locomotives Division in Antwerp as a project manager in the Service and Procurement Department and shortly thereafter was promoted to lead the Service and Procurement Department. In October 2013, Peter was appointed Engineering Director for Alpha Trains' Locomotives Division.

Prior to working with Alpha Trains, Peter worked for Plasser & Theurer in Madrid as a procurement and quality manager for track maintenance machines.

**Katherine Van Goethem**

***Commercial Director, Locomotives Division***

Katherine started her career with Marsh, a leading risk and insurance firm, and subsequently worked for Adimex as a Sales Administration Manager. From 2006 onwards she worked for Infrabel (the Belgium state infrastructure provider), first as a project leader of the Client/Product Strategy division, with her last role being Head of Division B2B-B2C. Katherine joined Alpha Trains in October 2014 and brings more than 15 years of experience in operations and commercial management and more than 8 years' experience in the railroad business.

**Hedwige Van de Wyer**

***Legal and Operations Director of Locomotives Division***

Hedwige joined Alpha Trains in February 2002 as a contract manager. In 2003 she transferred to the legal department as legal counsel and was promoted to Senior Legal Counsel in July 2003.

In January 2007 Hedwige was appointed Legal Director, followed by a promotion to Legal and Operations Director in 2008. Prior to joining Alpha Trains Hedwige worked as legal counsel for various law firms.

**Employees**

Alpha Trains recognises the different characteristics of the passenger and freight business segments. As such, for each segment, Alpha Trains relies on the in-house skills of its engineering, legal and commercial teams.

As at 31 August 2014, Alpha Trains had 81 employees. Headcount is divided among the following market segments and locations:

| **Office** | **Business unit** | **Headcount** | |
|---|---|---|---|
| Luxembourg | Headquarters | 8 | 9 |
| | Locomotives | 1 | |
| Cologne | Passenger | 12 | 37 |
| | Locomotives | 3 | |
| | Headquarter support functions | 22 | |
| Antwerp | Locomotives | 29 | 34 |
| | Headquarter support functions | 5 | |
| Madrid | Locomotives | 1 | 1 |
| **Total** | | 81 | |

**Financial Information**

***Basis of preparation***

Alpha Trains was created by the purchase of the Willow group of companies and by subsequent portfolio acquisitions. The trading companies of Alpha Trains will be transferred to constitute the Security Group on or about the Initial Issue Date.

As some portfolio acquisitions were recent (the Elf and the Rosenheim portfolios were respectively acquired with economic effect as at 30 December 2013 and 29 July 2014), historical audited financial information is limited to the Willow portfolio for the fiscal years 2012 and 2013. Trading has been recorded from 1st January 2014 for Elf and 1st August 2014 for Rosenheim.

**Consolidated financial statements for Willow for the fiscal years 2012 and 2013 are reflected in the audited consolidated financial statements of Alpha Trains Group S.à r.l. presented in the section entitled "Financial Statements of Security Group". This entity is one level below the parent company of the Security Group (i.e. Alpha Trains Holdco II S.à r.l.). However Alpha Trains Holdco II S.à r.l. is a holding company that performs no operating activities. Therefore there is no material difference compared with the P&L and cash flow statements of Alpha Trains Group S.à r.l. as evidenced in the audited statutory standalone and consolidated financial statements detailed in the section entitled "Financial Statements of Security Group".**

**Consolidated financial information appearing in the tables below for the 8 months to 31st August 2014 is extracted from the management accounts produced at the level of Alpha Trains Holdco S.à r.l. (in respect of the Willow portfolio), Alpha Trains Development No. 2 S.à r.l. (in respect of the Elf portfolio) and for the month of August 2014 is extracted from the management accounts produced at the level of Alpha Trains Development No. 3 S.à r.l. (in respect of the Rosenheim portfolio).**

**Alpha Trains Holdco S.à r.l. is an indirect subsidiary of Alpha Trains (Luxembourg) Holdings S.à r.l. and is the current parent company of the Willow portfolio. Its consolidated information includes the results of Alpha Trains Holdco S.à r.l., Woldhurst Properties Limited and the rest of the Security Group (other than the companies in the Elf and Rosenheim portfolios). There is no material difference between the P&L at EBITDA level and cash flow before financing derived at this level and those of the Security Group in respect of the Willow portfolio.**

**Alpha Trains Development No. 2 S.à r.l. is the current parent company (prior to the Initial Issue Date) of the Elf portfolio. Alpha Trains Development No. 2 S.à r.l. is a wholly owned subsidiary of Alpha Trains (Luxembourg) Holdings S.à r.l.. The consolidated information of Alpha Trains Development No. 2 S.à r.l. includes the results of Alpha Trains Development No. 2 S.à r.l., Alpha Trains Luxembourg No.2 S.à r.l. and Alpha Trains Iberia No.2, S.L.U.. There is no material difference between the P&L at EBITDA level and cash flow before financing derived at this level and those of the Security Group in respect of the Elf portfolio.**

**Alpha Trains Development No. 3 S.à r.l. is the current parent company (prior to the Initial Issue Date) of the Rosenheim portfolio. Alpha Trains Development No. 3 S.à r.l. is a wholly owned subsidiary of Alpha Trains (Luxembourg) Holdings S.à r.l.. The consolidated information of Alpha Trains Development No. 3 Sà r.l. includes the results of Alpha Trains Development No. 3 Sà r.l. and Alpha Trains ENR S.à r.l.. There is no material difference between the P&L at EBITDA level and cash flow before financing derived at this level and those of the Security Group in respect of the Rosenheim portfolio.**

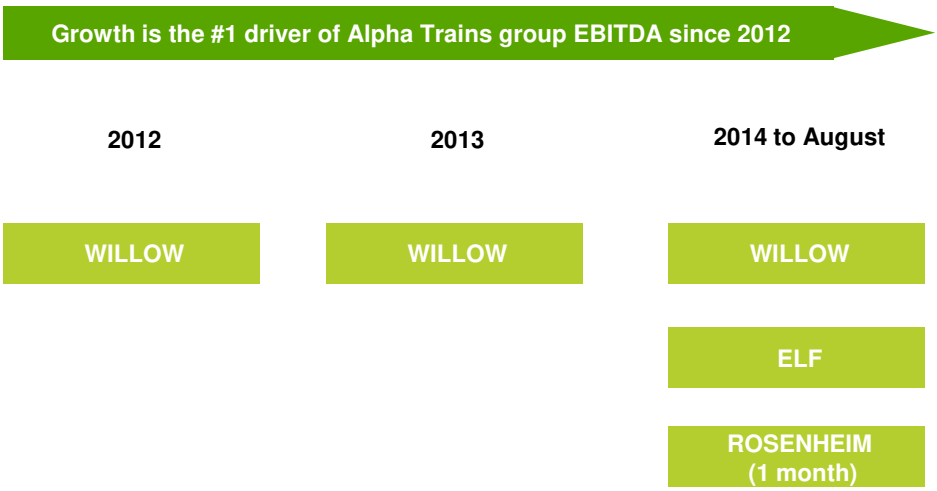
**Bondholders should be aware that none of Alpha Trains Holdco S.à r.l., Alpha Trains Development No. 2 S.à r.l. or Alpha Trains Development No. 3 S.à r.l. are included in the Security Group and do not provide guarantees or grant any security in respect of the Bonds. Information in respect of these companies has solely been provided to present more recent financial information in respect of each of the Willow and Elf portfolios for the interim period ended 31 August 2014 and, in respect of the Rosenheim portfolio, for the month of August 2014. Each of Alpha Trains Holdco S.à r.l., Alpha Trains Development No. 2 S.à r.l. and Alpha Trains Development No. 3 S.à r.l. are holding companies with no material trading outside of their respective ownership of each of the Willow, Elf and Rosenheim portfolios. It is intended that on the Initial Issue Date, the shares owned by Alpha Trains Development No. 2 S.à r.l. in the Elf portfolio and by Alpha Trains Development No. 3 S.à r.l. in the Rosenheim portfolio will be transferred to Alpha Trains Luxembourg S.à r.l.. This information should be read in light of the annual audited accounts of each of the relevant Obligors in the Security Group, once those accounts have been prepared and published.**

Please also see "*Risk Factors – Business and Regulatory Risks in relation to Alpha Trains (as Guarantors and Obligors) – Historical financial statements are not guarantees of future performance*" in respect of historical information generally.

***Financial Performance***

Alpha Trains derives most of its revenue from lease arrangements that provide contractual income predictability. The two main value drivers for Alpha Trains' revenues are lease rates and utilisation rates of the rolling stock. Alpha Trains has recorded a combined rolling stock monthly utilisation rate above 90% on average between its two business segments over the last three years, with an almost 100% utilisation rate

(taking account of planned extraordinary refurbishment events which are subsequently rentalised) for its passenger trains.




The following tables present certain historical financial information extracted from the 2012 and 2013 audited consolidated financial accounts of Alpha Trains Group S.à r.l., with the information for the 8 months to August 2014 having been extracted from the interim consolidated management accounts of Alpha Trains Group S.à r.l. (in respect of the Willow Portfolio) and Alpha Trains Development No. 2 S.à r.l. (in respect of the Elf portfolio) and Alpha Trains Development No. 3 S.à r.l. (in respect of the Rosenheim portfolio), for the month of August 2014.

***Alpha Trains Historical P&L***

| € m | 2012 | 2013 | 8 months 2014 (1 Jan-31 Aug) | 8 months 2014 (1 Jan – 31 Aug) | 1 month 2014 (August 2014) |
|---|---|---|---|---|---|
| | Willow | Willow | Willow Portfolio | Elf Portfolio | Rosenheim Portfolio |
| **Total revenue** | **83.1** | **83.3** | **54.0** | **43.2** | **1.3** |
| **Gross Profit** | **49.1** | **53.2** | **32.6** | **26.2** | **0.7** |
| **Other operating income** | **0.6** | **35.2[1]** | **0.4** | **0.0** | **0.0** |
| Administrative expenses | (18.8) | (19.4) | (9.2) | (4.0) | (1.1) |
| Operating profit | **30.9** | **69.1[1]** | **23.8** | **22.2** | **(0.3)** |
| Add Back Depreciation and Fair Value Adjustments | 32.2 | 26.6[2] | 20.2 | 16.9 | 0.5 |
| **EBITDA[3]** | **63.1** | **95.7[1]** | **44.0** | **39.2** | **0.2** |

Notes

1 This includes net one-off operating income of €34.2 million and is mostly related to the settlement of a litigation case with a supplier in favour of Alpha Trains in 2013 (see Note 6 of Alpha Trains Group S.à r.l.'s audited consolidated accounts in "*Financial Statements in Security Group*") and the release of restructuring provisions no longer required.

2 Including an impairment element of €3.2million and an adjustment amounting to circa €9.5million regarding over depreciation in previous years commencing in 2008. Without these two effects depreciation would have been approximately €33 million.

3 Whilst EBITDA is not separately disclosed in the audited consolidated financial statements, this has been derived by adding back the depreciation and fair value adjustments disclosed in the audited consolidated cash flow statement to the operating profit disclosed in the audited consolidated statement of profit or loss.

Comments

Intercompany trading between the Willow, Elf and Rosenheim portfolios in the 8 months to 31 August 2014 amounted to €3.9 million and is included in the "Total revenue", "Gross Profit" and "Administrative expenses" lines above. If these portfolios were combined, this amount would be deducted from consolidated Total revenue, Gross Profit and Administrative expenses but would have no impact on consolidated Operating Profit and EBITDA.

### *Alpha Trains Historical Cash Flows*

| € m | 2012 | 2013 | 8 months 2014 (1 Jan-31 Aug) | 8 months 2014 (1 Jan-31 Aug) | 1 month 2014 (August 2014) |
|---|---|---|---|---|---|
| | Willow | Willow | Willow Portfolio | Elf Portfolio | Rosenheim Portfolio |
| **Net cash flow from operating activities** | **73.0**[1] | **90.2**[2] | **35.1**[3] | **43.2** | **(17.5)** |
| **Net cash used in Investing Activities** | **(1.8)** | **(1.5)** | **(0.7)** | **0.0** | **(196.8)**[4] |
| **Net cash flow before financing**[5] | **71.2** | **88.7** | **34.4** | **43.2** | **(214.3)** |

Notes

1 Includes the receipt of an Italian VAT reclaim in the amount of €11.2 million

2 Includes the cash receipt from the litigation settlement referred to in note 1 above regarding historic profit and loss

3 Does not include portfolio management fees received by Willow (from Elf, Rosenheim, EMIL and STS portfolios) in Q4 2014, of which €4.5 million is related to the first 8 months of 2014

4 Corresponding to Rosenheim asset acquisition cost, net of VAT, in the amount of €196.8 million which was funded through a combination of debt and equity

5 Net cash before financing is not separately disclosed in the audited consolidated financial statements but is calculated as the sum of Net cash flow from operating activities and Net cash used in investing activities, both of which are disclosed in the audited consolidated financial statements

Comments

Taking into account the one-off items referred to in Notes 1 and 2 above, the net cash flow from operating activities in 2012 and 2013 would have been very similar.

If the Willow, Elf and Rosenheim portfolios were combined, there would be no adjustment required to the net cash flow from operating activities on a consolidated basis.

### *Alpha Trains Historical Performance*

In 2012 and 2013 revenue and EBITDA reflected the high and stable utilisation of the Willow historical fleet with an average utilisation of at least 89% in every month.

In 2012 there were no significant unusual items affecting the annual results apart from the receipt of an Italian VAT reclaim in the amount of €11.2 million included in the net cash flow from operating activities.

Depreciation in 2013 contains an impairment charge of €3.2 million and a retrospective credit adjustment amounting to circa €9.5 million regarding over depreciation in previous years commencing in 2008. In 2013 other operating income included an amount of €34.2 million related to a settlement of a claim against a supplier plus the release of restructuring provisions no longer required. The cash effect of these items is included in the net cash flow from operating activities.

The financial performance of Alpha Trains for the 8 months to 31 August 2014 was in line with management's budget for this historical Willow portfolio and the new ELF portfolio - the Rosenheim acquisition was not budgeted at the beginning of 2014. Alpha Trains' revenue and EBITDA increased in 2014 due to the full period effect of the Elf acquisition and one month's results from the Rosenheim transaction. The net cash used in investing activities reflects the €196.8 million Rosenheim asset acquisition

cost net of VAT, which was funded through a combination of debt and equity. The VAT recoverable related to the asset acquisition amounted to €37.4 million and was included as a receivable in the Rosenheim portfolio consolidated balance sheet as at 31 August 2014 and reduced the net cash flow from operating activities in the period ending on that date.

***Forecast P&L for full year 2014 and Rosenheim details***

In the historical P&L and cash flow of the Security Group for 8 months to 31 August 2014, Rosenheim is only included for one month trading. The expected performance of the Security Group over the full year to 31 December 2014 incorporates actual results for Willow and Elf for 8 months and Rosenheim for 1 month together with management's expectations of the trading position over the remaining 4 months.

The forecast for 2014 was prepared in September 2014 and is Alpha Trains' assessment of the expected results for the business. It has been prepared as part of the companies' normal reforecasting procedures and is consistent with the accounting policies applied to the historic financial information. The forecast includes assumptions that Alpha Trains considers to be reasonable based on management's present knowledge and expectations, and estimates they believe to be fair at the date hereof.

In particular, the forecast assumes:

- Alpha Trains receives 100% of the contracted rental income for the relevant period;
- Lease rates in respect of the forecast for the period of September 2014 to December 2014 (inclusive) remain in line with the previous eight months' actual rates;
- Utilisation rates for the period of September 2014 to December 2014 (inclusive) remain in line with the previous eight months' actual utilisation;
- Payroll costs, other overheads and other costs are consistent with year-to-date actuals amended for anticipated changes.

In practical terms, the directors have varying degrees of influence over the factors underlying the assumptions in respect of the period ending on 31 December 2014. Most income and some capital expenditure have at this stage already been planned or contracted and it would be unusual for them to be varied by the directors, although the timing of capital expenditure may be varied or be affected by events outside the control of the directors. In particular, the performance by counterparties to the relevant contracts is ultimately beyond the control of the directors. Certain overheads, such as staff costs, are more susceptible to being varied in the relatively short period in question and are therefore more likely to be influenced by the directors. Bondholders are invited to read the section "*Risk Factors – Business and Regulatory Risks in relation to Alpha Trains (as Guarantors and Obligors) – Financial Forecasts*" in conjunction with this section.

The full year forecast includes the 8 months historical financial performance together with a 4 month forecast performance to the end of the year 2014. The forecast is based upon existing contracted lease terms (note that existing lease contracts account for circa 95% of lease revenue) and management estimates of re-lease assumptions for the 5% remaining leases expiring in the forecast period but not yet re-contracted.

Payroll costs are based on the actual headcount at the end of September extrapolated for known starters and leavers. Rolling stock costs and overheads are based upon the expected operation and status of the rolling stock fleet and current underlying business costs.

For the full year 2014, Alpha Trains has forecasted revenue of €146.4 million and EBITDA of €128.1 million including Rosenheim results since the start of operations (July/August 2014).

| € m | Alpha Trains full year 2014 Forecasts [1] |
|---|---|
| **Revenue** | 146.4 |
| EBITDA | 128.1 |

1 Includes 12 months each of Elf and Willow plus 5 months of Rosenheim.

| € m | Alpha Trains full year 2014 Forecasts Excluding Rosenheim | Rosenheim Forecast Generic 12 Months period [1] |
|---|---|---|
| **Revenue** | 139.9 | 15.7 |
| EBITDA | 122.9 | 15.2 |

1 The 12 months forecasted revenue for Rosenheim is calculated by applying the monthly contracted lease revenue and the EBITDA is revenue minus the ongoing management fee payable to Willow of €0.5 million for a 12 month period.

## USE OF PROCEEDS

The net proceeds of each Series of Bonds will be applied towards, amongst other things, the general corporate purposes of Alpha Trains, including:

(a) to refinance (i) the Existing Indebtedness on or around the Initial Issue Date, and (ii) indebtedness arising from the Authorised Credit Facilities from time to time; and

(b) towards fees, costs, expenses, stamp, registration and other taxes incurred in connection with the above.

## OVERVIEW OF THE COMMON DOCUMENTS

*The rights and obligations of the Obligors (other than the Issuer) under the Common Documents will be effective with effect from the Initial Issue Date.*

### COMMON TERMS AGREEMENT

*General*

Each of, among others, the Obligors, the Issuer, the Security Trustee, the Bond Trustee, the Security Group Agent, the Initial Liquidity Facility Providers, the Initial ACF Arrangers, the LF Arrangers, the Liquidity Facility Agent, the Initial Hedge Counterparties, the Original Initial ACF Lenders, the Initial ACF Agent, the Initial Institutional Lenders and the Account Bank will enter into the CTA on or about the Initial Issue Date. The CTA sets out the representations, covenants, Trigger Events and Events of Default which apply to each Authorised Credit Facility (including for the avoidance of doubt any other document entered into in connection with an Authorised Credit Facility).

It is a term of the CTA that any representation, covenant, Trigger Event or Event of Default contained in any Authorised Credit Facility which is in addition to those in the CTA and any other Common Document will be unenforceable (save for limited exceptions which, among other things, include certain covenants made in the Initial Authorised Credit Facilities Agreement, tax representations or representations under the Liquidity Facility Agreement or given to the PP Creditors (including in respect of compliance with sanction regulations) and, covenants relating to "know your customer" checks, the delivery of documents to allow payments to be made without deduction of Tax, the purpose of the relevant facility, interest rate hedging requirements, provisions as to illegality, information undertakings, indemnities, covenants to pay (including related mechanics), voluntary prepayments, cash sweep, limitations on the exercise of equity cure rights, mandatory prepayments (including under the Initial Authorised Credit Facilities Agreement), change of control provisions or mandatory "clean-down" provisions (other than upon or following the occurrence of any event of default howsoever worded in an Authorised Credit Facility), covenants in respect of reporting obligations, inspection and access rights and covenants relating to remuneration, costs and expenses or to withholding or grossing up of payments for Tax). In addition, subject to certain conditions, further covenants, representations and Trigger Events may be included where they are extended to all of the Finance Parties.

It is a requirement of the CTA that future providers of Authorised Credit Facilities accede to the CTA and the STID.

The CTA will contain certain indemnities of the Obligors to the Finance Parties in respect of losses caused, *inter alia*, by Events of Default.

A summary of the representations, covenants, Trigger Events and Events of Default included in the CTA is set out below.

***Representations***

On the date of the CTA only the Issuer will and on the Initial Issue Date each Obligor (including the Issuer) will make a number of representations in respect of itself to each Finance Party. These representations include (but are not limited to and subject, in some cases, to agreed exceptions and qualifications as to materiality and reservations of law) representations as to:

(a) its due incorporation and power and authority to own its assets and carry on its business as it is being and will be conducted;

(b) its power and authority to enter into and perform its obligations under the Finance Documents (including in respect of each Issue Date, to create the Bonds) to the extent applicable to it;

(c) save as disclosed in writing to the Security Trustee prior to the date of the CTA, all material consents, authorisations, licences and approvals for entry into and exercise of its rights under the Finance Documents having been obtained;

(d) all material Authorisations necessary for the conduct of any Permitted Business having been obtained or effected and in full force and effect;

(e) admissibility in evidence of the Finance Documents in each Obligor's jurisdiction of incorporation, the recognition of the choice of jurisdiction of the courts of the Relevant Jurisdiction in any proceedings, the recognition of the choice of the relevant law to govern such documents;

(f) its obligations under the Finance Documents being legal, valid, binding and enforceable;

(g) its entry into and performance by it of its material obligations under the Finance Documents not conflicting with (i) (save for any consents required and disclosed in writing to the Security Trustee prior to the date of the CTA) any instrument or agreement which is binding upon it, (ii) its constitutional documents or (iii) any applicable law or regulation;

(h) good title to assets, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business where a failure to do so has or is reasonably likely to have a Material Adverse Effect;

(i) absence of Events of Default and other similar events and circumstances (which in the case of the latter, has a Material Adverse Effect);

(j) absence of Trigger Events;

(k) absence of litigation, arbitration, administrative proceedings or investigations which, are reasonably likely to be adversely determined, and if so adversely determined is or are reasonably likely to have a Material Adverse Effect;

(l) the accuracy of certain information including with respect to (i) certain financial statements and (ii) this Prospectus;

(m) that the assumptions used to calculate the financial ratios were made in good faith and after due and careful consideration;

(n) matters relating to its centre of main interest;

(o) the Security created by the Security Documents has or will have first ranking priority and it is not subject to any prior ranking or pari passu ranking Security Interests other than the Permitted Security;

(p) that the entry into and the performance of the Finance Documents does not constitute unlawful financial assistance under the laws of its jurisdiction of incorporation;

(q) the absence of any breach of any law or regulation or licence, which breach has or is reasonably likely to have a Material Adverse Effect;

(r) matters relating to holding companies; and

(s) that the insurance cover maintained or procured by the Security Group in respect of its business and assets is consistent with good industry practice and is maintained with reputable insurers.

In addition, on each date on which any new Authorised Credit Facility is entered into under the Programme and on each date upon which any new Bonds are issued under the Programme, each Obligor will repeat certain of the representations mentioned above (the **Initial Date Representation**).

On each Payment Date, on the date of any request for a borrowing and on the date of such borrowing under an Authorised Credit Facility the relevant Obligor shall repeat certain representations including those in paragraphs (a), (b), (f), (g)(ii), (g)(iii), (i), (l)(i), (m) and (n) above (the **Repeating Representations**). An Obligor acceding to an Authorised Credit Facility shall make the Repeating Representations on the date of such accession.

***Covenants***

The CTA contains certain covenants from each of the Obligors. A summary of certain of the covenants is set out below.

*Information Covenants*

(a) The Security Group Agent will undertake to supply to the Security Trustee, each Facility Agent, the Hedge Counterparties, each PP Creditor that is an Institutional Investor, the Relevant Rating Agencies and the Bond Trustee in sufficient copies for all Secured Creditors (other than the Bondholders):

(i) consolidated audited Annual Financial Statements of Holdco II together with related accountants' report, within 180 days after the end of each Financial Year;

(ii) consolidated, unaudited Semi-Annual Financial Statements of Holdco II for the first financial half-year in each Financial Year, within 90 days of the end of such financial half-year; and

(iii) (A) the audited annual financial statements of the Issuer within 180 days after the end of each Financial Year; and (B) the unaudited semi-annual financial statements of the Issuer for the first financial half-year in any Financial Year within 90 days after the end of such financial half-year.

(b) The Security Group Agent must ensure that:

(i) each set of Financial Statements supplied by it is prepared in accordance with the Accounting Principles and includes a cash flow statement, a profit and loss statement and a balance sheet, and gives a true and fair view of, or in the case of any unaudited Financial Statements, fairly presents the financial condition of the relevant company or companies (consolidated or otherwise) as at the date they were drawn up and of the results of its operations during such period;

(ii) it notifies the Security Trustee and the Bond Trustee, among other parties, of any material change to the basis on which the audited consolidated Financial Statements of any Obligor are prepared; and

(iii) if any change referred to in paragraph (ii) above results in or could reasonably be expected to result in a deviation, in respect of the calculation of any financial ratio or NBV, equal to or greater than 3% from the result of the calculation of such financial ratio if such change had not occurred, the Security Group Agent may, or if the deviation is equal to or greater than

5% the Security Group Agent shall, appoint an international firm of auditors approved by the Security Trustee to determine amendments and the Security Group Agent shall enter discussions with the Security Trustee with a view to so amending the Trigger Event Ratios and/or Default Ratios and/or NBV.

(c) Unless the Security Trustee has already been so notified by another Obligor, each Obligor (or the Security Group Agent on its behalf) must notify the Security Trustee of any Default or Trigger Event relating to it (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

(d) In relation to Compliance Certificates:

(i) the Security Group Agent shall, among other things, supply a Compliance Certificate to the Security Trustee and the Bond Trustee and each Relevant Rating Agency, among other parties, with each set of Financial Statements (provided as described in paragraph (a) above), in the form prescribed by the CTA, which will include, among other information:

(A) the ratios which are required to be calculated under the CTA and calculations thereof in reasonable detail; and

(B) the amounts of any Restricted Payment made since the date of the previous Compliance Certificate;

(ii) each Obligor must ensure that all forward-looking financial ratio calculations for the next 12 month period are made on the basis of reasonable assumptions and are prepared on a consistent basis updated by reference to the most recent available financial information;

(iii) the Qualifying Secured Creditors holding at least 25% by value of Qualifying Senior Debt shall, within ten Business Days of receipt of the Compliance Certificate have the right in accordance with the STID to instruct the Security Trustee to challenge a statement, calculation or ratio in a Compliance Certificate (including in circumstances where they do not accept the conclusions of the Independent Consultant to the extent relevant to the calculation of NPV) and to call for other substantiating evidence (and the Obligors will be required to provide or procure provision of such information as the Security Trustee shall reasonably request as soon as reasonably practicable) if it provides a detailed explanation to the Security Group Agent that it has or such Qualifying Secured Creditors have reason to believe (acting reasonably) that any statement, calculation or ratio made in the Compliance Certificate is incorrect or misleading in any material respect and if such statement, calculation or ratio were to be restated so that it were accurate in all material respects, a Trigger Event or Event of Default would occur;

(iv) in the event that:

(A) the information to be provided by the Obligors pursuant to paragraphs (i) and (iii) above to determine the accuracy of the statement, calculation or ratio being challenged is, in the reasonable opinion of any Obligor, confidential or commercially sensitive;

(B) following receipt of additional information pursuant to paragraph (iii) above, the Security Trustee (acting as above on the written instructions of the Qualifying Secured Creditors in accordance with the STID) remains of the opinion (acting on the instructions of the Qualifying Secured Creditors) that the statement, calculation or ratio that are the subject of the challenge are materially inaccurate or misleading

in a manner that would otherwise result in there being a Trigger Event or Event of Default subsisting; or

(C) if the Security Group Agent so directs the Security Trustee,

the Security Trustee shall, subject to paragraph (v) below and following consultation with the Qualifying Secured Creditors who have directed the Security Trustee and the Security Group Agent, appoint an independent expert as may be agreed with the Security Group Agent or failing such agreement within 10 Business Days of commencing consultation with the Security Group Agent, the President of the Institute of Chartered Accountants of England and Wales may appoint an independent expert (the **Independent Expert**) at the cost of the Obligors to investigate the relevant statement, calculation or ratio that is/are the subject of the challenge in the Compliance Certificate;

(v) any Independent Expert shall enter into a Confidentiality Undertaking in relation to any Confidential Information that it receives in respect of any Compliance Certificate and undertakes to provide a binding report of its conclusions within 30 days of its appointment and the Obligors shall provide or procure the provision of such information as the Independent Expert shall reasonably request;

(vi) no Obligor may make a Restricted Payment (other than any Permitted Payment) during:

(A) the period starting on (and including) the date on which a Compliance Certificate is delivered and ending on (and including) the date falling 10 Business Days from such date; and

(B) in the event that Qualifying Secured Creditors instruct the Security Trustee to challenge a Compliance Certificate in accordance with paragraph (iii) above, the period starting on (and including) the date of that instruction until the earlier of: (I) the date on which investigations in respect of the challenge are completed to the satisfaction of the Security Trustee (acting reasonably); (II) the date on which the Independent Expert announces its conclusion that the relevant statement, calculation or ratio that was the subject of the challenge was not materially inaccurate or misleading in a manner that would otherwise result in there being a subsisting Trigger Event or Event of Default; and (III) two Business Days after a restated Compliance Certificate which is accurate in all material respects (taking into account the findings of the Independent Expert (if applicable)) has been delivered;

(vii) the Qualifying Secured Creditors holding at least 25% by value of the Qualifying Senior Debt may, no more than once in any calendar year, require the removal of the Independent Consultant if they have formed the opinion that the Independent Consultant's calculations of NPV are misleading or inaccurate in any material respect. Following receipt by the Security Group Agent of a notice to that effect from the Security Trustee, the Security Trustee and the Security Group Agent shall agree and appoint a replacement for the Independent Consultant and failing such agreement within 10 Business Days of receipt of notice from the Security Trustee, a replacement Independent Consultant of international repute shall be appointed by the President of the Institute of Chartered Accountants of England and Wales and any such appointment shall be binding on the Obligors and Secured Creditors and in each case shall be at the cost of the Obligors; and

(viii) in the event that the Security Group Agent notifies the Security Trustee in writing on or before delivery of a Compliance Certificate that it challenges a statement, calculation or ratio in or to be included in a Compliance Certificate solely on the basis that it does not accept the conclusions of the Independent Expert to the extent relevant to the calculation of NPV, then

the provisions of paragraphs (iv) to (vi) above inclusive shall apply as if the Qualifying Secured Creditors had instructed the Security Trustee to challenge a statement, calculation or ratio in a Compliance Certificate;

(e) The Security Group Agent must supply an Investor Report with each set of Financial Statements described in paragraph (a) above to, among others, the Security Trustee, each PP Creditor that is an Institutional Investor, each Facility Agent, the Hedge Counterparties, the Relevant Rating Agencies and the Bond Trustee, in sufficient copies for all of the relevant Secured Creditors (other than the Bondholders).

(f) Each Investor Report must include:

(i) the ratios which are required to be calculated under the CTA and calculation thereof in reasonable detail;

(ii) a general update of the status of the business;

(iii) the amount of any Restricted Payment made since the date of the previous Investor Report; and

(iv) confirmation that:

(A) the Investor Report is accurate in all material respects;

(B) no Default or Trigger Event has occurred and is continuing, or if a Default or a Trigger Event has occurred and is continuing, steps (which shall be specified) are being taken to remedy such Default or Trigger Event; and

(C) the Security Group is in compliance with the Hedging Policy.

(g) The Security Group Agent must hold each year an open one-way investor update conference call presentation made by the Security Group Agent to the Secured Creditors including the Bondholders in respect of the ongoing business and financial performance of the Security Group.

(h) The Issuer shall ensure that the Prospectus is updated as required under applicable laws or market practice before the Issuer seeks to issue any further series or tranches of Bonds after the validity period following the filing of the latest update (or, if none, the original filing of the Prospectus) has expired.

(i) So far as permitted by any applicable law, regulation, order or any binding confidentiality obligations, each Obligor will undertake to supply to the Security Trustee, the Bond Trustee the Relevant Rating Agencies, among other parties:

(i) as soon as reasonably practicable after becoming aware of the same (subject to commercial sensitivity exceptions), details of any litigation, arbitration or administrative proceedings, statutory notice, claim or other proceedings which are current or threatened in writing against any Obligor where such proceedings have been, or there is a reasonable likelihood that they will be adversely determined and which would, if adversely determined, be reasonably likely to have a Material Adverse Effect;

(ii) as soon as reasonably practicable after becoming aware of the same (subject to commercial sensitivity exceptions), details of any communication, enquiry, investigation or proceeding with, from or involving any regulator or other governmental authority, where such communication relates to a matter which has or could reasonably be expected to have a

Material Adverse Effect or where such enquiry, investigation or proceeding, if adversely determined, would have or could reasonably be expected to have a Material Adverse Effect; and

(iii) such material information (including hedging information) about the business and financial condition of the Security Group which is requested by the Security Trustee on the instruction of Qualifying Secured Creditors holding at least 20% by value of the Qualifying Senior Debt, provided that, when no Event of Default or Trigger Event subsists, only one such request may be made in any 12-month period.

(j) In addition, the Security Group Agent shall maintain an investor only website or subsections of a website (being www.alphatrains.eu) (the **Designated Website**) on which information to be provided pursuant to the CTA to the Secured Creditors shall be published. Notwithstanding the foregoing the Security Group Agent may designate a third party to operate and manage the Designated Website on its behalf. The Security Group Agent must as soon as reasonably practicable, upon becoming aware of its occurrence, notify the Security Trustee and the Bond Trustee if the Designated Website cannot be accessed for a period of five Business Days or the Designated Website or any information on it is infected by an electronic virus or similar software for a period of five Business Days, in which case each relevant Obligor must supply the Security Trustee and the Bond Trustee with all information required under the CTA in paper form with copies as requested by any Finance Party (other than the Bondholders).

(k) So far as permitted by any applicable law, regulation, order or any binding arm's length third party confidentiality obligations, the Obligors must supply to the Security Trustee, each Facility Agent, the Hedge Counterparties, the Relevant Rating Agencies, each PP Creditor that is an Institutional Investor and the Bond Trustee:

(i) promptly upon becoming aware of them, details concerning any Obligor and/or any Rated Debt of such Obligor being placed on credit watch with negative implications by any Relevant Rating Agency;

(ii) as soon as reasonably practicable upon becoming aware of such event, details of any non-compliance with any judgment, law, regulation order or decree applicable to any of them and which non-compliance would, if enforced, be likely to have a Material Adverse Effect;

(iii) all information provided to all its creditors generally, including a copy of all notices, written information and reports that it provides to Bondholders of any Tranche of Bonds and to any Facility Agent;

(iv) information required by any other Secured Creditors to fulfil normal "know your customer" requirements provided that such information will be provided to those Secured Creditors only;

(v) notice of the Bonds of any Tranche being repaid in full;

(vi) to the extent relevant to the Finance Document to which they are party, notice of the appointment of a new or replacement Bond Trustee or Security Trustee or the appointment of any new or replacement Agents; and

(vii) in the case of any Asset Owner, details of any insurance claim in respect of, or relating to the operation or use of, any Asset which is in excess of €1,000,000 (Indexed) (or its equivalent in any other currency).

(l) The Security Group Agent must supply to the Security Trustee, each Facility Agent, the Hedge Counterparties, each PP Creditor that is an Institutional Investor, the Relevant Rating Agencies and the Bond Trustee in sufficient copies for all the Secured Creditors (other than the Bondholders):

(i) as soon as the same become available but in any event within 30 days after the start of each of its Financial Years (commencing with the Financial Year starting on 1 January 2016), an annual budget for that Financial Year.

(m) The Security Group Agent must ensure that each budget supplied under paragraph (l)(i) above:

(i) includes a projected consolidated profit and loss, balance sheet and cash flow statement for the Security Group, projected financial covenant calculations and lock-up calculations in each case for the budget period;

(ii) is prepared in accordance with the Accounting Principles and the accounting practices and financial reference periods applied to financial statements under paragraph (a) above; and

(iii) has been approved by the board of directors of Holdco II.

Additionally, a Bondholder may by notice to the Bond Trustee (which notice the Bond Trustee shall provide to the Issuer as soon as reasonably practicable following receipt) request a copy of a redacted version of the annual report provided by the Independent Consultant in respect of the calculation of the NPV and performed in accordance with the terms of the CTA. The Issuer shall provide such a copy to any such Bondholder who signs and returns to the Issuer a non-reliance letter and confidentiality undertaking in form and substance reasonably satisfactory to the Issuer and the Independent Consultant.

*General Covenants*

Pursuant to the CTA, each Obligor (other than the Issuer) will give covenants which are customary for a financing of this type (with customary carve-outs, thresholds and caveats) including in relation to compliance with laws, conduct of business and maintenance of licences and authorisations. In particular, each Obligor (other than the Issuer) will give the following covenants:

(a) to obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any law or regulation of a Relevant Jurisdiction to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity and enforceability or admissibility in evidence of any Finance Document;

(b) to comply with all applicable laws and regulations to which it may be subject if failure to comply has or is reasonably likely to have a Material Adverse Effect;

(c) to comply with all Environmental Laws and obtain and ensure compliance with all requisite Environmental Permits by the Security Group, where failure to do so has or is reasonably likely to have a Material Adverse Effect;

(d) promptly to inform the Security Trustee and the Secured Creditor Representatives in writing of any Environmental Claim against any member of the Security Group where the claim, if adversely determined, would be reasonably likely to have a Material Adverse Effect;

(e) not to enter into any amalgamation, demerger, merger, consolidation, or corporate reconstruction other than a Permitted Transaction or a Permitted Disposal or otherwise as permitted by the Security Trustee;

(f) only to carry on the Permitted Business;

(g) not to acquire a company or any shares or securities or a business or undertaking or other ownership interests or incorporate any company or acquire any rolling stock other than by way of a Permitted Acquisition or Permitted Transaction;

(h) not (among other things) to enter into, invest in or acquire any interest in, transfer any assets, lend to or guarantee or give any indemnity or Security Interest for the obligations of any Joint Venture other than any Permitted Joint Venture;

(i) that Holdco II and the Borrower shall not trade, carry on any business, own any assets or incur any liabilities except for:

(i) the provisions of administrative services to other members of the Security Group;

(ii) in respect of Holdco II, the ownership of the Borrower and the Issuer;

(iii) in respect of the Borrower, the ownership of Alpha Trains Switzerland AG and the other Obligors (other than Holdco II and the Issuer);

(iv) credit balances in bank accounts, cash and Cash Equivalent Investments;

(v) owning any assets, incurring any liabilities and performing obligations under the Finance Documents and otherwise in the ordinary course of business as a holding company;

(vi) incurring liability to pay Tax and paying the Tax;

(vii) incurring any Permitted Financial Indebtedness, issuing Permitted Guarantees, making Permitted Loans or (to the extent permitted under the CTA) making Restricted Payments;

(j) unless Alpha Trains Switzerland AG becomes an Obligor, the Obligors shall procure that Alpha Trains Switzerland AG shall not trade, carry on any business, own any assets or incur any further material liabilities or acquire further or material assets, and shall use reasonable endeavours to ensure it is wound up or dissolved prior to the expiry of the Permitted Reorganisation Window;

(k) to ensure that unsecured and unsubordinated claims of a Secured Creditor against it under the Finance Documents rank at least pari passu with the claims of its other unsecured and unsubordinated creditors except where mandatorily preferred by laws of general application to companies;

(l) not to create or permit to subsist any Security Interest over any of its assets other than any Security Interest or Quasi Security which is a Permitted Security or a Permitted Transaction;

(m) not to enter into a single transaction or series of transactions (whether related or not) and, whether voluntary or involuntary, to sell, lease, transfer or otherwise dispose of any asset, unless it is a Permitted Disposal or a Permitted Transaction provided that Holdco II shall at all times directly own all of the shares in the Borrower and the Issuer;

(n) not to enter into any transaction with any person otherwise than on arm's length terms unless such transaction is:

(i) an intra-Security Group loan permitted under the CTA;

(ii) for the payment of fees, costs and expenses payable under the Finance Documents in the amounts set out therein;

(iii) a Permitted Transaction or any Permitted Payment; or

(iv) (A) a transaction between members of the Security Group which are permitted by the terms of the Common Documents and (B) management and servicing agreements between members of the Security Group entered into at any time or to which a member of the Security Group is a party as manager or servicer or any other similar role and entered into prior to, and existing at, the Closing Date;

(o) not to be the creditor in respect of any Financial Indebtedness other than where such Financial Indebtedness is a Permitted Loan or a Permitted Transaction;

(p) not to incur or allow to be outstanding any guarantee in respect of any person other than a Permitted Guarantee or a Permitted Transaction;

(q) not to make a Restricted Payment unless the Restricted Payment Condition is satisfied and the Restricted Payment is made in a Payment Period, other than where such Restricted Payment is a Permitted Payment;

(r) not to incur or permit to be outstanding any Financial Indebtedness other than Permitted Financial Indebtedness or a Permitted Transaction. No Obligor may incur or change the scheduled maturity date of any Financial Indebtedness if as a result the Maturity Concentration Test would not be met;

(s) not to issue any shares except pursuant to a Permitted Share Issue or a Permitted Transaction;

(t) each Asset Owner shall maintain, or procure the maintenance of, insurances on and in relation to the Security Group's business and assets:

(i) against those risks and to the extent as is usual for companies carrying on the same or substantially similar business (including in respect of property all risks, general liability, third party liabilities and residual owner's liabilities in respect of Assets) and shall in any event maintain or procure third party liabilities insurance separately to that maintained on its behalf by operator or lessee of any Assets and in each case with reputable insurers; and

(ii) which is in all material respects, in its coverage and standards, not materially worse than the insurance in place in respect of the business and such assets as at the date of the CTA and taken as a whole.

In addition, each Asset Owner shall ensure that any insurance which has been taken out by itself shall be maintained with reputable insurers which shall (or where any insurance is provided by a consortium, at least 60% of the insurers in such consortium shall) (I) have a credit rating of A- or higher by Standard & Poor's Rating Services or Fitch Rating Ltd or A3 or higher by Moody's Investors Service Limited, (II) be state-owned, or (III) be pre-approved by the Security Trustee. All insurers in respect of the policies in force in respect of any Asset Owner at the date of the CTA and notified to the Secured Creditors are pre-approved;

(u) if an Event of Default is continuing or the Security Trustee reasonably suspects that an Event of Default is continuing or may occur, to permit the Security Trustee and/or its accountants or other advisers and contractors to have free access at reasonable times during business hours and on reasonable notice at the Obligor's cost to the premises, assets, books, accounts and records of each member of the Security Group and to meet and discuss matters with senior management;

(v) not to amend, vary, novate, supplement, supersede, waive or terminate any term of a Finance Document, except in accordance with the provisions of the STID and its own terms;

(w) not to enter into any Treasury Transaction, other than a Permitted Treasury Transaction;

(x) not to do anything to change its centre of main interests for the purpose of Council Regulation (EC) No. 1346/2000 of 29 May 2000;

(y) the Security Group Agent must procure that Eligible Security is in full force and effect under the laws of the jurisdiction of the Habitual Base of that Asset from time to time over not less than the Minimum Level of Assets at all times on and from the Closing Date. For the purposes of this calculation:

(i) any Security over Assets requiring registration for the purposes of perfection of such Security and otherwise satisfying the requirements of Eligible Security shall be deemed to be the subject of Eligible Security pending completion of such registration requirements provided any such registration requirements are completed within the timeframes if any prescribed within the relevant Security Document or as agreed with the Security Trustee and in any event within 25 Business Days of its creation;

(ii) the entire German Cross-Border Fleet will be deemed to be Eligible Security for 20 Business Days from the date of the relevant German law security transfer agreement (Sicherungsübereignung) over moveable assets registered in Germany;

(iii) any Security over Assets which would constitute Eligible Security in the Habitual Base of such Asset shall be deemed to be Eligible Security for the purposes of the CTA, notwithstanding that such Asset may leave the Habitual Base temporarily during the ordinary course of its operations; and

(iv) subject to paragraph (y)(i) above, any Security over Assets entered into pursuant to clause 8.6 (Release of Security) of the STID shall be deemed to be Eligible Security for 25 Business Days from the date the relevant agreement is entered into provided that the relevant Obligor is using all reasonable endeavours to take such additional steps as may be necessary to create or perfect that Security;

(z) to use reasonable endeavours to maintain a credit rating of the Bonds issued by the Issuer from at least one Rating Agency (and may, in addition, seek a credit rating from any other rating agency) and to cooperate with the Relevant Rating Agencies in connection with any reasonable request for information in respect of the maintenance of a rating and with any review of its business which may be undertaken by one or more of the Relevant Rating Agencies after the Initial Issue Date;

(aa) not to change the accounting reference date unless the process specified in the CTA is followed and such change could not be reasonably expected to have a Material Adverse Effect;

(bb) to inform the Security Trustee of any change to the identity of its auditors;

(cc) Holdco II to procure that at all times there be at least one independent director on the board of directors of the Issuer, and such independent director shall be the class C director under the Issuer's articles of association;

(dd) not to change its constitutional documents without the Security Trustee's consent, if such change would be reasonably likely to have a Material Adverse Effect; and

(ee) to pay and discharge all Taxes imposed on it or its assets within the time period allowed without incurring penalties unless and to the extent that: (I) such payment is being contested in good faith; (II) such Obligor has adequate reserves for those Taxes and the costs required to contest them; and

(III) such payment can be lawfully withheld, and, in each case, a failure to pay such Taxes does not have or is not reasonably likely to have a Material Adverse Effect.

*Issuer Covenants*

Pursuant to the CTA, the Issuer will (and the Security Group Agent shall procure that the Issuer will) covenant (including but not limited to) the following:

(a) not to amend its articles of association without the prior consent of the Security Trustee (such consent not to be unreasonably withheld or delayed) provided that (save in respect of the rights of the class C director under articles 8.1, 8.3(vi), 8.4 and 16.1 of the Issuer's articles of association and any amendment which may adversely affect those rights) the Issuer may amend its articles of association without the Security Trustee's prior consent if such change would not be reasonably likely to have a Material Adverse Effect;

(b) to at all times carry on and conduct its affairs in its own name;

(c) to keep proper separate books of account, records and financial statements and allow each Facility Agent and the Bond Trustee and any person appointed by any of them free access to such books of account, records and financial statements at all reasonable times during normal business hours;

(d) not to commingle its assets with the assets of any other entities;

(e) to pay its own Liabilities out of its own funds (or funds that it is otherwise permitted to obtain);

(f) to maintain an arm's length relationship with any other Obligors;

(g) to use reasonable endeavours to correct any known misunderstanding regarding its separate identity of which it is aware;

(h) to use its own stationery, invoice and cheques;

(i) not to sell, convey, transfer, lease, assign or otherwise dispose of or agree or attempt or purport to sell, convey, transfer, lease or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertaking or grant any option or right to acquire the same save for any Permitted Security or of cash or loans to other members of the Security Group;

(j) not to enter into any amalgamation, demerger, merger, consolidation, corporate reconstruction or to legally consolidate;

(k) not to grant, create or permit to subsist any Security Interests (unless by operation of law) over its assets or undertakings, present or future, and not:

  (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or reacquired by an Obligor or any other member of the Security Group;

  (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

  (iii) enter into any arrangement under which moneys or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts; or

  (iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset, other than:

(a) the Security Interests created pursuant to the Security Documents; and

(b) as permitted by paragraphs (a), (b), (c), (h), (i), (k) and (l) of the definition of Permitted Security;

(l) not make any Restricted Payment unless the Restricted Payment Condition is satisfied save for any Permitted Payment and then only in the manner permitted by its memorandum and articles of association and by applicable laws;

(m) not to incur or permit to subsist any Financial Indebtedness or be the creditor in respect of Financial Indebtedness other than:

(i) Financial Indebtedness arising (including in respect of committed amounts) under the Finance Documents on the Initial Issue Date and/or drawings under the Liquidity Facility Agreement;

(ii) Permitted Financial Indebtedness; and

(iii) Financial Indebtedness arising under the Issuer Loan Agreement;

(n) not to acquire any leasehold, freehold or heritable property;

(o) not to have any employees (save to the extent that the Issuer is held harmless or otherwise reimbursed in respect of net costs exceeding €100,000) or have any subsidiary undertaking;

(p) not amend, vary, novate, supplement, supersede, waive or terminate any term of a Finance Document except in accordance with the provisions of the STID and its own terms;

(q) promptly to do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions and making all filings and registrations) as may be reasonably necessary or as the Security Trustee may reasonably specify:

(i) to comply with the Agreed Security Principles (including the granting of any Security Interests over its assets to the extent required pursuant to the Agreed Security Principles);

(ii) subject to the Agreed Security Principles, to create, perfect, protect or maintain the Security Interests created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Security Interest over all or any of the assets which are, or are intended to be, the subject of the Security or for the exercise, either directly or indirectly, of any rights, powers and remedies of the Security Trustee or the Finance Parties provided by or pursuant to the Finance Documents or by law); and/or

(iii) once the Security has become enforceable, to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security;

(r) subject to the Agreed Security Principles, take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security Interest conferred or intended to be conferred on the Security Trustee or the Finance Parties by or pursuant to the Finance Documents;

(s) to maintain an Agent Bank, Reference Banks, Paying Agents, a Registrar, Transfer Agents, Exchange Agents and other Paying Agents in accordance with the Conditions and maintain such other agents as may be required by the Conditions or by any other stock exchange (not being the Stock Exchange) on which the Bonds may be listed;

(t) to procure the Principal Paying Agent and the Registrar to notify the Bond Trustee forthwith in the event that the Principal Paying Agent or, as the case may be, the Registrar does not, on or before the due date for any payment in respect of the Bonds or any of them or any of the relative Receipts or Coupons, receive unconditionally pursuant to the Agency Agreement payment of the full amount in the requisite currency of the moneys payable on such due date on all such Bonds, Receipts or Coupons as the case may be;

(u) in the event of the unconditional payment to the Principal Paying Agent, the Registrar or the Bond Trustee of any sum due in respect of the Bonds or any of them or any of the relative Receipts or Coupons being made after the due date for payment thereof, give or procure to be given notice to the relevant Bondholders in accordance with the CTA that such payment has been made;

(v) if the relevant Final Terms indicate that the Bonds are to be listed on a relevant Stock Exchange, to use its reasonable endeavours to maintain the quotation or listing on the relevant Stock Exchange of those of the Bonds which are quoted or listed on the relevant Stock Exchange or, if it is unable to do so having used its reasonable endeavours or if the Bond Trustee agrees (acting reasonably) that the maintenance of such listings is unduly onerous, use its reasonable endeavours to obtain and maintain a quotation or listing of the Bonds on such other stock exchange or exchanges or securities market or markets as the Issuer may (with the prior written approval of the Bond Trustee) decide and also upon obtaining a quotation or listing of such Bonds issued by it on such other stock exchange or exchanges or securities market or markets enter into a trust deed supplemental to the Bond Trust Deed and/or a supplemental paying agency agreement, in each case, as required to effect such consequential amendments to the Bond Trust Deed or the Agency Agreement as the Bond Trustee may require (acting reasonably) or as shall be requisite to comply with the requirements of any such stock exchange or securities market;

(w) so long as any of the Bonds or Coupons remains liable to prescription, comply with and perform all its obligations under the Agency Agreement and use its reasonable endeavours to procure that the Agent Bank, the Paying Agents, the Registrar, any Transfer Agent and the other Paying Agents comply with and perform all their respective obligations thereunder and (in the case of the Paying Agents and the Registrar) any notice given by the Bond Trustee pursuant to the relevant provisions of the Bond Trust Deed and, except as contemplated therein, do not make any amendment or modification to such agreement without the prior written approval of the Bond Trustee and use all reasonable endeavours to make such amendments to such agreement as the Bond Trustee may require;

(x) to use its reasonable endeavours to procure that Euroclear and/or Clearstream, Luxembourg issue(s) any record, certificate or other document requested by the Bond Trustee under the Bond Trust Deed or otherwise as soon as practicable after such request;

(y) to promptly: (I) obtain, comply with and do all that is necessary to maintain in full force and effect, any Authorisation required under any law or regulation of a Relevant Jurisdiction to enable it to perform its obligations under the Finance Documents; (II) to ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document, and (III) to obtain, comply with and do all that is necessary to maintain in full force and effect, any Authorisation required under any law or regulation of a Relevant Jurisdiction to carry on its business where failure to do so would have or would be reasonably likely to have a Material Adverse Effect;

(z) to comply in all respects with all applicable laws and regulations to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect;

(aa) to pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that: (I) such payment is being contested in good faith; (II) adequate reserves are being maintained for those Taxes and the costs required to contest them; and (III) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect;

(bb) not voluntarily take any steps to change its residence for Tax purposes;

(cc) not to acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them), transfer any assets or lend to or guarantee or give an indemnity for or give any Security Interest for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing), or incorporate a company;

(dd) comply at all times with the Hedging Policy and not enter into any Treasury Transaction, other than the hedging transactions documented by the Hedging Agreements or in accordance with the Hedging Policy;

(ee) not to do anything to change the location of its centre of main interests, for the purposes of Council Regulation (EC) No 1346/2000 of 29 May 2000;

(ff) to use reasonable endeavours to maintain a credit rating from at least one Rating Agency for the Bonds, and may, in addition, seek a credit rating from any other Rating Agency;

(gg) to cooperate with the Relevant Rating Agencies in connection with any reasonable request for information in respect of the maintenance of a rating;

(hh) not to change its Accounting Reference Date, unless the conditions in the CTA are met;

(ii) as soon as reasonably practicable, inform the Security Trustee, the Arrangers of the Programme and the Dealers of any change to its auditors;

(jj) not to trade, carry on any business, own any assets or incur any liabilities except for:

(i) entering into the Finance Documents and performing the transactions contemplated thereunder;

(ii) maintaining credit balances in bank accounts, cash and Cash Equivalent Investments;

(iii) holding any assets and incurring any liabilities and performing obligations under the Finance Documents to which it is a party and professional fees and administration costs in connection therewith and otherwise in the ordinary course of business;

(iv) incurring liability to pay Tax and paying the Tax; or

(v) entering into and incurring liabilities in respect of Issuer Loan Agreements or making Restricted Payments to the extent otherwise permitted;

(kk) to ensure that at all times any unsecured and unsubordinated claims of a Secured Creditor against it under the Finance Documents rank at least pari passu with the claims of all its other unsecured and

unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;

(ll) not incur or allow to remain outstanding any guarantee in respect of the obligations of any person other than under the Finance Documents;

(mm) not issue any shares except pursuant to a Permitted Share Issue or Permitted Transaction;

(nn) not, and will not permit any Controlled Entity to (I) become (including by virtue of being owned or controlled by a Blocked Person or a Sanctioned Person), own or control a Blocked Person or a Sanctioned Person or (II) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds from any Authorised Credit Facility) with any person if such investment, dealing or transaction (i) would be in violation of, or would result in the imposition of sanctions under, any U.S. Economic Sanctions Laws applicable to the Obligors or such Controlled Entity or (ii) is prohibited by or subject to Sanctions or any other law or regulation applicable to any Obligor or any such Controlled Entity;

(oo) ensure that (I) no Controlled Entity or Obligor that is a Sanctioned Person will have any legal or beneficial interest in any funds repaid or remitted by the Issuer to any Finance Party in connection with the Finance Documents, and (II) no Controlled Entity or Obligor shall use any revenue or benefit derived from any activity or dealing with a Sanctioned Person for the purpose of discharging amounts owing to any Finance Party in respect of the Finance Documents;

(pp) not at any time hold cash or Cash Equivalent Investments in any account which is not subject to the Security, other than in an Excluded Account; and

(qq) ensure that the Security Accounts are held with the Account Bank pursuant to the Account Bank Agreement.

**Agreed Security Principles**

For the purposes of the above covenants and representations, the Obligors have agreed to comply with the following principles when granting any Security Interests over their assets.

***General Principles***

As at the date of the Common Terms Agreement, the relevant Asset leasing arrangements for the Security Group are as follows:

(i) in general, each of the relevant Asset Owners, enters into leasing arrangements with other members of the Security Group from time to time (together referred to herein as **Spoke Entities**) in various jurisdictions, depending on the location of the ultimate operator of the relevant rolling stock. These arrangements are structured with the relevant Asset Owner as the "hub", entering into head leases with Spoke Entities (the **Head Leases**). Each Spoke Entity has entered into leases with customers (and may enter into further leases in the future) (referred to herein as **Subleases**). There is one Head Lease per Sublease (whether by way of separate head leases or a master lease and separate schedules thereto). The customers pay lease rents to the Spoke Entities, which will pay rent pursuant to the relevant Head Lease to the relevant Asset Owner. The Asset Owners may also enter into direct leasing arrangements with the ultimate operator of the relevant rolling stock (referred to herein as **Direct Leases**); and

(ii) the Asset Owner in respect of the Rosenheim Assets has entered into a sale and leaseback agreement by way of a conditional sale agreement with the customer pursuant to which it leases the relevant Assets to the customer.

The Security provided by each Obligor shall be provided by each Obligor directly in favour of the Security Trustee on behalf of the Secured Creditors (unless local law requires otherwise) and shall secure the Secured Liabilities (including the obligations in respect of each Guarantor's Guarantee, subject to any limit on the amount of Secured Liabilities agreed in the relevant Security Document.

***Assets To Be Secured***

*Share Security*

(i) Share Security will, subject to the principles set out below in paragraph (h) (General Principles) be granted on a first priority perfected basis over all the shares in each member of the Security Group other than Holdco II.

(ii) As and when other persons become members of the Security Group, share security will be granted on a first priority perfected basis over all the shares in such new members of the Security Group.

*Assets*

(i) Security will, subject to the principles set out below in this paragraph, be taken on a first priority perfected basis over the Assets owned by the relevant Asset Owners.

(ii) In any case, sufficient Security over the Assets will need to be provided to comply with the Minimum Security Coverage Covenant. To the extent that the Minimum Security Coverage Covenant continues to be complied with, remaining Assets shall not be required to be the subject of Security.

(iii) In relation to any relevant Asset and jurisdiction referred to below security will be taken, initially and, in the absence of any applicable change in law, on an on-going basis, as follows:

(A) over Assets operated by Austrian head-quartered operators, an Austrian law pledge (*Pfandrecht*);

(B) over Assets which are German registered, a German law security transfer of title agreement (Sicherungsübereignung) (and, where such Assets operate in the Netherlands, such security will be taken while the relevant Assets are physically located in Germany);

(C) over Assets which are physically located in the Netherlands at the time the security is granted, a Dutch law non-possessory pledge (*bezitloos pandrecht*);

(D) over Assets which are registered in the Polish national registry, a Polish law registered pledge (*zastaw rejestrowy*); and

(E) over Assets which are registered with the relevant Spanish registry and physically located in Spain at the time the security is granted, a Spanish law chattel mortgage (*hipoteca mobiliaria*).

For the avoidance of doubt and without prejudice to compliance with the Minimum Security Coverage Covenant, security shall not be required to be granted over Assets pursuant to any of French, Norwegian and Italian law, including where Assets are operating in those countries.

*Lease Security*

(i) Security will, subject to the principles set out below in this paragraph (c) and paragraph (h) (General Principles), be granted by each relevant Obligor on a first priority perfected basis over the Head Leases or Head Lease receivables, Direct Leases or Direct Lease receivables and Subleases and Sublease receivables or any other agreement (or receivable under that agreement) falling within paragraph (g) of Permitted Disposals relating to Assets (other than, in each case, in respect of any Protected Amounts).

(ii) Subject to paragraph (v) below, such Security will be granted and perfected (by serving notice or as otherwise may be required) as soon as reasonably practicable following the Closing Date, and the relevant security provider shall use reasonable endeavours to procure an acknowledgement from the relevant counterparty substantially in the form set out in the relevant Security Document.

(iii) In respect of any future Head Lease, Direct Lease, Sublease or any other agreement referred to in paragraph (i) above (where such future Head Leases, Direct Leases, Subleases and/or such other agreements are not automatically included in the relevant existing Security Document), Security shall be provided on a "sweeper" basis no later than 30 Business Days following each Calculation Date, in respect of such Head Lease, Direct Lease, Sublease or any other agreement entered into before that Calculation Date (subject to the principles set out above and below, and in accordance with the regime set out above) or, if earlier, upon the occurrence of a Declared Default. This should be achieved in the simplest way possible as a matter of the relevant local law.

(iv) In respect of any future Head Lease, Direct Lease, Sublease or any other agreement referred to in paragraph (i) above (other than those relating solely to Elf Assets), notice of the Security shall be given to the relevant counterparties on a "sweeper" basis no later than 30 Business Days following each Calculation Date or, in the case of any future Security provided under paragraph (iii) above, as soon as reasonably practicable after the date such Security is provided (subject to the principles set out above and below, and in accordance with the regime set out above) or, if earlier, upon the occurrence of a Declared Default. The relevant security provider shall use reasonable endeavours to obtain acknowledgement from the relevant counterparty in substantially the form set out in the relevant Security Document.

(v) In respect of the Elf Assets and the Assets owned by Alpha Trains Iberia, S.A.U., such Security will be granted by the relevant Asset Owners and the relevant Spoke Entities, whether day one or on a sweeper" basis as set out above, but in either case will not be notified to the relevant counterparty until the earlier of:

(A) the expiry of the Permitted Reorganisation Window;

(B) the completion of any Permitted Reorganisations to occur in respect of the Asset Owner of such Assets as contemplated in the Steps Paper; or

(C) the occurrence of a Declared Default,

unless such notification is required for the purposes of effective creation (but not perfection) of the relevant Security, and subject to the "sweeper" provisions set out in paragraph (iv) above.

*Intra-Group Loan Receivables*

(i) Security will, subject to the principles set out below in this paragraph (d) and paragraph (h) (General Principles), be granted by each member of the Security Group on a first priority perfected basis over any intra-group loan receivables. To the extent possible as a matter of the relevant law, this shall be done by way of a global assignment / pledge agreement to which all members of the Security Group are party and will cover any such receivables to which such member of the Security Group is entitled from time to time. To the extent that any intra-group loans are governed by any other law, suitable additional security will be required.

(ii) The global assignment / pledge agreement should include (to the extent necessary) a provision constituting notice to the relevant debtors of the intra-company loans so that separate notices are not required.

(iii) Subject to local law restrictions, all members of the Security Group will be party to the original global assignment / pledge agreement and so no further steps will be required in the future in connection with new intra-group loans (unless new obligors are included within the Security Group or unless additional security is required under paragraph (d)(i) above or pursuant to local law requirements, in which case an accession to the original agreement or a new security agreement (as applicable) will be required).

*Accounts*

(i) Security will, subject to the principles set out below in this paragraph (e) and paragraph (h) (General Principles), be granted by each member of the Security Group on a first priority perfected basis over all Accounts (other than Excluded Accounts).

(ii) All Security over Accounts will permit the relevant security provider to operate those Accounts freely (but subject always to the terms of the Finance Documents) without reference to the Security Trustee prior to an Enforcement Event having occurred. Where required in order to create or perfect the relevant Security, notice shall be given to the account banks at which the charged accounts are held as soon as reasonably practicable following the creation of the relevant Security, and the relevant security provider shall use reasonable endeavours to obtain an acknowledgement from the relevant account bank substantially in the form set out in the relevant Security Document (save where such acknowledgement is required (i) to create first priority Security or (ii) is required for the perfection of such Security, in which case the relevant security provider shall procure that such acknowledgement is obtained).

(iii) In respect of any new Accounts, Security shall be provided on a first priority perfected basis as soon as reasonably possible following the opening of such account and within such period specified in the relevant Security Document (subject to the principles set out above, and in accordance with the regime set out above). This should be achieved in the simplest way possible as a matter of the relevant local law.

(iv) Accounts will include Cash Equivalent Investments held in those Accounts.

*Insurance*

(i) Security will, subject to the principles set out below in this paragraph (f) and paragraph (h) (General Principles), be granted by each member of the Security Group on a first priority perfected basis over any receivables or claims in respect of property insurance (other than liability insurance) taken out by it or any operator.

(ii) Security over insurance receivables or claims will permit the relevant security provider to deal with claims and receive proceeds from any insurer of its Assets until such time as an Enforcement Event has occurred (but subject always to the terms of the Finance Documents).

(iii) In respect of any new insurance receivables or claims in relation to any policies (and where such new insurance receivables or claims are not automatically included in the relevant existing security), Security shall be provided on a "sweeper" basis not later than 30 Business Days following each Calculation Date in respect of such receivables or claims arising before that Calculation Date (subject to the principles set out above, and in accordance with the regime set out above) or, if earlier, upon the occurrence of a Declared Default. This should be achieved in the simplest possible way as a matter of the relevant local law.

(iv) In respect of any policies taken out by a member of the Security Group, notice of assignment shall be given to the relevant insurers as soon as reasonably practicable after the signing of such Security Document (or, in the case of any new policies, as soon as reasonably practicable after the date such Security is provided in accordance with paragraph (iii) above and within such period specified in the relevant Security Document). The relevant security provider shall use reasonable endeavours to obtain acknowledgement from the relevant insurer in substantially the form set out in the relevant Security Document.

(v) In respect of any policies taken out by an operator at any time, notice of assignment shall only be provided to the relevant insurers following the occurrence of a Declared Default. The relevant security provider shall use reasonable endeavours to obtain acknowledgement from the relevant insurer in substantially the form set out in the relevant Security Document.

*Finance Documents*

(vi) Security will, subject to the principles set out below in paragraph (h) (General Principles), be granted by each member of the Security Group party to a Hedging Agreement on a first priority perfected basis over any Hedging Agreements to which it is a party.

(vii) Security will, subject to the principles set out below in paragraph (h) (General Principles), be granted by each member of the Security Group party to any Liquidity Facility Agreement on a first priority perfected basis over any Liquidity Facility Agreements to which it is a party.

*General Principles*

(i) All security shall (unless and to the extent local law considerations require otherwise) be given by each member of the Security Group in favour of the Security Trustee and not to other Secured Creditors on an individual basis. Parallel debt provisions will be used where appropriate.

(ii) If the cost of providing (or, where applicable, perfecting) any such Security (other than share security) would be materially disproportionate to the benefit which it confers on the Secured Creditors in the light of the whole security package being provided, such Security shall not be provided (subject to compliance with the Minimum Security Coverage Covenant). Legal

fees, notarial fees, registration or recording fees, stamp duty, title insurance and any other taxes will be taken into account. In creating (or, where applicable, perfecting) any Security (other than share security), consideration will be given to mitigating the impact of fees, duties and taxes (for example by having documents executed and notarised in jurisdictions which do not charge fees on an ad valorem basis or by including appropriate limitations), where that does not adversely affect the validity of the Security.

(iii) In relation to assets other than shares and Assets (other than the Jutland Assets), Security will not be provided (or, where applicable, perfected):

(A) to the extent it is not legally possible and practicable;

(B) where material issues of directors' personal liability or breach of fiduciary duty or any issues of criminal liability arise (subject to the Obligors using their reasonable endeavours to overcome the same);

(C) where any Account which would otherwise be required to be secured is intended to be closed by the relevant Obligor during the Permitted Reorganisation Window and provided it is closed within the Permitted Reorganisation Window; and

(D) where to do so would have a material adverse effect on the ability of the relevant security provider to conduct its day to day business.

(iv) Spares (while not attached to Assets) and leases related solely to Spares, shall not be included as part of the security package. In addition, any VAT rebates in respect of any Rosenheim Asset will not be included as a part of the security package.

***Terms Of Security Documents***

The following principles will be reflected in the terms of any Security granted by any member of the Security Group as part of this transaction:

(i) Security will be enforceable upon the delivery of an Enforcement Notice by the Security Trustee in accordance with clause 20 (Enforcement) of the STID;

(ii) if registration with public bodies, commercial courts, registries or similar institutions is required for the perfection of any Security Document, such registration shall be effected as soon as reasonably practicable (or within the relevant timeframes required by law), and all filings or registration documents to effect such registration shall be submitted to the appropriate public body, commercial court, registry or similar institution within an agreed period after entering into that Security Document (or within the relevant timeframes required by law);

(iii) the Security Documents should only operate to create and preserve effective Security rather than to impose new commercial obligations. Accordingly, they should not contain additional representations or undertakings (such as in respect of insurance, information or the payment of costs) unless these are required as a matter of local law or practice and are not contained in the CTA or are required for the creation, perfection or preservation of the Security;

(iv) in respect of the share Security, until an Enforcement Event has occurred, the security provider should be permitted to retain and to exercise voting rights to any shares pledged by it in a manner which does not adversely affect the validity or enforceability of the Security or cause an Event of Default to occur and the security provider should be permitted to

receive and retain dividends on pledged shares to the extent not otherwise prohibited under the Finance Documents;

(v) powers of attorney (as set out in the Security Documents) are only to be exercisable after an Enforcement Event has occurred, or where the relevant security provider has failed to perform an obligation which it is required to perform under the relevant Security Document; and

(vi) the Security will not impede or prohibit any disposals permitted by the Finance Documents.

**Trigger Events**

The CTA will also set out certain Trigger Events. The specific Trigger Events and the consequences which flow from the occurrence of those events are set out below.

(a) *Required Debt Service Liquidity*

The undrawn commitment available under the Liquidity Facilities is at any time less than the Required Debt Service Liquidity (a **Required Debt Service Liquidity Trigger Event**).

(b) *Required Maintenance Liquidity*

The sum of the undrawn commitment available under the Maintenance Reserve Facility at any time and any amount credited to the Maintenance Reserve Account is in aggregate less than the Required MRA Balance (a **Required Maintenance Liquidity Trigger Event**).

(c) *Trigger Event Ratio*

On any date when any of the following ratios are calculated in accordance with the CTA to breach the relevant level specified below (the **Trigger Event Ratio Levels**) as determined as at the most recently occurring Calculation Date:

(i) the Senior Debt/NPV Ratio as at any Calculation Date is:

(A) during the period from the Closing Date to and including 31 December 2016, greater than 70%;

(B) during the period from 1 January 2017 to and including 31 December 2018, greater than 67.5%;

(C) during the period from 1 January 2019 to and including 31 December 2020, greater than 65%; and

(D) from 1 January 2021, greater than 62.5%; or

(ii) the Senior FCF DSCR for a Relevant Period is or is forecast to be less than 1.60 to 1,

in each case as stated in the Compliance Certificate produced in respect of the relevant Calculation Date, or in respect of any calculation required by the terms of the CTA but not delivered in respect of a Calculation Date, as stated in a Compliance Certificate from the Security Group Agent on the date delivered.

(d) *Breach of Permitted Portfolio Covenant*

The Obligors have failed to meet the Permitted Portfolio Covenant.

(e) *Failure to Repay at Expected Maturity Date*

Any Senior Debt has not been repaid in full at its Expected Maturity Date (a **Failure to Pay Trigger Event**).

(f) *Drawdown on Liquidity Facility*

An Obligor draws down under a Liquidity Facility (excluding any drawing or repayment of any Standby Drawing) or withdraws sums credited to a Liquidity Standby Account, if the withdrawal of such amount is for the purposes of making scheduled debt service payments on the Senior Debt (a **Drawdown on Liquidity Facility Trigger Event**).

(g) *Drawdown on Maintenance Reserve Facility*

An Obligor draws down under a Maintenance Reserve Facility (a **Maintenance Reserve Facility Trigger Event**).

(h) *Event of Default*

Without prejudice to the other remedies in respect thereof and subject to the expiry of any applicable grace or remedy period, the occurrence of an Event of Default which is continuing (an **Event of Default Trigger Event**).

(i) *Credit Rating Downgrade*

The long-term credit rating of any Rated Debt ascribed by any Relevant Rating Agency is downgraded below Investment Grade (a **Credit Rating Downgrade Trigger Event**).

(j) *Hedging Agreements*

On any Calculation Date (after taking into account any relevant Offsetting Transactions) the aggregate notional accretions of all Hedging Agreements which are inflation swaps and/or index-linked swaps are greater than 8% of the aggregate principal amount of Senior Debt outstanding as at the most recent Calculation Date (a **Hedging Agreement Trigger Event**).

**Trigger Event Consequences**

Following the occurrence of a Trigger Event and at any time until such Trigger Event has been waived by the Security Trustee or remedied in accordance with the Trigger Event Remedies (see " – *Trigger Event Remedies*" below) the following provisions (**Trigger Event Consequences**) will apply:

(a) *Occurrence of Trigger Event*

If any Trigger Event has occurred and is continuing then, within five Business Days after delivery of the Compliance Certificate confirming occurrence of that Trigger Event, the Issuer shall procure that:

(i) an amount equal to EMD Excess Cashflow (if the only Trigger Event is an event falling within paragraph (e) (*Failure to Repay at Expected Maturity Date*) above (an **EMD Trigger Event**)); or

(ii) otherwise an amount equal to Excess Cashflow,

in each case for the Semi-Annual Period ending on the Calculation Date in respect of which the Compliance Certificate was delivered is transferred to the Lock-Up Account.

(b) *Application of amounts standing to the credit of the Lock-Up Account*

If an amount has been credited to the Lock-Up Account the Issuer shall procure that it is applied as follows:

(i) where that amount has been credited to the Lock-Up Account as a consequence only of an EMD Trigger Event, then that amount shall be applied immediately after it has been so credited (subject to the terms of the Finance Documents) in prepayment of the Senior Debt in respect of which the Expected Maturity Date has occurred (pro rata according to the principal amounts outstanding of such Senior Debt after deducting in respect of any Defeased Debt amounts credited to a Defeasance Account for that Defeased Debt) together with any Repayment Gains and after deducting and paying any Repayment Costs in respect of that Senior Debt provided that any revolving facilities are cancelled to the extent required to be prepaid;

(ii) where that amount has been credited to the Lock-Up Account as a consequence of both an EMD Trigger Event and any other Trigger Event, then that amount shall be applied immediately (subject to the terms of the Finance Documents) pro rata (according to the respective principal amounts outstanding of (X) Defeased Debt (less amounts already standing to the credit of a Defeasance Account in respect of that Defeased Debt) and (Y) the other Senior Debt) in:

(A) credit (pro rata to the principal amount outstanding of such Defeased Debt deducting in respect of any Defeased Debt amounts credited to a Defeasance Account for that Defeased Debt) to the Mandatory Prepayment Amounts Ledger of each Defeasance Account in respect of the relevant Defeased Debt; and

(B) prepayment (together with any Repayment Gains) of other Senior Debt in such proportions as between the other Senior Debt as the Issuer may determine (after deducting and paying any related Repayment Costs) provided that any revolving facilities are cancelled to the extent they are required to be prepaid; and

(iii) where that amount (the **Lock-Up Amount**) has been credited to the Lock-Up Account as a consequence of a Trigger Event (other than an EMD Trigger Event) and on the Calculation Date (each a **Second Calculation Date**) immediately following the Calculation Date in respect of which a Compliance Certificate was delivered confirming the occurrence of that Trigger Event there is a continuing Trigger Event (other than an EMD Trigger Event) or the Compliance Certificate for that Second Calculation Date confirms there is a continuing Trigger Event, then that Lock-Up Amount (ignoring any amount subsequently credited to the Lock-Up Account) shall be applied immediately (subject to the Finance Documents) pro rata (according to the respective principal amounts outstanding of (I) Defeased Debt (less amounts already standing to the credit of a Defeasance Account in respect of that Defeased Debt) and (II) the other Senior Debt) in:

(A) credit (pro rata to the principal amount outstanding of such Defeased Debt deducting in respect of any Defeased Debt amounts credited to a Defeasance Account for that Defeased Debt) to the Mandatory Prepayment Amounts Ledger of each Defeasance Account in respect of the relevant Defeased Debt; and

(B) prepayment (together with any Repayment Gains) of other Senior Debt in such proportions as between the Senior Debt as the Issuer may determine (after deducting

and paying any related Repayment Costs) provided that any revolving facilities are cancelled to the extent they are required to be prepaid.

(c) *Remedy of Trigger Event*

(i) If at any time all Trigger Events (other than an EMD Trigger Event) are remedied in accordance with the CTA the amounts standing to the credit of the Lock-Up Account shall be applied immediately by the Issuer in the following order of priority:

(A) first in prepayment of Senior Debt in respect of which the Expected Maturity Date has occurred (pro rata according to the principal amounts of such Senior Debt after deducting in respect of any Defeased Debt amounts credited to a Defeasance Account for that Defeased Debt) together with any Repayment Gains and after deducting and paying any Repayment Costs in respect of that Senior Debt provided that any revolving facilities are cancelled to the extent required to be prepaid; and

(B) thereafter any remaining amounts may be withdrawn by the Issuer.

(ii) If at any time all Trigger Events are remedied in accordance with the CTA the amounts standing to the credit of the Lock-Up Account may be withdrawn by the Issuer.

(iii) The Issuer shall only withdraw amounts from the Lock-Up Account in accordance with this paragraph (c) above.

(d) *Proposals for Remedy and Meetings*

The Security Trustee may request the Security Group Agent (if it has been directed to do so by the Qualifying Secured Creditors (acting reasonably) representing at least 20% of the Outstanding Principal Amount under the Qualifying Senior Debt and provided the Trigger Event is continuing for 12 months or more: (I) to provide the Security Trustee within a specified timeframe being not less than 30 Business Days with its written proposals for the remedy of the Trigger Event (to the extent the same is capable of remedy by the Security Group); (II) to meet with the Security Trustee and such Secured Creditor Representatives as the Security Trustee may request such meeting to discuss the ramifications of the Trigger Event and its remedy and/or (III) to provide such information as to the relevant Trigger Event (including its causes and effects) as may be requested and the Security Group Agent shall, in each case, comply with any such request.

(e) *No Restricted Payments*

No Obligor may make a Restricted Payment other than a Permitted Payment.

**Trigger Event Remedies**

At any time when an Obligor believes that a Trigger Event has been remedied by virtue of any of the following, it must (save where such notice has been served by another Obligor) serve notice on the Security Trustee (signed by a director) to that effect and provide such evidence in support of such notice as the Security Trustee may reasonably require. The Security Trustee must respond within ten Business Days (or such longer period as it may reasonably agree with the Security Group Agent) confirming that the relevant Trigger Event has been remedied or setting out its reasons for believing such Trigger Event has not been remedied.

The following shall constitute remedies to the Trigger Events (each, a **Trigger Event Remedy**):

(a) *Required Debt Service Liquidity*

The occurrence of a Required Debt Service Liquidity Trigger Event will be remedied if an Obligor provides the Security Trustee with documentation (including a certificate signed by a director of that Obligor confirming what the Required Debt Service Liquidity is at the relevant time) evidencing the availability of Liquidity Facilities at least equal to the Required Debt Service Liquidity.

(b) *Required Maintenance Liquidity*

The occurrence of a Required Maintenance Liquidity Trigger Event will be remedied if an Obligor provides the Security Trustee with documentation (including a certificate signed by a director of that Obligor confirming what the Required MRA Balance is at the relevant time) evidencing the availability of Maintenance Reserve Facilities and/or amounts standing to the credit of the Maintenance Reserve Account at least equal to the Required MRA Balance.

(c) *Financial Ratios*

The breach of a Trigger Event Ratio Level will be remedied if a Compliance Certificate for a Calculation Date, showing that there is no breach of the Trigger Event Ratio Levels, is provided.

(d) *Breach of Permitted Portfolio Covenant*

The breach of the Permitted Portfolio Covenant will be remedied if a Compliance Certificate is delivered demonstrating compliance.

(e) *Failure to Repay at Expected Maturity Date*

The occurrence of a Failure to Pay Trigger Event in relation to any Senior Debt will be remedied if the Obligors repay in full the applicable Senior Debt which has not been repaid at its Expected Maturity Date.

(f) *Drawdown on Liquidity Facility*

The occurrence of a Drawdown on Liquidity Facility Trigger Event will be remedied if the aggregate balance drawn down (other than by way of Standby Drawings) under any Liquidity Facility is repaid in full together with all interest accrued thereon and an amount equal to any sums withdrawn from the Liquidity Standby Accounts for the purposes of making scheduled debt service payments on the Secured Debt is deposited into the Liquidity Standby Accounts.

(g) *Drawdown on Maintenance Reserve Facility*

The occurrence of a Maintenance Reserve Facility Trigger Event will be remedied if the aggregate balance drawn down under any Maintenance Reserve Facility is repaid in full together with all interest accrued thereon.

(h) *Event of Default*

The occurrence of an Event of Default Trigger Event will be remedied if the Event of Default is waived in accordance with the STID or is remedied to the reasonable satisfaction of the Security Trustee.

(i) *Credit Rating Downgrade*

The occurrence of a Credit Rating Downgrade Trigger Event will be remedied if the credit rating of the Rated Debt given by the Relevant Rating Agency has been reinstated to Investment Grade.

(j) *Hedging Agreements*

The occurrence of a Hedging Agreement Trigger Event will be remedied if on any subsequent Calculation Date (after taking account of any relevant Offsetting Transactions) the aggregate notional accretions of all Hedging Agreements which are inflation swaps and/or index-linked swaps no longer exceeds 8% of the aggregate principal amount of Senior Debt as at that subsequent Calculation Date.

**Events of Default**

The CTA will contain the following events of default which will constitute the **Events of Default** under each Authorised Credit Facility Agreement other than any Liquidity Facility Agreement and any Hedging Agreement, each one being an **Event of Default**:

(a) *Non-payment*

An Obligor does not pay on the due date any amount payable by it under the Finance Documents in the manner required under such documents, unless (i) in respect of any principal, interest, fees and/or any other scheduled payments, such payment is made within three Business Days of the due date or (ii) in respect of any other payments, such payment is made within five Business Days of the due date.

(b) *Breach of Financial Covenants*

Either:

(i) the Senior Debt/NPV Ratio is greater than 80%; and/or

(ii) the Senior FCF DSCR is less than 1.10:1,

(the **Default Ratios**) in each case, as at the relevant Calculation Date or for the Relevant Period ending on a Calculation Date as stated in the Compliance Certificate provided to the Security Trustee (and provided that an Event of Default under paragraph (b)(i) or (b)(ii) above may be cured by the exercise of any Equity Cure Right) (the levels in paragraphs (b)(i) and (b)(ii) above each being a **Default Ratio Level**).

(c) *Breach of Other Obligations*

(i) An Obligor does not comply with any provision of the Finance Documents to which it is a party (other than those referred to in paragraphs (a) (*Non-payment*) and (b) (*Breach of Financial Covenants*) above).

(ii) No Event of Default under paragraph (c)(i) above will occur if the failure to comply is capable of remedy and is remedied within 25 days of the earlier of (A) the Security Trustee giving notice to the Security Group Agent and (B) the Security Group Agent becoming aware of the failure to comply.

(d) *Misrepresentation*

(i) Any representation or statement made or repeated by an Obligor in the Finance Documents or in any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be repeated.

(ii) No Event of Default under paragraph (d)(i) above will occur if the failure or event or circumstance giving rise to the misrepresentation is capable of remedy and is remedied within 25 days of the earlier of (A) the Security Trustee giving notice to the Security Group Agent and (B) the Security Group Agent becoming aware of the event or circumstance giving rise to the misrepresentation.

(e) *Insolvency*

(i) Any Obligor is unable or admits inability to pay its debts as they fall due or is deemed or declared to be unable to pay its debts or insolvent (on a cash-flow basis) under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors generally with a view to rescheduling any of its indebtedness.

(ii) Paragraph (e)(i) above shall not apply where the relevant indebtedness to be rescheduled arises under any Subordinated Liabilities or Subordinated Intragroup Liabilities, any intragroup loan or guarantee or any amount owed to a Subordinated Intragroup Creditor.

(iii) A moratorium is declared in respect of any indebtedness of any Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

(f) *Insolvency Proceedings*

(i) Except as provided below, any corporate action, legal proceedings or other procedure or step is taken in relation to:

(A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) or any other insolvency proceeding of any Obligor;

(B) a composition, compromise, assignment or arrangement with creditors generally of any Obligor (as part of a general composition, compromise, assignment or arrangement affecting such Obligor's creditors generally) other than a composition, compromise, assignment or arrangement with respect to any Subordinated Liabilities, Subordinated Intragroup Liabilities, any intragroup loan or any guarantee in respect thereof;

(C) the appointment of a liquidator, receiver, trustee in bankruptcy, judicial custodian, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Obligor; or

(D) the enforcement of any Security Interest over any assets of any Obligor with a book value in aggregate of €5,000,000 (Indexed) (or its equivalent in any other currency) or more,

or any analogous procedure or step is taken in any jurisdiction.

(ii) Paragraph (f)(i) above shall not apply to:

(A) a petition for winding-up, dissolution or administration presented by a creditor which is (x) being contested in good faith in a court of competent jurisdiction and with due diligence and which is frivolous or vexatious in nature or (y) discharged or

struck out within 60 days of the commencement or in the case of a petition for administration prior to the date fixed for the hearing thereof; or

(B) any Permitted Transaction.

(g) *Unlawfulness and Invalidity*

(i) It is or becomes unlawful for an Obligor or Alpha Trains Holdco S.à r.l. to perform any of its obligations under the Finance Documents or any Security Interest created or expressed to be created or evidenced by the Security Documents ceases to be effective or becomes unlawful or any subordination created under the STID ceases to be effective or is or becomes unlawful.

(ii) Any obligation or obligations of any Obligor or Alpha Trains Holdco S.à r.l. under any Finance Documents or any other member of the Security Group under the STID are not (subject to the Reservations) or cease to be legal, valid, binding or enforceable and the cessation, individually or cumulatively, materially and adversely affects the interests of the Secured Creditors under the Finance Documents.

(iii) Any Finance Document ceases to be in full force and effect or any Security Interest under any Security Document or any subordination created under the STID ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective or any Security Document ceases to create the Security Interests it purports to create (except in respect of any Security as a result of any movement of rolling stock in the ordinary course of its operation to a jurisdiction other than the jurisdiction of the governing law of that Security over such rolling stock and provided that there is no breach of paragraph (x) of General Covenants.

(h) *Repudiation and Rescission of Agreements*

(i) An Obligor or Alpha Trains Holdco S.à r.l. (A) rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document; or (B) evidences an intention to rescind or repudiate a Finance Document.

(ii) Any party to the STID (other than a Finance Party or an Obligor) fails to comply with the provisions of, or does not perform its obligations under the STID.

(iii) Any representation or warranty given by any party to the STID (other than a Finance Party or an Obligor) is incorrect in any material respect.

(iv) It shall not be an Event of Default under paragraph (h)(iii) above if the non-compliance or circumstances giving rise to the misrepresentation are capable of remedy and are remedied within 25 days of the earlier of the Security Trustee giving notice to that party or that party becoming aware of the misrepresentation or non-compliance.

(i) *Nationalisation*

The authority or ability of any member of the Security Group to conduct its business is materially limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Security Group or any of its material assets, in each case, in a manner or to an extent which has a Material Adverse Effect, provided that:

(i) any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in circumstances where adequate compensation on termination to address any Material Adverse Effect is payable to the Security Group shall not (of itself) constitute an Event of Default if such compensation on termination is applied in prepayment of the Secured Debt;

(ii) any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person will not be determined to have a Material Adverse Effect to the extent that the Rating Agencies have not downgraded the Bonds below Investment Grade; and

(iii) the occurrence of any of the events described in this paragraph (i) shall be without prejudice to any other Event of Default which may occur hereunder as a consequence of such events.

(j) *Failure to Comply with Judgment*

Any Obligor fails to comply with any final judgment of any court and such failure has a Material Adverse Effect.

(k) *Material Proceedings*

(i) Any litigation, arbitration, administration or other proceedings are brought against an Obligor or in respect of its assets or revenues which, in any such case, would be reasonably likely to be adversely determined and which, if so adversely determined, has or would reasonably be expected to have a Material Adverse Effect, but excluding any such proceedings which are vexatious in nature where such proceedings are discharged or dismissed within 45 days of their commencement.

(ii) Any execution proceedings are enforced in relation to any assets of any Obligor where such enforcement has or would reasonably be expected to have a Material Adverse Effect.

(iii) Any attachment, sequestration, distress or execution (other than as is referred to in paragraph (f) (*Insolvency Proceedings*) above), compulsory acquisition (other than as referred to in paragraph (i) (*Nationalisation*) above) or any other analogous step or procedure is taken in any jurisdiction other than Belgium which affects any asset or assets of an Obligor having an aggregate value of €5,000,000 (Indexed) (or its equivalent in any other currency) or more, unless the action is being contested in good faith and which is discharged within 45 days.

(iv) Any attachment, sequestration, distress or execution (other than as is referred to in paragraph (f) (*Insolvency Proceedings*) above), compulsory acquisition (other than as referred to in paragraph (i) (*Nationalisation*) above) or any other analogous step or procedure is taken in Belgium which affects any asset or assets of an Obligor having an aggregate value of €5,000,000 (Indexed) (or its equivalent in any other currency) or more, unless the action is being contested in good faith and which is not discharged within 45 days of it first being made (or, in the case of a *bewarend beslag/saisie conservatoire*, within 60 days of its first being made).

(l) *Cross Default*

Any of the following occurs in respect of any Obligor:

(i) non-payment of amounts payable after the expiry of any originally applicable grace period in respect of any of its Financial Indebtedness (other than in respect of Subordinated Liabilities or the Subordinated Intragroup Liabilities); or

(ii) an amount of its Financial Indebtedness (other than in respect of the Subordinated Intragroup Liabilities):

(A) is declared due and payable prior to its specified maturity; or

(B) is capable of being declared by a creditor to be prematurely due and payable prior to its specified maturity,

in each case, as a result of an event of default relating to such Obligor (howsoever described).

(iii) No Event of Default will occur under paragraphs (i) and/or (ii) above if the aggregate amount of Financial Indebtedness within those paragraphs is less than €15,000,000 (Indexed) (or its equivalent in any other currency).

(m) *Change of Business*

An Obligor suspends or ceases to carry on all or a material part of its business which is reasonably likely to result in a Material Adverse Effect except (i) as permitted by the Security Trustee acting on instructions received in accordance with the STID or (without obligation) in its absolute discretion, (ii) as a result of a Permitted Disposal, or (iii) pursuant to any Permitted Reorganisation.

(n) *Change of Ownership of any Obligor*

(i) The Security Group Agent ceases to own, directly or indirectly, 100% of the shares in the members of the Security Group (other than Holdco II and the Issuer) except pursuant to any Permitted Reorganisation.

(ii) Holdco II ceases to own directly 100% of the shares in the Security Group Agent and the Issuer.

(o) *Equity Cure*

(i) If a Compliance Certificate delivered to the Security Trustee for any period shows that there is a Financial Ratio Event of Default, the Investors may provide or procure the provision of Additional Equity in an amount at least sufficient for the amount necessary to cure the relevant breach (the **Equity Cure Amount**) by applying that Equity Cure Amount in:

(A) prepayment of Senior Debt in such proportions as between such Senior Debt as the Security Group Agent may determine (subject always to the terms of the Finance Documents); and/or

(B) making a deposit to a Defeasance Account in respect of such Senior Debt (to the extent not prepaid pursuant to this paragraph (o)) (an **Equity Cure Right**).

(ii) The exercise of the Equity Cure Right shall be limited to no more than three times in any five-year period and may not be exercised in respect of any two consecutive Calculation Dates or to cure a breach of a Trigger Event Ratio.

(iii) Any Equity Cure Amount must be applied on or prior to the date falling 30 days after the delivery of the relevant Compliance Certificate.

(iv) On application of the Equity Cure Amount in accordance with paragraph (o)(i) above, the relevant financial ratios specified in the CTA will be re-calculated on a pro forma basis as if:

(A) for the purposes of the calculation of the Senior FCF DSCR financial ratio, the Equity Cure Amount shall be deemed to have been applied towards a prepayment on the first day of the Relevant Period, and the new debt amortisation profile resulting from such voluntary prepayment shall be used in the calculation of Senior Debt Service; and

(B) for the purposes of the calculation of the Senior Debt/NPV Ratio, the Equity Cure Amount shall be deemed to reduce the amount of Total Senior Debt as at the relevant Calculation Date.

For the avoidance of doubt, for the purpose of paragraphs (A)(A) and (B) above, the Equity Cure Amount may be used in the recalculation of Senior Debt Service and Total Senior Debt in respect of any two consecutive Calculation Dates to the extent not otherwise included and subject to there being no double counting, but in no other circumstances.

(v) If after the applicable financial ratio specified in the CTA is re-calculated, the breach has been prevented or cured, that financial ratio shall be deemed to have been satisfied on the date of the relevant Compliance Certificate as though no breach had ever occurred and any related Financial Ratio Event of Default shall be deemed not to occur or have occurred, as applicable.

(vi) For the purposes of this paragraph (o), **Additional Equity** means:

(A) any amount subscribed by Alpha Trains Holdco S.à r.l. in cash for shares in Holdco II or any other form of capital contribution in cash to Holdco II (which is not Financial Indebtedness and provided that repayment (if any) of such amounts are subject to the terms of the STID); or

(B) the incurrence of Subordinated Intragroup Liabilities by Holdco II,

which in each case is in addition to such amounts subscribed, committed or incurred on or before the Closing Date and the terms of which shall be subject to the terms of the STID.

**Hedging Policy**

Pursuant to the CTA, the members of the Security Group (including the Issuer) will agree to be bound by a hedging policy (the **Hedging Policy**) the purpose of which is to limit the exposure of the Issuer and the Obligors to fluctuations in interest rates, currencies and inflation.

***General Principles***

The Hedging Policy will apply to the Security Group.

Hedging Agreements may be entered into with (i) the Issuer and/or (ii) any other member of the Security Group provided that such Hedging Agreements with any other member of the Security Group are entered into to hedge foreign currency exposures arising in the ordinary course of business, are not in respect of Financial Indebtedness and such hedging is not entered into for speculative purposes. Any member of the Security Group (other than the Issuer) may enter into Permitted Treasury Transactions falling within paragraphs (b) and (c) of that definition.

The purpose of the Hedging Policy is to limit the exposure of the Security Group to fluctuations in interest rates and currencies.

Hedging Agreements may be entered into with one or more counterparties.

The Hedging Policy will be reviewed from time to time by the Security Group and may be amended as appropriate including in order to reflect market practice and good industry practice in accordance with the provisions of the STID.

No amendment, waiver, modification or termination (in whole or part) of any Hedging Agreement will require the consent of any person other than the parties to it **provided that** (a) such amendment, waiver, modification or termination (as the case may be) does not result in any member of the Security Group breaching the Hedging Policy; and (b) no additional consent would be required under the STID and for the avoidance of doubt, no additional consent is required to effect any amendment, waiver, modification or termination (in whole or part) of any Hedging Agreement or the Hedging Policy required to meet the requirements of the Relevant Rating Agencies or the requirements, as applicable, under EMIR, Dodd Frank and MiFID 2, in each case, from time to time.

Any changes made to the Hedging Policy shall not adversely affect the rights or obligations of any Hedge Counterparty under a Hedging Agreement that was entered into before the date on which such change to the Hedging Policy was made but shall only apply to Hedging Agreements entered into after the date on which the change was made, provided that, in the event that further termination rights for Hedge Counterparties are included in the Hedging Policy, such further termination rights shall be, at the election of the Issuer and the Hedge Counterparty included in the relevant Hedging Agreement and such Hedging Agreement may be amended accordingly without requiring the consent of any other party (including the Security Trustee).

For the purposes of determining whether or not there is an Overhedged Position (as defined below), the notional amount and/or currency amount and/or calculation amount of a Hedging Transaction (the **First Hedging Transaction**) on any date shall be reduced by the notional amount or corresponding currency amount or calculation amount, as applicable, of another Hedging Transaction (the **Second Hedging Transaction**) on that date if that Second Hedging Transaction is an Offsetting Transaction in respect of the First Hedging Transaction. For this purpose, **Offsetting Transaction** means, in respect of the Second Hedging Transaction, a Hedging Transaction which (a) has been entered into with a Hedge Counterparty which has acceded to the STID and the Common Terms Agreement; (b) is governed by a Hedging Agreement; and (c) provides for payments to be made by one party that offset in whole or in part payments to be made by the other party under the First Hedging Transaction. For the avoidance of doubt in the event that the Issuer enters into an Offsetting Transaction with a Hedge Counterparty, the parties to the Hedging Agreement may document the arrangement as either two separate Hedging Transactions or a single Combined Swap Transaction the effect of which is as if there had been two separate Hedging Transactions.

***Currency Risk Principles***

The Issuer may not bear unhedged currency risk in respect of the interest payable to expected maturity and the repayment of principal at any time under any debt instruments which are not denominated in Euro save to the extent that such interest and principal payments are hedged by the revenue of the Security Group in the relevant currency. To the extent there is an **Overhedged FX Position** (which for these purposes means the notional amount and/or currency amount of an outstanding currency hedging transaction entered into under a Hedging Agreement in connection with any Relevant Debt which exceeds the scheduled amount of principal to be paid by the Issuer in respect of any of its non-Euro denominated debt instruments, taking into account any payments of principal hedged by the revenue of the Security Group), the Issuer shall at any such time reduce the relevant non-Euro denominated currency amount of any outstanding currency hedging transaction (being any transaction under a Hedging Agreement pursuant to which amounts payable by the Hedge Counterparty are determined by reference to a currency exchange rate). In such circumstances, the Issuer shall have sole and absolute discretion in determining which transaction(s) to terminate and any such termination(s) need not be effected on a pro rata basis.

***Interest Rate Risk Principles***

Within 30 days of the Initial Issue Date and at all times thereafter (save as provided below), the Issuer will hedge the interest rate risk in relation to the total outstanding Relevant Debt to ensure that at any time a minimum of 70% (and no more than 105%) of the total outstanding Relevant Debt is fixed rate or effectively bears a fixed rate pursuant to a Hedging Agreement for a period which is not shorter than the lesser of three years or the maturity of the Relevant Debt. For any Relevant Debt incurred after the Initial Issue Date the Issuer shall have 30 days following incurrence of that Relevant Debt to comply with this paragraph and until expiry of that period shall not be in breach of this paragraph as a result of the incurrence of that Relevant Debt. In the event that the aggregate of the notional amounts under the Hedging Transactions exceeds the applicable amount set forth in this paragraph (after taking into account any Offsetting Transaction to which the Issuer is a party) (an **Overhedged Interest Rate Position**), then the Issuer must within 30 days of that Overhedged Interest Rate Position occurring, reduce the notional amount of one or more of the Hedging Transactions (which may be achieved by terminating one or more Hedging Transactions (in whole or in part) and/or entering into Offsetting Transactions), the tenor of which shall be selected by the Issuer in its sole discretion so that it is in compliance with the requirements of this paragraph.

The Issuer will, in addition, be permitted to enter into forward starting interest rate swap transactions with an effective date no later than 24 months from the date of entry into such Treasury Transaction, in respect of Financial Indebtedness which is projected to be incurred within 24 months from the date of entry into such Treasury Transactions (the **Pre-hedges**). Subject to no Event of Default having occurred, such Pre-hedges will not count towards, or be limited by reference to, the Overhedged Position prior to the applicable effective date of the relevant Pre-hedge. The Hedge Counterparties' termination rights set out in "*Principles relating to Hedging Agreements*" below shall apply equally to Pre-hedges. In addition, such Pre-hedges will contain provisions to the effect that such Pre-hedges may be terminated at the election of the Issuer who is party to such Pre-hedge if the projected Financial Indebtedness is either not incurred or is incurred and the pre-hedging is no longer required, or that, such Pre-hedges are subject to mandatory termination.

***Inflation Risk and Index Linked Principles***

The Issuer may (but is not obliged to) enter into inflation swaps and/or indexed linked swaps to hedge inflation risk provided that (after taking into account any relevant Offsetting Transaction) the aggregate notional accretions of all such inflation swaps and/or indexed linked swaps does not exceed 8% of Senior Debt. In the event that the aggregate notional accretions under the Hedging Transactions exceeds the applicable amount set forth in this paragraph (after taking into account any Offsetting Transaction to which the Issuer is a party) (an **Overhedged Inflation Position**, and together with an Overhedged FX Position and an Overhedged Interest Rate Position, each an **Overhedged Position**), then the Issuer must within 30 days of that Overhedged Position occurring, reduce the notional amount of one or more of the Hedging Transactions (which may be achieved by terminating one or more Hedging Transactions (in whole or in part) and/or entering into Offsetting Transactions), the tenor of which shall be selected by the Issuer in its sole discretion so that it is in compliance with the requirements of this paragraph.

***Principles relating to Hedge Counterparties***

The Issuer and any other member of the Security Group may only enter into Hedging Agreements with counterparties whose unsecured and unsubordinated debt obligations are assigned a rating by the Rating Agencies which is no less than the Minimum Short Term Rating or the Minimum Long Term Rating, or where a parent guarantee is provided by an institution which meets the same criteria.

The rating requirement set out in the paragraph immediately above is to be tested only on the entry into of a Hedging Agreement. Without prejudice to the paragraph immediately above, neither party to a Hedging Agreement will have any obligation to take any action (or to cease to take any action) if a Hedge Counterparty subsequently ceases to satisfy the criteria set out in the Hedging Policy with respect to counterparties.

A Hedge Counterparty may transfer its obligations under a Hedging Agreement to an Affiliate provided that:

(a) such Affiliate accedes to the Finance Documents in accordance with clause 2 (Accession) of the STID; and

(b) as at the date of transfer, such Affiliate's unsecured and unsubordinated debt obligations are assigned a rating by the Rating Agencies which is no less than "the Minimum Short Term Rating or the Minimum Long Term Rating" or its equivalent, or where a parent guarantee is provided by an institution which meets the same criteria; and

(c) subject to any restrictions on transfers set out in the relevant Hedging Agreement.

***Principles relating to Hedging Agreements***

All Hedging Agreements must be entered into (whether by way of novation or otherwise) in the form, as amended by the parties thereto, of an ISDA Master Agreement.

In respect of a 1992 ISDA Master Agreement only, "Market Quotation" and payments under the "Second Method" as defined in that 1992 ISDA Master Agreement shall apply in the event of termination of such 1992 Agreement.

Notwithstanding any provision to the contrary in any Hedging Agreement, the Issuer or other member of the Security Group and each Hedge Counterparty shall agree that the Hedge Counterparty may only designate an Early Termination Date (as defined in the relevant Hedging Agreement) if one or more of the following events has occurred and is continuing:

(a) an event of default as it relates to non-payment under a Hedging Agreement provided that 7 Business Days have elapsed following delivery of the notice of such failure to pay to the Issuer and that event of default is continuing;

(b) any event outlined in paragraph 5 (Insolvency) or paragraph 6 (Insolvency Proceedings) of Schedule 4 (Events of Default) of the Common Terms Agreement if it relates to an event that has occurred in relation to the Issuer or, in the case of any Hedging Agreement with a member of the Security Group, that member of the Security Group;

(c) an event outlined in Section 5(b)(i) (Illegality) of the Hedging Agreement;

(d) in respect of a 1992 ISDA Master Agreement only, an event outlined in Section 5(b)(ii) (Tax Event) of that 1992 ISDA Master Agreement or (ii) in respect of a 2002 ISDA Master Agreement only, an event outlined in Section 5(b)(iii) (Tax Event) of that 2002 ISDA Master Agreement;

(e) in respect of a 1992 ISDA Master Agreement only, an event outlined in Section 5(b)(iii) (Tax Event Upon Merger) of that 1992 ISDA Master Agreement or (ii) in respect of a 2002 ISDA Master Agreement only, an event outlined in Section 5(b)(iv) (Tax Event upon Merger) of that 2002 ISDA Master Agreement;

(f) in respect of a 2002 ISDA Master Agreement only, an event outlined in Section 5(b)(ii) (Force Majeure Event) of that 2002 ISDA Master Agreement;

(g) an Acceleration Notice is delivered or a Hedge Counterparty is entitled to direct the delivery of an Acceleration Notice pursuant to the STID;

(h) following the taking of any Enforcement Action under paragraph (e) of that definition by the Security Trustee following delivery of an Enforcement Notice under clause 20.5 (Enforcement Notice) of the STID;

(i) if a break clause or right of early termination (whether mandatory or optional) granted in favour of the Issuer or other member of the Security Group as applicable or the relevant Hedge Counterparty is exercisable in accordance with the terms of the relevant Hedging Agreement;

(j) the Issuer has not, within 30 days of an Overhedged Position occurring, reduced the aggregate of the notional amounts under its Hedging Transactions so that each is in compliance with the requirements of Paragraphs 9, 10 and/or 12 as applicable, provided that:

(i) an Early Termination Date (as defined in the relevant Hedging Agreement) may only be designated in respect of the notional amount of Hedging Transactions to the extent necessary to bring the Issuer in compliance with the requirements of Paragraphs 9, 10 and/or 12, as applicable; and

(ii) all Hedging Transactions that relate to the Relevant Debt shall terminate on a pro-rata basis;

(k) in respect of any Hedge Counterparty subject to any restrictions in the Hedging Agreement and if agreed with the Issuer in the Hedging Agreement:

(i) that Hedge Counterparty's (or, if applicable, its Affiliate's) Commitments under any facility provided under an Authorised Credit Facility to which they are party to the extent specified in the Hedging Agreement (a **Relevant Facility**) are reduced to zero or they otherwise cease to have a Commitment under or interest in a Relevant Facility as a result of provisions relating to unlawfulness, sanctions, change of control, tax gross up, tax indemnities, increased costs or non-consenting lenders;

(ii) that Hedge Counterparty (or its Affiliate) is a Defaulting Lender under a Relevant Facility and such Hedge Counterparty has Hedging Transactions still outstanding with any member of the Security Group;

(iii) a full refinancing of any Relevant Facility to which it or its Affiliate is a party occurs and such Hedge Counterparty has Hedging Transactions still outstanding with any member of the Security Group; or

(iv) any Relevant Facility to which it, or if applicable, its Affiliate is a party is irrevocably and unconditionally prepaid, repaid or cancelled in full and such Hedge Counterparty has Hedging Transactions still outstanding with any member of the Security Group.

For the purposes of this sub-paragraph (k), a Relevant Facility shall not include Hedging Agreements, Bonds or PP Debt.

(l) a Disposal of all or substantially all of the assets or a sale of the business of the Security Group.

Each Hedge Counterparty will be required to acknowledge in the relevant Hedging Agreement that all amounts payable or expressed to be payable by the Issuer or other member of the Security Group under or in connection with such Hedging Agreement shall only be recoverable (and all rights of the relevant Hedge

Counterparty under such Hedging Agreement shall only be exercisable) subject to and in accordance with the STID or the Common Documents as applicable.

In respect of the 2002 ISDA Master Agreement only, Multiple Transaction Payment Netting shall not apply. In the case of the 1992 ISDA Master Agreement, subparagraph (ii) of Section 2(c) will apply.

**SECURITY TRUST AND INTERCREDITOR DEED**

***General***

The intercreditor arrangements in respect of the Security Group and the Issuer (the **Intercreditor Arrangements**) are contained in the STID and the CTA. The Intercreditor Arrangements bind each of the Secured Creditors and each of the Obligors (including the Issuer).

The Secured Creditors will include all providers of Senior Debt that enter into or accede to the STID. Any new Authorised Credit Provider will be required to accede to the STID and the CTA. The STID also contains provisions restricting the rights of Subordinated Intragroup Creditors and contains mechanics requiring any creditors in respect of Subordinated Intragroup Liabilities to accede to the STID as a Subordinated Intragroup Creditor.

The purpose of the Intercreditor Arrangements is to regulate, among other things: (a) the claims of the Secured Creditors; (b) the exercise, acceleration and enforcement of rights by the Secured Creditors; (c) the rights of the Secured Creditors to instruct the Security Trustee; (d) the Entrenched Rights and the Reserved Matters of the Secured Creditors; and (e) the giving of consents and waivers and the making of modifications to the Common Documents.

The Intercreditor Arrangements also provide for the ranking in point of payment of the claims of the Secured Creditors both before and after the delivery of an Acceleration Notice and for the subordination of all claims of Subordinated Intragroup Creditors, or claims among the Security Group. Each Secured Creditor and each Obligor gives certain undertakings in the STID which serve to maintain the integrity of these arrangements. The STID and the CTA provide for the ranking in point of payment of the claims of the Secured Creditors.

***Guarantee***

Subject to the limitations contained in the STID, each Obligor (other than the Issuer) jointly and severally and irrevocably and unconditionally until such time as all of the Obligors' obligations in respect of the Secured Liabilities have been discharged in full:

(a) guarantees to the Security Trustee (for itself and for and on behalf of the Secured Creditors) punctual performance and observance by each of the other Obligors of all the Secured Liabilities;

(b) undertakes with the Security Trustee (for itself and for and on behalf of the Secured Creditors) that, whenever any Obligor does not pay any amount when due under or pursuant to any Finance Document, that Obligor must immediately on demand pay that amount as if it were the principal obligor; and

(c) agrees with the Security Trustee (for itself and for and on behalf of the Secured Creditors) that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Security Trustee (for itself and for and on behalf of the Secured Creditors) immediately on demand against any loss or liability (other than any Excluded Tax) incurred by the Security Trustee or any Secured Creditor as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by an Obligor under this indemnity will not exceed the amount it would have had to pay under the

STID if the amount claimed had been recoverable on the basis of the guarantee in paragraph (a) above.

Each of the Obligors (other than the Issuer) acknowledges and agrees that its liability under these paragraphs is continuing and will extend to the ultimate balance of all sums payable by any Obligor under the Finance Documents, and will not be affected by any act, omission, circumstance, matter or thing which, but for these paragraphs, would prejudice any of its obligations or prejudice or diminish such obligations in whole or in part, including: (i) any time, indulgence or waiver granted to, or composition with, any person; (ii) any postponement, discharge, reduction, variation, compromise, exchange, renewal or release of any rights against, or security over assets, of any person; (iii) any unenforceability, illegality, invalidity or non-provability of any obligation of any person under a Finance Document or any other document or security; (iv) any insolvency or similar proceedings; or (v) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security including, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Finance Document or other document or security.

If any discharge (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) or arrangement is made in whole or in part on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation, administration or otherwise without limitation, the liability of each Obligor (other than the Issuer) under this paragraph will continue or be reinstated as if the discharge or arrangement had not occurred and each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if payment, discharge, avoidance or reduction had not occurred and the Security Trustee (on behalf of the Secured Creditors) shall be entitled to recover the value or amount of that security or payment from each Obligor, as if payment discharge, avoidance or reduction had not occurred.

***Parallel Debt***

As relevant, any Security created pursuant to a Security Document is granted to the Security Trustee in its individual capacity as an independent creditor of the Security Trustee Claim created pursuant to the STID. Each Obligor under the STID undertakes to pay to the Security Trustee, as a joint and several creditor in its own right and not as a trustee, agent or representative of the other Secured Creditors, an amount equal to any amount which an Obligor owes to a Secured Creditor under or in connection with the Finance Documents (the **Security Trustee Claim**) on its due date, provided that discharge by an Obligor of a claim to a Finance Party will discharge the Security Trustee Claim with the same amount.

***Modifications, Consents and Waivers***

*General*

The STID contains detailed provisions setting out the voting and instruction mechanics in respect of: (a) Ordinary Voting Matters; (b) Extraordinary Voting Matters; (c) Entrenched Rights; (d) Reserved Matters; and (e) Discretion Matters (as further described below in "*Types of Voting Categories*"). Subject to Entrenched Rights and Reserved Matters, and, in the case of Reserved Matters only, the requisite majority of the relevant Authorised Credit Provider(s), the Security Trustee will only agree to any modification of, or grant any consent or waiver under, the Common Document with the consent of, or if so instructed by, the relevant majority of Participating Qualifying Secured Creditors provided that the relevant Quorum Requirement has been met.

The Security Group Agent is entitled to provide the Security Trustee with written request of any modification, consent or waiver it requires under or in respect of any Common Document (a **STID Proposal**). The notice will certify whether such STID Proposal is a Discretion Matter, an Ordinary Voting Matter or an Extraordinary Voting Matter or whether it gives rise to an Entrenched Right (as further described in "*Types of Voting Categories*" below), stating the Decision Period (as further described in

"*Decision Periods*" below), propose the form of resolution(s), if applicable, to be put to the applicable Secured Creditors and provide such supporting information as in its reasonable opinion is necessary for the recipient of such STID Proposal to make an informed assessment of the matters addressed in the STID Proposal. If the STID Proposal is in relation to a Discretion Matter, the Security Group Agent must also provide a certificate setting out the basis on which the Security Group Agent believes the Security Trustee would be entitled to make the proposed modification give the proposed consent, or grant the proposed waiver and attaching all evidence to support such belief. If the STID Proposal is in relation to an Entrenched Right, the Security Group Agent must include information as to the Secured Creditors who are affected by such Entrenched Right.

The Security Trustee will, within six Business Days of receipt of a STID Proposal, send a request (the **STID Voting Request**) in respect of any Ordinary Voting Matter, Extraordinary Voting Matter or Entrenched Right to each Secured Creditor (through its Secured Creditor Representative). If the STID Proposal gives rise to an Entrenched Right, the STID Voting Request will contain a request that each relevant Affected Secured Creditor (including the Issuer where the Issuer is an Affected Secured Creditor) confirms on or before the last day of the Decision Period whether or not it consents to the relevant STID Proposal that gives rise to the Entrenched Right.

The Qualifying Secured Creditors (acting through their Secured Creditor Representatives) representing at least 10% of the Qualifying Senior Debt (the **Determination Dissenting Creditors**) are able to challenge the Security Group Agent's determination of the voting category of a STID Proposal by delivering a notice (in the form prescribed by the STID) to this effect (the **Determination Dissenting Notice**). In addition, the Secured Creditors, through their respective Secured Creditor Representatives, are able to challenge the Security Group Agent's determination as to whether there is an Entrenched Right, subject to such dissenting creditors providing supporting evidence or substantiation for their disagreement with such determination. Challenging creditors that comply with the foregoing requirements (the **Dissenting Creditors**) may instruct the Security Trustee to inform the Security Group Agent in writing within five Business Days of receipt of the relevant STID Proposal that they disagree with the Security Group Agent's determination and specifying, as applicable, the voting category they propose should apply or whose Entrenched Right is affected along with the required supporting evidence. The Security Group Agent and the Dissenting Creditors will agree the voting category or whether there is an Entrenched Right within five Business Days of receipt by the Security Group Agent of the relevant notice from the Security Trustee. If they are unable to agree within this time, or if no agreement can be reached, then an appropriate expert will make a decision (at the cost of the Obligors) as to the voting category or whether there is an Entrenched Right, which decision will be final and binding on each of the parties.

***Types of Voting Categories***

*Ordinary Voting Matters*

Ordinary Voting Matters include all matters which are not designated as Extraordinary Voting Matters or Discretion Matters (see "*Extraordinary Voting Matters*" and "*Discretion Matters*" below). If the Quorum Requirement is met (see "*Quorum Requirements*" below), a resolution in respect of an Ordinary Voting Matter may be passed by a simple majority of the Voted Qualifying Debt in accordance with the section entitled "*Qualifying Senior Debt*" below.

*Extraordinary Voting Matters*

The STID also describes the treatment of Extraordinary Voting Matters. If the Quorum Requirement for an Extraordinary Voting Matter is met (see "*Quorum Requirements*" below), the majority required to pass a resolution in respect of an Extraordinary Voting Matter will be at least 66.67% of the Voted Qualifying Debt in accordance with the section entitled "*Qualifying Senior Debt*" below.

*Entrenched Rights*

Entrenched Rights are rights that cannot be modified or waived in accordance with the STID without the consent of the Affected Secured Creditor(s).

*Reserved Matters*

**Reserved Matters** are matters which, subject to the STID and the CTA, a Secured Creditor is free to exercise in accordance with its own debt instrument including the right:

(a) to receive any sums owing to it for its own account;

(b) to make determinations of and require the making of payments due and payable to it;

(c) to exercise the rights vested in it or permitted to be exercised by it under and pursuant to the terms of the CTA, the STID and the other Finance Documents;

(d) to receive notices under the Finance Documents;

(e) to assign its rights or transfer any of its rights and obligations under any Finance Documents to which it is a party subject to the provisions of the STID; and

(f) in the case of each Hedge Counterparty: (i) to terminate the relevant Hedging Agreement or any transaction thereunder provided such termination is a Permitted Hedge Termination; or (ii) to exercise rights permitted to be exercised by it under a Hedging Agreement.

*Discretion Matters*

The Security Trustee may (but is not obliged to) make modifications to the Common Documents without the consent of any other Secured Creditor where such modifications, consents or waivers:

(a) in the opinion of the Security Trustee, are to correct a manifest error; or of a formal, minor, administrative or technical nature; or

(b) would not, in the opinion of the Security Trustee materially prejudice the interests of any of the Qualifying Secured Creditors (where "materially prejudicial" means that such modification, consent or waiver could have a material adverse effect on the ability of the Obligors as a whole to repay the Secured Liabilities).

The Security Trustee shall, if requested by the Security Group Agent by way of a STID Proposal, concur with the Security Group Agent and any other relevant party in making any modification to any Common Document to which the Security Trustee is a party or over which it has the benefit of the Security under the Security Documents in respect of any Discretion Matter if the Security Trustee receives a legal opinion in form and substance to its satisfaction confirming that such changes are necessary to comply with any mandatory provisions of law.

*Amendments*

Subject to Reserved Matters and Entrenched Rights, the Security Trustee will, without the sanction of any Secured Creditor (and without this being the subject of a STID Proposal), concur with any Obligor to make any modification to any Finance Document or other document that is requested by an Obligor to:

(a) comply with any criteria of the Relevant Rating Agencies which may be published after the Initial Issue Date, which modification the relevant Obligor certifies to the Security Trustee is required to

avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Rated Debt upon which certification the Security Trustee shall be entitled to rely without enquiry and without incurring any liability to any person for so doing;

(b) comply with any requirements which apply to it under EMIR, Dodd-Frank or MiFID 2, subject to the receipt by the Bond Trustee and the Security Trustee of a certificate from the relevant Obligor certifying to the Bond Trustee and the Security Trustee that (i) the requested amendments are to be made solely for the purpose of enabling the Obligor to comply with its legal requirements under EMIR, Dodd-Frank or MiFID 2, and (ii) that each of the Relevant Rating Agencies has been notified of the proposed amendments and has not made the Obligor aware that such amendments will result in a downgrade, withdrawal or suspension of the then current ratings assigned by a Relevant Rating Agency to the Rated Debt upon which certification the Security Trustee shall be entitled to rely without enquiry and without incurring any liability to any person for so doing; or

(c) appoint an additional rating agency (the **Additional Rating Agency**) to assign a credit rating to the Rated Debt, subject to the receipt by the Bond Trustee, the Security Trustee and any Secured Creditor Representative for that Rated Debt of a certificate from the relevant Obligor certifying to them that such amendment is necessary or desirable in order to give effect to the appointment of the Additional Rating Agency and the assignment of its initial credit rating to the Rated Debt upon which certification each of them shall be entitled to rely without enquiry and without incurring any liability to any person for so doing, provided that at least one Relevant Rating Agency confirms the then current rating of the Rated Debt immediately following (and having taken into account) the proposed modifications,

subject, in each case, to:

(i) the Bond Trustee, the Security Trustee and such Secured Creditor Representative not being obliged to make any modification to the extent that doing so would, in the opinion of the Bond Trustee or the Security Trustee (as applicable), have the effect of exposing it to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or increasing its liabilities, obligations or duties, or decreasing its rights or protections; and

(ii) any amendment which relates to a Hedging Agreement not being made without the consent of the relevant Hedge Counterparty.

*Quorum Requirements*

Pursuant to the terms of the STID, the Quorum Requirement is:

(a) in respect of an Ordinary Voting Matter, one or more Participating Qualifying Secured Creditors representing in aggregate at least 20% of the entire Outstanding Principal Amount of all Qualifying Senior Debt provided that if the Quorum Requirement has not been met on or before the Business Day immediately preceding the last day of the Decision Period (as described further in "*Decision Periods*" below), the Quorum Requirement shall be reduced to one or more Participating Qualifying Secured Creditors representing, in aggregate, 10% of the aggregate Outstanding Principal Amount of all Qualifying Senior Debt and the Decision Period shall be extended for a period of a further ten Business Days from the expiry of the initial Decision Period; and

(b) in respect of an Extraordinary Voting Matter, one or more Participating Qualifying Secured Creditors representing in aggregate at least 20% of the entire Outstanding Principal Amount of all Qualifying Senior Debt **provided that** if the Quorum Requirement for an Extraordinary Voting Matter is not met by the Business Day immediately preceding the last day of the Decision Period, the Decision Period will be extended and the Quorum Requirement will reduce to 10% of the aggregate

Outstanding Principal Amount of all Qualifying Senior Debt and the Decision Period shall be extended for a period of a further ten Business Days from the expiry of the initial Decision Period.

*Decision Periods*

The STID includes provisions specifying the relevant decision periods within which votes must be cast (each a **Decision Period**) which period must not be less than:

(a) five Business Days from the date of delivery of the STID Proposal for any Discretion Matter;

(b) 15 Business Days from the Decision Commencement Date for any Ordinary Voting Matter (which may be extended for a further period of ten Business Days if the quorum requirement for the relevant Ordinary Voting Matter has not been met within the initial Decision Period);

(c) 15 Business Days from the Decision Commencement Date for any Extraordinary Voting Matter (which may be extended for a further period of ten Business Days if the quorum requirement for the relevant Extraordinary Voting Matter has not been met within the initial Decision Period); and

(d) 15 Business Days from the Decision Commencement Date for an Entrenched Right. However, the Decision Period for an Entrenched Right for which the Bondholders are the Affected Secured Creditors will not be less than 45 days from the date of the Decision Commencement Date.

**Decision Commencement Date** means the earlier of:

(a) if the Qualifying Secured Creditors or, as the case may be, Secured Creditors are deemed to have agreed to the voting category proposed in the STID Proposal (by failing to instruct the Security Trustee to serve a Determination Dissenting Notice within five days of receipt of the STID Proposal) or, as applicable, as to whether the STID Proposal gives rise to any Entrenched Right affecting a Secured Creditor pursuant to the STID, the date which is five Business Days after receipt of the relevant STID Proposal;

(b) the date on which the Dissenting Creditors and the Security Group Agent reach agreement on the applicable voting category; or

(c) if the agreement or determination is such that the existing STID Proposal is incorrect, the date of receipt of an appropriately amended STID Proposal from the Security Trustee as amended by or on behalf of the Security Group Agent with the agreement of the Dissenting Creditors.

Modifications, consents and waivers will be passed by the requisite number of creditors as further described in "*Types of Voting Categories*" above.

*Qualifying Senior Debt*

*General*

Creditors to whom Qualifying Senior Debt is owed are entitled to vote on the amount of such debt when consenting to proposals made by the Security Group Agent or instructing the Security Trustee to take action in accordance with the STID.

Subject to Entrenched Rights, only the relevant Qualifying Secured Creditors that are owed, or deemed to be owed, Qualifying Senior Debt may vote (through their Secured Creditor Representatives).

***Qualifying Senior Debt***

Qualifying Senior Debt consists of the Outstanding Principal Amount owed by the Obligors to the Qualifying Secured Creditors.

***Certification of amounts of Qualifying Senior Debt***

Each Qualifying Secured Creditor (acting through its Secured Creditor Representative) must certify to the Security Trustee within five Business Days of the date on which either: (i) the Qualifying Secured Creditors have been notified of a Relevant Secured Creditor Action; or (ii) the Security Trustee requests such certification, the Outstanding Principal Amount of any debt which constitutes Qualifying Senior Debt held by such Qualifying Secured Creditor. If any Qualifying Secured Creditor fails to provide such certification through its Secured Creditor Representative within the time required, then the Security Trustee will notify the Security Group Agent of such failure. The Security Group Agent must (to the extent aware of such amount) promptly inform the Security Trustee of the Outstanding Principal Amount of Qualifying Senior Debt of such Qualifying Secured Creditor and such notification will be binding on the relevant Qualifying Secured Creditors except in the case of manifest error and without liability to the Security Trustee.

***Tranching of Qualifying Senior Debt and Determination of Voted Qualifying Debt for which the Issuer is a Creditor***

Amounts owed to the Bondholders under the Bonds are included in the Qualifying Senior Debt. The Bondholders (through the Bond Trustee on their behalf) are entitled to vote in respect of such amounts. When the Bond Trustee (as the Bondholders' Secured Creditor Representative) casts its votes on the Bondholder's behalf, it will do as instructed by the relevant Bondholders.

The votes of the Bondholders of each Tranche of Bonds in respect of a Relevant Secured Creditor Action will be cast by the Bondholders of such Tranche (through the Bond Trustee on their behalf), in respect of a Tranche of Bonds and a Relevant Secured Creditor Action as follows:

(a) subject to (c) below, in an amount equal to the aggregate of the Outstanding Principal Amount of each Bond which voted in favour of the relevant Relevant Secured Creditor Action, for such Relevant Secured Creditor Action both in respect of Quorum Requirements and the requisite majority;

(b) subject to (c) below, in an amount equal to the aggregate of the Outstanding Principal Amount of each Bond which voted against the relevant Relevant Secured Creditor Action, against such Relevant Secured Creditor Action both in respect of Quorum Requirements and the requisite majority;

(c) if any of the below applies to any Tranche of Bonds, paragraphs (a) and (b) above shall not apply for that Tranche of Bonds:

(i) if, in respect of a Tranche of Bonds and a Relevant Secured Creditor Action:

(A) holders of 25% or more of the Outstanding Principal Amount of such Tranche of Bonds cast a vote in relation to such Relevant Secured Creditor Action on or before the end of the relevant Decision Period; and

(B) holders of 75% or more of the Outstanding Principal Amount of the Bonds of such Tranche which so voted, voted the same way,

then the entire Outstanding Principal Amount of such Tranche of Bonds will count as having voted in such way both in respect of Quorum Requirements and the requisite majority; and

(ii) in the event that paragraph (i)(A) above does apply but paragraph (i)(B) above does not apply, then the entire Outstanding Principal Amount of such Tranche of Bonds will count for the purposes of Quorum Requirements (but not the requisite majority, for which they will count on a Euro for Euro basis either for or against the Relevant Secured Creditor Action according to their vote in accordance with paragraphs (a) and (b) above).

Voting in respect of the Hedging Agreements will be made by each Hedge Counterparty, subject to the Entrenched Rights, only in the following circumstances:

(i) prior to the taking of an Enforcement Action, in relation to any vote on whether to take any Enforcement Action; and

(ii) during an Enforcement Period,

in each case on the basis of the following:

(A) in relation to any Hedging Transaction arising under a Hedging Agreement in respect of which an Early Termination Date (as defined in the relevant Hedging Agreement) has been designated, the amount (if any) (if not in the Base Currency, the Equivalent Amount) outstanding to the relevant Hedge Counterparty following such termination (as calculated in accordance with the terms of such Hedging Agreement); or

(B) where (A) above does not apply, the amount (or if not in the Base Currency, the Equivalent Amount) as calculated by the Hedge Counterparty and notified in writing by the Hedge Counterparty to the Security Trustee (representing the mark to market value of any Hedging Transactions arising under such Hedging Agreement) of the amount (if any) which would be payable to the relevant Hedge Counterparty if any Early Termination Date (as defined in the relevant Hedging Agreement) was designated on the date falling two Business Days after the commencement of the relevant Decision Period. Only such mark to market value will be counted towards the Quorum Requirement.

In respect of each Hedge Counterparty, a single vote by reference to the aggregate of the mark to market value of all such Hedging Transactions arising under the Hedging Agreements of such Hedge Counterparty will be counted for or against the Relevant Secured Creditor Action.

***Qualifying Secured Creditor Instructions***

Qualifying Secured Creditors with at least 20% (or such other percentage as may be required under the CTA) of the aggregate Outstanding Principal Amount of all Qualifying Senior Debt may instruct the Security Trustee (subject to providing the required indemnity pursuant to the STID and to any Entrenched Rights or Reserved Matters) to exercise any of the rights granted to the Security Trustee under the Common Documents (save in respect of the taking of Enforcement Action or the delivery of an Enforcement Notice or an Acceleration Notice) including the following rights:

(a) following delivery of an Enforcement Notice but prior to delivery of an Acceleration Notice, to instruct the Security Trustee to send a Further Enforcement Instruction Notice in accordance with the STID;

(b) to request further information pursuant to and subject to the terms of the CTA in respect of, *inter alia*, Security Group covenants and Trigger Events;

(c) to challenge the content of a Compliance Certificate, approve an Independent Expert investigating the contents of a Compliance Certificate; and

(d) to direct as to whether an event has a Material Adverse Effect (or to give directions generally in relation to any determination as to materiality).

**Enforcement and Acceleration**

At any time at which the Security Trustee has actual notice of the occurrence of an Event of Default, the Security Trustee shall promptly request by notice (an **Enforcement Instruction Notice**) an instruction from the Qualifying Secured Creditors (through their Secured Creditor Representatives) as to whether the Security Trustee should deliver an Enforcement Notice and/or (after the delivery of an Enforcement Notice or the taking of any other Enforcement Action) deliver an Acceleration Notice to accelerate all of the obligations secured under the Security.

At any time following the delivery of an Enforcement Notice and:

(i) receipt by the Security Trustee of a Qualifying Secured Creditor Instruction Notice, the Security Trustee shall promptly; or

(ii) if the Security Trustee decides in its discretion to seek such an instruction may,

request by notice (a **Further Enforcement Instruction Notice**) an instruction from the Qualifying Secured Creditors (through their Secured Creditor Representatives) as to whether the Security Trustee should take any Enforcement Action and/or deliver an Acceleration Notice to accelerate all of the obligations secured under the Security.

With respect to an Enforcement Instruction Notice or any Further Enforcement Instruction Notice:

(a) the Decision Period shall be 15 Business Days from the date of delivery of the Enforcement Instruction Notice or Further Enforcement Instruction Notice;

(b) the Quorum Requirement shall be one or more Participating Qualifying Secured Creditors representing, in aggregate, at least the Relevant Percentage of the aggregate Outstanding Principal Amount of all Qualifying Senior Debt, where **Relevant Percentage** for the purposes of this paragraph (b) means:

  (i) 50% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered up to and including the date falling six months after the occurrence of the Event of Default;

  (ii) 30% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered during the period following the date falling six months after the occurrence of the Event of Default up to and including the date falling 12 months after the occurrence of the Event of Default; and

  (iii) 10% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered at any time following the date falling 12 months after the occurrence of the Event of Default;

(c) the majority required to pass the resolution shall be the Participating Qualifying Secured Creditors representing at least the Relevant Percentage of the Outstanding Principal Amount of all Voted Qualifying Debt, where Relevant Percentage for the purposes of this paragraph (c) means:

(i) 66.67% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered up to and including the date falling six months after the occurrence of the Event of Default;

(ii) 50% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered during the period following the date falling six months after the occurrence of the Event of Default up to and including the date falling 12 months after the occurrence of the Event of Default; and

(iii) 25% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered at any time following the date falling 12 months after the occurrence of the Event of Default; and

(d) as soon as the Security Trustee has received votes in favour of a resolution comprised in an Enforcement Instruction Notice or a Further Enforcement Instruction Notice from the Participating Qualifying Secured Creditors representing more than the relevant majority referred to in paragraph (c) above of all Qualifying Senior Debt, no further votes will be counted by the Security Trustee or taken into account notwithstanding the fact that the Security Trustee has yet to receive votes from all Qualifying Secured Creditors (through their Secured Creditor Representatives) in respect of the relevant Qualifying Senior Debt.

The Security Trustee shall deliver an Enforcement Notice to the Security Group Agent (on behalf of all Obligors) if:

(a) the Security Trustee has actual notice that an Event of Default has occurred and is continuing; and

(b) the Security Trustee is instructed to do so by the Participating Qualifying Secured Creditors; and

(c) the indemnity and/or security and/or prefunding requirements set out in the STID have been satisfied,

and unless and until so: (i) instructed: and (ii) indemnified and/or secured and/or pre-funded, the Security Trustee shall be under no obligation to and shall not deliver an Enforcement Notice. The Security Trustee shall deliver a copy of the Enforcement Notice to each Secured Creditor Representative.

**Post-Enforcement Priority of Payments**

During an Enforcement Period, the whole of the Security will become enforceable. Subject to certain matters and to certain exceptions, following an enforcement, any Available Enforcement Proceeds or other moneys held by the Security Trustee under the STID will be applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments waterfall. See "*Cash Flows – Post-Enforcement Priority of Payments*" for a detailed description.

**Distressed Disposals**

On the occurrence of a Distressed Disposal the Security Trustee may, without any consent from any Secured Creditor or Obligor, release any Security as is required to effect the disposal in accordance with the STID. The net proceeds of disposal are to be applied in accordance with priorities of payments (see the section "*Summary of the Common Documents – Enforcement and Acceleration*" above and "*Cash Flows*" below).

**Indemnification of the Security Trustee**

The STID provides that the Security Trustee shall not be obliged to deliver an Acceleration Notice or to take any Enforcement Action or to take any other action or step that is ancillary (but prior) to the taking of any

Enforcement Action or to take any other action or step pursuant to any Finance Document unless and until it has been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may be liable by giving any Acceleration Notice or taking any Enforcement Action or any other action or step pursuant to the STID.

**TAX DEED OF COVENANT**

Pursuant to a deed of covenant to be dated on or prior to the Initial Issue Date between, *inter alios* among others, Holdco II, the Borrower and the Security Trustee (the **Tax Deed of Covenant**), and each of the Tax Obligors (as defined in the Tax Deed of Covenant) will make representations and give warranties and covenants in relation to (among other things) the payment of tax by such Tax Obligors, and their compliance with applicable tax laws, tax residency and their VAT status. The Tax Deed of Covenant will be governed by English law.

## OVERVIEW OF THE FINANCE DOCUMENTS

### INITIAL AUTHORISED CREDIT FACILITIES AGREEMENT

Alpha Trains Finance S.A., the Initial ACF Arrangers, the Original Initial ACF Lenders and the Initial ACF Agent among others, will enter into the Initial Authorised Credit Facilities Agreement on or prior to the Initial Issue Date. Credit facilities will be made available to Alpha Trains Finance S.A. by the Lenders which will comprise:

(a) a Base Currency term loan facility of up to €325,000,000 (**Facility A**) to fund, directly or indirectly, the refinancing of the Existing Indebtedness, interest on amounts repaid and/or costs and expenses incurred in connection with the refinancing of the Existing Indebtedness;

(b) a Base Currency term loan facility of up to €235,000,000 (**Facility B**) to fund, directly or indirectly, the refinancing of the Existing Indebtedness, interest on amounts repaid and/or costs and expenses incurred in connection with the refinancing of the Existing Indebtedness;

(c) a Base Currency revolving credit facility of up to €50,000,000 (**Capex Facility**) to fund, directly or indirectly, the financing and/or refinancing Capital Expenditure of the Security Group which is permitted in accordance with the terms of the Initial ACF Finance Documents;

(d) a Base Currency revolving credit facility of up to €20,000,000 (**Maintenance Reserve Facility**) to fund, directly or indirectly, the funding of the Maintenance Obligations; and

(e) a Base Currency revolving credit facility of up to €25,000,000 (**Facility C**) to fund, directly or indirectly, the general corporate purposes and working capital requirements (but excluding funding any Capital Expenditure) of the Security Group.

Facility A, made available under the Initial Authorised Credit Facilities Agreement, will mature on 31 December 2021, whereas the Facility B, Facility C, the Capex Facility and the Maintenance Reserve Facility will mature on the fifth anniversary of the Initial Issue Date. It is intended that Facility A will be repaid by way of scheduled instalments.

The currency specified in a Utilisation Request must be in Euro (for all Facilities). The amount of the proposed Loan must be (i) a minimum of €10,000,000 for Facility A and Facility B; (ii) a minimum of €500,000 and an integral multiple of €250,000 for each of the Capex Facility, the Maintenance Reserve Facility and Facility C; or in each case, if less, the relevant Available Facility or such other amount as the Initial ACF Agent may agree.

If the aggregate principal amount of the Bonds to be issued under the Programme is more than €315,000,000, the Issuer must cancel the Facility B Commitments in an amount equal to the amount by which the aggregate principal amount of the initial Bonds exceeds €315,000,000. The Facility B Commitments will, however, not be cancelled by more than €185,000,000.

The Obligors will make the representations and warranties to each Finance Party as set out in Schedule 1 of the Common Terms Agreement (as summarised in the section entitled "*Overview of the Common Documents – Common Terms Agreement*") at the times specified in the Common Terms Agreement and on the terms set out in the Common Terms Agreement and STID (each as summarised in the section entitled "*Overview of the Common Documents*"). The Obligors will also make the covenants set out in the Common Terms Agreement on the terms set out in the Common Terms Agreement and STID (each as summarised in the section entitled "*Overview of the Common Documents*"). In addition, the Initial Authorised Credit Facilities Agreement will contain additional covenants made for the benefit of each Finance Party which is party to the Initial Authorised Credit Facility Agreement, under which:

(a) there are restrictions on the tenor of the relevant Hedging Agreements and Treasury Transactions; and

(b) there are limitations on the Make Whole Amount payable on an Event of Default; and

(c) the Issuer must supply to the Initial ACF Agent, in sufficient copies for all the Initial ACF Finance Parties, certain additional information about the Obligors.

All utilisations on the Initial Issue Date under the Initial Authorised Credit Facility are subject to all representations and warranties in the CTA being true and accurate. All utilisations after the Initial Issue Date under the Initial Authorised Credit Facility are subject to the Repeating Representations being true and correct.

Certain Trigger Events under the CTA will also apply under the Initial Authorised Credit Facilities Agreement (see the section "*Overview of the Common Documents – Common Terms Agreement – Trigger Events*").

The Events of Default under the CTA will apply under the Initial Authorised Credit Facilities Agreement (see the section "*Overview of the Common Documents – Common Terms Agreement – Events of Default*"), provided that the Equity Cure Right shall be limited to three times during any five-year period and may not be exercised in respect of any two consecutive Calculation Dates or to cure a breach of a Trigger Event Ratio (as set out in the CTA).

The rights and obligations of the parties under the Initial Authorised Credit Facilities Agreement are subject to the STID.

Subject to the CTA and the STID, in respect of a Facility A Loan or a Facility B Loan, Alpha Trains Finance S.A. may (save where there is an Event of Default which is continuing other than where the Facility A Loan or a Facility B Loan (as the case may be) and each other Facility is prepaid in whole), give not fewer than five Business Days' prior notice (or such shorter period as the Majority Lenders may agree) to the Initial ACF Agent, to prepay amounts outstanding under Facility A or Facility B in a minimum amount of €10 million. A Facility A Loan may only be voluntarily prepaid after the last day of the Availability Period for Facility A (or, if earlier, the day on which the applicable Availability is zero).

In respect of a Capex Facility Loan, a Maintenance Reserve Facility Loan or a Facility C Loan, Alpha Trains Finance S.A. may (save where there is an Event of Default which is continuing other than where the relevant Facility A Loan or Facility B Loan (as the case may be) and each other Facility is prepaid in whole), give not fewer than five Business Days' prior notice (or such shorter period as the Majority Lenders may agree) to the Initial ACF Agent, to prepay amounts outstanding under the Maintenance Reserve Facility, Facility C and/or Capex Facility in a minimum amount and integral multiple of €500,000.

**SENIOR INSTITUTIONAL FACILITIES AGREEMENT**

Alpha Trains Finance S.A., the Initial Institutional Lenders and the Initial Institutional Agent, will enter into the Senior Institutional Facilities Agreement on or about the Initial Issue Date. Term loan credit facilities will be made available to Alpha Trains Finance S.A. by the Initial Institutional Lenders up to an aggregate amount of €250,000,000 (the **Facilities**), to fund, directly or indirectly, the refinancing of the Existing Indebtedness, interest on amounts repaid and/or costs and expenses incurred in connection with the refinancing of the Existing Indebtedness.

The Facilities entered into on or about the Initial Issue Date will mature up to an aggregate amount of €120,000,000 will mature on the fifteenth anniversary of the Utilisation Date, and the remaining Facilities up to an aggregate amount of €130,000,000 will mature on the twelfth anniversary of the Utilisation Date.

The currency specified in an Utilisation Request must be in Euro (for all Facilities). The amount of the proposed Loan must be a minimum of €5,000,000, or if less, the relevant Available Facility or such other amount as the Initial Institutional Agent may agree.

In addition, the Senior Institutional Facilities Agreement will contain additional covenants made for the benefit of each Initial Institutional Lender which is party to the Senior Institutional Facilities Agreement, under which:

(a) there are restrictions on the tenor of the relevant Hedging Agreements;

(b) the Issuer must supply to the Initial Institutional Agent, in sufficient copies for all the Institutional Finance Parties, certain additional information about the Obligors; and

(c) the Issuer must procure that the relevant Obligors comply with certain terms of the Conditions Precedent Agreement.

The Obligors will make the representations and warranties to each Finance Party as set out in Schedule 1 of the Common Terms Agreement (as summarised in the section entitled "*Overview of the Common Documents – Common Terms Agreement*") at the times specified in the Common Terms Agreement and on the terms set out in the Common Terms Agreement and STID (each as summarised in the section entitled "*Overview of the Common Documents*"). The Obligors will also make the covenants set out in the Common Terms Agreement on the terms set out in the Common Terms Agreement and STID (each as summarised in the section entitled "*Overview of the Common Documents*").

All utilisations on the Initial Issue Date under the Senior Institutional Facilities Agreement are subject to all representations and warranties in the CTA being true and accurate.

Certain Trigger Events under the CTA will also apply under the Senior Institutional Facilities Agreement (see the section "*Overview of the Common Documents – Common Terms Agreement – Trigger Events*").

The Events of Default under the CTA will apply under the Senior Institutional Facilities Agreement (see the section "*Overview of the Common Documents – Common Terms Agreement – Events of Default*"), provided that the Equity Cure Right shall be limited to three times during any five-year period and may not be exercised in respect of any two consecutive Calculation Dates or to cure a breach of a Trigger Event Ratio (as set out in the CTA).

The rights and obligations of the parties under the Senior Institutional Facilities Agreement are subject to the STID.

Subject to the CTA and the STID, in respect of a Loan, Alpha Trains Finance S.A. may (save where there is an Event of Default which is continuing other than where the Loan and each other Facility is prepaid in whole), give not fewer than five Business Days' prior notice (or such shorter period as the Majority Lenders may agree) to the Initial Institutional Agent, to prepay amounts outstanding under the Facilities in a minimum amount of €10,000,000. A Loan may only be voluntarily prepaid after the last day of the Availability Period for the Facility under which it is drawn (or, if earlier, the day on which the applicable Availability is zero).

**ACCOUNT BANK AGREEMENT**

General

The Issuer, the Borrower and the relevant asset owners will, as applicable, establish or cause to be established the Defeasance Account, Lock-up Account, Liquidity Standby Account, Maintenance Reserve Account, cash cover account relating to an Ancillary Facility, any blocked account and any Holding Account

(together, the **Security Accounts**). The Security Accounts will be held with the Account Bank pursuant to the Account Bank Agreement dated on or prior to the Initial Issue Date to be entered into by the Issuer, the Borrower and Security Group Agent, the asset owners holding relevant maintenance reserve accounts, the Security Trustee and the Account Bank. The Liquidity Standby Account may be opened and maintained with the Account Bank under the Account Bank Agreement if pursuant to the Liquidity Facility Agreement the applicable Liquidity Facility Provider does not have the Minimum Long Term Rating.

**Minimum Long Term Rating** means BBB- by Fitch, or Baa3 by Moody's or BBB- by S&P or any equivalent long term rating by another Rating Agency.

**Duration**

The Account Bank Agreement shall commence on or around the Initial Issue Date and shall continue in full force and effect until the date on which the Security is released pursuant to the STID or such later date as the Account Bank and the Issuer may agree without prejudice to any accrued rights and obligations existing at the date of termination. The Security Trustee shall notify the Account Bank as soon as reasonably practicable when the release of the Security occurs.

**SECURITY DOCUMENTS**

The Obligors will enter into a number of security documents in each of Austria, Belgium, Denmark, The Netherlands, England, France, Germany, Italy, Luxembourg, Poland and Spain. Each agreement will be governed by the relevant local law. The following is a summary of the security being provided in the indicated jurisdictions:

***Austria***

- Austrian law moveable assets pledge (*Pfandrecht*) to be granted by Alpha Trains Luxembourg S.à r.l. over rolling stock operated by Austrian-head-quartered operators; and

- Austrian law receivables pledge agreement (Pfandrecht) to be granted by each of Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains Belgium NV in respect of receivables under Austrian law head leases, direct leases, subleases and monetary rights and receivables claims in respect of Austrian law governed insurance policies taken out by or on behalf of the pledgor or for the benefit of the pledgor.

***Belgium***

- Belgian law pledge of shares to be granted by each of Alpha Trains Group S.à r.l. (the Borrower) and Alpha Trains (UK) Limited in Alpha Trains Belgium NV; and

- Belgian law pledges to be granted by each of Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains Belgium NV (i) of receivables under Belgian law head leases, direct leases and subleases (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the pledgor has an interest); (ii) of receivables under or in connection with intercompany loans; and (iii) over each bank account opened by Alpha Trains Belgium NV.

***Denmark***

- Danish law assignment of receivables to be granted by each of Alpha Trains (UK) Limited and Alpha Trains Luxembourg S.à r.l. (i) under Danish law head leases, direct leases and subleases (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and

in which the pledgor has an interest); and (ii) under or in connection with any Danish law intercompany loans.

***The Netherlands***

- Dutch law security agreements to be entered into by each of Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains Belgium NV creating (i) a non-possessory pledge (bezitloos pandrecht) in respect of rolling stock physically located in the Netherlands at the time of granting security; and (ii) a disclosed pledge (*openbaar pandrecht*) in respect of receivables or claims under Dutch law insurances taken out by it or by any operator and in which the pledgor has an interest, and under Dutch law head leases, direct leases and subleases and any Dutch law governed intercompany receivables.

***England & Wales***

- English law security agreements to be entered into by each of the Issuer, the Borrower, Alpha Trains (Locomotives) Limited, Alpha Trains (UK) Limited, Locomotion Capital (UK) Limited and Alpha Trains Luxembourg S.à r.l., containing (i) an assignment over all Finance Documents governed by English law (including the Hedging Agreements), intercompany loans, English law leases and insurance proceeds or claims in respect of insurance taken out by each Obligor or by any operator and in which such Obligor has an interest; (ii) a charge over each bank account opened by any chargor in England; (iii) a floating charge over all assets of each English Obligor; and (iv) an equitable mortgage over the shares in (a) Locomotion Capital (UK) Limited, (b) Alpha Trains (Locomotives) Limited and (c) Alpha Trains (UK) Limited.

***France***

- French law master pledge (*Contrat-Cadre de Nantissement de créances*) to be granted by Alpha Trains Luxembourg S.à r.l. over receivables under the French law head leases, direct leases and subleases and ancillary rights attached to the receivables (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the pledgor has an interest) and receivables under or in connection with French law intercompany loans;

- French law pledge (*Nantissement de créances*) to be granted by Alpha Trains Luxembourg S.à r.l. over insurance proceeds or claims in respect of insurance taken out by the pledgor or by any operator and in which the pledgor has an interest;

- French law master pledge (*Contrat-Cadre de Nantissement de créances*) to be granted by Alpha Trains Luxembourg No. 2 S.à r.l. over receivables under the French law head leases, direct leases and subleases and ancillary rights attached to the receivables (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the pledgor has an interest) and receivables under or in connection with French law intercompany loans;

- French law pledge (*Nantissement de créances*) to be granted by Alpha Trains Luxembourg No. 2 S.à r.l. over receivables under the French law head leases and direct leases and ancillary rights attached to the receivables (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the pledgor has an interest);

- French law master pledge over receivables (*Contrat-Cadre de Nantissement de créances*) to be granted by Alpha Trains Belgium NV under French law head leases, direct leases and subleases and ancillary rights attached to the receivables (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the pledgor has an interest) and receivables under or in connection with French law intercompany loans;

- French law pledge over receivables (*Nantissement de créances*) to be granted by Alpha Trains Belgium NV under French law subleases and ancillary rights attached to the receivables (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the pledgor has an interest); and

- French law pledge over bank accounts (*Nantissement de Compte(s) Bancaire(s)*) to be granted by the Issuer in respect of all bank accounts opened by the Alpha Trains Finance S.A. in France.

***Germany***

- German law pledge of shares in (i) Alpha Trains Europa GmbH; and (ii) Alpha Trains (Locomotives) GmbH granted by the Borrower;

- German law security transfer agreement (*Sicherungsübereignung*) over rolling stock registered in Germany granted by Alpha Trains ENR S.à r.l.;

- German law security transfer agreement (*Sicherungsübereignung*) over rolling stock registered in Germany granted by Alpha Trains Luxembourg S.à r.l.;

- German law security transfer agreement (*Sicherungsübereignung*) over rolling stock registered in Germany granted by Alpha Trains Luxembourg No. 2 S.à r.l.;

- German law security transfer agreement (*Sicherungsübereignung*) over rolling stock registered in Germany granted by Alpha Trains Europa GmbH;

- German law security assignment by each of Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l., Alpha Trains (Locomotives) GmbH, Alpha Trains Europa GmbH, Alpha Trains Belgium NV, Alpha Trains Italia S.R.L. over any German law head lease, sublease and direct lease receivables, any rights assigned under or in connection with such lease agreements and any claims and receivables under or in connection with German law intercompany loans;

- German law security assignment of claims and receivables by each of Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l., Alpha Trains (Locomotives) GmbH, Alpha Trains Europa GmbH, Alpha Trains Belgium NV, Alpha Trains Italia S.R.L. under German law insurances taken out by it or by any operator and in which the assignor has an interest;

- German law security trust agreement entered into by each of the Borrower, Alpha Trains ENR S.à r.l., Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l., Alpha Trains (Locomotives) GmbH, Alpha Trains Europa GmbH, Alpha Trains Belgium NV and Alpha Trains Italia S.R.L.; and

- German law pledge of cash balances on bank accounts granted by each of Alpha Trains Europa GmbH and Alpha Trains (Locomotives) Limited.

***Italy***

- Italian law pledge of shares in Alpha Trains Italia S.R.L granted by the Borrower;

- Italian law assignment of receivables by each of Alpha Trains Luxembourg S.à r.l. and Alpha Trains Luxembourg No. 2 S.à r.l. under the Italian law head leases, direct leases and subleases (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the assignor has an interest);

- Italian law assignment of receivables by Alpha Trains Italia S.R.L. under the Italian law head leases subleases (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the assignor has an interest); and

- Italian law pledge by Alpha Trains Italia S.R.L. over bank accounts into which the sublease rents are paid and cash balances within those bank accounts.

***Luxembourg***

- Luxembourg law pledge by Alpha Trains Holdco II S.à. r.l. of shares in (i) the Borrower and (ii) the Issuer;

- Luxembourg law pledge by the Borrower of shares in Alpha Trains Luxembourg S.à r.l.;

- Luxembourg law pledge of shares by Alpha Trains Luxembourg S.à r.l. in (i) Alpha Trains Luxembourg No. 2 S.à r.l. and (ii) Alpha Trains ENR S.à r.l.;

- Luxembourg law pledge of bank accounts by each of the Borrower, the Issuer, Alpha Trains ENR S.à r.l., Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains Holdco II S.à. r.l. including any Maintenance Reserve Account, Defeasance Account, holding account and Liquidity Standby Account;

- Luxembourg law pledge of intra-group loan receivables by each of Alpha Trains Holdco II S.à r.l., the Borrower, the Issuer, Alpha Trains ENR S.à r.l., Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l., Locomotion Capital (UK) Limited, Alpha Trains (Locomotives) Limited, Alpha Trains (UK) Limited, Alpha Trains (Locomotives) GmbH, Alpha Trains Europa GmbH, Alpha Trains Polska sp. z o.o., Alpha Trains Belgium NV and Alpha Trains Italia S.R.L.;

- Luxembourg law pledge of receivables to be granted by each of Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains Belgium NV under Luxembourg law head leases, direct leases and subleases (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the pledgor has an interest).

- Luxembourg law pledge of intra-group loan receivables by each of Alpha Trains Iberia, S.A.U. and Alpha Trains Iberia No. 2 S.L.U..

***Poland***

- Polish law registered pledge to be granted by the Borrower over all the shares in Alpha Trains Polska sp. z o.o.;

- Polish law financial pledge to be granted by the Borrower over all the shares in Alpha Trains Polska sp. z o.o.;

- Polish law registered pledge(s) (*zastawy rejestrowe*) to be granted by Alpha Trains Luxembourg S.à r.l. over rolling stock which is registered in the Polish National Registry;

- Polish law registered pledge(s) (*zastawy rejestrowe*) to be granted by Alpha Trains Luxembourg No. 2 S.à r.l. over rolling stock which is registered in the Polish National Registry;

- Polish law security assignment (*przelew praw na zabezpieczenie*) to be granted by Alpha Trains Luxembourg S.à r.l. in respect of (i) receivables under Polish law head leases, direct leases and subleases (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the assignor has an interest); (ii) receivables under or in connection with

Polish law intercompany loans; and (iii) rights to all funds deposited in bank accounts into which receivables under the subleases are paid;

- Polish law security assignment (*przelew praw na zabezpieczenie*) to be granted by Alpha Trains Luxembourg No. 2 S.à r.l. in respect of (i) receivables under Polish law head leases, direct leases and subleases (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the assignor has an interest); (ii) receivables under or in connection with Polish law intercompany loans; and (iii) rights to all funds deposited in bank accounts into which receivables under the subleases are paid;

- Polish law security assignment (*przelew praw na zabezpieczenie*) to be granted by Alpha Trains Polska sp. z o.o. in respect of (i) receivables under Polish law head leases, direct leases and subleases (including insurance proceeds or claims in respect of insurance taken out by it or by any operator and in which the assignor has an interest); (ii) receivables under or in connection with Polish law intercompany loans; and (iii) rights to all funds deposited in bank accounts into which receivables under the subleases are paid; and

- Polish law submission to execution to be entered into by each of Alpha Trains Luxembourg S.à r.l. and Alpha Trains Luxembourg No. 2 S.à r.l.

***Spain***

- Spanish law pledge to be granted by the Borrower over all the shares in Alpha Trains Iberia, S.A.U.;

- Spanish law pledge over credit rights to be granted by Alpha Trains Iberia, S.A.U. arising from material contracts (lease agreements, intercompany loans, Spanish law governed insurances (including those entered into by the pledgor or which it benefits from) and any other relevant agreement in respect of the assets); and

- Spanish law pledge of all bank accounts of each of Alpha Trains Iberia, S.A.U..

## OVERVIEW OF THE LIQUIDITY SUPPORT DOCUMENTS

### INITIAL LIQUIDITY FACILITY AGREEMENT

The Issuer will enter into the Initial Liquidity Facility Agreement on the Initial Issue Date.

Under the terms of the Initial Liquidity Facility Agreement, the Initial Liquidity Facility Providers will grant a 364-day committed euro revolving credit facility (which may be renewed) in an aggregate amount specified in the Initial Liquidity Facility Agreement for the purpose of covering certain shortfalls in the ability of the Issuer to service amounts payable in respect of the Finance Documents and certain other payments due to the Secured Creditors, including amounts due under certain hedging agreements.

Each Initial Liquidity Facility Provider must have the Minimum Long Term Rating. Each Initial Liquidity Facility Provider will be a Secured Creditor and a party to the STID, the Common Terms Agreement and the Master Definitions Agreement.

Under the Initial Liquidity Facility Agreement, the Liquidity Facility will not be available to be drawn down if an LF Event of Default has occurred and is continuing. Following an LF Event of Default and at any time thereafter whilst it is continuing or would result from the drawing, the Initial Liquidity Facility Agent may (and, if so instructed by the Majority Liquidity Facility Providers, shall), by notice in writing to the Issuer (copied to the Security Trustee and the Bond Trustee), declare all outstanding drawings immediately due and payable and/or cancel the commitments of each Initial Liquidity Facility Provider.

The Initial Liquidity Facility Agreement will provide that if: (a) at any time the rating of the long term, unsecured, unsubordinated and unguaranteed debt obligations of the relevant Liquidity Facility Provider falls below the Minimum Long Term Rating; or (b) the relevant Liquidity Facility Provider does not agree to renew its commitment under the Liquidity Facility prior to the expiry of the relevant availability period:

(a) the Issuer shall use all reasonable endeavours to replace the relevant Liquidity Facility Provider with a successor Liquidity Facility Provider, a substitute Liquidity Facility Provider or, in the case of (a) above only, a guarantor of such Liquidity Facility Provider with the Minimum Long-Term Rating; and

(b) (if a replacement is not made within the relevant time period specified in the Initial Liquidity Facility Agreement) the Issuer will be entitled to require such Liquidity Facility Provider to pay into the relevant Liquidity Standby Account the full amount of the relevant Liquidity Facility Provider's undrawn commitment (a **Standby Drawing**).

If the Standby Drawing results from a Liquidity Facility Provider falling below the Minimum Long Term Rating, the Issuer shall repay the Standby Drawing if: (A) the Issuer serves a notice of cancellation to the affected Liquidity Facility Provider; (B) the affected Liquidity Facility Provider assigns or transfers its rights, benefits or obligations under the LF Finance Documents; or (C) all Relevant Rating Agencies confirm to the Security Trustee that such repayment would not lead to the ratings ascribed to the Relevant Debt being downgraded below the lower of the then current rating and the original rating of the Relevant Debt.

If the Standby Drawing results from a Liquidity Facility Provider not agreeing to renew its commitment, the Issuer shall repay the Standby Drawing if: (A) the Issuer enters into a replacement liquidity facility on terms acceptable to the Security Trustee, the Bond Trustee and the Relevant Rating Agencies; (B) the Issuer serves a notice of cancellation to the affected Liquidity Facility Provider; (C) a successor Liquidity Facility Provider accedes to the Initial Liquidity Facility Agreement with a commitment in an amount equal to such Standby Drawing; or (D) all the Relevant Rating Agencies confirm to the Security Trustee that such repayment would not lead to the ratings ascribed to any Rated Debt being downgraded below the lower of the then current rating and the original rating of the Rated Debt.

The Initial Liquidity Facility Agreement will contain an additional covenant under which the Issuer must supply to the Liquidity Facility Agent, in sufficient copy for all the LF Finance Parties, certain additional information about the Obligors.

The Initial Liquidity Facility Agreement and all non-contractual obligations arising out of or in connection with it will be governed by English law.

## OVERVIEW OF THE ISSUER TRANSACTION DOCUMENTS

### BOND TRUST DEED

#### General

On or before the Initial Issue Date, the Issuer, the Guarantors, the Security Group Agent and the Bond Trustee will enter into the Bond Trust Deed pursuant to which the Bonds will be constituted. The Bond Trust Deed will include the form of the Bonds and contain a covenant from the Issuer (or, in the case of a failure to pay by the Issuer, the Guarantors) to the Bond Trustee to pay all amounts due under the Bonds. The Bond Trustee will hold the benefit of that covenant on trust for itself, the Bondholders, the Receiptholders and the Couponholders in accordance with their respective interests under the Bond Trust Deed.

#### Covenants

Under the Bond Trust Deed, the Issuer makes certain covenants in addition to those set out in the CTA, including (but not limited to) the following:

(a) the Issuer shall if, before an Interest Payment Date for any Bond, it becomes subject generally to the taxing jurisdiction of any territory or any political subdivision thereof or any authority therein or thereof having power to tax other than or in addition to Luxembourg, immediately upon becoming aware thereof, notify the Bond Trustee of such event and (unless such Bond Trustee agrees otherwise) enter forthwith into a deed supplemental to the relevant bond trust deed with the substitution for (or, as the case may be, the addition to) the references therein to Luxembourg of references to that other or additional territory to whose taxing jurisdiction, or that of a political subdivision thereof or an authority therein or thereof, to which the Issuer becomes subject as aforesaid;

(b) the Issuer shall, within the time-period specified in the Conditions prior to the redemption or repayment date in respect of any Bond, give to the Bond Trustee notice in writing of the amount of such redemption or repayment pursuant to the Conditions; and

(c) the Issuer shall notify the Bond Trustee of any material amendment to the Dealership Agreement.

#### Enforcement

Notwithstanding the provisions of any other Finance Document, the Security shall only become enforceable upon the delivery of an Acceleration Notice in accordance with the STID. Only the Bond Trustee may enforce the provisions of the Bonds and the Bond Trust Deed and no Bondholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or any Guarantor unless the Bond Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

#### Waiver of an Event of Default

The Bond Trustee may, without the consent or sanction of the Bondholders, the Receiptholders, the Couponholders or any other Secured Creditor at any time (but only if and so far as in its opinion the interests of the Bondholders shall not be materially prejudiced thereby) determine that any event which would otherwise constitute an Event of Default or Potential Event of Default shall not be treated as such for the purposes of the Bond Trust Deed provided that, in relation to a matter involving an Entrenched Right, the provisions of the STID are complied with, or where any Bondholders are affected Secured Creditors, they have sanctioned such waiver in accordance with the Bond Trust Deed and provided further that the Bond

Trustee shall not exercise such powers in contravention of any express direction given by Extraordinary Resolution of the Bondholders or of a request in writing made by holders of not less than 25% in aggregate of the principal amount of the Bonds then outstanding, but no such direction or request shall affect any waiver or authorisation previously given or made or so as to authorise or waive any such proposed breach or breach relating to any Basic Terms Modification.

**Modification**

The Bond Trustee may without the consent or sanction of the Bondholders, the Receiptholders, the Couponholders and the other Secured Creditors (other than any Secured Creditor which is party to the relevant documents), at any time and from time to time, concur with the Issuer, any Guarantor and any other person, or direct the Security Trustee to concur with the Issuer, any Guarantor or any other person, in making any modification to:

(a) the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or the other Finance Documents (other than a Basic Terms Modification) (subject as provided in the STID in relation to any Common Documents) or other document to which it is party or in respect of which it holds security, provided that the Bond Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders and provided further that if any such modification relates to an Entrenched Right, each of the affected Secured Creditors has given its prior written consent or, where any Bondholders are affected Secured Creditors, the holders of each Tranche of Bonds affected thereby have sanctioned such modification in accordance with the Bond Trust Deed; or

(b) the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons or the other Finance Documents (subject as provided in the STID in relation to any Common Documents or Authorised Credit Facility) or other documents to which it is a party or in respect of which it holds security which is, in the opinion of the Bond Trustee, of a formal, minor, administrative or technical nature, or to correct a manifest error.

If, following the Establishment Date, the Issuer proposes to appoint an additional rating agency (the **Additional Rating Agency**) to assign a credit rating to the Bonds, the Bond Trustee shall, without the consent or sanction of the Bondholders, the Receiptholders, the Couponholders or any Secured Creditor (other than any Secured Creditor which is party to the relevant documents) and without liability therefor, agree to and make (and instruct the Security Trustee on behalf of the Bondholders to agree to and make) any modification proposed by the Issuer to the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or the other Finance Documents which the Issuer certifies to the Bond Trustee (upon which certificates the Bond Trustee shall rely absolutely and without further enquiry or liability) is necessary or desirable in order to give effect to the appointment of the Additional Rating Agency and the assignment of its initial credit rating to the Bonds, provided that the Relevant Rating Agency provides a Rating Confirmation that the then current rating of the Bonds will not be adversely affected by the proposed modifications.

The Bond Trustee shall, without the consent or sanction of any of the Bondholders and/or Receiptholders and/or Couponholders of any class and (subject as provided below) any other Secured Creditor, concur with the Issuer, and/or direct the Security Trustee to concur with the Issuer, in making any modification to the Bonds and/or Coupons, the Conditions, these presents, the Security Documents and/or the other Finance Documents or giving its consent to any event, matter or thing that is requested by the Issuer in writing in order to comply with any criteria of the Rating Agencies which may be published after the Initial Issue Date and which modification(s) or consent(s) the Issuer certifies (upon which certificates the Bond Trustee shall rely absolutely and without further enquiry or liability) to the Bond Trustee and/or the Security Trustee (as applicable) in writing are required to comply with such updated criteria or otherwise required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Bonds provided that the provision of the STID relating to such modifications thereto shall apply.

The Bond Trustee shall, without the consent of any of the Bondholders or any other Secured Creditor, concur with the Issuer, and/or direct the Security Trustee to concur with the Issuer in making any modifications to the Finance Documents and/or the Conditions that are requested by the Issuer in order to enable the Issuer and/or the Obligors solely to comply with certain legal requirements which apply to it under Regulation (EU) 648/2012 (the **European Market Infrastructures Regulation** or **EMIR**), Dodd-Frank and/or MIFiD 2, subject to receipt by the Bond Trustee of a certificate of the Issuer certifying (upon which certification the Bond Trustee shall rely absolutely and without further enquiry or liability) to the Bond Trustee and the Security Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer and/or the Obligors to comply with its reporting and portfolio reconciliation and dispute resolution legal requirements under EMIR, Dodd-Frank and/or MIFiD 2.

The Bond Trustee and the Security Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee or the Security Trustee, as applicable, would have the effect of (a) exposing the Bond Trustee or the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction, or (b) increasing the obligations or duties, or decreasing the protections, rights, powers, authorisations, indemnities or protections, of the Bond Trustee or the Security Trustee, as applicable, in the Finance Documents and/or the Conditions.

The Bond Trust Deed provides that in connection with the exercise by it of any of its trusts, powers, authorities or discretions under the Bond Trust Deed (including, without limitation, any modification, waiver, authorisation, determination or substitution) or any other Finance Document, the Bond Trustee shall have regard to the general interests of the Bondholders.

The Bond Trustee will be authorised by each Bondholder to execute and deliver on its behalf all documentation required to implement, or direct the Security Trustee to implement, any modifications, waivers or consents which have been granted by the Bond Trustee in respect of the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or any other Finance Document (other than a Basic Terms Modification, but subject as provided in the STID in relation to any Common Document) or other document to which it is a party or in respect of which the Security Trustee holds security and such execution and delivery shall bind each Bondholder, the related Receiptholders and/or the Couponholders as if such documentation had been duly executed by it.

**Action, proceedings and indemnification**

The Bond Trustee shall not be bound to take, or to give any direction to the Security Trustee to take, any actions, proceedings or steps in relation to the Bond Trust Deed, the Bonds, the Receipts, the Coupons, the STID or any other Finance Document unless (subject always to the terms of the STID) directed or requested to do so in writing by Bondholders together holding or representing 25% or more of the Principal Amount Outstanding of the Bonds or by an Extraordinary Resolution of the Bondholders of one or more Tranches, and then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against any liabilities relating to such actions.

Only the Bond Trustee may enforce the provisions of the Bond Trust Deed or the other Finance Documents to which it is party on behalf of the Bondholders.

**Provisions for Voting**

For the avoidance of doubt, articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the Companies Act 1915) are excluded.

In respect of any STID Proposal other than an Entrenched Right STID Proposal (defined below) the following provisions apply.

Each Bondholder may only vote on such STID Proposal by way of Block Voting Instruction or by way of Electronic Consent and each Bondholder shall have one vote in respect of each €1 (or its equivalent expressed in Euro on the basis of the Exchange Rate) of Outstanding Principal Amount of Bonds held by it.

Provided Electronic Consent is not applicable, each Bondholder must vote on or prior to the time specified in order to enable the Principal Paying Agent or, as the case may be, a Paying Agent or the Registrar to issue a Block Voting Instruction on the Voting Date, provided that if a Bondholder does not vote in sufficient time for a Block Voting Instruction to be issued in respect of its Bonds prior to the end of the Voting Period, the Votes of such Bondholder may not be counted.

In respect of such STID Proposal, the Bond Trustee shall vote as the Secured Creditor Representative of the Bondholders in respect of each Tranche of Bonds then outstanding by notifying the Security Trustee and the Issuer, in accordance with the STID, promptly following the receipt by it of such Votes, of each Vote comprised in a Block Voting Instruction received by it from a Paying Agent or the Registrar on or prior to the Voting Date (or, if earlier, the relevant Voting Closure Date).

In respect of: (a) an STID Proposal that gives rise to an Entrenched Right in respect of which the Bondholders are an Affected Secured Creditor (an **Entrenched Right STID Proposal**); and (b) any Voting Matter which is not a STID Proposal as described in the preceding paragraphs:

(a) the Issuer or the Bond Trustee may at any time, and the Bond Trustee must if: (A) it receives an Entrenched Right STID Proposal; or (B) directed to do so by Bondholders representing not less than 10% of the Principal Amount Outstanding of the Bonds, request that such Voting Matter be considered by the Bondholders. The Issuer shall send a notice (a **Voting Notice**) to the Bondholders of each affected Tranche of Bonds, specifying the Voting Date (which shall initially be set with at least 21 clear days' notice) and Voting Matter(s), including the terms of any resolution to be proposed;

(b) each Bondholder shall have one vote in respect of each €1 (or its equivalent expressed in Euro on the basis of the Exchange Rate) of Principal Amount Outstanding of the Bonds held or represented by it;

(c) if Electronic Consent is not applicable, each Bondholder must vote prior to the close of business (London time) 24 hours prior to the Voting Date so that its votes can be included in a Block Voting Instruction which needs to be deposited at least 24 hours before the Voting Date;

(d) in order for an Ordinary Resolution to be approved, one or more Bondholders representing 25% or more of the aggregate Principal Amount Outstanding of the Bonds who for the time being are entitled to receive notice of such Voting Matter need to participate in any initial Vote or where Electronic Consent is sought, the provisions in relation to Electronic Consent set out below may apply as if such resolution was an Extraordinary Resolution but with references to 75% therein deemed to be 25% for these purposes;

(e) in order for an Extraordinary Resolution to be approved by (subject as provided below) two or more Bondholders representing 50% or more of the aggregate Principal Amount Outstanding of the Bonds, who for the time being are entitled to receive notice of such Voting Matter needed to participate in any initial Vote, except that in respect of any Voting Matter comprising any of the matters specified to be a Basic Terms Modification (which shall only be capable of being effected after having been approved by an Extraordinary Resolution) the initial quorum requirement is two or more Bondholders representing 75% or more of the aggregate Principal Amount Outstanding of Bonds for the time being outstanding, who, for the time being are entitled to receive notice of such Voting Matter;

(f) if the relevant quorum requirements are not satisfied on a Voting Date, then such Voting Date shall be postponed to the same day in the next week (or if such day is a public holiday, the next

succeeding Business Day) (an **Adjourned Voting Date**) except where an Extraordinary Resolution is to be proposed in which case the Adjourned Voting Date shall be a day (being a Business Day) during the period, being not less than seven clear days nor more than 14 clear days subsequent to such Voting Date, and approved by the Bond Trustee. On any Adjourned Voting Date, Bondholders exercising one or more Votes shall (subject as provided below) form a quorum and shall have the power to pass any Extraordinary Resolution or Ordinary Resolution and to decide upon all matters which could properly have been dealt with through the original Vote had the requisite quorum requirements been met, provided that on any Adjourned Voting Date the extraordinary quorum requirements for the consideration and approval of business comprising any of the matters specified to be a Basic Terms Modification shall be two or more Bondholders representing 25% of the aggregate Principal Amount Outstanding of the Bonds, who for the time being are entitled to receive notice of such Voting Matter; and

(g) notice of any Adjourned Voting Date at which an Extraordinary Resolution is to be voted upon shall be given in the same manner as a Voting Notice but the minimum notice period is only five clear days as opposed to 21 clear days. Subject as aforesaid it shall not be necessary to give any notice of an Adjourned Voting Date.

Notwithstanding any provision to the contrary in the terms and conditions or any other transaction document, under Luxembourg law, a decision of the shareholders of the Issuer to amend the corporate objects of the Issuer, to change the legal form of the Issuer or its nationality and/or to increase the commitments of the Issuer's shareholders must be approved by a resolution of the holders of the Bonds. Such resolution of the holders of the Bonds may exclusively be taken, and their meeting resolving thereupon must be convened and held, in accordance with the Companies Act 1915), as long as any such specific requirements exist under the Companies Act 1915 (the **Luxembourg Law Resolutions**). A Luxembourg Law Resolution must be passed in accordance with the requirements of the Companies Act 1915. There are specific quorum requirements for Luxembourg Law Resolutions set out in the Companies Act 1915. Certain Luxembourg Law Resolutions passed at any meeting of the holders of the Bonds will be binding on all holders of the Bonds, whether or not they are present at the meeting.

Subject to all other provisions of the Bond Trust Deed, the Bond Trustee may, without the consent of the Issuer, the Guarantors or the Bondholders, prescribe such further regulations regarding voting by the Bondholders in respect of such Voting Matters (but, not for the avoidance of doubt, in respect of any STID Proposal other than an Entrenched Right STID Proposal) as the Bond Trustee may in its sole discretion think fit, including the calling of one or more meetings of Bondholders (or any Tranche thereof) in order to approve any resolution to be put to the Bondholders (or any Tranche thereof) where the Bond Trustee, in its sole discretion, considers it to be appropriate to hold a meeting.

For so long as the Bonds are in the form of a Global Bond held on behalf of one or more of Euroclear, Clearstream, Luxembourg or another clearing system, then, in respect of an Extraordinary Resolution proposed by the Issuer or the Bond Trustee, where the terms of the proposed resolution have been notified to the Bondholders through the relevant clearing system(s), each of the Issuer and the Bond Trustee shall be entitled to rely upon approval of such resolution (in a form satisfactory to the Bond Trustee) proposed by the Issuer or the Bond Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders representing 75% or more of the aggregate Principal Amount Outstanding of the Bonds (**Electronic Consent**). Neither the Issuer nor the Bond Trustee shall be liable or responsible to anyone for such reliance. An Electronic Consent shall take effect as an Extraordinary Resolution. An Electronic Consent will be binding on all Bondholders and holders of Coupons, Talons and Receipts, whether or not they participated in such Electronic Consent. Where Electronic Consent is not being sought, an Extraordinary Resolution shall be passed in accordance with the other terms of the definition of Extraordinary Resolution and the Bond Trust Deed.

The rights and obligations of each Guarantor under the Bond Trust Deed will be effective with effect from the Initial Issue Date.

**AGENCY AGREEMENT**

Pursuant to the Agency Agreement entered into on or before the Initial Issue Date between the Issuer, the Guarantors, the Bond Trustee, the Registrar, the Principal Paying Agent, the Transfer Agent, the Exchange Agent and the Agent Bank, provision has been made for, among other things, payment of principal and interest in respect of the Bonds and the maintenance of a register of the holders of the Bonds.

The rights and obligations of each Guarantor under the Bond Trust Deed will be effective with effect from the Initial Issue Date.

**CP AGREEMENT**

The conditions precedent to, among other things, the signing of the CTA, the Initial Issue Date and the initial utilisation under the Initial Authorised Credit Facilities Agreement are set out in a conditions precedent agreement (the **CP Agreement**) as agreed between, among others, the Bond Trustee, the Security Trustee and the Obligors.

**SECURITY DOCUMENT**

A summary of the English law security granted by the Issuer is included in the section "*Overview of the Finance Documents – Security Documents – England & Wales*" above.

## CASH FLOWS

*The following sets out the various priorities of payment as included in the respective Finance Documents or Issuer Transaction Documents, as more fully summarised in "Overview of the Common Documents", "Overview of the Finance Documents", "Overview of the Liquidity Support Documents" and "Overview of the Issuer Transaction Documents" above.*

### Pre-Enforcement Priority of Payments

Prior to delivery of an Acceleration Notice, payments to Secured Creditors will be made on each Payment Date (or in the case of paragraphs (a) and (b) below, on any day on which such amounts are due and payable) out of moneys standing to the credit of the Operating Accounts (with such accounts to be considered as one for the purposes of the payment priorities only) in the following order, without double-counting: (the **Pre-Enforcement Priority of Payments**):

(a) first, pro rata and *pari passu*, according to the respective amounts thereof in or towards satisfaction of the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by any Obligor to:

(i) the Security Trustee or any Receiver under any Finance Document; and

(ii) the Bond Trustee under any Finance Document,

save for any Security Trustee Claim under the parallel debt provisions or the Security Trustee as joint and several creditor provisions, in each case set out in the STID, which shall be payable as if such Security Trustee Claim were the corresponding Secured Creditor Claim;

(b) secondly, pro rata and *pari passu*, according to the respective amounts thereof in or towards satisfaction of the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by any Obligor to:

(i) the Account Bank under the Account Bank Agreement;

(ii) the Agents under the Agency Agreement or a Calculation Agency Agreement; and

(iii) the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement;

(c) thirdly, pro rata and *pari passu*, according to the respective amounts thereof in or towards satisfaction of:

(i) all amounts due by an Obligor to any Liquidity Facility Provider and any Liquidity Facility Agent and arranger under any Liquidity Facility Agreement, in each case other than in respect of any Subordinated Liquidity Payments; and

(ii) the fees, other remuneration, indemnity payments, costs, charges and expenses of each Facility Agent under each Authorised Credit Facility;

(d) fourthly, pro rata and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of:

(i) all amounts of accrued but unpaid interest (other than any Post-EMD Step-Up Amounts), underwriting and commitment commissions payable under the Authorised Credit Facilities (other than the Hedging Agreements and the Liquidity Facility); and

(ii) all scheduled amounts (other than principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay-as-you-go payments) payable to each Hedge Counterparty under any Hedging Agreement (other than amounts in respect of Subordinated Hedge Amounts);

(e) fifthly, pro rata and *pari passu*, in or towards satisfaction of all Post-EMD Step-Up Amounts;

(f) sixthly, pro rata and *pari passu*, according to the respective amounts thereof in or towards satisfaction of:

(i) all amounts of principal outstanding which is due and payable under the Authorised Credit Facilities (other than the Hedging Agreements and the Liquidity Facility); and

(ii) all scheduled principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay-as-you-go payments or other unscheduled sums due and payable to each Hedge Counterparty under any Hedging Agreement (other than Subordinated Hedge Amounts);

(g) seventhly, pro rata and *pari passu*, in or towards satisfaction of any other amounts falling due (including any Make-Whole Amount) under the Finance Documents (save to the extent falling within paragraphs (h) to (i) below);

(h) eighthly, pro rata and *pari passu*, in or towards satisfaction of any Subordinated Liquidity Payments due under the Liquidity Facility Agreement; and

(i) ninthly, pro rata and *pari passu*, according to the respective amounts thereof in or towards satisfaction of any Subordinated Hedge Amounts due or overdue to a Hedge Counterparty.

**Post-Enforcement Priority of Payments**

Pursuant to the terms of the STID, all Available Enforcement Proceeds (other than (i) any Defeasance Amounts, which shall be applied in repayment of the Authorised Credit Facility to which a Defeasance Account in question relates and (ii) any amount standing to the credit of a Blocked Account, which shall be applied in accordance with the relevant Authorised Credit Facility to the relevant Secured Creditor) shall, following commencement of the Enforcement Period, be applied (to the extent that it is lawfully able to do so) by or on behalf of the Security Trustee (or, as the case may be, any Receiver), in accordance with the following **Post-Enforcement Priority of Payments** (including in each case any amount of or in respect of VAT) as set out below, without double-counting:

(a) first, pro rata and *pari passu*, according to the respective amounts thereof in or towards satisfaction of the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by any Obligor to:

(i) the Security Trustee or any Receiver under any Finance Document; and

(ii) the Bond Trustee under any Finance Document, save for any Security Trustee Claim under the parallel debt provisions or the Security Trustee as joint and several creditor provisions, in each case, set out in the STID, which shall be payable as if such Security Trustee Claim were the corresponding Secured Creditor Claim;

(b) second, pro rata and *pari passu*, according to the respective amounts thereof in or towards satisfaction of the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by any Obligor to:

(i) the Account Bank under the Account Bank Agreement;

(ii) the Agents under the Agency Agreement or a Calculation Agency Agreement; and

(iii) the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement;

(c) third, pro rata and *pari passu*, according to the respective amounts thereof:

(i) all amounts due by an Obligor to any Liquidity Facility Provider and any Liquidity Facility Agent and arranger under any Liquidity Facility Agreement, in each case other than in respect of any Subordinated Liquidity Payments; and

(ii) the fees, other remuneration, indemnity payments, costs, charges and expenses of each Facility Agent under each Authorised Credit Facility and each PP Creditor Secured Creditor Representative under the relevant PP Debt;

(d) fourth, pro rata and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of:

(i) all amounts of interest (other than any Post-EMD Step-Up Amounts), underwriting and commitment commissions payable under any other Authorised Credit Facility; and

(ii) all scheduled amounts (other than principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay-as-you-go payments) payable to each Hedge Counterparty under any Hedging Agreement (other than amounts payable in accordance with the foregoing provisions or in respect of Subordinated Hedge Amounts);

(e) fifth, pro rata and *pari passu* towards satisfaction of all Post-EMD Step-Up Amounts;

(f) sixth, pro rata and *pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:

(i) all amounts of principal and any Make-Whole Amount arising in respect of a payment principal following the occurrence of an Event of Default, in each case due or overdue in respect of Secured Debt outstanding under any other Authorised Credit Facility; and

(ii) all scheduled principal exchange amounts, termination payments, final payments on cross-currency swaps, accretion and other pay-as-you-go payments or other unscheduled sums due and payable to each Hedge Counterparty under any Hedging Agreement (other than Subordinated Hedge Amounts);

(g) seventh, pro rata and *pari passu*, in or towards satisfaction of any other amounts falling due (including any Make-Whole Amount, save to the extent provided in paragraphs (e) and (f) above) under the Finance Documents (save to the extent falling within paragraphs (h) to (i) below

(h) eighth, pro rata and *pari passu* towards Subordinated Liquidity Payments due under any Liquidity Facility Agreement;

(i) ninth, pro rata and *pari passu*, towards any Subordinated Hedge Amounts due or overdue to a Hedge Counterparty; and

(j) tenth, any surplus (if any) shall be available to each Obligor entitled thereto to deal with as it sees fit.

**Application of Available Enforcement Proceeds**

If:

(a) any Available Enforcement Proceeds are realised under a Security Document which on its term is granted for the benefit of only some of the Secured Creditors (the Beneficiaries);

(b) recovery of those Available Enforcement Proceeds discharges or is deemed to discharge any Secured Liabilities to the Beneficiaries (the Discharged Amount); and

(c) those Available Enforcement Proceeds are applied in accordance with the Post-Enforcement Priority of Payments,

the Issuer shall indemnify each Beneficiary in an amount equal to and on the same terms as the Discharged Amount save to the extent it has been recovered by that Beneficiary through the application of those Available Enforcement Proceeds in accordance with the Post-Enforcement Priority of Payments.

## DESCRIPTION OF THE ISSUER AND EACH GUARANTOR

The following is a description of the Issuer and each Guarantor. Each member of the Security Group is a Guarantor under the Bonds.

### Description of the Issuer

*Background*

Alpha Trains Finance S.A. (the **Issuer**) is a company incorporated in Luxembourg. Its registered address is 22, rue Alfred de Musset, L-2175 Luxembourg, its registered company number is B194034 and its telephone number is +352 2620 3113. It was incorporated on 16 December 2014 as a public limited liability company (*société anonyme*). The Issuer has an issued share capital of €31,000 divided into 31,000 ordinary shares of €1 each, all of which are fully paid up. The Issuer has no subsidiaries and (immediately prior to the Initial Issue Date) was a wholly owned subsidiary of Alpha Trains (Luxembourg) Holdings S.à r.l. and on the Initial Issue Date, all of the issued share capital of the Issuer will be transferred to, and the Issuer will become, a wholly-owned subsidiary of Alpha Trains Holdco II S.à r.l.. The auditor of the Issuer is KPMG Luxembourg, Société Coopérative, whose address is 39, Avenue John F. Kennedy, L-1855 Luxembourg and who is a member of the *Institut de Réviseur d'Entreprises agrées*.

*Principal Activities*

The Issuer (which is an Obligor under the Finance Documents) acts as a finance company to raise borrowings to on-lend to Alpha Trains Group S.à r.l., and its subsidiaries. On or around the Initial Issue Date, the Issuer will enter into the Finance Documents to which it is a party for the purposes of making a profit. The activities of the Issuer are restricted in the Common Terms Agreement.

The Directors of Alpha Trains Finance S.A. follows and their respective business addresses and principal activities are set out below:

| **Name** | **Position Held** | **Business Address** | **Principal Activities** | **Significant Principal Activities outside Alpha Trains Finance S.A.** |
|---|---|---|---|---|
| Jan Vanhoutte | Class A director | 15, rue Edward Steichen L 2540 Luxembourg | Director | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Shaun Mills | Class B director | 22, rue Alfred de Musset, L-2175 Luxembourg | Director, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Mrs. Barbara Neuerburg | Class C director | 15, rue Edward Steichen L 2540 Luxembourg | Independent Director | None |

*Management and Control*

The Board of Directors oversee the administration of Alpha Trains Finance S.A. and the appropriate organization of its operations. The Board of Directors is also responsible for the appropriate control and governance of Alpha Trains Finance S.A. including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, all key

decisions remain the direct responsibility of the Board of Directors. Alpha Trains Finance S.A. complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Directors of the Issuer has any actual or potential conflict between its duties to the Issuer and its private interests or other duties as listed above. It is a term of the Finance Documents that at least one independent director (initially being Mrs. Barbara Neuerburg) is appointed to the Board of Directors of the Issuer.

Pursuant to the articles of association of the Issuer, any resolution of the directors to (i) open bankruptcy, insolvency, liquidation, reprieve from payment, controlled management, composition with creditors, reorganisation or similar Luxembourg or foreign law proceedings affecting the rights of creditors generally, (ii) appoint an insolvency receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer to the Issuer, or (iii) otherwise dissolve the Issuer must be approved by the independent director (Class C director) of the Issuer.

The establishment of the Programme and the creation and issuance of the Bonds have been authorised by resolutions of the Issuer's board of directors dated 29 January 2015.

**Description of Alpha Trains Holdco II S.à r.l.**

Alpha Trains Holdco II S.à r.l. is a company incorporated in Luxembourg. Its registered address is 22, rue Alfred de Musset, L-2175 Luxembourg, its registered company number is B137594 and its telephone number is +352 2620 3113. It was incorporated on 20 March 2008 as a *Société à responsabilité limitée* (private limited liability company). Alpha Trains Holdco II S.à r.l. has an issued share capital of €100,000 divided into 100,000 ordinary shares of €1 each, all of which are fully paid up, and it is a wholly owned subsidiary of Alpha Trains Holdco S.à r.l. Alpha Trains Holdco II S.à r.l. is a holding company and holds all the issued share capital of the Issuer. The current auditor of Alpha Trains Holdco II S.à r.l. is KPMG Luxembourg, Société Coopérative, whose address is 39, Avenue John F. Kennedy, L-1855 Luxembourg and who is a member of the *Institut de Réviseur d'Entreprises agrées*. The previous auditor (and auditor of the historical accounts included in this Prospectus) was Deloitte Audit S.à r.l., whose address is 560 Rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg and who is a member of the *Institut des réviseurs d'entreprises*.

*Principal Activities*

The principal activity of Alpha Trains Holdco II S.à r.l. is to hold the shares of the Issuer and Alpha Trains Group S.à r.l. (the Borrower) and to enter into documents incidental to the Programme. The activities of Alpha Trains Holdco II S.à r.l. are restricted in the Common Terms Agreement

The Managers of Alpha Trains Holdco II S.à r.l. and their respective business addresses and principal activities are set out below:

| Name | Position Held | Business Address | Principal Activities | Significant Principal Activities outside Alpha Trains Holdco II S.à r.l. |
|---|---|---|---|---|
| Jan Vanhoutte | Manager | 15, rue Edward Steichen L 2540 Luxembourg | Manager | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Shaun Mills | Manager | 22, rue Alfred de Musset, L-2175 | Manager, Chief Executive | Director/manager as applicable of Alpha Trains group companies that |

| | | | | |
|---|---|---|---|---|
| | | Luxembourg | Officer – Alpha Trains | do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Claude Elsen | Manager | 55, rue Charles Arendt, L-1134 Luxembourg | Manager | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |

*Management and Control*

The Managers oversee the administration of Alpha Trains Holdco II S.à r.l and the appropriate organization of its operations. The Managers are also responsible for the appropriate control and governance of Alpha Trains Holdco II S.à r.l including its accounting and finances. Alpha Trains Holdco II S.à r.l complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Managers of Alpha Trains Holdco II S.à r.l. has any actual or potential conflict between its duties to Alpha Trains Holdco II S.à r.l. and its private interests or other duties as listed above.

**Description of Alpha Trains Group S.à r.l.**

Alpha Trains Group S.à r.l. is a company incorporated in Luxembourg. Its registered address is 22, rue Alfred de Musset, L-2175 Luxembourg, its registered company number is B137614 and its telephone number is +352 2620 3113. It was incorporated on 20 March 2008 as a *Société à responsabilité limitée* (private limited liability company). Alpha Trains Group S.à r.l. has an issued share capital of €100,000 divided into 100,000 ordinary shares of €1 each, all of which are fully paid up. Alpha Trains Group S.à r.l. is a holding company and is a wholly owned subsidiary of Alpha Trains Holdco II S.à r.l. The current auditor of Alpha Trains Holdco II S.à r.l. is KPMG Luxembourg, Société Coopérative whose address is 39, Avenue John F. Kennedy, L-1855 Luxembourg and who is an member of the *Institut de Réviseur d'Entreprises agrées*. The previous auditor (and auditor of the historical accounts included in this Prospectus) was Deloitte Audit S.à r.l., whose address is 560 Rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg and who is a member of the *Institut des réviseurs d'entreprises*.

*Principal Activities*

The principal activity of Alpha Trains Group S.à r.l. is to hold the shares of other Alpha Trains companies and to act as the Borrower under the Finance Documents. Moreover, Alpha Trains Group S.à r.l. is the Security Group Agent under the Finance Documents. The activities of Alpha Trains Group S.à r.l. are restricted in the Common Terms Agreement.

The Managers of Alpha Trains Group S.à r.l. and their respective business addresses and principal activities are set out below:

| **Name** | **Position Held** | **Business Address** | **Principal Activities** | **Significant Principal Activities outside Alpha Trains Group S.à r.l.** |
|---|---|---|---|---|
| Jan Vanhoutte | Manager | 15, rue Edward Steichen L 2540 Luxembourg | Manager | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Shaun Mills | Manager | 22, rue Alfred de Musset, L-2175 Luxembourg | Manager, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Claude Elsen | Manager | 55, rue Charles Arendt, L-1134 Luxembourg | Manager | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| David Rees | Manager | 4th Floor, Berkeley Square House, Berkeley Square, London W1J 6BX | Manager | See "*Conflict of Interest*" below |
| Jean-Bastien Auger | Manager | 1250, boulevard René-Lévesque Ouest, Bureau 900 Montréal, QC | Manager | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in the "*Conflict of Interest*" section below |

| | | | | |
|---|---|---|---|---|
| | | Canada H3B 4W8 | | |
| Neil Krawitz | Manager | 6 St Andrew Street, London EC4A 3AE | Manager | See "*Conflict of Interest*" section below |

*Management and Control*

The Managers oversee the administration of Alpha Trains Group S.à r.l. and the appropriate organization of its operations. The Managers are also responsible for the appropriate control and governance of Alpha Trains Group S.à r.l. including its accounting and finances. Alpha Trains Group S.à r.l. complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Managers of Alpha Trains Group S.à r.l. has any actual or potential conflict between its duties to Alpha Trains Group S.à r.l. and its private interests or other duties as listed above.

**Description of Alpha Trains Iberia, S.A.U.**

Alpha Trains Iberia, S.A.U. is a company incorporated in Spain. Its registered address is López de Hoyos 35, 1º, 28002 Madrid, Spain, its registered company number is M-451126, with tax number A-85300838 and its telephone number is +34 91 745 7424. It was incorporated on 12 December 2007 as a *Sociedad Anónima unipersonal* (single shareholder company). Alpha Trains Iberia, S.A.U. has an issued share capital of €10,000,000 divided into 10,000,000 ordinary shares of €1 each, all of which are fully paid up, and it is a wholly owned subsidiary of Alpha Trains Group S.à r.l. The current auditor of Alpha Trains Iberia, S.A.U. is KPMG Auditores S.L., whose address is Paseo de la Castellana, 95, 28046 Madrid, Spain and who is a member of the Spanish Institute of Chartered Accountants of Spain. The previous auditor (and auditor of the historical accounts included in this Prospectus) was Deloitte, S.L., whose address is Plaza Pablo Ruiz Picasso 1, Torre Picasso, 28020 Madrid Spain and who is a member of *El Instituto de Censores Jurados de Cuentas de España*.

*Principal Activities*

Alpha Trains Iberia, S.A.U. is one of the rolling stock owning companies in the Security Group and its principal business activity is the leasing of rolling stock to customers located in Spain and Portugal. The activities of Alpha Trains Iberia, S.A.U. are restricted in the Common Terms Agreement.

The Directors of Alpha Trains Iberia, S.A.U. and their respective business addresses and principal activities are set out below:

| **Name** | **Position Held** | **Business Address** | **Principal Activities** | **Significant Principal Activities outside Alpha Trains Iberia, S.A.U.** |
|---|---|---|---|---|
| Shaun Mills | Managing Director | López de Hoyos 35, 1º, 20002 Madrid, Spain | Managing Director, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Fernando Pérez Serrano | Director | López de Hoyos 35, 1º, 20002 Madrid, Spain | Director, Managing Director Locomotives Division – Alpha Trains | None |
| Hedwige Van de Wyer | Director | López de Hoyos 35, 1º, 20002 Madrid, Spain | Director, Legal and Operations Director Locomotives Division – Alpha Trains | None |

*Management and Control*

The Board of Directors oversee the administration of Alpha Trains Iberia, S.A.U. and the appropriate organization of its operations. The Board of Directors is also responsible for the appropriate control and governance of Alpha Trains Iberia, S.A.U. including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, all key decisions remain the direct responsibility of the Board of Directors. Alpha Trains Iberia, S.A.U. complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Directors of Alpha Trains Iberia, S.A.U. has any actual or potential conflict between its duties to Alpha Trains Iberia, S.A.U. and its private interests or other duties as listed above.

**Description of Alpha Trains Luxembourg S.à r.l.**

Alpha Trains Luxembourg S.à r.l. is a company incorporated in Luxembourg. Its registered address is 22, rue Alfred de Musset, L-2175 Luxembourg, its registered company number is B140872 and its telephone number is +352 2620 3113. It was incorporated on 1 August 2008 as *a Société à responsabilité limitée* (private limited liability company). Alpha Trains Luxembourg S.à r.l. has an issued share capital of €100,000 divided into 100,000 ordinary shares of €1 each, all of which are fully paid up. It is a wholly owned subsidiary of Alpha Trains Group S.à r.l. The current auditor of Alpha Trains Group S.à r.l. is KPMG Luxembourg, Société coopérative, whose address is 39, Avenue John F. Kennedy, L-1855 Luxembourg and who is a member of the *Institut de Réviseur d'Entreprises agrées*. The previous auditor (and auditor of the historical accounts included in this Prospectus) was Deloitte Audit S.à r.l., whose address is 560 Rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg and who is a member of the *Institut des réviseurs d'entreprises*.

*Principal Activities*

Alpha Trains Luxembourg S.à r.l. is one of the rolling stock owning companies in the Security Group and its principal business activity is the leasing of rolling stock to operators in Europe and another entity in the Security Group. The activities of Alpha Trains Luxembourg S.à r.l. are restricted in the Common Terms Agreement.

The Managers of Alpha Trains Luxembourg S.à r.l. and their respective business addresses and principal activities are set out below:

| **Name** | **Position Held** | **Business Address** | **Principal Activities** | **Significant Principal Activities outside Alpha Trains Luxembourg S.à r.l.** |
|---|---|---|---|---|
| Jan Vanhoutte | Class A Manager | 15, rue Edward Steichen L 2540 Luxembourg | Manager | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Shaun Mills | Class B Manager | 22, rue Alfred de Musset, L-2175 Luxembourg | Manager, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |

*Management and Control*

The Managers oversee the administration of Alpha Trains Luxembourg S.à r.l. and the appropriate organization of its operations. The Managers are also responsible for the appropriate control and governance of Alpha Trains Luxembourg S.à r.l. including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, all key decisions remain the direct responsibility of the Managers. Alpha Trains Luxembourg S.à r.l. complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Managers of Alpha Trains Luxembourg S.à r.l. has any actual or potential conflict between its duties to Alpha Trains Luxembourg S.à r.l. and its private interests or other duties as listed above.

**Description of Alpha Trains Luxembourg No. 2 S.à r.l.**

Alpha Trains Luxembourg No. 2 S.à r.l. is a company incorporated in Luxembourg. Its registered address is 22, rue Alfred de Musset, L-2175 Luxembourg, its registered company number is B181031 and its telephone number is +352 2620 3113. It was incorporated on 8 October 2013 as *a Société à responsabilité limitée* (private limited liability company). Alpha Trains Luxembourg No. 2 S.à r.l. has an issued share capital of €12,500 divided into 12,500 ordinary shares of €1 each, all of which are fully paid up. Immediately prior to the Initial Issue Date it was a wholly owned subsidiary of Alpha Trains Development No. 2 S.à r.l., and on the Initial Issue Date all the issued share capital of Alpha Trains Luxembourg No. 2 S.à r.l. was transferred to, and it became a wholly owned subsidiary of, Alpha Trains Luxembourg S.à r.l. The auditor of Alpha Trains Luxembourg No. 2 S.à r.l. is KPMG Luxembourg, Société coopérative, whose address is 39, Avenue John F. Kennedy, L-1855 Luxembourg and who is a member of the *Institut de Réviseur d'Entreprises agrées*.

*Principal Activities*

Alpha Trains Luxembourg No. 2 S.à r.l. is one of the rolling stock owning companies in the Security Group and its principal business activity is the leasing of rolling stock to operators in Europe and other entities in the Security Group. The activities of Alpha Trains Luxembourg No. 2 S.à r.l. are restricted in the Common Terms Agreement.

The Managers of Alpha Trains Luxembourg No. 2 S.à r.l. follows and their respective business addresses and principal activities are set out below:

| **Name** | **Position Held** | **Business Address** | **Principal Activities** | **Significant Principal Activities outside Alpha Trains Luxembourg No. 2 S.à r.l.** |
|---|---|---|---|---|
| Jan Vanhoutte | Class A Manager | 15, rue Edward Steichen L 2540 Luxembourg | Manager | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Shaun Mills | Class B Manager | 22, rue Alfred de Musset, L-2175 Luxembourg | Manager, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |

*Management and Control*

The Managers oversee the administration of Alpha Trains Luxembourg No. 2 S.à r.l. and the appropriate organization of its operations. The Managers are also responsible for the appropriate control and governance of Alpha Trains Luxembourg No. 2 S.à r.l. including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, the key decisions remain the direct responsibility of the Managers. Alpha Trains Luxembourg No. 2 S.à r.l. complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Managers of Alpha Trains Luxembourg No. 2 S.à r.l. has any actual or potential conflict between its duties to Alpha Trains Luxembourg No. 2 S.à r.l. and its private interests or other duties as listed above.

**Description of Alpha Trains ENR S.à r.l.**

Alpha Trains ENR S.à r.l. is a company incorporated in Luxembourg. Its registered address is 22, rue Alfred de Musset, L-2175 Luxembourg, its registered company number is B187067 and its telephone number is +352 2620 3113. It was incorporated on 12 May 2014 as a Société *à responsabilité limitée* (private limited liability company). Alpha Trains ENR S.à r.l. has an issued share capital of €12,500 divided into 12,500 ordinary shares of €1 each, all of which are fully paid up. Immediately prior to the Initial Issue Date it was a wholly owned subsidiary of Alpha Trains Development No. 3 S.à r.l., and on the Initial Issue Date all the issued share capital of Alpha Trains ENR S.à r.l. was transferred to, and it became a wholly owned subsidiary of, Alpha Trains Luxembourg S.à r.l. The auditor of Alpha Trains ENR S.à r.l. is KPMG Luxembourg, Société coopérative, whose address is 39, Avenue John F. Kennedy, L-1855 Luxembourg and who is a member of the *Institut de Réviseur d'Entreprises agrées*.

*Principal Activities*

Alpha Trains ENR S.à r.l. is one of the rolling stock owning companies in the Security Group and its principal business activity is the leasing of passenger rolling stock to an operator located in Germany. The activities of Alpha Trains ENR S.à r.l. are restricted in the Common Terms Agreement.

The Managers of Alpha Trains ENR S.à r.l. and their respective business addresses and principal activities are set out below:

| **Name** | **Position Held** | **Business Address** | **Principal Activities** | **Significant Principal Activities outside Alpha Trains ENR S.à r.l.** |
|---|---|---|---|---|
| Jan Vanhoutte | Class A Manager | 15, rue Edward Steichen L 2540 Luxembourg | Manager | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Shaun Mills | Class B Manager | 22, rue Alfred de Musset, L-2175 Luxembourg | Manager, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |

*Management and Control*

The Managers oversee the administration of Alpha Trains ENR S.à r.l. and the appropriate organization of its operations. The Managers are also responsible for the appropriate control and governance of Alpha Trains ENR S.à r.l. including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, all key decisions remain the direct responsibility of the Managers. Alpha Trains ENR S.à r.l. complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Managers of Alpha Trains ENR S.à r.l. has any actual or potential conflict between its duties to Alpha Trains ENR S.à r.l. and its private interests or other duties as listed above.

**Description of Alpha Trains Europa GmbH**

Alpha Trains Europa GmbH is a company incorporated in Germany. Its registered address is Neusser Strasse 93, D-50670 Köln, Germany, its registered company number is HRB 51575 and its telephone number is +49 221 914090 00. It was incorporated on 27 June 2001 as a *Gesellschaft mit beschränkter Haftung* (limited liability company). Alpha Trains Europa GmbH has an issued share capital of €11,473,400 divided into one share of €25,000, one share of €1,448,400 and one share of €10,000,000, all of which are fully paid up, and is a wholly owned subsidiary of Alpha Trains Group S.à r.l. The current auditor of Alpha Trains Europa GmbH is KPMG AG Wirtschaftsprüfungsgesellschaft, whose address is Tersteegenstaße 19-31, 40474 Düsseldorf, Germany and who has been licensed and registered officially as Wirtschaftsprüfungsgesellschaft (German public audit firms) according to Article 29 of the German Law Regulating the Profession of Wirtschaftsprüfer. The previous auditor (and auditor of the historical accounts included in this Prospectus) was Deloitte & Touche GmbH, whose address is Schwannstraße 6, 40476 Düsseldorf, Germany and who is a member of the *Institut der Wirtschaftsprüfer in Deutschland e.V.*.

*Principal Activities*

Alpha Trains Europa GmbH is one of the rolling stock owning companies in the Security Group and its principal business activity is the leasing of passenger rolling stock to operators in Europe. The activities of Alpha Trains Europa GmbH are restricted in the Common Terms Agreement.

The Managing Directors of Alpha Trains Europa GmbH and their respective business addresses and principal activities are set out below:

| **Name** | **Position Held** | **Business Address** | **Principal Activities** | **Significant Principal Activities outside Alpha Trains Europa GmbH** |
|---|---|---|---|---|
| Thomas Schmidt | Managing Director | Neusser Strasse 93, 50670 Cologne, Germany | Managing Director, Managing Director Passenger Division – Alpha Trains | None |
| Shaun Mills | Managing Director | Neusser Strasse 93, 50670 Cologne, Germany | Managing Director, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |

*Management and Control*

The Board of Directors oversee the administration of Alpha Trains Europa GmbH and the appropriate organization of its operations. The Board of Directors is also responsible for the appropriate control and governance of Alpha Trains Europa GmbH including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, all key decisions remain the direct responsibility of the Board of Directors. Alpha Trains Europa GmbH complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Directors of Alpha Trains Europa GmbH has any actual or potential conflict between its duties to Alpha Trains Europa GmbH and its private interests or other duties as listed above.

**Description of Alpha Trains (Locomotives) GmbH**

Alpha Trains (Locomotives) GmbH is a company incorporated in Germany. Its registered address is Neusser Strasse 93, D-50670 Köln, Germany, its registered company number is HRB 51341 and its telephone number is +49 221 914090 00. It was incorporated on 17 July 2000 as a *Gesellschaft mit beschränkter Haftung* (limited liability company). Alpha Trains (Locomotives) GmbH has an issued share capital of €12,525,000 divided into one share of €25,000 and one share of €12,500,000, all of which are fully paid up. Alpha Trains (Locomotives) GmbH is a wholly owned subsidiary of Alpha Trains Group S.à r.l. The current auditor of Alpha Trains (Locomotives) GmbH is KPMG AG Wirtschaftsprüfungsgesellschaft, whose address is Tersteegenstaße 19-31, 40474 Düsseldorf, Germany and who has been licensed and registered officially as Wirtschaftsprüfungsgesellschaft (German public audit firms) according to Article 29 of the German Law Regulating the Profession of Wirtschaftsprüfer. The previous auditor (and auditor of the historical accounts included in this Prospectus) was Deloitte & Touche GmbH, whose address is Schwannstraße 6, 40476 Düsseldorf, Germany and who is a member of the *Institut der Wirtschaftsprüfer in Deutschland e.V.*.

*Principal Activities*

Alpha Trains (Locomotives) GmbH's principal business activity is the leasing of rolling stock to operators located primarily in Germany. The activities of Alpha Trains (Locomotives) GmbH are restricted in the Common Terms Agreement.

The Managing Directors of Alpha Trains(Locomotives) GmbH and their respective business addresses and principal activities are set out below:

| Name | Position Held | Business Address | Principal Activities | Significant Principal Activities outside Alpha Trains |
|---|---|---|---|---|
| Shaun Mills | Managing Director | Neusser Strasse 93, 50670 Cologne, Germany | Managing Director, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Fernando Pérez Serrano | Managing Director | Neusser Strasse 93, 50670 Cologne, Germany | Managing Director, Managing Director Locomotives Division – Alpha Trains | None |
| Hedwige Van de Wyer | Managing Director | Neusser Strasse 93, 50670 Cologne, Germany | Managing Director, Legal and Operations Director Locomotives Division – Alpha Trains | None |

*Management and Control*

The Board of Directors oversee the administration of Alpha Trains (Locomotives) GmbH and the appropriate organization of its operations. The Board of Directors is also responsible for the appropriate control and governance of Alpha Trains (Locomotives) GmbH including its account and finances. The general day to day business operations are run delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, all key decisions remain the direct responsibility of the Board of Directors. Alpha Trains (Locomotives) GmbH complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Directors of Alpha Trains (Locomotives) GmbH has any actual or potential conflict between its duties to Alpha Trains (Locomotives) GmbH and its private interests or other duties as listed above.

**Description of Alpha Trains Polska sp.z o.o.**

Alpha Trains Polska sp. z o.o. is a company incorporated in Poland. Its registered address is Al. Jerozolimskie 56C, 00-803 Warsaw, Poland, its registered company number is KRS 265250 and its telephone number is +48 12 3913 525. It was incorporated on 4 October 2006 as a *Spółka z ograniczoną odpowiedzialnością* (limited liability company). Alpha Trains Polska sp. z o.o. has an issued share capital of PLN 911,000 divided into 1,822 ordinary shares of PLN 500 each, all of which are fully paid up. Alpha Trains Polska sp. z o.o. is a wholly owned subsidiary of Alpha Trains Group S.à r.l. The current auditor of Alpha Trains Polska sp. z o.o. is KPMG sp. z o.o., Poland, whose address is Chlodna 51, 00-867 Warsaw, Poland and is registered in the register of audit firms, maintained by the National Council of Certified Auditors. The previous auditor (and auditor of the historical accounts included in this Prospectus) was Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k., whose address is Al. Jana Pawła II 19, 00-854, Warsaw, Poland and who is a member of the National Chamber of Statutory Auditors (KIBR).

*Principal Activities*

Alpha Trains Polska sp. z o.o.'s principal business activity is the leasing of rolling stock to operators located in Poland. The activities of Alpha Trains Polska sp. z o.o. are restricted in the Common Terms Agreement.

The Directors of Alpha Trains Polska sp. z o.o. and their respective business addresses and principal activities are set out below:

| **Name** | **Position Held** | **Business Address** | **Principal Activities** | **Significant Principal Activities outside Alpha Trains Polska sp.z o.o.** |
|---|---|---|---|---|
| Shaun Mills | Director | 22, rue Alfred de Musset, L-2175 Luxembourg | Director, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Fernando Pérez Serrano | Director | López de Hoyos 35, 1º, 20002 Madrid, Spain | Director, Managing Director Locomotives Division – Alpha Trains | None |
| Hedwige Van de Wyer | Director | Jan van Gentstraat 7 bus 201, 2000 Antwerp, Belgium | Director, Legal and Operations Director Locomotives Division – Alpha Trains | None |

*Management and Control*

The Board of Directors oversee the administration of Alpha Trains Polska sp. z o.o. and the appropriate organization of its operations. The Board of Directors is also responsible for the appropriate control and governance of Alpha Trains Polska sp. z o.o. including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, all the key decisions remain the direct responsibility of the Board of Directors. Alpha Trains Polska sp. z o.o. complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Directors of Alpha Trains Polska sp. z o.o. has any actual or potential conflict between its duties to Alpha Trains Polska sp. z o.o. and its private interests or other duties as listed above.

**Description of Alpha Trains Belgium NV**

Alpha Trains Belgium NV is a company incorporated in Belgium. Its registered address is Jan Van Gentstraat 7, b 201, B-2000, Antwerp, Belgium, its registered company number is BE 0477.136.268 and its telephone number is +32 3 470 2700. It was incorporated on 15 March 2002 as a *Naamloze Vennootschap* (public limited company). Alpha Trains Belgium NV has an issued share capital of €12,600,000 divided into 126,000 ordinary shares of €100 each, all of which are fully paid up. Alpha Trains Belgium NV is a subsidiary of Alpha Trains Group S.à r.l. (which owns 125,999 ordinary shares) and Alpha Trains (UK) Limited (which owns one ordinary share). The current auditor of Alpha Trains Belgium NV is KPMG Bedrijfsrevisoren Burg. CVBA, Belgium whose address is Prins Boudewijnlaan 24d, BE-2550 Kontich, Antwerpen and is a member of the *Instituut van de Bedrijfsrevisoren / Institut des Réviseurs d'Entreprises* of Belgium. The previous auditor (and auditor of the historical accounts included in this Prospectus) was Deloitte Bedrijfsrevisoren, whose address is Berkenlaan 8b, 1381 Diegen Belgium and who is a member of Belgian Institute of company Auditors.

*Principal Activities*

Alpha Trains Belgium NV's principal business activity is the leasing of rolling stock to operators located primarily in France and Benelux. The activities of Alpha Trains Belgium NV are restricted in the Common Terms Agreement.

The Directors of Alpha Trains Belgium NV and their respective business addresses and principal activities are set out below:

| Name | Position Held | Business Address | Principal Activities | Significant Principal Activities outside Alpha Trains Belgium NV |
|---|---|---|---|---|
| Shaun Mills | Managing Director | Jan van Gentstraat 7 bus 201, 2000 Antwerp, Belgium | Managing Director, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Fernando Pérez Serrano | Managing Director | Jan van Gentstraat 7 bus 201, 2000 Antwerp, Belgium | Managing Director, Managing Director Locomotives Division – Alpha Trains | None |
| Hedwige Van de Wyer | Managing Director | Jan van Gentstraat 7 bus 201, 2000 Antwerp, Belgium | Managing Director, Legal and Operations Director Locomotives Division – Alpha Trains | None |

*Management and Control*

The Board of Directors oversee the administration of Alpha Trains Belgium NV and the appropriate organization of its operations. The Board of Directors is also responsible for the appropriate control and governance of Alpha Trains Belgium NV including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, all key decisions remain the direct responsibility of the Board of Directors. Alpha Trains Belgium NV complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Directors of Alpha Trains Belgium NV has any actual or potential conflict between its duties to Alpha Trains Belgium NV and its private interests or other duties as listed above.

**Description of Alpha Trains Italia S.R.L.**

Alpha Trains Italia S.R.L. is a company incorporated in Italy. Its registered address is Via Birmania no.81, 00144 Roma, Italy, its registered company number is RM 1165285 and its telephone number is +39 06 5917469. It was incorporated on 18 April 2007 as a *Società a responsabilità limitata* (limited liability company). Alpha Trains Italia S.R.L. has an issued share capital of €1,000,000 divided into 1,000,000 ordinary shares of €1 each, all of which are fully paid up. Alpha Trains Italia S.R.L. is a wholly owned subsidiary of Alpha Trains Group S.à r.l. The auditors of Alpha Trains S.R.L. are Maria Leone, Cristiano Fasanari, Elena Chinappi, whose addresses are Via Birmania, 81 00144 Roma. These statutory auditors own the certification of "Revisore Legale" and they are registered into the State Register of Auditors, "Registro dei Revisori Legali" as per Italian Legislative Decree no 39/2010.

*Principal Activities*

Alpha Trains Italia S.R.L.'s principal business activity is the leasing of rolling stock to operators located in Italy. The activities of Alpha Trains Italia S.R.L. are restricted in the Common Terms Agreement.

The Directors of Alpha Trains Italia S.R.L. and their respective business addresses and principal activities are set out below:

| **Name** | **Position Held** | **Business Address** | **Principal Activities** | **Significant Principal Activities outside Alpha Trains Italia S.R.L.** |
|---|---|---|---|---|
| Shaun Mills | Director | 22, rue Alfred de Musset, L-2175 Luxembourg | Director, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |
| Fernando Pérez Serrano | Director | López de Hoyos 35, 1º, 20002 Madrid, Spain | Director, Managing Director Locomotives Division – Alpha Trains | None |
| Hedwige Van de Wyer | Director | Jan van Gentstraat 7 bus 201, 2000 Antwerp, Belgium | Director, Legal and Operations Director Locomotives Division – Alpha Trains | None |

*Management and Control*

The Board of Directors oversee the administration of Alpha Trains Italia S.R.L. and the appropriate organization of its operations. The Board of Directors is also responsible for the appropriate control and governance of Alpha Trains Italia S.R.L. including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, they key decisions remain the direct responsibility of the Board of Directors. Alpha Trains Italia S.R.L. complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, none of the Directors of Alpha Trains Italia S.R.L. has any actual or potential conflict between its duties to Alpha Trains Italia S.R.L. and its private interests or other duties as listed above.

**Description of Alpha Trains (UK) Limited**

Alpha Trains (UK) Limited is a company incorporated in England. Its registered address is 35 Great St Helen's, London EC3A 6AP, United Kingdom, its registered company number is 04067217 and its telephone number is +44 20 7398 6300. It was incorporated on 7 September 2000 as a private limited company. Alpha Trains (UK) Limited has an issued share capital of €85,244,397 divided into 85,244,397 ordinary shares of €1 each, all of which are fully paid up, and it is a wholly owned subsidiary of Alpha Trains Group S.à r.l. The current auditor of Alpha Trains (UK) Limited is KPMG LLP, whose address is 8 Salisbury Square, London EC4Y 8BB, United Kingdom and is a member of the Institute of Chartered Accountants in England and Wales. The previous auditor (and auditor of the historical accounts included in this Prospectus) was Deloitte LLP, whose address is Hill House, 1 Little New Street, London, EC4A 3TR, United Kingdom and who is a member of the Institute of Chartered Accountants in England and Wales.

*Principal Activities*

Alpha Trains (UK) Limited's principal business activity is the leasing of rolling stock to an operator located in Denmark and asset management for companies outside the Security Group. The activities of Alpha Trains (UK) Limited are restricted in the Common Terms Agreement.

The sole Director of Alpha Trains (UK) Limited and his respective business address and principal activities are set out below:

| Name | Position Held | Business Address | Principal Activities | Significant Principal Activities outside Alpha Trains (UK) Limited |
|---|---|---|---|---|
| Shaun Mills | Director | 22, rue Alfred de Musset, L-2175 Luxembourg | Director, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |

*Management and Control*

The Board of Directors oversee the administration of Alpha Trains (UK) Limited and the appropriate organization of its operations. The Board of Directors is also responsible for the appropriate control and governance of Alpha Trains (UK) Limited including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, all key decisions remain the direct responsibility of the Board of Directors. Alpha Trains (UK) Limited complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, the sole Director of Alpha Trains (UK) Limited does not have any actual or potential conflict between his duties to Alpha Trains (UK) Limited and his private interests or other duties as listed above.

**Description of Locomotion Capital (UK) Limited**

Locomotion Capital (UK) Limited is a company incorporated in England. Its registered address is 35 Great St Helen's, London EC3A 6AP, United Kingdom, its registered company number is 04020256 and its telephone number is +44 20 7398 6300. It was incorporated on 23 June 2000 as a private limited company. Locomotion Capital (UK) Limited has an issued share capital of €500,001 divided into 500,001 ordinary shares of €1 each, all of which are fully paid up, and it is a wholly owned subsidiary of Alpha Trains Group S.à r.l. The current auditor of Locomotion Capital (UK) Limited is KPMG LLP, whose address is 8 Salisbury Square, London EC4Y 8BB, United Kingdom and is a member of the Institute of Chartered Accountants in England and Wales. The previous auditor (and auditor of the historical accounts included in this Prospectus) was Deloitte LLP, whose address is Hill House, 1 Little New Street, London, EC4A 3TR, United Kingdom and who is a member of the Institute of Chartered Accountants in England and Wales.

*Principal Activities*

Locomotion Capital (UK) Limited's principal business activity is the leasing of rolling stock. Locomotion Capital (UK) Limited currently has no business activity. The activities of Locomotion Capital (UK) Limited are restricted in the Common Terms Agreement.

The sole director of Locomotion Capital (UK) Limited and his respective business address and principal activities are set out below:

| Name | Position Held | Business Address | Principal Activities | Significant Principal Activities outside Locomotion Capital (UK) Limited |
|---|---|---|---|---|
| Shaun Mills | Director | 22, rue Alfred de Musset, L-2175 Luxembourg | Director, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |

*Management and Control*

The Board of Directors oversee the administration of Locomotion Capital (UK) Limited and the appropriate organization of its operations. The Board of Directors is also responsible for the appropriate control and governance of Locomotion Capital (UK) Limited including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, all key decisions remain the direct responsibility of the Board of Directors. Locomotion Capital (UK) Limited complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, the sole Director of Locomotion Capital (UK) Limited does not have any actual or potential conflict between his duties to Locomotion Capital (UK) Limited and his private interests or other duties as listed above.

**Description of Alpha Trains (Locomotives) Limited**

Alpha Trains (Locomotives) Limited is a company incorporated in England. Its registered address is 35 Great St Helen's, London EC3A 6AP, United Kingdom, its registered company number is 04020271 and its telephone number is +44 20 7398 6300. It was incorporated on 23 June 2000 as a private limited company. Alpha Trains (Locomotives) Limited has an issued share capital of €16,600,000 divided into 16,600,000 ordinary shares of €1 each, all of which are fully paid up, and is a wholly owned subsidiary of Alpha Trains Group S.à r.l. The current auditor of Alpha Trains (Locomotives) Limited is KPMG LLP, whose address is 8 Salisbury Square, London EC4Y 8BB, United Kingdom and is a member of the Institute of Chartered Accountants in England and Wales. The previous auditor (and auditor of the historical accounts included in this Prospectus) was Deloitte LLP, whose address is Hill House, 1 Little New Street, London, EC4A 3TR, United Kingdom and who is a member of the Institute of Chartered Accountants in England and Wales.

*Principal Activities*

Alpha Trains (Locomotives) Limited currently has no business activity. The activities of Alpha Trains (Locomotives) Limited are restricted in the Common Terms Agreement.

The sole director of Alpha Trains (Locomotives) Limited and his respective business address and principal activities are set out below:

| Name | Position Held | Business Address | Principal Activities | Significant Principal Activities outside Alpha Trains (Locomotives) Limited |
|---|---|---|---|---|
| Shaun Mills | Director | 22, rue Alfred de Musset, L-2175 Luxembourg | Director, Chief Executive Officer – Alpha Trains | Director/manager as applicable of Alpha Trains group companies that do not form part of the Security Group as set out in "*Conflict of Interest*" below |

*Management and Control*

The Board of Directors oversee the administration of Alpha Trains (Locomotives) Limited and the appropriate organization of its operations. The Board of Directors is also responsible for the appropriate control and governance of Alpha Trains (Locomotives) Limited including its accounting and finances. The general day to day business operations are delegated by the Board to employees within Alpha Trains, as part of the management structure. See "*Business Description of Alpha Trains – Management and Employees*". However, all key decisions remain the direct responsibility of the Board of Directors. Alpha Trains (Locomotives) Limited complies with the corporate regime applicable in its jurisdiction of incorporation.

Other than as set out in "*Conflicts of Interest*" below, the sole Director of Alpha Trains (Locomotives) Limited does not have any actual or potential conflict between his duties to Alpha Trains (Locomotives) Limited and his private interests or other duties as listed above.

**Conflict of interest**

Shaun Mills is a director or manager, as applicable, of the following Subsidiaries of Alpha Trains (Luxembourg) Holdings S.à r.l which do not form part of the Security Group: Alpha Trains Development No. 1 S.à r.l., Alpha Trains Development No. 2 S.à r.l., Alpha Trains Development No. 3 S.à r.l., Alpha Trains Development No. 4 S.à r.l., Alpha Trains TWN S.à r.l., Alpha Trains EMIL S.à r.l., Alpha Trains STS S.à r.l., Alpha Trains (Malta) Holdco 1 Limited (Malta), Alpha Trains Holdco S.à r.l. and Alpha Trains (Malta) Holdco 1 Limited Luxembourg Branch.

Jan Vanhoutte is a director or manager, as applicable, of the following Subsidiaries of Alpha Trains (Luxembourg) Holdings S.à r.l which do not form part of the Security Group: Alpha Trains Development No. 1 S.à r.l., Alpha Trains Development No. 2 S.à r.l., Alpha Trains Development No. 3 S.à r.l., Alpha

Trains Development No. 4 S.à r.l., Alpha Trains TWN S.à r.l., Alpha Trains EMIL S.à r.l., Alpha Trains STS S.à r.l., Alpha Trains Holdco S.à r.l. and Alpha Trains (Malta) Holdco 1 Limited Luxembourg Branch.

Claude Elsen is a director or manager, as applicable, of the following Subsidiaries of Alpha Trains (Luxembourg) Holdings S.à r.l which do not form part of the Security Group: Alpha Trains Holdco S.à r.l..

David Rees is a manager of Alpha Trains Group S.à r.l. representing the interests of AMP Capital, a shareholder of Alpha Trains (Luxembourg) Holdings S.à r.l.. Mr. Rees is also a director of a number of companies within the Angel Trains Group, a UK based rolling stock lessor of which AMP Capital is also a shareholder.

Jean-Bastien Auger is a manager of Alpha Trains Group S.à r.l. and also Alpha Trains (Luxembourg) Holdings S.à r.l. and represents the interests of PSP Investments, a shareholder of Alpha Trains (Luxembourg) Holdings S.à r.l.. Mr. Auger is also a director of a number of companies within the Angel Trains Group, a UK based rolling stock lessor of which PSP Investments is also a shareholder.

Neil Krawitz is a manager of Alpha Trains Group S.à r.l. representing the interests of Arcus, a shareholder of Alpha Trains (Luxembourg) Holdings S.à r.l..

## TERMS AND CONDITIONS OF THE BONDS

References herein to the **Bonds** shall be references to the Bonds of a Tranche and shall mean:

(a) in relation to a Global Bond, units of each Specified Denomination in the Specified Currency;

(b) any Global Bond;

(c) any Bearer Bonds issued in exchange for a Global Bond in bearer form; and

(d) Registered Bonds (whether or not issued in definitive form and whether or not in exchange for a Global Bond in registered form).

Alpha Trains Finance S.A. a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy in Luxembourg, having its registered office at 22, rue Alfred de Musset, L-2175 Luxembourg, registered with the Luxembourg register of trade and companies under number B194034 (the **Issuer**) has established a bond programme (the **Programme**) for the issuance of bonds (the **Bonds**). Bonds issued under the Programme on a particular Issue Date comprise a Tranche (each, a **Tranche**) in an aggregate nominal amount from time to time outstanding not exceeding the Programme Limit.

Each Tranche of Bonds may be denominated in different currencies or have different interest rates, maturity dates or other terms. Bonds of any Tranche may be zero coupon (**Zero Coupon Bonds**), fixed rate (**Fixed Rate Bonds**), floating rate (**Floating Rate Bonds**), index-linked (**Index-Linked Bonds**) or instalment (**Instalment Bonds**) depending on the method of calculating interest payable in respect of such Bonds and may be denominated in Sterling, Euro, U.S. dollars or in other currencies subject to compliance with applicable law or regulation.

The terms and conditions applicable to the Bonds are these terms and conditions (the **Conditions**) as may be completed by Part A of a set of final terms, in relation to each Tranche (**Final Terms**) or Part A of a pricing supplement, in relation to each Tranche (**Pricing Supplement**). In the event of any inconsistency between these Conditions and the relevant Final Terms or Pricing Supplement (as the case may be), the relevant Final Terms or Pricing Supplement (as the case may be) shall prevail.

The Bonds will be subject to and have the benefit of a bond trust deed to be entered into prior to the Initial Issue Date (as defined below) as the same may be amended, supplemented, restated and/or novated from time to time (the **Bond Trust Deed**), between the Issuer and BNP Paribas Trust Corporation UK Limited as trustee (the **Bond Trustee**, which expression includes the trustee or trustees for the time being of the Bond Trust Deed).

The Bonds have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented and/or restated from time to time, the **Agency Agreement**) to be entered into prior to the Initial Issue Date (to which, among others, the Issuer, the Bond Trustee, the Principal Paying Agent and the other Paying Agents or the Transfer Agents and the Registrar are party). As used herein, each of **Principal Paying Agent**, **Paying Agents**, **Agent Bank**, **Transfer Agent** and/or **Registrar** means, in relation to the Bonds, the persons specified in the Agency Agreement as the Principal Paying Agent, Paying Agents, Agent Bank, Transfer Agents and/or Registrar, respectively, and, in each case, any successor to such person in such capacity. The Bonds may also have the benefit (to the extent applicable) of a calculation agency agreement (in the form or substantially in the form of schedule 1 to the Agency Agreement, the **Calculation Agency Agreement**) between, *inter alios*, the Issuer and any calculation agent appointed by the Issuer as calculation agent (the **Calculation Agent**).

On or before the Initial Issue Date, the Obligors will enter into various security documents (the **Security Documents**) with the Security Trustee as security trustee or in favour of the Security Trustee, the Bond

Trustee and the other Secured Creditors, pursuant to which the Obligors will grant fixed and floating charge security (the **Security**) to (i) the Security Trustee for itself and the other Secured Creditors (which includes the Bond Trustee (for itself and on behalf of the Bondholders), the Bondholders, each Hedge Counterparty, the Liquidity Facility Provider, the Principal Paying Agent, each Paying Agent, the Calculation Agent (if any), the Transfer Agent, the Registrar, the Account Bank, the Agent Bank, the Exchange Agent and the Cash Manager) and/or (ii) to each Secured Creditor, in each case as permitted by applicable law.

Pursuant to clause 7 (Guarantee) of the STID (the **Guarantee**) and subject to the limitations stated therein, each Obligor (other than the Issuer) jointly and severally and irrevocably and unconditionally with effect from the Initial Issue Date: (a) guarantees to the Security Trustee (for itself and for and on behalf of the Secured Creditors) punctual performance and observance by each of the other Obligors of all the Secured Liabilities; (b) undertakes with the Security Trustee (for itself and for and on behalf of the Secured Creditors) that, whenever any Obligor does not pay any amount when due under or pursuant to any Finance Document, that Obligor must immediately on demand by the Security Trustee pay that amount as if it were the principal obligor; (c) indemnifies the Security Trustee (for itself and for and on behalf of the Secured Creditors) immediately on demand against any loss or liability (other than Excluded Tax) suffered by the Security Trustee or any Secured Creditor if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal or ineffective. The amount of the loss or liability under this indemnity will not exceed the amount the Security Trustee or that Secured Creditor would otherwise have been entitled to recover if the amount claimed had been recoverable on the basis of the guarantee in (a) above; and (d) agrees to pay to the Security Trustee on an after Tax basis (for itself and on behalf of the Secured Creditors) an amount equal to any amount which would otherwise have been recoverable by it on the basis of the guarantee in paragraph (a) above, but for the discharge of the Issuer's obligations as a result of the provisions of clause 41 (Limited Recourse) of the STID. The security for the obligations of the Obligors under the Guarantee has been created in and pursuant to the terms set out in the Security Documents.

On or before the Initial Issue Date, the Issuer will enter into a dealership agreement (the **Dealership Agreement**) with the dealers named therein (the **Dealers**) in respect of the Programme, pursuant to which any of the Dealers may enter into subscription agreements (each a **Subscription Agreement**) in relation to each Tranche of Bonds issued by the Issuer, and pursuant to which the Dealers will agree to subscribe for the relevant Bonds. In any Subscription Agreement relating to a Tranche of Bonds, any of the Dealers may agree to procure subscribers to subscribe for the relevant Tranche of Bonds.

The Issuer may enter into liquidity facility agreements (together, the **Liquidity Facility Agreements**) with certain liquidity facility providers (each a **Liquidity Facility Provider** and together, the **Liquidity Facility Providers**) pursuant to which the Liquidity Facility Providers agree to make certain facilities available to meet liquidity shortfalls.

The Issuer may enter into certain currency, inflation-linked and interest rate hedging agreements (together, the **Hedging Agreements**) with certain hedge counterparties (together, the **Hedge Counterparties**) in respect of certain Tranches of Bonds, pursuant to which the Issuer hedges certain of its currency and interest rate obligations and may separately choose to hedge inflation risk.

On or before the Initial Issue Date, the Issuer will enter into a common terms agreement with among others, the Obligors and the Secured Creditors (the **CTA**) and a security trust and intercreditor deed between, among others, the Obligors and the other Secured Creditors (the **STID**).

The Bond Trust Deed, the Bonds (including the applicable Final Terms or Pricing Supplement, as the case may be), the Security Documents, the Agency Agreement, the Liquidity Facility Agreement, the Hedging Agreements, the Intercompany Loan Agreements, the STID, the CTA, the master definitions agreement between, among others, the Issuer and the Bond Trustee to be dated the Initial Issue Date (the **Master Definitions Agreement**), the account bank agreement between, among others, the Account Bank, the Issuer, Alpha Trains Group S.à r.l., the Security Trustee and the Bond Trustee (the **Account Bank Agreement**) and

any related document (each, if not defined above, as defined below or in the Master Definitions Agreement) are, in relation to the Bonds, together referred to as the **Issuer Transaction Documents**.

In these Conditions, words denoting the singular number only shall include the plural number also and vice versa. Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions Agreement and these Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Agreement.

Certain statements in these Conditions are summaries of the detailed provisions appearing on the face of the Bonds (which expression shall include the body thereof), in the relevant Final Terms or Pricing Supplement or in the Bond Trust Deed, the STID, the CTA or the Security Documents. Copies of the Bond Trust Deed, STID, CTA, Master Definitions Agreement and the Security Documents are available for inspection during normal business hours at the specified offices of the Principal Paying Agent (in the case of Bearer Bonds) or the specified offices of the Transfer Agents and the Registrar (in the case of Registered Bonds), save that, if this Bond is an unlisted Bond of any Tranche, the applicable Final Terms or Pricing Supplement (as the case may be) will only be obtainable by a Bondholder holding one or more unlisted Bonds of that Tranche and such Bondholder must provide evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Bonds and identity.

The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Bond Trust Deed, the Security Documents, the STID, CTA and other Issuer Transaction Documents applicable to them and the relevant Final Terms or Pricing Supplement (as the case may be) and to have notice of those provisions of the Agency Agreement and the other Issuer Transaction Documents applicable to them. In the event of any inconsistency between the terms and conditions set out herein and the terms set out in the STID, the Security Documents and the CTA, the terms of the STID, the Security Documents or the CTA (as the case may be) shall prevail.

Unless the Bond Trustee otherwise agrees, the Secured Debt incurred pursuant to each Tranche of Bonds is designated as Defeased Debt for the purposes of the Master Definitions Agreement.

Any reference in these conditions to a matter being **specified** means the same as may be specified in the relevant Final Terms or Pricing Supplement, as the case may be.

## 1. Form, Denomination and Title

(a) *Form and Denomination*

The Bonds are in bearer form (**Bearer Bonds**) or in registered form (**Registered Bonds**) as specified in the applicable Final Terms or Pricing Supplement (as the case may be) and, in the case of Definitive Bonds, serially numbered in the Specified Denomination(s) provided that in the case of any Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be £100,000, €100,000, U.S.$200,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of the relevant Bonds (or such other amount required by applicable law from time to time as stated in the applicable Final Terms or Pricing Supplement) and in the case of the Bonds in respect of which the publication of a Prospectus is not required under the Prospectus Directive the minimum Specified Denomination shall not be less than that required by applicable law as stated in the applicable Final Terms or Pricing Supplement. Bonds may be issued in such denomination and higher integral multiples of a smaller amount if specified in the applicable Final Terms or Pricing Supplement. Bonds of one Specified Denomination may not be exchanged for Bonds of another Specified Denomination and Registered Bonds may not be exchanged for Bearer Bonds. References

in these Conditions to **Bonds** include Bearer Bonds and Registered Bonds and all Tranches and Series.

So long as the Bonds are represented by a temporary Global Bond or permanent Global Bond and the relevant clearing system(s) so permit, the Bonds shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

The Bonds may be Zero Coupon Bonds, Fixed Rate Bonds, Floating Rate Bonds, Index-Linked Bonds or Instalment Bonds, as specified in the applicable Final Terms or Pricing Supplement.

Interest-bearing Bearer Bonds are issued with Coupons (as defined below) (and, where appropriate, a Talon, (as defined below)) attached. After all the Coupons attached to, or issued in respect of, any Bearer Bond which was issued with a Talon have matured, a coupon sheet comprising further Coupons (other than Coupons which would be void) and (if necessary) one further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent. Any Bearer Bond the principal amount of which is redeemable in instalments may be issued with one or more Receipts (as defined below) (and, where appropriate, a Talon) attached thereto. After all the Receipts attached to, or issued in respect of, any Instalment Bond which was issued with a Talon have matured, a receipt sheet comprising further Receipts (other than Receipts which would be void) and (if necessary) a further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent.

(b) *Title*

Title to Bearer Bonds, Coupons, Receipts and Talons (if any) passes by delivery. Title to Registered Bonds passes by registration in the register (the **Register**), which the Issuer shall procure to be kept by the Registrar. The Issuer will maintain a copy of the Register at its registered office. In the event of any discrepancies between the Register held by the Registrar and the copy of the Register held by the Issuer at its registered office in accordance with the provisions of the Luxembourg law of 10 August 1915 on commercial companies, as amended, the copy of the Register held by the Issuer shall prevail for Luxembourg law purposes.

In these Conditions, subject as provided below, each reference to **Bondholder** (in relation to a Bond, Coupon, Receipt or Talon) or **Holder** means: (i) in relation to a Bearer Bond, the bearer of any Bearer Bond, Coupon, Receipt or Talon (as the case may be); and (ii) in relation to a Registered Bond, the person in whose name a Registered Bond is registered, as the case may be. The expressions **Bondholder** and **Holder** include the holders of instalment receipts (**Receipts**) appertaining to the payment of principal by instalments (if any) attached to such Bonds in bearer form (the **Receiptholders**), the holders of the coupons (**Coupons**) (if any) appertaining to interest-bearing Bonds in bearer form (the **Couponholders**), and the expressions Couponholders and Receiptholders include the holders of talons (**Talons**) in relation to Coupons or Receipts as applicable (**Talonholders**).

The bearer of any Bearer Bond, Coupon, Receipt or Talon and the registered holder of any Registered Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the relevant Bond, or its theft or loss or any express or constructive notice of any claim by any other person of any interest therein other than, in the case of a Registered Bond, a duly executed transfer of such Bond in the form endorsed on the Bond in respect thereof) and no person will be liable for so treating the holder.

Bonds which are represented by a Global Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or Pricing Supplement.

(c) *Further Bonds*

The Issuer may, from time to time, without the consent of the Bondholders, Receiptholders or Couponholders, create and issue further Bonds having the same terms and conditions as the Bonds of a Series in all respects (or in all respects except for the first payment of interest). Accordingly, a Series of Bonds may comprise a number of issues in addition to the initial Tranche of such Series. Such further issues of the same Series will be consolidated and form a single Series with the prior issues of that Series.

**2. Exchanges of Bearer Bonds for Registered Bonds and Transfers of Registered Bonds**

(a) *Exchange of Bonds*

Subject to Condition 2(e) (*Closed Periods*), Bearer Bonds may, if so specified in the relevant Final Terms or Pricing Supplement, be exchanged at the expense of the transferor Bondholder for the same aggregate principal amount of Registered Bonds at the request in writing of the relevant Bondholder and upon surrender of the Bearer Bond to be exchanged together with all unmatured Coupons, Receipts and Talons (if any) relating to it at the specified office of the Registrar or any Transfer Agent or Paying Agent. Where, however, a Bearer Bond is surrendered for exchange after the Record Date (as defined below) for any payment of interest or Interest Amount (as defined below), the Coupon in respect of that payment of interest or Interest Amount need not be surrendered with it. Registered Bonds may not be exchanged for Bearer Bonds.

(b) *Transfer of Registered Bonds*

A Registered Bond may be transferred upon the surrender of the relevant Registered Definitive Bond, together with the form of transfer endorsed on it duly completed and executed, at the specified office of any Transfer Agent or the Registrar. However, a Registered Bond may not be transferred unless: (i) the principal amount of Registered Bonds proposed to be transferred; and (ii) the principal amount of the balance of Registered Bonds to be retained by the relevant transferor are, in each case, Specified Denominations. In the case of a transfer of part only of a holding of Registered Bonds represented by a Registered Definitive Bond, a new Registered Definitive Bond in respect of the balance not transferred will be issued to the transferor within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such form of transfer.

(c) *Delivery of New Registered Definitive Bonds*

Each new Registered Definitive Bond to be issued upon exchange of Bearer Bonds or transfer of Registered Bonds will, within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or the Registrar stipulated in the request for exchange or form of transfer, or be mailed at the risk of the Bondholder entitled to the Registered Definitive Bond to such address as may be specified in such request for exchange or form of transfer. For these purposes, a form of transfer or request for exchange received by the Registrar after the Record Date (as defined below) in respect of any payment due in respect of Registered Bonds shall be deemed not to

be effectively received by the Registrar until the Business Day (as defined in Condition 22 (*Definitions*)) following the due date for such payment.

(d) *Exchange at the Expense of Transferor Bondholder*

Registration of Bonds on exchange or transfer will be effected at the expense of the transferor Bondholder by or on behalf of the Issuer, the Transfer Agent or the Registrar, and upon payment of (or the giving of such indemnity as the Transfer Agent or the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

(e) *Closed Periods*

No transfer of a Registered Bond may be registered, nor may any exchange of a Bearer Bond for a Registered Bond occur, during the period of 15 days ending on the due date for any payment of principal, interest, Interest Amount (as defined below) or Redemption Amount (as defined below) on that Bond.

(f) *Regulations Concerning the Transfer of Registered Bonds*

All transfers of Registered Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Principal Paying Agent, the Bond Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Bondholder who requests in writing a copy of such regulations.

## 3. Status of Bonds and the Guarantee

(a) *Status of the Bonds*

The Bonds, Coupons, Talons and Receipts (if any) are direct and (subject to Condition 20 (*Limited Recourse*)) unconditional obligations of the Issuer, secured in the manner described in Condition 4 (*Security, Priority and Relationship with the Secured Creditors*) and rank *pari passu* without any preference among themselves.

(b) *Status of the Guarantee*

The payment of principal and interest in respect of the Bonds and all other moneys (including default interest) payable by the Issuer under or pursuant to the Bond Trust Deed has been unconditionally guaranteed in accordance with, and subject to, the terms and conditions of the Guarantee. The obligations of the Guarantors under the Guarantee are direct, unconditional and unsubordinated obligations of the Guarantors and are subject to the limitations set out in the STID, and claims under the Guarantee rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Guarantors, present and future, other than any obligations preferred by mandatory provisions of applicable law.

(c) *Bond Trustee not responsible for monitoring compliance*

The Bond Trustee shall not be responsible for monitoring compliance by the Issuer with any of its obligations under the Finance Documents except by means of receipt of a certificate from the Issuer which will state, among other things, that no Potential Event of Default, Trigger Event or Event of Default is outstanding. The Bond Trustee shall be entitled to rely on such certificates absolutely. The Bond Trustee is not responsible for monitoring

compliance by any of the parties with their respective obligations under the Finance Documents. The Bond Trustee may call for and is at liberty to accept as sufficient evidence a certificate signed by any one director of the Issuer, the Obligors (or any of them) or any other party to any Finance Document to the effect that any particular dealing, transaction, step or thing is, in the opinion of the persons so certifying, suitable or expedient or as to any other fact or matter upon which the Bond Trustee may require to be satisfied. The Bond Trustee is in no way bound to call for further evidence or be responsible for any loss that may be occasioned by acting on any such certificate although the same may contain some error or is not authentic. The Bond Trustee is entitled to rely upon any certificate believed by it to be genuine and will not be liable for so acting.

**4. Security, Priority and Relationship with the Secured Creditors**

(a) *Security*

As continuing security for the payment or discharge of the Secured Liabilities (including all moneys payable in respect of the Bonds, Coupons and Receipts and otherwise under the Bond Trust Deed, the STID, the Security Documents and any deed or other document executed in accordance with the Bond Trust Deed, the STID or the Security Documents and expressed to be supplemental to the Bond Trust Deed, the STID or the Security Documents (as applicable) (the **Trust Documents**) (including the remuneration, expenses and other claims of the Security Trustee and any Receiver appointed under the STID or the Security Documents)), the Issuer and each member of the security group has entered into the Security Documents, to which it is party, to create as far as permitted by and subject to compliance with any applicable law, the following security, (the **Security**) in favour of (A) the Security Trustee for itself and on trust for the other Secured Creditors including, but not limited to, the Bondholders and/or (B) to each Secured Creditor:

(i) pledges, a security transfer agreement (under the German law governed Security Documents) to be granted over rolling stock;

(ii) pledges, an assignment of claims (under the German law governed Security Documents), legal assignment (under the Italian law governed Security Documents) or security assignment (under the Polish law governed Security Documents) to be granted in respect of receivables due to such Obligor under its leases, insurance policies and various other contracts;

(iii) pledges of shares;

(iv) charges over bank accounts, or in respect of the German law governed Security Documents and the Italian law governed Security Documents, pledge of cash balances on bank accounts;

(v) (under the English law governed Security Document only) a floating charge granted by the English Obligors over all assets of each such English Obligor,

all as permitted by applicable law and more particularly set out in the relevant Security Documents.

All Bonds issued by the Issuer under the Programme will share in the Security constituted by all of the Obligors (except Alpha Trains Iberia No.2 S.L.U.), including the Issuer, in the Security Documents, upon and subject to the terms thereof.

(b) *Relationship among Bondholders and with other Secured Creditors*

The Bondholders are Secured Creditors. The Bond Trustee is a Secured Creditor on its own behalf and on behalf of the Bondholders.

The Bond Trust Deed contains provisions detailing (i) the Bond Trustee's duties to consider the interests of Bondholders as regards all discretions of the Bond Trustee (except where expressly provided or otherwise referred to in Condition 16 (*Bond Trustee Protections*) and the Bond Trust Deed) and (ii) the Bond Trustee's relevant powers to act on behalf of the Bondholders. In addition, the STID contains provisions detailing the Security Trustee's duties to consider the interests of the Secured Creditors (including the Bond Trustee on behalf of the Bondholders) in accordance with and subject to the provisions of the STID.

(c) *Enforcement of Security*

In the event of the Security becoming enforceable as provided in the Security Documents, the Security Trustee shall enforce its rights with respect to the Security in accordance with the STID, but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Bondholder or other Secured Creditor, provided that the Security Trustee shall not be obliged to take any action unless it is indemnified and/or secured and/or prefunded to its satisfaction.

Pursuant to clause 20 (Enforcement) of the STID and the Security Documents, the Security shall become enforceable during an Enforcement Period.

Bondholders acknowledge and agree that only the Security Trustee is entitled to: (i) deliver an Acceleration Notice; (ii) take Enforcement Action against any Obligor save as permitted under clause 6.1 (Undertakings of Secured Creditors) of the STID; or (iii) take proceedings or to exercise any rights, discretions or powers, or to grant any consents or releases, in respect of the security given under or pursuant to the Security Documents or otherwise have direct recourse to the Security.

Enforcement will only be permitted in accordance with the STID.

(d) *Application Before Enforcement*

Before enforcement of the Security, the Issuer shall (to the extent such funds are available) use funds standing to the credit of the Operating Accounts of the Issuer to make payments in accordance with the Pre-Enforcement Priority of Payments (as set out in the Common Terms Agreement).

(e) *Application After Enforcement*

After enforcement of the Security, the Security Trustee shall (to the extent that such funds are available) use all Available Enforcement Proceeds (other than any Defeasance Amounts, which shall be applied in repayment of the Authorised Credit Facility to which a Defeasance Account in question relates) to make payments in accordance with the Post-Enforcement Priority of Payments as set out in the STID.

(f) *Security Trustee not liable for security*

Neither the Bond Trustee nor the Security Trustee will make or be liable for any failure to make, any investigations in relation to the property which is the subject of the Security, and

shall not be bound to enquire into or be liable for any defect or failure in the right or title of the Issuer or the other Obligors to the Security, whether such defect or failure was known to the Security Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the Security created under the Security Documents whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Security or otherwise. The Security Trustee and the Bond Trustee shall have no responsibility for the value of any such Security.

The Bond Trustee is authorised by the Bondholders to execute the STID, the Common Terms Agreement and any relevant Security Document (and the Bondholders are deemed, by acquiring an interest in the Bonds, to consent to such authorisation).

The Security Trustee is authorised by the Bondholders to execute the Security Documents as Security Trustee for, among others, the Bondholders (and the Bondholders are deemed, by acquiring any interest in the Bonds, to consent to such authorisation).

## 5. Issuer Covenants

So long as any of the Bonds remains outstanding, the Issuer has agreed to comply with the covenants as set out in the Bond Trust Deed and the CTA.

The Bond Trustee shall be entitled to rely absolutely on a certificate of any director of the Issuer in relation to any matter relating to such covenants and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

## 6. Interest and other Calculations

(a) *Interest Rate and Accrual*

Each Bond (unless specified in the relevant Final Terms or Pricing Supplement to be a Zero Coupon Bond) bears interest on its Principal Amount Outstanding as defined below from the Interest Commencement Date (as defined below) at the Interest Rate (as defined below), such interest being payable in arrear (unless otherwise specified in the relevant Final Terms or Pricing Supplement) on each Interest Payment Date (as defined below).

Interest will cease to accrue on each Bond (or, in the case of the redemption of part only of a Bond, that part only of such Bond) on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before and after judgment) at the Interest Rate that would otherwise apply in respect of unpaid amounts on such Bonds at such time to the Bond Relevant Date (as defined in Condition 22 (*Definitions*)).

If any maximum rate of interest or minimum rate of interest is specified in the relevant Final Terms or Pricing Supplement, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified, as the case may be.

(b) *Business Day Convention*

If any date referred to in these Conditions or the relevant Final Terms or Pricing Supplement is specified to be subject to adjustment in accordance with a Business Day Convention and would otherwise fall on a day which is not a Business Day (as defined in Condition 22 (*Definitions*)), then if the business day convention specified in the relevant Final Terms or Pricing Supplement is:

(i) the **Following Business Day Convention**, such date shall be postponed to the next day which is a Business Day;

(ii) the **Modified Following Business Day Convention**, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(iii) the **Preceding Business Day Convention**, such date shall be brought forward to the immediately preceding Business Day.

(c) *Floating Rate Bonds*

This Condition 6(c) (*Floating Rate Bonds*) is applicable if the relevant Final Terms or Pricing Supplement specify the Bonds as Floating Rate Bonds and in the limited circumstances set out in Condition 6(d) (*Fixed Rate Bonds*) and Condition 6(e) (*Index-Linked Bonds*).

If **Screen Rate Determination** is specified in the relevant Final Terms or Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Bonds for each Interest Period will be determined by the Agent Bank (or the Calculation Agent, if applicable) on the following basis:

(i) if the Page (as defined below) displays a rate which is a composite quotation or customarily supplied by one entity, the Agent Bank (or the Calculation Agent, if applicable) will determine the Relevant Rate (as defined in Condition 22 (*Definitions*));

(ii) in any other case, the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the Relevant Rates (as defined below) which appear on the Page as at the Relevant Time (as defined below) on the relevant Interest Determination Date (as defined below) provided that, if five or more offered quotations are available on the relevant Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Agent Bank (or Calculation Agent, if applicable) for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations);

(iii) if, in the case of (i) above, such rate does not appear on that Page (as defined below) or, in the case of (ii) above, fewer than two such rates appear on that Page or if, in either case, the Page is unavailable, the Agent Bank (or the Calculation Agent, if applicable) will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks (as defined in Condition 22 (*Definitions*)) to provide a quotation of the Relevant Rate at approximately the Relevant Time on the relevant Interest Determination Date to prime banks in the Relevant Financial Centre (as defined below) interbank market (or, if appropriate, money market) in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested in Condition 6(c)(iii) above, the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the rates (being the rates nearest to the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable)) quoted by the Reference Banks at approximately 11.00 a.m. (local time in the Relevant Financial Centre of the Relevant Currency) on the relevant Interest Determination Date (as defined in Condition 22 (*Definitions*)) for loans in the Relevant Currency to leading European banks for a period equal to the relevant Interest Period and in the Representative Amount (as defined in Condition 22 (*Definitions*)),

and the Interest Rate for such Interest Period shall be the sum of the rate or (as the case may be) the arithmetic mean so determined plus (I) for any Interest Period that ends before the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement for the relevant Tranche of Bonds, the Margin, or (II) for any Interest Period that ends on or after the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement for the relevant Tranche of Bonds, the Margin and the Step-Up Floating Fee Rate. However, if the Agent Bank or the Calculation Agent (as applicable) is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Bonds during such Interest Period will be the sum of the rate or (as the case may be) the arithmetic mean last determined in relation to the Bonds in respect of a preceding Interest Period and (I) for any Interest Period that ends before the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement for the relevant Tranche of Bonds, the Margin, or (II) for any Interest Period that ends on or after the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement for the relevant Tranche of Bonds, the Margin and the Step-Up Floating Fee Rate.

If **ISDA Determination** is specified in the relevant Final Terms or Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate(s) applicable to the Bonds for each Interest Period will be the sum of the ISDA Rate and (I) for any Interest Period that ends before the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement for the relevant Tranche of Bonds, the Margin, or (II) for any Interest Period that ends on or after the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement for the relevant Tranche of Bonds, the Margin and the Step-Up Floating Fee Rate, where **ISDA Rate** in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Agent Bank (or the Calculation Agent, if applicable) under an interest rate swap transaction if the Agent Bank (or the Calculation Agent, if applicable) were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms or Pricing Supplement;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is the Specified Duration (as defined in Condition 22 (*Definitions*)); and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option (as defined in the ISDA Definitions) is based on London interbank offered rate (**LIBOR**) for a currency, the first day of that Interest Period, (B) if the relevant Floating Rate Option (as defined in the ISDA Definitions) is based on the Euro-zone interbank offered rate (**EURIBOR**), the first day of that Interest Period, or (C) in any other case, as specified in the relevant Final Terms or Pricing Supplement.

(d) *Fixed Rate Bonds*

This Condition 6(d) (*Fixed Rate Bonds*) is applicable only if the relevant Final Terms or Pricing Supplement specify the Bonds as Fixed Rate Bonds.

Subject to the next paragraph, the Interest Rate applicable to the Bonds for each Interest Period will be the rate specified in the relevant Final Terms or Pricing Supplement.

If a Post-EMD Fixed Interest Rate is specified in the relevant Final Terms or Pricing Supplement, the Interest Rate applicable to the Bonds for each Interest Period from (and including) the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement to (and including) the Final Maturity Date specified in the relevant Final Terms or Pricing Supplement will be such Post- EMD Fixed Interest Rate.

(e) *Index-Linked Bonds*

This Condition 6(e) (*Index-Linked Bonds*) is applicable only if the relevant Final Terms or Pricing Supplement specify the Bonds as Index-Linked Bonds.

Payments of principal on, and the interest payable in respect of, the Bonds will be subject to adjustment for indexation and to the extent set out in Condition 7(b) (*Application of the Index Ratio*).

Subject to the next paragraph, the Interest Rate applicable to the Bonds for each Interest Period will be the rate specified in the relevant Final Terms or Pricing Supplement.

If a Step-Up Index-Linked Fee Rate is specified in the relevant Final Terms or Pricing Supplement, the Interest Rate applicable to the Bonds for each Interest Period from (and including) the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement to (and including) the Final Maturity Date specified in the relevant Final Terms or Pricing Supplement will be such Step- Up Index-Linked Fee Rate.

(f) *Rounding*

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

(i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up);

(ii) all figures will be rounded to seven significant figures (with halves being rounded up); and

(iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, **unit** means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means €0.01.

(g) *Calculations*

The amount of interest payable in respect of any Bond for each Interest Period shall be calculated by applying the Interest Rate to the Calculation Amount, multiplying the product

by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Bond divided by the Calculation Amount (as defined in Condition 22 (*Definitions*)) and, in the case of Index-Linked Bonds only, adjusted according to the indexation set out in Condition 7(b) (*Application of the Index Ratio*), unless an Interest Amount is specified in respect of such period in the relevant Final Terms or Pricing Supplement, in which case the amount of interest payable in respect of such Bond for such Interest Period will equal such Interest Amount.

(h) *Determination and Publication of Interest Rates, Interest Amounts and Redemption Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank (or the Calculation Agent, if applicable) may be required to calculate any Redemption Amount, obtain any quote or make any determination or calculation, the Agent Bank (or the Calculation Agent, if applicable) will determine the Interest Rate and calculate the amount of interest payable (the **Interest Amounts**) in respect of each Specified Denomination of Bonds for the relevant Interest Period (including, for the avoidance of doubt, any applicable Index Ratio to be calculated in accordance with Condition 7(b) (*Application of the Index Ratio*)), calculate the Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or Principal Amount Outstanding to be notified to, in the case of Bearer Bonds, the Paying Agents or in the case of Registered Bonds, the Registrar, and, in each case, the Bond Trustee, the Issuer, the Bondholders and the Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation as soon as possible after its determination but in no event later than: (i) (in case of notification to the Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount; or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Bonds are for the time being listed or by which they have been admitted to listing, to the Principal Paying Agent, the Bond Trustee and to the Bondholders in accordance with Condition 17 (*Notices*). If the Bonds become due and payable under Condition 11 (*Events of Default*), the accrued interest and the Interest Rate payable in respect of the Bonds shall nevertheless continue to be calculated as previously provided in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless otherwise required by the Bond Trustee. The determination of each Interest Rate, Interest Amount or Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Agent Bank (or the Calculation Agent, if applicable) or, as the case may be, the Bond Trustee pursuant to this Condition 6 (*Interest and other Calculations*) or Condition 7 (*Indexation*), shall (in the absence of manifest error) be final and binding upon all parties.

(i) *Agent Bank, Calculation Agent and Reference Banks*

The Issuer will procure that there shall at all times be an Agent Bank (and a Calculation Agent, if applicable) and four Reference Banks selected by the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) with offices in the Relevant Financial Centre if provision is made for them in these Conditions applicable to this Bond and for so long as it is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) will select another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Agent Bank (or the Calculation Agent, if applicable) is unable or unwilling to act as such or if the Agent Bank (or the Calculation Agent, if applicable) fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint (with the prior written consent of the Bond Trustee) a successor to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(j) *Determination or Calculation by Bond Trustee*

If the Agent Bank (or the Calculation Agent, if applicable) does not at any time for any reason determine any Interest Rate, Interest Amount or Redemption Amount or any other amount to be determined or calculated by it, the Bond Trustee or an agent appointed by it shall (without liability on the part of the Bond Trustee to any person for so doing) determine such Interest Rate, Interest Amount or Redemption Amount or other amount as aforesaid at such rate or in such amount as in its absolute discretion (having regard as it shall think fit to the procedures described above, but subject to: (i) any minimum interest rate or maximum interest rate specified in the applicable Final Terms or Pricing Supplement; and (ii) the terms of the Bond Trust Deed) it shall deem fair and reasonable in all the circumstances or, subject as aforesaid, apply the foregoing provisions of this Condition, with any consequential amendments, to the extent that, in its or the agent's sole opinion, it can do so and in all other respects it shall do so in such manner as it or the agent shall, in its absolute discretion, deem fair and reasonable in the circumstances, and each such determination or calculation shall be deemed to have been made by the Agent Bank (or the Calculation Agent, if applicable). In making any such determination or calculation, the Bond Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Agent Bank (or Calculation Agent if applicable).

(k) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6 (*Interest and other Calculations*) whether by the Principal Paying Agent or the Agent Bank (or the Calculation Agent, if applicable) shall (in the absence of wilful default, negligence or manifest error) be binding on the Issuer, each Obligor, the Agent Bank, the Bond Trustee, the Principal Paying Agent, the other Agents and all Bondholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Obligors, the Bond Trustee, the Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, the Agent Bank or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

## 7. Indexation

This Condition 7 (*Indexation*) is applicable only if the relevant Final Terms or Pricing Supplement specify the Bonds as Index-Linked Bonds.

(a) *Definitions*

**Base Index Figure** means (subject to Condition 7(c)(i) (*Change in base*)) the base index figure as specified in the relevant Final Terms or Pricing Supplement;

**Index** or **Index Figure** means, subject as provided in Condition 7(c)(i) (*Change in base*), the harmonised index of consumer prices (excluding tobacco), measuring the rate of inflation in the European Monetary Union (for all items except tobacco) which is sponsored by Eurostat and available to view at the website of Eurostat (http://ec.europa.eu/eurostat) (or any replacement website) or any other index (including any comparable index which may replace any of the foregoing), for the purpose of calculating the amount payable on repayment of any Luxembourg Government index-linked bond instrument. Any reference to the Index Figure:

(i) applicable to a particular month shall, subject as provided in Conditions 7(c) (*Changes in Circumstances Affecting the Index*) and 7(e) (*Cessation of or Fundamental Changes to the Index*), be construed as a reference to the Index Figure published in the third month prior to that particular month and relating to the month before that of publication;

(ii) applicable to the first calendar day of any month shall, subject as provided in Conditions 7(c) (*Changes in Circumstances Affecting the Index*) and 7(e) (*Cessation of or Fundamental Changes to the Index*), be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or

(iii) applicable to any other day in any month shall, subject as provided in Conditions 7(c) (*Changes in Circumstances Affecting the Index*) and 7(e) (*Cessation of or Fundamental Changes to the Index*), be calculated by linear interpolation between: (A) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in sub-paragraph (ii) above; and (B) the Index Figure applicable to the first calendar day of the following month, calculated as specified in sub-paragraph (ii) above, and rounded in accordance with Condition 6(f) (*Rounding*).

If the Index is replaced, the Issuer will describe the replacement Index in a prospectus supplement;

**Index Ratio** applicable to any month means the Index Figure applicable to such month divided by the Base Index Figure;

**Limited Index Ratio** means: (a) in respect of any month prior to the relevant Issue Date, the Index Ratio for that month; (b) in respect of any Limited Indexation Month after the relevant Issue Date, the product of the Limited Indexation Factor for that month and the Limited Index Ratio as previously calculated in respect of the month 12 months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

**Limited Indexation Factor** means, in respect of a Limited Indexation Month, the ratio of the Index Figure applicable to that month divided by the Index Figure applicable to the

month 12 months prior thereto, provided that: (a) if such ratio is greater than the maximum indexation factor in relation to the Index Ratio specified in the relevant Final Terms or Pricing Supplement (the **Maximum Indexation Factor**), it shall be deemed to be equal to such Maximum Indexation Factor; and (b) if such ratio is less than the minimum indexation factor in relation to the Index Ratio specified in the relevant Final Terms or Pricing Supplement (the **Minimum Indexation Factor**), it shall be deemed to be equal to such Minimum Indexation Factor;

**Limited Indexation Month** means any month specified in the relevant Final Terms or Pricing Supplement for which a Limited Indexation Factor is to be calculated; and

**Limited Index-Linked Bonds** means Index-Linked Bonds to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms or Pricing Supplement) applies.

(b) *Application of the Index Ratio*

Each payment of interest and principal in respect of the Bonds shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the Index Ratio or Limited Index Ratio in the case of Limited Index-Linked Bonds applicable to the month in which such payment falls to be made and rounded in accordance with Condition 6(f) (*Rounding*).

(c) *Changes in Circumstances Affecting the Index*

(i) Change in base: If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the calendar month from and including that in which such substitution takes effect: (A) the definition of **Index** and **Index Figure** in Condition 7(a) (*Definitions*) shall be deemed to refer to the new date or month; and (B) the new Base Index Figure shall be the product of the then existing Base Index Figure and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.

(ii) Delay in publication of Index: If the Index Figure relating to any month (the **relevant month**) which is required to be taken into account for the purposes of the determination of the Index Figure for any date is not published on or before the 14th business day before the date on which such payment is due (the **date for payment**) (otherwise than because the Index has ceased to be published), the Index Figure applicable to the relevant month shall be: (A) such substitute index figure (if any) as the Issuer, in consultation with the Indexation Adviser, considers to have been published by Eurostat or any successor entity acting as the statistical office of the European Union, as the case may be for the purposes of indexation of payments on the HIPC or, failing such publication, on any one or more issues of index-linked treasury stock selected by an Indexation Adviser; or (B) if no such determination is made by such Indexation Adviser appointed by the Issuer within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 7(c)(ii) (*Delay in publication of Index*)) before the date for payment.

(d) *Application of Changes*

Where the provisions of Condition 7(c)(ii) (*Delay in publication of Index*) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in

which the date for payment falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 7(c)(ii)(B), the Index Figure relating to the relevant month is subsequently published while a Bond is still outstanding, then:

(i) in relation to a payment of principal or interest in respect of such Bond other than upon final redemption of such Bond, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 7(c)(ii)(B), below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the 14th business day before the date for payment; and

(ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

(e) *Cessation of or Fundamental Changes to the Index*

(i) If: (A) the relevant Calculation Agent (to be appointed at the time an Index-Linked Bond is issued) notifies the Issuer, with a copy to the Bond Trustee, that the Index has ceased to be published; or (B) any change is made to the coverage or the basic calculation of the Index, the Issuer shall appoint an independent Indexation Adviser to opine on whether such change constitutes a fundamental change which could, in the opinion of the Indexation Adviser, be materially prejudicial to the interests of the Bondholders (where **materially prejudicial** means that such change could have a material adverse effect on the ability of the Issuer to pay any amounts of principal or interest in respect of the Bonds on the relevant due date for payment therefor), the Issuer and the Indexation Adviser together shall seek to agree for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in no better and no worse a position than they would have been in had the Index not ceased to be published or the relevant fundamental change not been made.

The Indexation Adviser shall be appointed by the Issuer, in consultation with the Bond Trustee, but the Indexation Adviser shall act on behalf of the Bond Trustee and the Bondholders. The Bond Trustee shall be entitled to rely on the opinion of the Indexation Adviser absolutely without further enquiry and without any liability to any person for so doing. Any fees and expenses of the Indexation Adviser shall be borne by the Issuer.

(ii) If the Issuer and the Indexation Adviser, acting on behalf of the Bond Trustee, fail to reach agreement as mentioned above within 20 business days following the giving of notice as mentioned in paragraph (i) above, another bank or other person in London shall be appointed by the Issuer, in consultation with the Bond Trustee, or, failing agreement on and the making of such appointment within 20 business days following the expiry of the 20 business day period referred to above, by the Bond Trustee (in each case, such bank or other person so appointed being referred to as the **Expert**), to determine for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in no better and no worse a position than they would have been in had the Index not ceased to be published or the relevant fundamental change not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert

and of any Indexation Adviser and of any of the Issuer and the Bond Trustee in connection with such appointment shall be borne by the Issuer.

(iii) If any payment in respect of the Bonds is due to be made after the cessation or changes referred to in Condition 7(e)(i) but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the relevant month is not available in accordance with the provisions of Condition 7(c)(i) (*Change in base*) above) make a provisional payment on the basis that the Index Figure applicable to the month in which such payment is due to be made is the Index Figure last published. In that event, or in the event of any payment (also referred to below as a **provisional payment**) on the Bonds having been made on the basis of an Index applicable under Condition 7(c)(ii) (*Delay in publication of Index*) and the Issuer (acting solely on the advice of an Indexation Adviser) subsequently determining that the relevant circumstances fall within this Condition 7(e) (*Cessation of or Fundamental Changes to the Index*), then:

(A) in relation to a payment of principal or interest in respect of the Bonds other than upon final redemption of such Bond, if the sum which would have been payable if such adjustment of substitute index had been in effect on the due date for such payment is greater or less than the amount of such provisional payment, the Interest Amount payable on the Bonds on the Interest Payment Date next succeeding the date on which such adjustment or substitute index becomes effective shall be increased or reduced to reflect the amount by which such provisional payment fell short of, or (as the case may be) exceeded, the sum which would have been paid on the Bonds if such adjustment or substituted index had been in effect on that date; or

(B) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

(iv) The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Indexation Adviser, acting on behalf of the Bond Trustee and the Bondholders or as determined by the Expert pursuant to the foregoing paragraphs, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended in such manner as the Indexation Adviser, acting on behalf of the Bond Trustee and the Bondholders, and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the other Secured Creditors, the Bond Trustee and the Bondholders, and the Issuer shall give notice to the Bondholders in accordance with Condition 17 (*Notices*) of such amendments as promptly as practicable following such notification.

## 8. Redemption, Purchase and Cancellation

(a) *Final Redemption*

(i) If the Bonds of a Tranche have not previously been redeemed in full, or purchased and cancelled, the Bonds of such Tranche will be finally redeemed at the then Principal Amount Outstanding (in the case of Index-Linked Bonds as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) plus accrued but unpaid interest on the Final Maturity Date specified in the relevant Final Terms or Pricing Supplement for such Tranche.

(ii) The Issuer may not redeem the Bonds of a Tranche in whole or in part prior to the Final Maturity Date specified in the relevant Final Terms or Pricing Supplement for such Tranche except as provided below in Condition 8(b) (*Redemption at Expected Maturity Date*), Condition 8(c) (*Optional Redemption*), Condition 8(d) (*Redemption for Index Event*), Condition 8(e) (*Redemption for Taxation Reasons and Illegality*), Condition 8(f) (*Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account*) or Condition 8(g) (*Early redemption of Zero Coupon Bonds*) but without prejudice to Condition 11 (*Events of Default*).

(b) Redemption at Expected Maturity Date

(i) The aggregate Principal Amount Outstanding on the Bonds of a Tranche shall be repaid by the Issuer, if the Issuer has sufficient funds to enable it to do so, on the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement for such Tranche, subject to Condition 8(c) (*Optional Redemption*), Condition 8(d) (*Redemption for Index Event*), Condition 8(e) (*Redemption for Taxation Reasons and Illegality*), Condition 8(f) (*Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account*) or Condition 8(g) (*Early redemption of Zero Coupon Bonds*), as applicable.

(ii) A failure of the Issuer to redeem in full the Bonds of a Tranche on the Expected Maturity Date specified in the relevant Final Terms or Pricing Supplement for such Tranche in accordance with these Conditions will result in the occurrence of an EMD Trigger Event, and paragraph 2 (Trigger Event lock-up and cash sweep) of Part 2 (Trigger Event Consequences) of Schedule 3 (Trigger Events) to the CTA will apply. The non-payment on the Expected Maturity Date of any principal amount which would otherwise be payable under these Conditions on such date shall not constitute an Event of Default pursuant to Condition 11 (*Events of Default*).

(c) *Optional Redemption*

Subject as provided below and provided that no Default is then outstanding, upon giving not more than 60 nor less than 15 days' prior written notice (which notice shall be irrevocable) to the Bond Trustee, the Secured Creditors and the Bondholders, the Issuer may (prior to the Final Maturity Date) redeem the Bonds in whole or in part (but on a *pro rata* basis only) on any Interest Payment Date at their Redemption Amount, as follows:

(i) in respect of Floating Rate Bonds denominated in any currency, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Pricing Supplement, be the Principal Amount Outstanding plus any premium for early redemption in certain years (as specified in the relevant Final Terms or Pricing Supplement) plus any accrued but unpaid interest on the Principal Amount Outstanding;

(ii) in respect of Fixed Rate Bonds denominated in euro, the Redemption Amount will, unless specified to be the Alternative Redemption Amount or the Modified Redemption Amount or as otherwise specified in the relevant Final Terms or Pricing Supplement, be an amount equal to the higher of: (A) their Principal Amount Outstanding; and (B) the present value at the Reference Date (as defined below) of: (I) their Principal Amount Outstanding; plus (II) all required interest payments due on the Bonds (excluding accrued but unpaid interest to the date on which the Bonds are to be redeemed (the **Redemption Date**)), computed using a discount rate equal to the Bund Rate as at the Reference Date, plus accrued but unpaid interest to the Redemption Date.

For the purposes of this Condition 8(c)(ii), **Bund Rate** means, with respect to any Reference Date, the rate per annum equal to the equivalent yield to maturity as at such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price on such date of determination plus a margin specified in the relevant Final Terms (the **Bund Rate Margin**); **Comparable German Bund Issue** means the German Bundesanleihe security specified in the relevant Final Terms or Pricing Supplement or, if no such security is specified or the specified security is no longer in issue, the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Reference Date to the Redemption Date and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then Principal Amount Outstanding of the Bonds and of a maturity most nearly equal to the Redemption Date provided, however, that if the period from such Redemption Date to the Final Maturity Date is less than one year, a fixed maturity of one year shall be used; **Comparable German Bund Price** means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations or, if the Financial Adviser obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations; **Financial Adviser** means an internationally recognised investment bank in Frankfurt acting as a financial adviser (selected by the Issuer and notified in writing to the Bond Trustee, and shall exclude any affiliate of the Security Group and the Sponsors); **Reference Date** means the date which is three Business Days prior to the dispatch of the notice of redemption under this Condition 8(c)(ii); **Reference German Bund Dealer** means any dealer of German Bundesanleihe securities appointed by the Financial Adviser; and **Reference German Bund Dealer Quotations** means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Financial Adviser of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Financial Adviser by such Reference German Bund Dealer at or about 3.30 p.m. (Frankfurt, Germany time) on the Reference Date;

(iii) In respect of Fixed Rate Bonds denominated in U.S. dollars, the Redemption Amount will, unless specified to be the Modified Redemption Amount or as otherwise specified in the relevant Final Terms or Pricing Supplement, be an amount equal to the Principal Amount Outstanding of such Fixed Rate Bonds plus the accrued but unpaid interest on the Principal Amount Outstanding, plus the greater of: (A) a percentage of the Principal Amount Outstanding as indicated in the relevant Final Terms or Pricing Supplement, as the case may be (the **Fixed Rate Bond Percentage)**; and (B) the excess of: (I) the present value at such Optional Redemption Date (as defined in the Final Terms or Pricing Supplement) of the redemption price of the Bonds at the Redemption Date, plus all required interest payments, that would otherwise be due to be paid on the Bonds during the period between such Optional Redemption Date and the Final Maturity Date, excluding accrued but unpaid interest, computed using a discount rate equal to the Treasury Rate (as defined below) at such Optional Redemption Date plus the margin specified in the Final Terms or Pricing Supplement, as the case may be, (the **Fixed Rate Bond Percentage Margin**); over (II) the Principal Amount Outstanding on such Optional Redemption Date.

**Comparable Treasury Issue** means the United States Treasury security specified in the relevant Final Terms or Pricing Supplement or, if no such security is specified, the United States Treasury security selected by any Reference Treasury Dealer as having a maturity comparable to the remaining term of the Bonds from the Optional Redemption Date to the Redemption Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to the Redemption Date;

**Comparable Treasury Price** means, with respect to any redemption date, if paragraph (ii) above of the definition of **Treasury Rate** is applicable, the average of all Reference Treasury Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference Treasury Dealer Quotations, or if the Issuer obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations;

**Federal Reserve System** means the central banking system of the United States;

**Reference Treasury Dealer** means any primary U.S. government securities dealer appointed by the Issuer; and

**Reference Treasury Dealer Quotations** means with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Issuer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer by such Reference Treasury Dealer at 5.00 p.m., New York City time, on the third Business Day immediately preceding such redemption date.

**Treasury Rate** means, with respect to any Optional Redemption Date: (A) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Redemption Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or (B) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

(iv) In respect of Fixed Rate Bonds denominated in Sterling, the Redemption Amount will, unless an Alternative Redemption Amount or Modified Redemption Amount or as otherwise specified in the relevant Final Terms or Pricing Supplement, be an amount equal to the higher of: (a) their Principal Amount Outstanding; and (B) the price determined to be appropriate by an internationally recognised investment bank based in London acting as financial adviser (selected by the Issuer and notified in writing to the Bond Trustee) as being the price at which the Gross Redemption Yield (as defined below) on such Bonds on the Reference Date (as defined below) is equal to the Gross Redemption Yield at 3.00 p.m. (London time) on the Reference Date on

the Reference Gilt (as defined below) while that stock is in issue, and thereafter such UK government stock as the Issuer may, with the advice of three persons operating in the gilt-edged market (selected by the Issuer and notified in writing to the Bond Trustee) determine to be appropriate, plus accrued but unpaid interest on the Principal Amount Outstanding.

For the purposes of this Condition 8(c)(iv) (*Optional Redemption*), **Gross Redemption Yield** means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication "Formulae for Calculating Gilt Prices from Yields" published on 8 June 1998 with effect from 1 November 1998 and updated on 16 March 2005, page 5 or any replacement therefor and, for the purposes of such calculation, the date of redemption of the relevant Fixed Rate Bonds shall be the Final Maturity Date; **Reference Date** means the date which is two Business Days prior to the despatch of the notice of redemption under this Condition 8(c) (*Optional Redemption*); and **Reference Gilt** means the treasury stock specified in the relevant Final Terms or Pricing Supplement or, if no such security is specified, the Treasury stock whose modified duration most closely matches that of the Bonds on the Reference Date with the advice of three persons operating in the gilt-edged market (selected by the Issuer and notified in writing to the Bond Trustee).

(v) In respect of Index-Linked Bonds denominated in Sterling, the Redemption Amount will (unless specified to be the Modified Redemption Amount or as otherwise specified in the relevant Final Terms or Pricing Supplement) be the higher of: (A) the Principal Amount Outstanding; and (B) the price determined to be appropriate (without any additional indexation beyond the implicit indexation in such determined price) by a financial adviser in London (selected by the Issuer and notified in writing to the Bond Trustee) as being the price at which the Gross Real Redemption Yield (as defined below) on the Bonds on the Reference Date (as defined below) is equal to the Gross Real Redemption Yield at 3.00 p.m. (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such UK government stock as the Issuer may, with the advice of three persons operating in the gilt edged market, (selected by the Issuer and notified in writing to the Bond Trustee), determine to be appropriate, plus accrued but unpaid interest (as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) on the Principal Amount Outstanding.

(vi) For the purposes of this Condition 8(c)(v), **Gross Real Redemption Yield** means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication "Formulae for Calculating Gilt Prices from Yields" published on 8 June 1998 with effect from 1 November 1998 and updated on 16 March 2005, page 12 or any replacement therefor, and, for the purposes of such calculation, the date of redemption of the relevant Index-Linked Bonds shall be the Final Maturity Date; **Reference Date** means the date which is two Business Days prior to the despatch of the notice of redemption under this Condition 8(c); and **Reference Gilt** means the treasury stock specified in the relevant Final Terms or Pricing Supplement or, if no such security is specified, the Treasury stock whose modified duration most closely matches that of the Bonds on the Reference Date with the advice of three persons operating in the gilt-edged market (selected by the Issuer and notified in writing to the Bond Trustee).

For the purposes of this Condition 8(c) (*Optional Redemption*), the **Alternative Redemption Amount** is the amount specified as such in the relevant Final Terms or Pricing Supplement (if any); and the **Modified Redemption Amount** if specified as applicable in the relevant Final Terms or Pricing Supplement (unless otherwise specified in the Final Terms or Pricing Supplement, as the case may be) will be an amount equal to the higher of: (A) the Principal Amount Outstanding of the relevant Bonds or the relevant portion thereof available for redemption; and (B) (in the case of Fixed Rate Bonds denominated in Sterling or Index-Linked Bonds denominated in Sterling) an amount calculated by multiplying the Principal Amount Outstanding of such Bonds or the relevant portion thereof available for redemption by that price (expressed as a percentage) (as reported in writing to the Issuer and the Bond Trustee by an internationally recognised investment bank acting as a financial adviser nominated by the Issuer and notified in writing to the Bond Trustee) (and rounded to three decimal places (0.0005 being rounded upwards)) (and, in the case of Index-Linked Bonds, without any additional indexation beyond the implicit indexation in such notified price) at which the Gross Redemption Yield on the Bonds on the Reference Date is equal to the Redemption Rate OR (in the case of Fixed Rate Bonds denominated in euro) at the Redemption Amount calculated in accordance with Condition 8(c)(ii) provided that the reference in such calculation to the Bund Rate shall be construed as a reference to the Redemption Rate OR (in the case of Fixed Rate Bonds denominated in a currency other than Sterling or Euro or Index-Linked Bonds denominated in a currency other than Sterling) the Alternative Redemption Amount calculated in accordance with the relevant Final Terms, plus, in each case, accrued but unpaid interest (in the case of Index-Linked Bonds, as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) on the Principal Amount Outstanding or the relevant portion thereof available for redemption to (but excluding) the date of redemption; **Redemption Rate** means the sum of the Relevant Swap Mid Curve Rate and the percentage specified in the relevant Final Terms or Pricing Supplement (as the case may be) (the **Relevant Swap Mid Curve Rate Margin**) or, if the Relevant Swap Mid Curve Rate is not able to be determined, the sum of (x) such rate as may be specified by an internationally recognised investment bank acting as a financial adviser nominated by the Issuer and notified in writing to the Bond Trustee and (y) the Relevant Swap Mid Curve Rate Margin as specified in the relevant Final Terms or Pricing Supplement (as the case may be); **Gross Redemption Yield** has the meaning given to it (in the case of Fixed Rate Bonds) in Condition 8(c)(iv) or (in the case of Index-Linked Bonds) the meaning given to Gross Real Redemption Yield in Condition 8(c)(v); **Relevant Swap Mid Curve Rate** means the mid-point of the bid-side and offer-side rates for the fixed leg of a hypothetical interest rate swap with a notional profile equal to the interest profile applicable to the relevant Tranche of Bonds to be redeemed to (but excluding) the Final Maturity Date, with the same payment dates as the relevant Bonds, against a floating leg of the Relevant Interest Rate, with no spread, where such hypothetical interest rate swap is between two fully collateralised market counterparties (the Relevant Swap Mid Curve Rate shall be determined by an internationally recognised investment bank acting as financial adviser (nominated by the Issuer and notified in writing to the Bond Trustee) using its standard valuation methodology (as at the date of calculation) as at or about the time for determining interest rate quotations in the currency of the relevant Bonds in accordance with market practice on the Reference Date); and **Relevant Interest Rate** means the rate of interest for deposits in the currency of the relevant Bonds and of a duration equal to the length of the Interest Period (other than the first or last Interest Period, if different) of the relevant Bonds as determined as at or about the time for determining interest rate quotations in the currency of the relevant Bonds in

accordance with market practice on the Reference Date by reference to the Reuters screen (if the relevant Bonds are denominated in Sterling or U.S. dollars) LIBOR01, (if the relevant Bonds are denominated in euro) EURIBOR01, or (if the relevant Bonds are denominated in a currency other than Sterling or euro) specified in the relevant Final Terms or, in each case, such other page as may replace such page or, if that service ceases to display such information, such page as displays such information on such service as may replace the Reuters screen.

(vii) In respect of any Bonds denominated in Euro which the Issuer notifies to the relevant Bondholders that it will redeem in accordance with this Condition 8(c) (*Optional Redemption*) on the Interest Payment Date falling three months prior to the relevant Final Maturity Date of those Bonds and which are indicated in the relevant Final Terms or Pricing Supplement, as the case may be, to be applicable (such, the **Par-Call Option**), the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Pricing Supplement, be the Principal Amount Outstanding plus any accrued but unpaid interest on the Principal Amount Outstanding.

(viii) In respect of Index-Linked Bonds which specify the Luxembourg Consumer Price Index as the Index in the relevant Final Terms and are denominated in euro, the Redemption Amount will (unless specified to be the Modified Redemption Amount or as otherwise specified in a Drawdown Prospectus) be the Principal Amount Outstanding (plus any premium for early redemption (as specified in the relevant Final Terms) plus any accrued but unpaid interest up to and including the date of redemption (in each case, as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*). References in this Condition 8(c) (*Optional Redemption*) to Principal Amount Outstanding of any Index-Linked Bonds shall be to the Principal Amount Outstanding as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*).

In any case, prior to giving any such notice, the Issuer must certify (as further specified in the Finance Documents) to the Bond Trustee that it will have the funds, not subject to any interest (other than under the Security) of any other person, required to redeem the Bonds as aforesaid and the Bond Trustee shall be entitled to rely on such certificate without liability to any person.

In the case of a partial redemption of a Tranche of Bonds represented by a Global Bond (as defined in the Bond Trust Deed) pursuant to this Condition, the Bonds to be redeemed (the **Redeemed Bonds**) will be selected in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Bonds in definitive form, a list of the serial numbers of such Redeemed Bonds will be published in accordance with Condition 17 (*Notices*) not less than 15 days (or such shorter period as is specified in the applicable Final Terms or Pricing Supplement) prior to the date fixed for redemption. No exchange of the relevant Global Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8(c) (*Optional Redemption*) and notice to that effect shall be given by the Issuer to the Bondholders in accordance with Condition 17 (*Notices*) at least five days (or such shorter period as is specified in the applicable Final Terms or Pricing Supplement) prior to the Selection Date.

(d) *Redemption for Index Event*

Redemption for Index Events: Upon the occurrence of any Index Event (as defined below), the Issuer may, upon giving not more than 15 nor less than five Business Days' prior written notice to the Bond Trustee, the Secured Creditors and the holders of the Index-Linked Bonds in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the Index-Linked Bonds of all Tranches of Bonds on any Interest Payment Date at the Principal Amount Outstanding (adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) plus accrued but unpaid interest. No single Tranche of Index-Linked Bonds may be redeemed in these circumstances unless all the other Tranches of Index-Linked Bonds linked to the same underlying Index are also redeemed at the same time. Before giving any such notice, the Issuer shall provide to the Bond Trustee and the Secured Creditors a certificate signed by an authorised signatory: (A) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (B) confirming that the Issuer will have sufficient funds on such Interest Payment Date to effect such redemption.

**Index Event** means: (I) if the Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 7(c)(ii) (*Delay in publication of Index*) and the Bond Trustee and the Issuer have been notified by the relevant Calculation Agent (to be appointed at the time of issuance by the Issuer of an Index-Linked Bond) that publication of the Index has ceased; or (II) notice is published by Eurostat, or on its behalf, following a change in relation to the Index and no amendment or substitution of the Index has been advised by the Indexation Adviser to the Issuer and such circumstances are continuing.

(e) Redemption for Taxation Reasons and Illegality

In addition, if at any time the Issuer satisfies the Bond Trustee:

(i) that either (I) the Issuer or (II) the Guarantors (pursuant to the Guarantee) would be unable for reasons outside of their control to procure payment by the Issuer and in making payment itself or themselves (in each case), would become obliged to deduct or withhold from any payment of interest or principal in respect of the Bonds (other than in respect of default interest), any amount for or on account of Taxes as a result of any change in or amendment to laws or regulations or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) which changes become effective after the Initial Issue Date;

(ii) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Initial Issue Date that a Hedge Counterparty would be entitled to terminate a Hedging Agreement in accordance with its terms as a result of the Issuer or the Hedge Counterparty being required to make any withholding or deduction for or on account of any Taxes from payments in respect of a Hedging Agreement; or

(iii) by reason of a change after the Establishment Date in the tax treatment of the Issuer or any other member of the Security Group in respect of the deductibility for tax purposes of interest paid by the Issuer or another Obligor where the change in such treatment adversely affects the amount of such payments which may be deducted by the Issuer or another Obligor, provided that such change is not the result of an action (or inaction) by the Issuer or any other member of Security Group,

then the Issuer (or as the case may be, a Guarantor) may, in order to avoid the relevant deductions, withholding or illegality, but is not obliged to: (I) use its reasonable endeavours to arrange the substitution of a company incorporated under the laws of another jurisdiction approved by the Bond Trustee as principal debtor under the Bonds upon satisfying the conditions for substitution of the Issuer as set out in Condition 15 (*Passing of resolutions by Bondholders, Modification, Waiver and Substitution*); or (II) convert any Bearer Bonds into Registered Bonds in accordance with Condition 2(a) (*Exchange of Bonds*) if such conversion will be effective to avoid the relevant deduction or withholding or illegality. If the Issuer (or as the case may be, the Guarantor) elects not to seek to avoid the relevant deductions, or is unable to arrange a substitution as described above having used reasonable endeavours to do so or a conversion of Bearer Bonds to Registered Bonds would not prevent any withholding or deduction or illegality and, as a result, the relevant deduction or withholding or illegality is continuing then the Issuer may, upon giving not more than 15 nor less than five Business Days' prior written notice to the Bond Trustee, the Guarantors, the Secured Creditors and the Bondholders in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the affected Tranche of Bonds on any Interest Payment Date at (1) their Principal Amount Outstanding plus accrued but unpaid interest thereon or (2) in respect of a redemption as a result of the occurrence of the circumstances set out in paragraph (iii) above where such change in deductibility is in respect of interest payable by the Issuer or any Obligor under any Subordinated Liabilities, the amount for the affected Tranche of Bonds in respect of a redemption to which Condition 8(c) (*Optional Redemption*) would apply (irrespective of whether the Final Terms or Pricing Supplement provides that such Condition applies in respect of the affected Tranche of Bonds) (each adjusted, in the case of Index-Linked Bonds, in accordance with Condition 7(b) (*Application of the Index Ratio*)). Before giving any such notice of redemption, the Issuer (or the Guarantors, as the case may be) shall provide to the Bond Trustee a certificate signed by a director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem set out in this Condition have been satisfied (together with evidence satisfactory to the Bond Trustee that such conditions have been satisfied, including such opinions as the Bond Trustee may require). Upon the expiry of any such notice as is referred to above, the Issuer shall be bound to redeem the Bonds in accordance with this Condition 8 (*Redemption, Purchase and Cancellation*).

The Bond Trustee shall be entitled to accept and rely without further enquiry on any certificate referred to in this Condition 8(e) (*Redemption for Taxation Reasons and Illegality*) as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Bondholders, the Receiptholders and the Couponholders.

(f) *Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account*

Subject as provided below and to the Common Terms Agreement, and provided that no Default is then outstanding, upon giving not more than 60 nor less than 15 days' prior written notice (which notice shall be irrevocable) to the Bond Trustee, the Secured Creditors and the Bondholders, the Issuer may (prior to the Final Maturity Date) apply amounts standing to the credit of the Defeasance Account to redeem Bonds in whole or in part (but on a *pro rata* basis only) on any Interest Payment Date at their Redemption Amount, and the terms of Condition 8(f) (*Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account*) shall apply as if such redemption was an Optional Redemption.

(g) *Early redemption of Zero Coupon Bonds*

Unless otherwise specified in the relevant Final Terms or Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Bond at any time before the Final Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms or Pricing Supplement for the purposes of this Condition 8(g) (*Early redemption of Zero Coupon Bonds*) or, if none is so specified, a Day Count Fraction of 30/360.

In these Conditions, **Accrual Yield** and **Reference Price** have the meanings given to them in the relevant Final Terms or Pricing Supplement.

(h) *Purchase of Bonds*

Each of the Issuer, a nominee of the Issuer or any other Obligor or a Subsidiary of any Obligor may, provided that no Potential Event of Default or Event of Default has occurred and is continuing, purchase Bonds (together with all unmatured Receipts and Coupons and unexchanged Talons (if any) appertaining thereto) in the open market or otherwise (but not, for the avoidance of doubt, in any initial distribution of Bonds) at any price (without any obligation to surrender such Bonds for cancellation other than as set out in Condition 8(j) (*Cancellation*)) and, to the extent that such Bonds have not been cancelled, may resell them in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

Any Bond purchased by the Issuer, any other Obligor or a Subsidiary of an Obligor shall, for so long as it is held by it (or on its behalf), cease to have voting rights and be excluded from any quorum or voting calculations set out in the Conditions.

While the Bonds are represented by a Global Bond, the relevant Global Bond will be endorsed to reflect the Principal Amount Outstanding of Bonds to be so redeemed or purchased.

(i) *Redemption by Instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 8 (*Redemption, Purchase and Cancellation*), each Instalment Bond which provides for repayment in specified Instalment Amounts (as specified in the relevant Final Terms or Pricing Supplement) on the dates specified in the relevant Final Terms or Pricing Supplement (each such date, the relevant **Instalment Date**) will be partially redeemed on each Instalment Date at the Instalment Amount.

(j) *Cancellation*

Any Bearer Bonds or Registered Bonds which are: (i) redeemed by the Issuer; (ii) purchased or held by or on behalf of the Issuer or any other person specified in Condition 8(h) (*Purchase of Bonds*) following an Event of Default; or (iii) purchased by or on behalf of the Issuer or an Obligor shall, in each case, be surrendered to or to the order of the Principal Paying Agent or the Registrar, as the case may be, for cancellation and, if so surrendered, will, together with all Bonds redeemed by the Issuer, be cancelled forthwith (together with, in the case of Bearer Bonds, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

## 9. Payments

(a) *Bearer Bonds*

Payments to the Bondholders of principal (or, as the case may be, Redemption Amounts or other amounts payable on redemption) and interest (or, as the case may be, Interest Amounts) in respect of Bearer Bonds will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payment of Instalment Amounts other than on the due date for final redemption and provided that the Receipt is presented for payment together with its relative Bond), Bonds (in the case of all other payments of principal and, in the case of interest, as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)) or Coupons (in the case of interest, save as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States of America by transfer to an account denominated in the currency in which such payment is due with, or (in the case of Bonds in definitive form only) a cheque payable in that currency drawn on, a bank in: (i) the principal financial centre of that currency provided that such currency is not euro; or (ii) the principal financial centre of any Participating Member State if that currency is euro.

No payment of principal and/or interest in respect of a Bearer Bond with an original maturity of more than one year will be made by a transfer of funds into an account maintained by the payee in the United States or by mailing a cheque to an address in the United States, except as provided in Condition 9(c) (*Payments in the United States of America*).

(b) *Registered Bonds*

Payments of principal (or, as the case may be, Redemption Amounts) in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation and surrender of the relevant Registered Bond at the specified office of the Registrar and in the manner provided in Condition 9(a) (*Bearer Bonds*).

Payments of instalments in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation of the relevant Registered Bond at the specified office of the Registrar in the manner provided in Condition 9(a) (*Bearer Bonds*) above and annotation of such payment on the Register and the relevant Bond certificate.

Interest (or, as the case may be, Interest Amounts) on Registered Bonds payable on any Interest Payment Date will be paid to the holder (or the first named if joint holders) on the 15th day before the due date for payment thereof (the **Record Date**). Payment of interest or

Interest Amounts on each Registered Bond will be made in the currency in which such payment is due by cheque drawn on a bank in: (i) the principal financial centre of the country of the currency concerned, provided that such currency is not euro; or (ii) the principal financial centre of any Participating Member State if that currency is Euro and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the Bondholder to the specified office of the Registrar before the relevant Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in: (A) the principal financial centre of the country of that currency provided that such currency is not euro; or (B) the principal financial centre of any Participating Member State if that currency is euro.

A record of each payment so made will be endorsed on the schedule to the Global Bond by or on behalf of the Principal Paying Agent or the Registrar, as the case may be, which endorsement shall be *prima facie* evidence that such payment has been made.

(c) *Payments in the United States of America*

Notwithstanding the foregoing, if any Bearer Bonds are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if:

(i) the Issuer shall have appointed Paying Agents with specified offices outside the United States of America with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Bonds in the manner provided above when due;

(ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts; and

(iii) such payment is then permitted by the law of the United States of America, without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(d) *Payments subject to fiscal laws; payments on Global Bonds and Registered Bonds*

All payments in respect of the Bonds 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 pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders, Couponholders or Receiptholders (if any) in respect of such payments.

The holder of a Global Bond shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest (or Interest Amounts) on the Global Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Bond in respect of each amount paid.

(e) *Appointment of the Agents*

The Agents appointed by the Issuer (and their respective specified offices) are listed in the Agency Agreement. Any Calculation Agent will be listed in the relevant Final Terms or

Pricing Supplement and will be appointed pursuant to a Calculation Agency Agreement. The Agents act solely as agents of the Issuer (and, in the circumstances set out in the Agency Agreement, the Bond Trustee) and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right, with the prior written consent of the Bond Trustee, at any time to vary or terminate the appointment of any Agent, and to appoint additional or other Agents, provided that the Issuer will at all times maintain: (i) a Principal Paying Agent (in the case of Bearer Bonds); (ii) a Registrar (in the case of Registered Bonds); (iii) an Agent Bank or Calculation Agent (as specified in the relevant Final Terms or Pricing Supplement) (in the case of Floating Rate Bonds or Index-Linked Bonds); (iv) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive; (v) there will at all times be a Paying Agent in a jurisdiction, other than the jurisdiction in which the Issuer or the Guarantors is incorporated; and (vi) if and for so long as the Bonds are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, Transfer Agent or Registrar in any particular place, a Paying Agent, Transfer Agent and/or Registrar, as applicable, having its specified office in the place required by such listing authority, stock exchange and/or quotation system, which, while any Bonds are admitted to the official list of the Stock Exchange and/or admitted to trading on the regulated market of the Stock Exchange, shall be Luxembourg. Notice of any such variation, termination or appointment will be given in accordance with Condition 17 (*Notices*).

(f) *Unmatured Coupons and Receipts and Unexchanged Talons*

(i) Subject to the provisions of the relevant Final Terms or Pricing Supplement, upon the due date for redemption of any Bond which is a Bearer Bond (other than a Fixed Rate Bond, unless it has all unmatured Coupons attached), unmatured Coupons and Receipts relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of them.

(ii) Upon the date for redemption of any Bond, any unmatured Talon relating to such Bond (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iii) Upon the due date for redemption of any Bond which is redeemable in instalments, all Receipts relating to such Bond having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(iv) Where any Bond, which is a Bearer Bond and is a Fixed Rate Bond, is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, a sum equal to the aggregate amount of the missing unmatured Coupons will be deducted from the amount of principal due for payment and, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Bond is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or the Interest Commencement Date, as the case may be, or the Interest Amount payable on such date for redemption shall only be payable against presentation (and surrender if appropriate) of the relevant Bond and Coupon.

(g) *Payment Business Days*

(i) Bearer Bonds: If the due date for payment of any amount in respect of any Bearer Bond or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(ii) Registered Bonds: Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed: (A) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Bond is surrendered (or, in the case of part payment only, endorsed) at the specified office of a Paying Agent; and (B) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Bond shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (I) the due date for a payment not being a Payment Business Day or (II) a cheque mailed in accordance with this Condition 9(g) (*Payment Business Days*) arriving after the due date for payment or being lost in the mail.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a coupon sheet issued in respect of any Bond, the Talon forming part of such coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further coupon sheet (and if necessary another Talon for a further coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 13 (*Prescription*)).

## 10. Taxation

All payments in respect of the Bonds, Receipts and Coupons will be made (whether by the Issuer, a Guarantor (pursuant to the Guarantee), any Paying Agent, the Registrar or the Bond Trustee) free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature unless such withholding or deduction is required by law.

In that event, the Issuer or, as the case may be, the Guarantors (pursuant to the Guarantee) will pay such additional amounts (the **Additional Amounts**) as may be necessary to ensure that the net amount received by each Bondholder, Receiptholder and Couponholder after such withholding or deduction (including any withholding or deduction in respect of any Additional Amounts) shall not be less than the amount the Bondholder, Receiptholder or Couponholder, as the case may be, would have received in the absence of such withholding or deduction.

The Issuer shall not, however, pay Additional Amounts in respect of any Bond, Receipt or Coupon:

(i) presented for payment in Luxembourg; or

(ii) the holder of which is liable for such taxes or duties in respect of such Bond, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Bond, Receipt or Coupon; or

(iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day; or

(iv) where such withholding or deduction is imposed on a payment that is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or the Luxembourg law of 23 December 2005, as amended, introducing in Luxembourg a 10% withholding tax as regards Luxembourg resident individuals; or

(v) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or

(vi) in respect of a FATCA withholding.

As used herein:

**Tax Jurisdiction** means Luxembourg or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or any of England and Wales, Germany, Poland, Italy, Spain and Belgium or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantors (pursuant to the Guarantee)).

**Relevant Date** means the date on which such payment first becomes due, except that if the full amount of the moneys payable has not been duly received by the Bond Trustee or the Paying Agent on or prior to such due date, it means the date on which notice that the full amount of such moneys has been so received is duly given to the Bondholders in accordance with Condition 17 (*Notices*).

Any reference in these Conditions to any amounts in respect of the Bonds shall be deemed to also refer to any Additional Amounts which may be payable under this Condition 10 (*Taxation*) or under any undertakings given in addition to, or in substitution for, this Condition 10 (*Taxation*) pursuant to the Bond Trust Deed.

For the avoidance of doubt, as stated in Condition 9(d) (*Payments subject to fiscal laws; payments on Global Bonds and Registered Bonds*), all payments in respect of the Bonds 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 pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

## 11. Events of Default

The Events of Default (as defined in the Master Definitions Agreement) relating to the Bonds are set out in schedule 4 (Events of Default) of the CTA.

(a) *Event of Default*

If an Event of Default as set out in schedule 4 (Events of Default) of the CTA occurs and is continuing, the Security Trustee and the Secured Creditors, including the Bondholders, may take action in relation to enforcement subject to, and in accordance with, the STID.

(b) *Confirmation of no Event of Default*

The Security Group Agent (on behalf of the Obligors), shall provide written confirmation to the Security Trustee and the Bond Trustee, on a semi-annual basis (and at any other time on request by the Bond Trustee), that no Event of Default, Potential Event of Default or Trigger Event has occurred pursuant to the terms of the CTA (which obligation to provide confirmation may be satisfied by the delivery of the Compliance Certificate pursuant to the CTA).

(c) *Consequences of the service of Enforcement Notices and taking of Enforcement Action*

Upon the taking of Enforcement Action as described in clause 20 (Enforcement) of the STID, the whole of the Security shall become enforceable by the Security Trustee in accordance with the STID.

Upon the service of an Acceleration Notice in accordance with the STID, the Bond Trustee at its discretion may, and if so requested by holders of at least 25% in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Bonds are, and they shall immediately become due and repayable at their Principal Amount Outstanding (in the case of Indexed Bonds, as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) plus accrued but unpaid interest (other than in the case of Zero Coupon Bonds) and, in the case of Indexed Bonds, as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*).

## 12. Enforcement Against Issuer

No Bondholder, Receiptholder, Couponholder or other Secured Creditor is entitled to take any action against the Issuer or any other member of the Security Group or against any assets of the Issuer or any other member of the Security Group to enforce its rights in respect of the Bonds or to enforce any of the Security unless the Bond Trustee or, as the case may be, the Security Trustee, having become bound so to proceed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. The Security Trustee shall, subject to its being indemnified and/or secured and/or pre-funded to its satisfaction against all fees, costs, expenses, liabilities, claims and demands to which it may thereby become liable or which it may incur by so doing: (a) at its discretion; or (b) upon being so directed by the Qualifying Secured Creditors together holding or representing the requisite percentage of the Qualifying Senior Debt as provided under the STID, give notice to the Issuer to enforce the Security in accordance with the STID and the Security Documents.

None of the Bond Trustee, the Security Trustee, the Bondholders, the Receiptholders, the Couponholders or the other Secured Creditors may institute against, or join any person in instituting against, the Issuer or any other member of the Security Group any bankruptcy, winding up, reorganisation, arrangement, insolvency or liquidation proceeding (except for the taking of any enforcement action under the STID including the appointment of a Receiver pursuant to the terms of the Security Documents and STID) or other proceeding under any similar law for so long as any Bonds are outstanding or otherwise than in accordance with the STID.

## 13. Prescription

Claims against the Issuer and the Guarantors (pursuant to the Guarantee) for payment in respect of the Bonds, Receipts or Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Bond Relevant Date (as defined in Condition 22 (*Definitions*)) in respect thereof.

## 14. Replacement of Bonds, Coupons, Receipts and Talons

If any Bearer Bond, Registered Bond, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and requirements of the Stock Exchange (in the case of listed Bonds) (and each other listing authority, stock exchange and or quotation system upon which the relevant Bonds have then been admitted to listing, trading and/or quotation), at the specified office of the Principal Paying Agent or, as the case may be, the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require. Mutilated or defaced Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

The replacement of Bonds in bearer form and receipts, coupons and talons relating to Bonds in bearer form, in the case of loss or theft, is subject to the procedure set out in the Luxembourg Involuntary Dispossession Act 1996.

## 15. Passing of resolutions by Bondholders, Modification, Waiver and Substitution

(a) *Passing of resolutions by Bondholders, Modifications and Waiver*

If the procedures of the relevant clearing systems through which the Bonds are cleared and/or relevant applicable laws and/or regulations permit the use of direct voting mechanics (as described below), no physical meetings will be required in respect of any Voting Matter and a Bondholder may only Vote in respect of any Voting Matter by means of a Block Voting Instruction. However, the Bond Trustee may, without the consent of the Issuer or the Bondholders, prescribe such further regulations regarding voting by the Bondholders in respect of all Voting Matters except STID Proposals as the Bond Trustee may in its sole discretion think fit, including the calling of one or more meetings of Bondholders in order to approve any resolution to be put to the Bondholders where the Bond Trustee, in its sole discretion, considers it to be appropriate to hold a meeting.

For the avoidance of doubt, articles 86 to 94-8 of the Luxembourg law dated 10 August 1915 on Commercial Companies, as amended are excluded.

In respect of any STID Proposal:

(i) each Bondholder may only vote on such STID Proposal by Electronic Consent or by way of Block Voting Instruction and each Bondholder shall have one vote in respect of each €1 (or its equivalent expressed in Euro on the basis of the Exchange Rate) of the Outstanding Principal Amount of Bonds held or represented by it;

(ii) provided Electronic Consent is not applicable, each Bondholder must vote on or prior to the time specified by the Principal Paying Agent or, as the case may be, Registrar and/or relevant clearing system in order to enable the Principal Paying Agent or, as the case may be, a Paying Agent or the Registrar to issue a Block Voting Instruction on the Voting Date, provided that if a Bondholder does not vote in sufficient time to allow the Principal Paying Agent, or, as the case may be, a Paying Agent or the Registrar to issue a Block Voting Instruction in respect of its Bonds prior to the end of the Voting Period, the Votes of such Bondholder may not be counted;

(iii) in respect of such STID Proposal, the Bond Trustee shall vote as the Secured Creditor Representative of the Bondholders in respect of each Tranche of Bonds then outstanding by notifying the Security Trustee and the Issuer, in accordance with the STID promptly following the receipt by it of such Votes (and in any case not

later than the Business Day following receipt of each such Vote), of each Vote comprised in a Block Voting Instruction received by it from a Paying Agent or the Registrar on or prior to the Voting Date (or, if earlier the relevant Voting Closure Date); and

(iv) such STID Proposal duly approved by the Qualifying Secured Creditors in accordance with the STID shall be binding on all Bondholders, Receiptholders and Couponholders (subject as provided in the STID). The Issuer shall, following receipt by the Issuer and the Bond Trustee of the result of any vote in respect of such STID Proposal, promptly notify the Bondholders in accordance with Condition 17 (*Notices*).

In respect of (A) an STID Proposal that gives rise to an Entrenched Right in respect of which the Bondholders are an Affected Secured Creditor (an **Entrenched Right STID Proposal**); and (B) any Voting Matter which is not a STID Proposal (an **Other Voting Matter**):

(i) the Issuer or the Bond Trustee may at any time, and the Bond Trustee must, subject to its being indemnified and/or secured and/or prefunded to its satisfaction, if (A) it receives an Entrenched Right STID Proposal; or (B) directed to do so by Bondholders representing not less than 10% of the Principal Amount Outstanding of the Bonds, request that such Voting Matter be considered by the Bondholders. The Issuer or the Bond Trustee shall send a notice (a **Voting Notice**) to the Bondholders of each affected Tranche of Bonds, specifying the Voting Date (which shall initially be set with at least 21 clear days' notice) and Voting Matter(s) including the terms of any resolution to be proposed;

(ii) each Bondholder shall have one vote in respect of each €1 (or its equivalent expressed in Euro on the basis of the Exchange Rate) of Principal Amount Outstanding of the Bonds held or represented by it;

(iii) each Bondholder must vote prior to the close of business (London time) 24 hours prior to the Voting Date so that his votes can be included in a Block Voting Instruction which needs to be deposited at least 24 hours before the Voting Date; and

(iv) on or before the last day of the Decision Period, the Bond Trustee shall notify the Security Trustee, the Issuer and the Security Trustee in writing of whether or not the holders of each affected Tranche of Bonds then outstanding have passed an Extraordinary Resolution approving the relevant STID Proposal.

In order for an Extraordinary Resolution to be approved by the Bondholders (subject as provided below), two or more Bondholders representing 50% or more of the aggregate Principal Amount Outstanding of the Bonds for the time being outstanding, who for the time being are entitled to receive notice of an Other Voting Matter, need to participate in any initial Vote, provided that in respect of any Voting Matter the business of which includes any of the following matters (each of which, a **Basic Terms Modification** and which shall only be capable of being effected after having been approved by an Extraordinary Resolution) namely:

(i) to change any date fixed for payment of principal or interest in respect of any Tranche of Bonds, to reduce or cancel the amount of principal or interest payable on any date in respect of any Tranche of Bonds or (other than as specified in Condition 8 (*Redemption, Purchase and Cancellation*)) to alter the method of

calculating the amount of any payment in respect of any Tranche of Bonds on redemption or maturity;

(ii) to effect the exchange, conversion or substitution of any Tranche of Bonds for, or their conversion into, shares, notes or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;

(iii) to change the currency in which amounts due in respect of any Tranche of Bonds are payable other than pursuant to redenomination into Euro pursuant to Condition 19 (*European Economic and Monetary Union*);

(iv) to alter any of the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments insofar as such alteration would adversely affect any Tranche of Bonds;

(v) to change the quorum required or the majority required to pass an Extraordinary Resolution; or

(vi) to amend this definition or this Condition 15(a) (*Passing of resolutions by Bondholders, Modifications and Waiver*),

two or more Bondholders representing 75% or more of the aggregate Principal Amount Outstanding of Bonds for the time being outstanding, who, for the time being are entitled to receive notice of such an Other Voting Matter, need to participate in any initial Vote.

The above percentage requirements of Bondholders who need to participate in a particular Other Voting Matter are referred to herein as the **Extraordinary Quorum Requirements**.

If, on a Voting Date, the Extraordinary Quorum Requirements are not satisfied for the transaction of any particular business then, subject and without prejudice to the transaction of the business (if any) for which the Extraordinary Quorum Requirements are satisfied, such Voting Date shall be postponed to the same day in the next week (or if such day is a public holiday the next succeeding business day) (an **Adjourned Voting Date**) except where an Extraordinary Resolution is to be proposed in which case the Adjourned Voting Date shall be a day (being a business day) during the period, being not less than seven clear days nor more than 14 clear days, subsequent to such Voting Date, and approved by the Bond Trustee. On any Adjourned Voting Date, one or more Votes (whatever the Principal Amount Outstanding of the Bonds then outstanding so held or represented by them) shall (subject as provided below) form a quorum and shall have the power to pass any Extraordinary Resolution or Ordinary Resolution and to decide upon all matters which could properly have been dealt with through the original Vote had the requisite Extraordinary Quorum Requirements been met, provided that on any Adjourned Voting Date the Extraordinary Quorum Requirements for the transaction of business comprising any of the matters specified to be a Basic Terms Modification shall be two or more Bondholders representing at least 25% of the aggregate Principal Amount Outstanding of the Bonds for the time being outstanding, who for the time being are entitled to receive notice of an Other Voting Matter, need to participate in such Vote.

Notice of any Adjourned Voting Date at which an Extraordinary Resolution is to be voted upon shall be given in the same manner as a Voting Notice but as if five days' notice were substituted for 21 clear days' notice discussed above (in respect of an Other Voting Matter) and such notice shall state the relevant quorum.

Any resolution approved by the Bondholders in accordance with the terms hereof shall be binding upon all the Bondholders whether or not voting and upon all relevant Couponholders and Receiptholders and each of them shall be bound to give effect thereto accordingly and the approval of any such resolution shall be conclusive evidence that the circumstances justify the approval thereof. Notice of the result of the voting on any resolution duly approved by the Bondholders shall be published in accordance with Condition 17 (*Notices*) by the Principal Paying Agent or the Registrar, as applicable, on behalf of, and at the instruction of, the Issuer within seven days of such result being known, provided that the non-publication of such notice shall not invalidate such result.

If and whenever the Issuer shall have issued and have outstanding more than one Tranche of Bonds, the foregoing provisions of this Condition shall have effect subject to the following modifications:

(i) subject to (v) below, a resolution which in the opinion of the Bond Trustee affects only one Tranche of Bonds shall be deemed to have been duly approved if approved through a separate Vote of the holders of that Tranche of Bonds;

(ii) subject to (v) below, a resolution which, in the opinion of the Bond Trustee, affects holders of more than one Tranche of Bonds but does not give rise to a conflict of interest between the holders of any of the Tranches of Bonds so affected, shall be deemed to have been duly approved if approved through a separate Vote of the holders of all the Tranches of the Bonds so affected;

(iii) subject to (v) below, a resolution which in the opinion of the Bond Trustee affects more than one Tranche of Bonds and gives or may give rise to a conflict of interest between the holders of one Tranche of Bonds so affected and the holders of another Tranche of Bonds shall be deemed to have been duly approved only if approved through separate Votes of the holders of each Tranche of Bonds;

(iv) in respect of all such approvals all the preceding provisions of this Condition shall apply *mutatis mutandis* as though references therein to Bonds and Bondholders were references to the Tranche of Bonds in question or to the holders of such Tranche of Bonds, as the case may be;

(v) no Extraordinary Resolution involving a Basic Terms Modification (other than where such Basic Terms Modification is of the kind specified in limb (i) of the definition thereof and where such Basic Terms Modification is passed by the holders of all affected Tranches of Bonds in accordance with paragraph (vi) below) that is approved by the holders of one Tranche of Bonds shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Tranches of Bonds (to the extent that there are Bonds outstanding in each such other Tranche); and

(vi) an Extraordinary Resolution involving a Basic Terms Modification of the kind specified in limb (i) of the definition thereof may be approved by the holders of all Tranches of Bonds adversely affected by such Basic Terms Modification (but need not be approved by the holders of Tranches of Bonds which are not affected thereby).

(b) Notwithstanding any provision to the contrary in the Conditions or any other transaction document, under Luxembourg law, a decision of the shareholders of the Issuer to amend the corporate objects of the Issuer, to change the legal form of the Issuer or its nationality and/or to increase the commitments of the Issuer's shareholders must be approved by a resolution of

the holders of the Bonds. Such resolution of the holders of the Bonds may exclusively be taken, and their meeting resolving thereupon must be convened and held, in accordance with the Companies Act 1915), as long as any such specific requirements exist under the Companies Act 1915 (the **Luxembourg Law Resolutions**). A Luxembourg Law Resolution must be passed in accordance with the requirements of the Companies Act 1915. There are specific quorum requirements for Luxembourg Law Resolutions set out in the Companies Act 1915. Certain Luxembourg Law Resolutions passed at any meeting of the holders of the Bonds will be binding on all holders of the Bonds, whether or not they are present at the meeting.

(c) *Modification, waiver and substitution*

As set out in the Bond Trust Deed and the STID (and subject to the conditions and qualifications therein), the Bond Trustee may, without the consent of the Bondholders or (subject as provided below) any other Secured Creditor, concur with the Issuer, any other Obligor or any other relevant parties or direct the Security Trustee to concur with the Issuer, any other Obligor or any other relevant parties in making: (i) any modification to the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons or the Finance Documents (subject as provided in the STID in relation to any Common Documents) or other document to which it or the Security Trustee is a party or in respect of which the Security Trustee holds security if in the opinion of the Bond Trustee such modification is made to correct a manifest error or is of a formal, minor, administrative or technical nature; or (ii) any modification (other than in respect of a Basic Terms Modification) to the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons or any Finance Document (subject as provided in the STID in relation to any Common Documents) or other document to which the Bond Trustee or the Security Trustee is a party or in respect of which the Security Trustee holds security if the Bond Trustee or the Security Trustee (as the case may be) is of the opinion that such modification is not materially prejudicial to the interests of the holders of the Bonds then outstanding provided that to the extent such modification under (ii) above relates to an Entrenched Right, each of the affected Secured Creditors has given its prior written consent or where any Bondholders are affected Secured Creditors, the holders of each Tranche of Bonds affected thereby have sanctioned such modification.

The Bond Trustee is authorised to execute and deliver on behalf of the Bondholders all documentation required to implement such modification and such execution by the Bond Trustee shall bind each of the Bondholders as if such documentation had been duly executed by it.

As more fully set out in the Bond Trust Deed and the STID (and subject to the conditions and qualifications therein), the Bond Trustee may, without the consent of the Bondholders (subject as provided below) or any other Secured Creditor and without prejudice to its rights in respect of any subsequent breach or Event of Default or Potential Event of Default, from time to time and at any time but only if and in so far as in its opinion the interests of the holders of the Bonds then outstanding shall not be materially prejudiced thereby waive or authorise (or direct the Security Trustee to waive or authorise) any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Conditions or any Finance Document (subject always as provided in the STID) or other document to which the Bond Trustee or the Security Trustee is a party or in respect of which it holds security or determine that any event which would otherwise constitute an Event of Default shall not be treated as such for the purposes of the Bond Trust Deed, provided that to the extent such event, matter or thing relates to an Entrenched Right, each of the affected Secured Creditors has given its prior written consent and provided further that the Bond Trustee shall not exercise such powers in contravention of any express direction given by an Extraordinary

Resolution or of a request in writing made by holders of not less than one-quarter in aggregate of the principal amount of the Bonds then outstanding (but no such direction or request shall affect any waiver or authorisation previously given or made) or so as to authorise or waive any such proposed breach or breach relating to any Basic Terms Modification.

If, following the Establishment Date, the Issuer proposes to appoint an additional rating agency (the Additional Rating Agency) to assign a credit rating to the Bonds, the Bond Trustee shall, without the consent or sanction of the Bondholders, the Receiptholders, the Couponholders or any Secured Creditor (other than any Secured Creditor which is party to the relevant documents) and without liability therefor, agree to and make (and instruct the Security Trustee on behalf of the Bondholders to agree to and make) any modification proposed by the Issuer to the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or the other Finance Documents which the Issuer certifies to the Bond Trustee (upon which certification the Bond Trustee shall rely absolutely and without further enquiry or liability) is necessary or desirable in order to give effect to the appointment of the Additional Rating Agency and the assignment of its initial credit rating to the Bonds, provided that the Relevant Rating Agency provides a Rating Confirmation that the then current rating of the Bonds will not be adversely affected by the proposed modifications.

The Bond Trustee shall, without the consent or sanction of any of the Bondholders and/or Receiptholders and/or Couponholders of any class and (subject as provided below) any other Secured Creditor, concur with the Issuer, and/or direct the Security Trustee to concur with the Issuer, in making any modification to the Bonds and/or Coupons, the Conditions, these presents, the Security Documents and/or the other Finance Documents or giving its consent to any event, matter or thing that is requested by the Issuer in writing in order to comply with any criteria of the Rating Agencies which may be published after the Initial Issue Date and which modification(s) or consent(s) the Issuer certifies (upon which certification the Bond Trustee shall rely absolutely and without further enquiry or liability) to the Bond Trustee and/or the Security Trustee (as applicable) in writing are required to comply with such updated criteria or otherwise required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Bonds provided that the provision of the STID relating to such modifications thereto shall apply.

The Bond Trustee shall, without the consent of any of the Bondholders or any other Secured Creditor, concur with the Issuer, and/or direct the Security Trustee to concur with the Issuer, in making any modifications to the Finance Documents and/or the Conditions that are requested by the Issuer in order to enable the Issuer and/or the Obligors solely to comply with any legal requirements which apply to it under Regulation (EU) 648/2012 (the **European Market Infrastructure Regulation** or **EMIR**), Dodd-Frank and/or MIFiD 2, subject to receipt by the Bond Trustee and the Security Trustee of a certificate of the Issuer (upon which certificates the Bond Trustee shall rely absolutely and without further enquiry or liability) certification to the Bond Trustee and the Security Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer and/or the Obligors to comply with its reporting, portfolio reconciliation and dispute resolution legal requirements under EMIR, Dodd-Frank and/or MIFid 2 (and for no other purpose).

The Bond Trustee and the Security Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee or the Security Trustee, as applicable, would have the effect of (i) exposing the Bond Trustee or the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction, or (ii) increasing the obligations or duties, or decreasing the protections, rights,

powers, authorisations, indemnities or protections, of the Bond Trustee or the Security Trustee, as applicable, in the Finance Documents and/or the Conditions.

Any such modification, waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine and shall be binding on the Bondholders of each relevant Tranche and the holders of all relevant Receipts and Coupons and the other Secured Creditors and notice thereof shall be given by the Issuer to the Bondholders as soon as practicable thereafter.

Notwithstanding that none of the Bond Trustee, the Security Trustee, the Bondholders or the other Secured Creditors may have any right of recourse against the Rating Agencies in respect of any Ratings Confirmation given by them and relied upon by the Bond Trustee or the Security Trustee, the Bond Trustee and the Security Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Bonds or any Finance Document, that such exercise will not be materially prejudicial to the interests of the Bondholders if any of the Rating Agencies has provided a Ratings Confirmation. Without prejudice to the foregoing, the Bondholders are deemed to agree for the benefit of the Rating Agencies only that a credit rating is, however, an assessment of credit and does not address other matters that may be of relevance to Bondholders. The Bond Trustee and the Bondholders agree and acknowledge that being entitled to rely on the fact that any of the Rating Agencies has delivered a Ratings Confirmation does not impose or extend any actual or contingent liability for such Rating Agency to the Bond Trustee, the Bondholders, any other Secured Creditor or any other person or create any legal relations between such Rating Agency and the Bond Trustee, the Bondholders, any other Secured Creditor or any other person whether by way of contract or otherwise.

As more fully set forth in the Bond Trust Deed (and subject to the conditions and qualifications therein), the Bond Trustee may, without the consent of the Bondholders or any other Secured Creditor, also agree with the Issuer to the substitution of another corporation, being a holding company of the Issuer, any subsidiary of such holding company or any subsidiary of the Issuer, in place of the Issuer as principal debtor in respect of the Bond Trust Deed and the Bonds.

## 16. Bond Trustee Protections

(a) *Trustee considerations*

The Bond Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility, including provisions relieving the Bond Trustee from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

Subject to Condition 16(b) (*Exercise of rights by Bond Trustee*), in connection with the exercise, under these Conditions, the Bond Trust Deed, any Issuer Transaction Document, of its rights, powers, trusts, authorities and discretions (including any modification, consent, waiver or authorisation), the Bond Trustee shall, where it is required to have regard to the interests of the Bondholders, have regard to the general interests of the holders of the Bonds then outstanding (as a class) provided that, if, in the Bond Trustee's opinion, there is a conflict of interest between the holders of two or more Series or Tranches of Bonds, it shall have regard to the interests of the holders of the Series or Tranche (as the case may be) then outstanding with the greatest Principal Amount Outstanding and will not have regard to the consequences of such exercise for the holders of other Series or Tranches of Bonds or, in any event, have regard to the consequences for individual Bondholders, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the

jurisdiction of, any particular territory. The Bond Trustee shall not be entitled to require from the Issuer, nor shall any Bondholders be entitled to claim from the Issuer, the Bond Trustee, any indemnification or other payment in respect of any consequence (including any tax consequence) for individual Bondholders of any such exercise.

(b) *Exercise of rights by Bond Trustee*

Subject as provided in these Conditions and the Bond Trust Deed, the Bond Trustee will exercise its rights under, or in relation to, the Bond Trust Deed, the Conditions, and any Issuer Transaction Documents in accordance with the directions of the relevant Bondholders, but the Bond Trustee shall not be bound to take any such action unless it has (i)(A) been so requested in writing by the holders of at least 25% in nominal amount of the Bonds outstanding or (B) been so directed by an Extraordinary Resolution; and (ii) been indemnified and/or furnished with security or prefunding to its satisfaction.

The Bond Trustee shall be entitled to rely absolutely on a certificate or report of any director of the Issuer in relation to any matter and to accept without liability any such certificate or report as sufficient evidence of the relevant fact or matter stated in such certificate.

## 17. Notices

Notices to holders of Registered Bonds will be posted to them at their respective addresses in the Register and deemed to have been given on the date of posting. Other notices to Bondholders will be valid if published in a leading daily newspaper having general circulation in the United Kingdom (which is expected to be the Financial Times). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of the Stock Exchange and any other listing authority, stock exchange and/or quotation system on which the Bonds are for the time being listed. Any such notice (other than to holders of Registered Bonds as specified above) shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders and Receiptholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Bonds in accordance with this Condition 17 (*Notices*). In respect of Bonds which are listed on the Luxembourg Stock Exchange, notices in respect of such Bonds will be published on the Luxembourg Stock Exchange website (www.bourse.lu).

So long as any Bonds are represented by Global Bonds, notices in respect of those Bonds may be given only by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or any other relevant clearing system as specified in the relevant Final Terms or Pricing Supplement for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in London. Such notices shall be deemed to have been received by the Bondholders on the day of delivery to such clearing systems.

## 18. Indemnification of the Bond Trustee and the Security Trustee

(a) *Indemnification of the Bond Trustee*

The Bond Trust Deed contains provisions for indemnification of the Bond Trustee, and for its relief from responsibility, including provisions relieving it from taking any action including taking proceedings against the Issuer and/or any other person unless indemnified and/or secured and/or prefunded to its satisfaction. The STID contains provisions for indemnification of the Security Trustee and for its relief from responsibility, including provisions relieving it from enforcing the Security unless it has been indemnified and/or secured and/or prefunded to its satisfaction.

Each of the Bond Trustee and the Security Trustee or any of their affiliates (as defined in Condition 7 (*Indexation*)) are entitled to enter into business transactions with the Issuer, the other Secured Creditors or any of their respective subsidiaries or associated companies without accounting for any profit resulting therefrom. Save as otherwise provided in these Conditions or any Issuer Transaction Document the Bond Trustee will only be required to take any action under or in relation to, or to enforce or protect the Security, or a document referred to therein, if so directed by an Extraordinary Resolution of the holders of the then outstanding Bonds or if so requested in writing by holders of at least 25% in nominal amount of the holders of any Tranche of the then outstanding Bonds and in all cases if indemnified and/or secured and/or prefunded to its satisfaction.

(b) *Directions, Duties and Liabilities*

The Bond Trustee, in the absence of its own wilful default, negligence or fraud, and in all cases when acting as directed by or subject to the agreement of the Bondholders shall not in any way be responsible for any loss, costs, damages or expenses or other liability, which may result from the exercise or non-exercise of any consent, waiver, power, trust, authority or discretion vested in the Bond Trustee pursuant to these Conditions, any Issuer Transaction Document or any ancillary document.

## 19. European Economic and Monetary Union

(a) *Notice of redenomination*

The Issuer may, without the consent of the Bondholders, and on giving at least 30 days' prior notice to the Bondholders, the Bond Trustee and the Principal Paying Agent, designate a date (the **Redenomination Date**), being an Interest Payment Date under the Bonds falling on or after the date on which the UK becomes a Participating Member State.

(b) *Redenomination*

Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

(i) the Bonds denominated in Sterling (the **Sterling Bonds**) shall be deemed to be redenominated into Euro in the denomination of €0.01 with a principal amount for each Bond equal to the principal amount of that Bond in Sterling, converted into Euro at the rate for conversion of such currency into Euro established by the Council of the European Union pursuant to the Treaty establishing the European Union, as amended (including compliance with rules relating to rounding in accordance with European Community regulations), provided, however, that, if the Issuer determines, with the agreement of the Bond Trustee, that the then current market practice in respect of the redenomination into €0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Bondholders, the Stock Exchange and any stock exchange (if any) on which the Bonds are then listed and the Principal Paying Agent of such deemed amendments;

(ii) if Bonds have been issued in definitive form:

(A) all Bonds denominated in Sterling will become void with effect from the date (the **Euro Exchange Date**) on which the Issuer gives notice (the **Euro Exchange Notice**) to the Bondholders and the Bond Trustee that replacement Bonds denominated in Euro are available for exchange

(provided that such Bonds are available) and no payments will be made in respect thereof;

(B) the payment obligations contained in all Bonds denominated in Sterling will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Bonds in accordance with this Condition 19 (*European Economic and Monetary Union*) shall remain in full force and effect; and

(C) new Bonds denominated in Euro will be issued in exchange for Sterling Bonds in such manner as the Principal Paying Agent or the Registrar, as the case may be, may specify and as such shall be notified to the Bondholders in the Euro Exchange Notice;

(iii) all payments in respect of the Sterling Bonds (other than, unless the Redenomination Date is on or after such date as Sterling ceases to be a subdivision of the Euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euro by cheque drawn on, or by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any Participating Member State; and

(iv) a Bond may only be presented for payment on a day which is a business day in the place of presentation.

(c) *Interest*

Following redenomination of the Bonds pursuant to this Condition 19 (*European Economic and Monetary Union)*, where Sterling Bonds have been issued in definitive form, the amount of interest due in respect of the Sterling Bonds will be calculated by reference to the aggregate principal amount of the Sterling Bonds presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01.

**20. Limited Recourse**

Each of the Secured Creditors, including the Bondholders, agrees that notwithstanding any other provision of the Issuer Transaction Documents but without prejudice to the Guarantee, all obligations of the Issuer to the Secured Creditors, including its obligations under the Bonds and the Issuer Transaction Documents, are limited in recourse to the Issuer Charged Property. If:

(a) there is no Issuer Charged Property remaining which is capable of being realised or otherwise converted into cash;

(b) all amounts available from the Issuer Charged Property have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the STID; and

(c) there are insufficient amounts available from the Issuer Charged Property to pay in full, in accordance with the STID, the Secured Liabilities of the Issuer or any other present and future obligations and liabilities (whether actual or contingent) of the Issuer to any Secured Creditor under each Finance Document,

then the Secured Creditors shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

## 21. Miscellaneous

(a) *Governing Law*

The Bond Trust Deed, the STID, the CTA, the Bonds, the Coupons, the Receipts, the Talons (if any), the Security Document (which is governed by English law) and the other Issuer Transaction Documents are, and all non-contractual or other obligations arising from or in connection with such documents shall be governed by, and shall be construed in accordance with, English law. Articles 86 to 94-8 of the Luxembourg law of 10 August 1915 on commercial companies, as amended pertaining to the representation of bondholders shall be expressly excluded. The Security Documents (other than the Security Document which will be governed by English law) shall be governed by, and all non-contractual obligations arising out of or in connection therewith shall be construed in accordance with, Austrian, Belgian, Danish, Dutch, French, German, Italian, Luxembourg, Polish and Spanish law, as applicable.

(b) *Jurisdiction*

The Issuer irrevocably agrees, for the benefit of the Bond Trustee and the Bondholders that, the courts of England and Wales are to have jurisdiction to settle any dispute that may arise out of or in connection with the Bond Trust Deed, the STID, the CTA, the Security Document (which is governed by English law), the Bonds, the Coupons, the Receipts, the Talons and the other Issuer Transaction Documents and accordingly submits to the exclusive jurisdiction of the English courts and any legal action or proceedings arising out of or in connection with the Bonds, the Coupons, the Receipts, the Talons (if any) and/or the Issuer Transaction Documents may be brought in such courts. In relation to the Security Documents (other than the English law governed Security Document) each of Austria, Belgium, Denmark, The Netherlands, France, Germany, Italy, Luxembourg, Poland and Spain (as applicable) are to have jurisdiction to settle any dispute that may arise out of or in connection therewith. The Issuer has in each of the Finance Documents to which it is a party irrevocably submitted to the jurisdiction of the relevant courts (as applicable).

(c) *Third Party Rights*

No person shall have any right to enforce any term or condition of the Bonds or the Bond Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

(d) *Rights Against the Issuer*

Under the Bond Trust Deed, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to interests in the Bonds will (subject to the terms of the Bond Trust Deed) acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Bond became void, they had been the registered Holders of Bonds in an aggregate principal amount equal to the principal amount of Bonds they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing system (as the case may be).

(e) *Clearing System Accountholders*

References in the Conditions of the Bonds to **Bondholder** are references to the bearer of the relevant Bearer Global Bond or the registered holder of the Global Bond.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, as being entitled to an interest in a Global Bond (each an **Accountholder**) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to such Accountholder and in relation to all other rights arising under the Global Bond. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Bond will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system (as the case may be) from time to time. For so long as the relevant Bonds are represented by a Global Bond, Accountholders shall have no claim directly against the Issuer.

(f) *Appointment of Process Agent*

Each of the Issuer and the Guarantors appoint Structured Finance Management Limited (of 35 Great St. Helen's, London EC3A 6AP, United Kingdom) as its agent for service of process, and undertakes that, in the event Structured Finance Management Limited ceasing so to act, it will appoint another person approved by the Bond Trustee as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## 22. Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**Block Voting Instruction** means:

(a) in relation to voting by the holders of Bearer Bonds:

(i) a document in the English language issued by a Paying Agent;

(ii) certifying that the Deposited Bonds have been deposited with such Paying Agent (or to its order at a bank or other depositary) or blocked in an account with a clearing system and will not be released until the earlier of:

(A) close of business (London time) on the Voting Date; and

(B) the surrender to such Paying Agent, not less than 24 hours before the Voting Date of the receipt for the Deposited Bonds and notification thereof by such Paying Agent to the Bond Trustee;

(iii) certifying that the depositor of each Deposited Bond or a duly authorised person on its behalf has instructed the relevant Paying Agent that the Votes attributable to such Deposited Bond are to be cast in a particular way on a Voting Matter and that, until the end of the Voting Period, such instructions may not be amended or revoked;

(iv) listing the aggregate principal amount and (if in definitive form) the serial numbers of the Deposited Bonds, distinguishing between those in respect of which instructions have been given to Vote for, or against, such Voting Matter; and

(v) authorising the Principal Paying Agent or a tabulation agent, as proxy for the holders of the Deposited Bonds, to vote in respect of the Deposited Bonds in connection with such Voting Matter in accordance with such instructions and the provisions of the Bond Trust Deed;

(b) in relation to voting by the holders of Registered Bonds:

(i) a document in the English language issued by the Registrar or the Principal Paying Agent;

(ii) certifying:

(A) (where the Registered Bonds are represented by a Global Bond) that certain specified Registered Bonds (each a **Blocked Bond**) have been blocked in an account with a clearing system and will not be released until close of business (London time) on the Voting Date and that the holder of each Blocked Bond or a duly authorised person on its behalf has instructed the Registrar that the Votes attributable to such Blocked Bond are to be cast in a particular way on a Voting Matter; or

(B) (where the Registered Bonds are represented by Registered Definitive Bonds) that each registered holder of certain specified Registered Bonds (each a **Relevant Bond**) or a duly authorised person on its behalf has instructed the Registrar that those Votes attributable to each Relevant Bond held by it are to be cast in a particular way on such Voting Matter; and

in each case that, until the end of the Voting Period, such instructions may not be amended or revoked;

(iii) listing the aggregate principal amount of the Blocked Bonds and the Relevant Bonds, distinguishing between those in respect of which instructions have been given to Vote for, or against, such Voting Matter; and

(iv) authorising the Principal Paying Agent, or a tabulation agent, as proxy for the holders of the Deposited Bonds, to vote in respect of the Blocked Bonds and the Relevant Bonds in connection with such Voting Matter in accordance with such instructions and the provisions of the Bond Trust Deed;

**Bond Relevant Date** means, in respect of any Tranche of the Bonds, the earlier of (a) the date on which all amounts in respect of the Bonds have been paid, and (b) five days after the date on which all of the Principal Amount Outstanding (adjusted in the case of Index-Linked Bonds in accordance with Condition 7(b) (*Application of the Index Ratio*)) has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Bondholders in accordance with Condition 17 (*Notices*);

**Business Day** means:

(a) in all cases, Cologne, Munich, London, Luxembourg and Paris;

(b) in relation to any sum payable in Sterling, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange currency deposits) in London;

(c) in relation to any sum payable in Euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London and each (if any) additional city or cities specified in the relevant Final Terms or Pricing Supplement; and

(d) in relation to any sum payable in a currency other than euro or Sterling, a day on which commercial banks and foreign exchange markets settle payments, in the principal financial centre of the Relevant Currency (which in the case of a payment in U.S. Dollars shall be New York) and in each (if any) additional city or cities specified in the relevant Final Terms or Pricing Supplement.

**Business Day Convention** means the business day convention specified in the Final Terms or Pricing Supplement;

**Calculation Amount** means the amount specified as such in the relevant Final Terms or Pricing Supplement;

**Day Count Fraction** means, in respect of the calculation of an amount of interest on any Bond for any period of time (whether or not constituting an Interest Period, the **Calculation Period**):

(a) if **Actual/Actual (ICMA)** is specified:

(i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(ii) if the Calculation Period is longer than one Determination Period, the sum of:

(A) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Periods normally ending in any year; and

(B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Periods normally ending in any year,

where:

**Determination Date** means the date specified as such in the Final Terms or Pricing Supplement or, if none is so specified, the Interest Payment Date;

**Determination Period** means the period from and including a Determination Date in any year to but excluding the next Determination Date;

(b) if **Actual/365** or **Actual/Actual** is specified, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap

year divided by 366, and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(c) if **Actual/365 (Fixed)** is specified, the actual number of days in the Calculation Period divided by 365;

(d) if **Actual/360** is specified, the actual number of days in the Calculation Period divided by 360;

(e) if **30/360**, **360/360** or **Bond Basis** is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

(f) if **30E/360** or **Eurobond Basis** is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the last day of such period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

**Deposited Bond** means certain specified Bearer Bonds which have been deposited with a Paying Agent (or to its order at a bank or other depositary) or blocked in an account with a clearing system, for the purposes of the issuance of a Block Voting Instruction;

**Euro** or **euro** means the lawful currency of the Participating Member States;

**Expected Maturity Date** means the date specified in the relevant Final Terms or Pricing Supplement as the expected date on which the principal amount of the Bond is due and payable;

**Final Maturity Date** means the date specified in the relevant Final Terms or Pricing Supplement as the final date on which the principal amount of the Bond is due and payable;

**Indexation Adviser** means an internationally recognised investment bank or financial adviser recognised as having expertise in indexation matters appointed by the Issuer in such capacity to perform certain functions in respect of Index-Linked Bonds as set out in the Conditions;

**Interest Commencement Date** means the Issue Date or such other date as may be specified in the relevant Final Terms or Pricing Supplement;

**Interest Determination Date** means, with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Final Terms or Pricing Supplement or, if none is so specified, the day falling two Business Days in London prior to the first day of such Interest Period (or if the specified currency is Sterling the first day of such Interest Period) (as adjusted in accordance with any Business Day Convention (as defined above) specified in the relevant Final Terms or Pricing Supplement);

**Interest Payment Date** means the date(s) specified as such in the relevant Final Terms or Pricing Supplement;

**Interest Period** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

**Interest Rate** means the rate of interest payable from time to time in respect of the Bonds and which is either specified as such in, or calculated in accordance with the provisions of, these Conditions and/or the relevant Final Terms or Pricing Supplement;

**ISDA Definitions** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds as published by the International Swaps and Derivatives Association, Inc.);

**Issue Date** means the date specified as such in the relevant Final Terms or Pricing Supplement;

**Margin** means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Pricing Supplement;

**Page** means such page, section, caption, column or other part of a particular information service (including the Reuters Money 3000 Service (**Reuters**)) as may be specified in the relevant Final Terms or Pricing Supplement, or such other page, section, caption, column or other part as may replace the same on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying comparable rates or prices;

**Participating Member State** means a Member State of the European Communities which adopts the Euro as its lawful currency in accordance with the Treaty establishing the European Communities (as amended), and **Participating Member States** means all of them;

**Payment Business Day** means:

(a) if the currency of payment is euro, any day which is:

(i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(ii) in the case of payment by transfer to an account, a day on which the TARGET2 system is open and a day on which dealings in foreign currencies may be carried on in each (if any) Relevant Financial Centre; or

(b) if the currency of payment is not euro, any day which is:

(i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Relevant Financial Centre;

**Post-EMD Fixed Interest Rate** means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Pricing Supplement (as the case may be);

**Principal Amount Outstanding** means:

(a) in relation to a Bond (other than a Zero Coupon Bond) or a Tranche, the original face value thereof less any repayment of principal made to the Holder(s) thereof in respect of such Bond or Tranche; and

(b) in relation to a Zero Coupon Bond, where the Principal Amount Outstanding of any Zero Coupon Bond is required to be calculated on any date other than the Redemption Date, the Principal Amount Outstanding shall be calculated in accordance with the following formula:

"The aggregate nominal amount of the relevant Tranche of Zero Coupon Bonds on the Issue Date thereof * (1 + Accrual Yield) ^ N"

*Where*:

**N** = number of years between the Issue Date and the date on which the relevant calculation is required to be made; and

**Accrual Yield** shall have the meaning given to it in the relevant Final Terms or Pricing Supplement.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms or Pricing Supplement for the purposes of Condition 8(f) (*Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account*) (or, if none is so specified, a Day Count Fraction of 30/360);

**Redemption Amount** means the amount provided under Condition 8(c) (*Optional Redemption*), unless otherwise specified in the relevant Final Terms or Pricing Supplement;

**Reference Banks** means the institutions specified as such in the Final Terms or Pricing Supplement or, if none is so specified, four major banks selected by the Agent Bank (or the Calculation Agent, if applicable) in the interbank market (or, if appropriate, money market) which is most closely connected with the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable), on behalf of the Issuer, in its sole and absolute discretion;

**Relevant Currency** means the currency specified as such or, if none is specified, the currency in which the Bonds are denominated;

**Relevant Financial Centre** means, with respect to any Bond, the financial centre specified as such in the relevant Final Terms or Pricing Supplement or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Agent Bank (or the Calculation Agent, if applicable);

**Relevant Rate** means the offered rate for a Representative Amount of the Relevant Currency for a period (if applicable) equal to the Specified Duration (or such other rate as shall be specified in the relevant Final Terms or Pricing Supplement);

**Relevant Time** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or Pricing Supplement or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

**Representative Amount** means, with respect to any rate to be determined on an Interest Determination Date, the amount specified in the relevant Final Terms or Pricing Supplement as such

or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time;

**Specified Currency** has the meaning given to it in the applicable Final Terms or Pricing Supplement;

**Specified Denomination** has the meaning given to it in the applicable Final Terms or Pricing Supplement;

**Specified Duration** means, with respect to any Floating Rate (as defined in the ISDA Definitions) to be determined on an Interest Determination Date, the period or duration specified as such in the relevant Final Terms or Pricing Supplement or, if none is specified, a period of time equal to the relative Interest Period;

**Step-Up Floating Fee Rate** means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if no such rate is specified, zero;

**Step-Up Index-Linked Fee Rate** means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if no such rate is specified, zero;

**STID Proposal** means a STID Proposal other than an Entrenched Right STID Proposal;

**Stock Exchange** means the Luxembourg Stock Exchange plc or any other or further stock exchange(s) on which any bonds from time to time may be listed and references to the relevant Stock Exchange shall, in relation to any Bonds, be references to the Stock Exchange on which such Bonds are, from time to time, or are intended to be, listed;

**sub-unit** means in the case of any currency, the lowest amount of such currency that was available as legal tender in the country of such currency;

**TARGET Settlement Day** means any day on which the TARGET2 system is open;

**TARGET2 system** means the Trans European Automated Real Time Gross Settlement Express Transfer system (TARGET or TARGET2);

**Vote** means an instruction from a Bondholder to the Principal Paying Agent or a tabulation agent to vote on its behalf as its proxy in respect of a Voting Matter, such instructions to be given in accordance with the Bond Trust Deed;

**Voting Date** means:

(a) in respect of a STID Proposal:

  (i) in respect of a Decision Period, the Business Day immediately preceding the last day of such Decision Period; and

  (ii) in respect of a Decision Period that is extended in respect of an Ordinary Voting Matter or an Extraordinary Voting Matter in accordance with the relevant provisions of the STID, the last date of such extended Decision Period; and

(b) in respect of any other Voting Matter, the date set out in the relevant Voting Notice;

**Voting Matter** means any matter which is required to be approved by the Bondholders including, without limitation:

(a) any STID Proposal which requires the approval of the Bondholders;

(b) any direction to be given by the Bondholders to the Bond Trustee (in its capacity as the Secured Creditor Representative of the Bondholders) to challenge the determination of the voting category made by Alpha Trains Group S.à r.l. in a STID Proposal, and/or (where the Bondholders are an Affected Secured Creditor) whether a STID Proposal gives rise to an Entrenched Right;

(c) any directions required or entitled to be given by Bondholders pursuant to the Finance Documents; and

(d) any other matter which requires the approval of or consent of the Bondholders;

**Voting Period** means the period ending on the Voting Date or, if earlier, the date of the Voting Notice issued by the Security Trustee in respect of such Voting Matter (if applicable).

## FORMS OF THE BONDS

Bonds may, subject to all applicable legal and regulatory requirements, be issued in Series comprising either Bearer Bonds or Registered Bonds, as specified in the relevant Final Terms or Pricing Supplement. The Bonds may comprise one or more Tranches.

### Bearer Bonds

Each Tranche of Bonds initially issued in bearer form will be issued either as a Temporary Bearer Global Bond, without Receipts, Coupons or Talons attached, or a Permanent Global Bond, without Receipts, Coupons or Talons attached, in each case as specified in the relevant Final Terms or Pricing Supplement. Each Temporary Global Bond or, as the case may be, Permanent Global Bond (each a **Bearer Global Bond**) which is not intended to be issued in New Global Bond (**NGB**) form, as specified in the relevant Final Terms or Pricing Supplement, will be delivered on or prior to the Issue Date of the relevant Tranche of the Bonds to a Common Depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system on or about the Issue Date of the relevant Tranche. Each Bearer Global Bond which is intended to be issued in NGB form, as specified in the relevant Final Terms or Pricing Supplement, will be delivered on or prior to the Issue Date of the relevant Tranche of the Bonds to a Common Safekeeper for Euroclear and/or Clearstream, Luxembourg.

Where the Bearer Global Bonds issued in respect of any Tranche are in NGB form, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether or not such Bearer Global Bonds are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Bonds are to be so held does not necessarily mean that the Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by Eurosystem, either upon issue or at any times during their life, as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGBs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

In the case of each Tranche of Bonds in bearer form the relevant Final Terms or Pricing Supplement will also specify whether U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (the **TEFRA C Rules**) or U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (the **TEFRA D Rules**) are applicable in relation to the Bonds or, if the Bonds do not have a maturity of more than one year, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

#### *Temporary Bearer Global Bond exchangeable for Permanent Bearer Global Bond*

If the relevant Final Terms or Pricing Supplement specify the form of Bonds as being represented by "Temporary Bearer Global Bond exchangeable for a Permanent Bearer Global Bond", then the Bonds will initially be in the form of a Temporary Global Bond which will be exchangeable, in whole or in part, for interests in a Permanent Global Bond, without Receipts, Coupons or Talons attached, not earlier than 40 days after the Issue Date of the relevant Tranche of the Bonds upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Bond unless exchange for interests in the Permanent Global Bond is improperly withheld or refused. In addition, payments of interest in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in a Temporary Global Bond is to be exchanged for an interest in a Permanent Global Bond, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Bond, duly authenticated, to the bearer of the Temporary Global Bond or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Bond in accordance with its terms against:

(a) presentation and (in the case of final exchange) surrender of the Temporary Global Bond at the specified office of the Principal Paying Agent; and

(b) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Bond shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S beneficial ownership, provided, however, that in no circumstances shall the principal amount of the Permanent Global Bond exceed the aggregate initial principal amount of the Temporary Global Bond and any Temporary Global Bond representing a fungible Tranche of Bonds with the Tranche of Bonds represented by the first Temporary Global Bond.

The Permanent Global Bond will be exchangeable in whole, but not in part, for Bonds in definitive form (each, a **Definitive Bond**):

(i) if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee is available; or

(ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds in definitive form and a certificate to such effect from two Directors of the Issuer has been given to the Bond Trustee.

Whenever the Permanent Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Receipts, Coupons and Talons attached (if so specified in the relevant Final Terms or Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Bond to the bearer of the Permanent Global Bond against the surrender of the Permanent Global Bond at the specified office of the Principal Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the Issue Date of such Bonds.

***Temporary Global Bond exchangeable for Definitive Bonds***

If the relevant Final Terms or Pricing Supplement specifies the form of Bonds as being "Temporary Global Bonds exchangeable for Definitive Bonds", then the Bonds will initially be in the form of a Temporary Global Bond which will be exchangeable, in whole or in part, for Definitive Bonds not earlier than 40 days after the Issue Date of the relevant Tranche of the Bonds upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Receipts, Coupons and Talons attached (if so specified in the relevant Final Terms or Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Bond so exchanged to the bearer of the Temporary Global Bond against the presentation (and in the case of final exchange,

surrender) of the Temporary Global Bond at the specified office of the Principal Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the issue of such Bonds.

If the relevant Final Terms or Pricing Supplement specify the form of Bonds as being "Temporary Global Bonds exchangeable for Definitive Bonds", such Temporary Global Bonds and such Definitive Bonds may only be issued and traded in denominations equal to the Specified Denomination and integral multiples thereof.

***Permanent Global Bond exchangeable for Definitive Bonds***

If the relevant Final Terms or Pricing Supplement specifies the form of Bonds as being "Permanent Global Bonds exchangeable for Definitive Bonds", then the Bonds will initially be in the form of a Permanent Global Bond which will be exchangeable in whole, but not in part, for Definitive Bonds:

(a) if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention to permanently cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee is available; or

(b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds in definitive form and a certificate to such effect from two Directors of the Issuer has been given to the Bond Trustee.

Whenever the Permanent Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Receipts, Coupons and Talons attached (if so specified in the relevant Final Terms or Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Bond to the bearer of the Permanent Global Bond against the surrender of the Permanent Global Bond at the specified office of the Principal Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the Issue Date of such Bonds.

In the event that a Global Bond is exchanged for Definitive Bonds, such Definitive Bonds shall be issued in Specified Denomination(s) only. Bondholders who hold Bonds in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant date of exchange, a principal amount of Bonds such that their holding is an integral multiple of a Specified Denomination.

***Conditions applicable to the Bonds***

The Conditions applicable to any Definitive Bond will be endorsed on that Bond and will consist of the Conditions set out under "*Terms and Conditions of the Bonds*" above and the provisions of the relevant Final Terms or Pricing Supplement which complete those Conditions.

The Conditions applicable to any Global Bond will differ from those Conditions which would apply to the Definitive Bond to the extent described under "*Provisions Relating to the Bonds while in Global Form*" below.

***Legend concerning United States persons***

Global Bonds and Definitive Bonds having a maturity of more than one year and any Receipts, Coupons and Talons appertaining thereto will bear a legend to the following effect unless the relevant Final Terms or Pricing Supplement specifies that the TEFRA C Rules are applicable or that TEFRA does not apply:

"*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code*."

The sections referred to in such legend provide that a United States person who holds a Bond, Receipt, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bond, Receipt, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Bearer Bonds will only be transferable in accordance with the procedures of the Euroclear or Clearstream, Luxembourg and/or any other relevant clearing system (as applicable).

***Registered Bonds***

Any Registered Bond will be represented on issue by one or more Regulation S Global Bonds or Rule 144A Global Bonds of each Tranche. Regulation S Global Bonds and Rule 144A Global Bonds are referred to collectively as the **Registered Global Bonds**.

Each Regulation S Global Bond will be deposited on or about the Issue Date with either: (a) a common depositary for Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, in the case of a Regulation S Global Bond which will not be held under the new safekeeping structure (**New Safekeeping Structure** or **NSS**), and registered in the name of a nominee of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; or (b) a common safekeeper for Euroclear and/or Clearstream, Luxembourg, in the case of a Regulation S Global Bond to be held under the New Safekeeping Structure, and registered in the name of a nominee of the common safekeeper. Each Rule 144A Global Bond will either: (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC; or (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system.

Where the Regulation S Global Bonds issued in respect of any Tranche are held under the NSS, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether or not such Regulation S Global Bonds are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Regulation S Global Bonds are to be so held does not necessarily mean that the Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for NSSs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Beneficial interests in a Registered Global Bond may be held only through DTC or Euroclear or Clearstream, Luxembourg or their participants at any time. See "*Book-Entry Clearance Procedure*" below.

Beneficial interests in Registered Global Bonds will be subject to certain restrictions on transfer set out in this Prospectus, in the relevant Final Terms or Pricing Supplement, and in the Agency Agreement, and such Registered Global Bonds will bear the applicable legends regarding the restrictions set out in the relevant Final Terms or Pricing Supplement.

Except in the limited circumstances described below, owners of beneficial interests in Registered Global Bonds will not be entitled to receive physical delivery of certificated Bonds.

*Exchange for Registered Definitive Bonds*

Each Registered Global Bond will be exchangeable, free of charge to the holder, on or after its Individual Exchange Date (as defined below), in whole but not in part, for definitive bonds in fully registered form (**Registered Definitive Bonds**):

(a) in the case of Registered Global Bonds registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Registered Global Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the U.S. Exchange Act of 1934 (the **Exchange Act**), as amended, and no alternative clearing system is available;

(b) in the case of Registered Global Bonds registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee is available; and

(c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds in definitive form and a certificate to such effect from two Directors of the Issuer has been given to the Bond Trustee.

The Registrar will not register the transfer of, or exchange of interests in, a Registered Global Bond for Registered Definitive Bonds for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the relevant Tranche of Bonds.

If only one of the Registered Global Bonds (the **Exchanged Registered Global Bond**) becomes exchangeable for Registered Definitive Bonds in accordance with the above paragraphs, transfers of Bonds may not take place between, on the one hand, persons holding Registered Definitive Bonds issued in exchange for beneficial interests in the Exchanged Registered Global Bond and, on the other hand, persons wishing to purchase beneficial interests in the other Registered Global Bond.

**Individual Exchange Date** means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar and any Transfer Agent is located.

In such circumstances, the relevant Registered Global Bond shall be exchanged in full for Registered Definitive Bonds and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Registered Bonds to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Bondholders. A person having an interest in a Registered Global Bond must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Registered Definitive Bonds.

*Legends and Transfers*

The holder of a Registered Definitive Bond may transfer the Bonds represented thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Registered Definitive Bond or upon specific request for removal of the legend on a Registered Definitive Bond, the Issuer will deliver only Registered Definitive Bonds that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the

Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act and the U.S. Investment Company Act of 1940.

The Registrar will promptly inform the Issuer about any change made to the Register to enable the Issuer to maintain an up-to-date copy of the register held by the Registrar at the Issuer's registered office (the **Issuer Register**). For Luxembourg law purposes, in case of conflict between the register held by the Registrar and the Issuer Register, the Issuer Register prevails.

**Provisions Relating to the Bonds while in Global Form**

Global Bonds will contain provisions that apply to the Bonds which they represent, some of which modify the effect of the Conditions of the Bonds as set out in this Prospectus. The following is a summary of certain of those provisions:

(a) Cancellation

Cancellation of any Bond represented by a Global Bond that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Global Bond.

(b) Notices

So long as any Bonds are represented by a Global Bond and such Global Bond is held on behalf of DTC, Euroclear or Clearstream, Luxembourg or any other relevant clearing system, notices to the Bondholders may be given, subject always to listing requirements, by delivery of the relevant notice to DTC, Euroclear or Clearstream, Luxembourg or any other relevant clearing system for communication by it to entitled Accountholders in substitution for publication as provided in the Conditions. Such notices shall be deemed to have been received by the Bondholders on the date of delivery to such clearing systems.

(c) Record date

Each payment in respect of a Registered Global Bond will be made to the person shown as the Holder in the Register on the Clearing System Business Day before the due date for such payment (the **Record Date**) where **Clearing System Business Day** means a day on which each clearing system for which the Registered Global Bond is being held is open for business.

(d) Payments

All payments in respect of the Global Bonds which, according to the Conditions, require presentation and/or surrender of a Bond or Coupon, will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Bond to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Bonds. On each occasion on which a payment of principal or interest is made in respect of the Global Bonds, the Issuer shall procure that the payment is noted in a schedule thereto and the payment is entered pro rata in the records of DTC, Euroclear and Clearstream, Luxembourg, as the case may be.

(e) Payment Business Day

Notwithstanding the definition of **Payment Business Day** in Condition 22 (*Definitions*), while all the Bonds are represented by a Permanent Bearer Global Bond (or by a Permanent Global Bond and/or a Temporary Global Bond) or a Registered Global Bond and the Permanent Bearer Global

Bond is (or the Permanent Global Bond and/or the Temporary Global Bond are), or the Registered Global Bond is deposited with a depositary or a common depositary or a common safekeeper for DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, **Payment Business Day** means:

(i) if the currency of payment is euro, any day on which the TARGET2 system is open and a day on which dealings in foreign currencies may be carried on in each (if any) Relevant Financial Centre; or

(ii) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Relevant Financial Centre.

(f) Redemption at the Option of the Issuer

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no selection of Bonds to be redeemed will be required under Condition 8(c) (*Optional Redemption*) in the event that the Issuer exercises its option pursuant to Condition 8(c) (*Optional Redemption*) in respect of less than the aggregate principal amount of the Bonds outstanding at such time. In such event, the partial redemption will be effected pro rata in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg.

***Eurosystem eligibility***

The Issuer will notify the ICSDs and the Paying Agents upon issue whether the Bonds are intended, or are not intended, to be held in a manner which would allow Eurosystem eligibility and deposited with one of the ICSDs as common safekeeper (and in the case of registered Bonds, registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Where the Bonds are not intended to be deposited with one of the ICSDs as common safekeeper upon issuance, should the Eurosystem eligibility criteria be amended in the future such that the Bonds are capable of meeting such criteria, the Bonds may then be deposited with one of the ICSDs as common safekeeper. Where the Bonds are so deposited with one of the ICSDs as common safekeeper (and in the case of registered Bonds, registered in the name of a nominee of one of the ICSDs acting as common safekeeper) upon issuance or otherwise, this does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

***Issuer-ICSDs Agreement***

Prior to the issuance of any NGBs, the Issuer will enter into an Issuer-ICSDs Agreement with Euroclear Bank S.A./N.V. and Clearstream Banking SA (the **ICSDs**) in respect of any Bonds issued in NGB form. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any such NGBs, maintain their respective portion of the issue outstanding amount through their records. The Issuer-ICSDs Agreement will be governed by English law.

## BOOK-ENTRY CLEARANCE PROCEDURE

*The information set out below has been obtained from DTC, Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**). The Issuer and the Guarantors accept responsibility for the accurate reproduction of such information from information published by the Clearing Systems and so far as the Issuer and the Guarantors are aware and are able to ascertain from the information published by the Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.*

### Euroclear and Clearstream, Luxembourg

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of each Series of the Bonds and cross-market transfers of the Bonds associated with secondary market trading. Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfers between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Investors may hold their interests in Global Bonds directly through Euroclear or Clearstream, Luxembourg if they are accountholders (**Direct Participants**) or indirectly (**Indirect Participants** and, together with Direct Participants, **Participants**) through organisations which are accountholders therein.

### DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in participants' accounts. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

### Book-entry ownership

Each Bearer Global Bond will have an ISIN and a common code and will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg or a common safekeeper on behalf of Euroclear and Clearstream, Luxembourg (as applicable). Each Regulation S Global Bond will have an ISIN and a common code and will be registered in the name of a common depositary on behalf of DTC or Euroclear and Clearstream, Luxembourg or a common safekeeper on behalf of DTC or Euroclear and Clearstream, Luxembourg (as applicable). Each Rule 144A Global Bond will have a CUSIP, an ISIN and a common code and will be registered in the name of a common depositary on behalf of DTC or Euroclear and Clearstream, Luxembourg or a common safekeeper on behalf of DTC or Euroclear and Clearstream, Luxembourg (as applicable).

**Payments and relationship of participants with Clearing Systems**

Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of a Bond represented by a Global Bond must look solely to DTC, Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Bond and in relation to all other rights arising under the Global Bond, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Bonds represented by a Global Bond, the common depositary by whom such Bond is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Bond as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Bond held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Bonds for so long as the Bonds are represented by such Global Bond and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Bond in respect of each amount so paid.

**Settlement and transfer of Bonds**

Subject to the rules and procedures of each applicable Clearing System, purchases of Bonds held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Bonds on the Clearing System's records. The ownership interest of each actual purchaser of each such Bond (the **Beneficial Owner**) will in turn be recorded on the Direct Participant and Indirect Participant's records. Transfers of ownership interests in Bonds held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial owners will not receive certificates representing their ownership interests in such Bonds, unless and until interests in any Global Bond held within a Clearing System are exchanged for Bearer Definitive Bonds or Registered Definitive Bonds.

## FORM OF FINAL TERMS

Final Terms dated [●]

**Alpha Trains Finance S.A., a public limited liability company (société anonyme) with its registered office at 22, rue Alfred de Musset, L-2175 Luxembourg and registered with Luxembourg trade and companies under number B.194034**

**Issue of [Tranche [–[●]]] [Aggregate Nominal Amount of Tranche] [Fixed Rate][Floating Rate][Zero-Coupon][Index-Linked][Instalment] Bonds**

**under the €5,000,000,000**

**Multicurrency Programme for the Issuance of Bonds**

**unconditionally and irrevocably guaranteed as to payments of interest and principal by Alpha Trains Holdco II S.à r.l, Alpha Trains Group S.à r.l., Alpha Trains Iberia, S.A.U., Alpha Trains Luxembourg S.à r.l., Alpha Trains Europe GmbH, Alpha Trains (Locomotives) Limited, Alpha Trains (Locomotives) GmbH, Alpha Trains Polska sp. z o.o., Alpha Trains Belgium NV, Alpha Trains Italia S.R.L., Alpha Trains (UK) Limited, Locomotion Capital (UK) Limited, Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains ENR S.à r.l..**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 6 March 2015 [and the prospectus supplement dated [●]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended (the **Prospectus Directive**). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer, the Guarantors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the prospectus supplement] and (in the case of Bonds listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange) the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained from the specified office of the Paying Agents.

| | | | |
|---|---|---|---|
| 1. | (a) | Series Number: | [●] |
| | (b) | Tranche Number: | [●] |
| | (c) | Date on which the Bonds will be considered and form a single series: | [Not Applicable] [The Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with [*Provide issue amount/ISIN/maturity date/issue date of earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Bond for interests in the Permanent Global Bond, as referred to in paragraph 22 below (*Form of Bonds*:), which is expected to occur on or about [●]] |
| 2. | | Specified Currency or Currencies: | [●] |
| 3. | | Aggregate Nominal Amount of Bonds admitted to trading: | |

| | | | |
|---|---|---|---|
| | (a) | Series: | [●] |
| | (b) | Tranche: | [●] |
| 4. | Issue Price: | | [●]% of the Aggregate Nominal Amount [plus accrued interest from [●]] |
| 5. | (a) | Specified Denominations: | [●][€/£100,000/$200,000 and integral multiples of [€/£/$1,000] in excess thereof up to and including [€/£99,000/$199,000]. No Bonds in definitive form will be issued with a denomination of integral multiples above [€/£99,000/$199,000]] |
| | (b) | Calculation Amount: | [€/£/$]1,000 |
| 6. | (a) | Issue Date: | [●] |
| | (b) | Interest Commencement Date: | [●] [Issue Date] [Not Applicable] |
| 7. | Expected Maturity Date: | | [●] |
| 8. | Final Maturity Date: | | [●] |
| 9. | Instalment Date: | | [Not Applicable][●] |
| 10. | Interest Basis: | | [[●]% Fixed Rate]<br>[[●] +/– [●]% Floating Rate]<br>[Zero Coupon]<br>[Index-Linked Interest] |
| 11. | Redemption/Payment Basis: | | [Redemption at par]<br>[Index-Linked Redemption]<br>[Instalment, in the following Instalment Amount on each Instalment Date specified above in paragraph [9 (*Instalment Date*:) [●]] |
| 12. | Change of Interest or Redemption/Payment Basis: | | [For the period from (and including) the Interest Commencement Date, up to (but excluding) [*date/Expected Maturity Date*] paragraph [14/15] applies and for the period from (and including) [*date/Expected Maturity Date*], up to (and including) the [Expected] Maturity Date, paragraph [14/15] applies]] [Not Applicable] |
| 13. | Call Option: | | [Issuer Optional Redemption – Condition 8(c) (*Optional Redemption*) and paragraph 19 below (*Issuer Optional Redemption:* applies] [Not Applicable] |
| 14. | [Date [Board] approval for issuance of Bonds [and giving of the Guarantees] obtained: | | [●] and [●] respectively]] |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

| | | | |
|---|---|---|---|
| 15. | Fixed Rate Bond Provisions: | | [Applicable/Not Applicable] |
| | (a) | Interest Rate: | [●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrears on each Interest Payment Date] |
| | (b) | Screen Rate Determination: | [Not Applicable/Applicable] |
| | | • Relevant Rate: | [●] |
| | | • Interest Determination Date(s): | [●] |
| | | • Page: | [●] |
| | | • Relevant Time: | [●] |
| | (c) | ISDA Determination: | [Not Applicable/Applicable] |
| | | • Floating Rate Option: | [●] |
| | | • Specified Duration (if other than the relevant Interest Period): | [●]/[Not Applicable] |
| | | • Reset Date: | [●] |
| | (d) | Post-EMD Fixed Interest Rate: | [[●]% per annum[plus the amount payable under item 15(a) above][Not Applicable] |
| | (e) | Representative Amount: | [●] |
| | (f) | Reference Banks: | [●] |
| | (g) | Interest Determination Date: | [●] in each year |
| | (h) | Interest Payment Date(s): | [●] [and [●]] in each year |
| | (i) | First Interest Payment Date: | [●] |
| | (j) | Fixed Coupon Amount[(s)]: | [●] per Calculation Amount |
| | (k) | Day Count Fraction: | [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360 or 360/360 or Bond basis] [30E/360 or Eurobond Basis] |
| 16. | Floating Rate Bond Provisions: | | [Applicable/Not Applicable] |
| | (a) | Specified Period(s): | [●] |
| | (b) | Specified Interest Payment Dates: | [●] in each year [subject to adjustment in accordance with the Business Day Convention set out in paragraph |

| | | |
|---|---|---|
| | | (d) below (*Business Day Convention*)] |
| (c) | First Interest Payment Date: | [●] |
| (d) | Business Day Convention: | [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] |
| (e) | Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination] |
| (f) | Party responsible for calculating the Rate(s) of Interest, Interest Amount(s) and Redemption Amount (if not the Agent Bank): | [Not Applicable]/[●] as Calculation Agent] |
| (g) | Screen Rate Determination: | |
| | • Relevant Rate: | [●] |
| | • Interest Determination Date(s): | [●] |
| | • Page: | [●] |
| | • Relevant Time: | [●] |
| (h) | ISDA Determination: | |
| | • Floating Rate Option: | [●] |
| | • Specified Duration (if other than the relevant Interest Period): | [●]/[Not Applicable] |
| | • Reset Date: | [●] |
| | • Designated Maturity: | [●] |
| (i) | Margin(s): | [+/–][●]% per annum |
| (j) | Step-Up Floating Fee Rate: | [[+/–][●]% per annum] [Not Applicable] |
| (k) | Minimum Rate of Interest: | [[●]% per annum] [Not Applicable] |
| (l) | Maximum Rate of Interest: | [[●]% per annum] [Not Applicable] |
| (m) | Day Count Fraction: | [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis] |
| (n) | Representative Amount: | [●] |
| (o) | Reference Banks: | [●] |

| | | | |
|---|---|---|---|
| 17. | Zero Coupon Bond Provisions: | | [Applicable/Not Applicable] |
| | (a) | Accrual Yield: | [●]% per annum |
| | (b) | Reference Price: | [●] |
| | (c) | Day Count Fraction in relation to Redemption Amounts and late payment: | [As set out in Condition 8(f) [(*Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account*)][●] |
| 18. | Index-Linked Bond Provisions: | | [Applicable/Not Applicable] |
| | (a) | Index/Formula: | [HICP |
| | (b) | Interest Rate: | [Fixed, calculated in accordance with paragraph 15 above (*Fixed Rate Bond Provisions*:)][Floating, calculated in accordance with paragraph 16 above (*Floating Rate Bond Provisions*:)] |
| | (c) | Screen Rate Determination: | |
| | | • Relevant Rate: | [●] |
| | | • Interest Determination Date(s): | [●] |
| | | • Page: | [●] |
| | | • Relevant Time: | [●] |
| | (d) | ISDA Determination: | |
| | | • Floating Rate Option: | [●] |
| | | • Specified Duration (if other than the relevant Interest Period): | [●]/[Not Applicable] |
| | | • Reset Date: | [●] |
| | (e) | Step-Up Index-Linked Fee Rate: | [[●]% per annum] [Not Applicable] |
| | (f) | Representative Amount: | [●] |
| | (g) | Reference Banks: | [●] |
| | (h) | Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Agent Bank): | [Not Applicable]/[[●] as Calculation Agent] |
| | (i) | Provisions for determining Interest in the event of changes | [Applicable – Condition 7(c) (*Changes in Circumstances Affecting the Index*) and Condition 7(e) |

| | | |
|---|---|---|
| | in circumstances, disruptions, cessation of fundamental changes to the Index: | (*Cessation of or Fundamental Changes to the Index*)[Not Applicable] |
| (j) | Interest or calculation period(s): | [●] |
| (k) | Interest Payment Dates: | [●] in each year [subject to adjustment in accordance with the Business Day Convention set out in paragraph (m) below (*Business Day Convention*)) |
| (l) | First Interest Payment Date: | [●] |
| (m) | Business Day Convention: | [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] |
| (n) | Minimum Indexation Factor: | [Not Applicable][●] |
| (o) | Maximum Indexation Factor: | [Not Applicable][●] |
| (p) | Base Index Figure: | [●] |
| (q) | Limited Indexation Month(s): | [●] |
| (r) | Day Count Fraction: | [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis] |

**PROVISIONS RELATING TO REDEMPTION**

| | | | |
|---|---|---|---|
| 19. | Issuer Optional Redemption: | | [Applicable in accordance with Condition [8(c)] (*Optional Redemption*)] [Not Applicable] |
| (a) | Optional Redemption Date(s): | | Any Interest Payment Date [falling on or after [●] and at a premium of [●]] |
| (b) | Redemption Amount(s) of each Bond: | | [[●] per Calculation Amount][Alternative Redemption Amount][Modified Redemption Amount] |
| (c) | If redeemable in part: | | |
| | (i) | Minimum Redemption Amount: | [●] per Calculation Amount |
| | (ii) | Maximum Redemption Amount: | [●] per Calculation Amount |
| (d) | Notice period: | | [●] |
| (e) | Alternative Redemption Amount: | | [[●] per Calculation Amount][Not Applicable] |
| (f) | Relevant Swap Mid Curve Rate | | [●]%[Not Applicable] |
| (g) | Relevant Swap Mid Curve Margin | | [●]%[Not Applicable] |

| | | | |
|---|---|---|---|
| | (h) | Modified Redemption Amount: | [[●] per Calculation Amount][Not Applicable] |
| | (i) | Comparable German Bund Issue: | [[●] per Calculation Amount][Not Applicable] |
| | (j) | Bund Rate Margin: | [[●]%][Not Applicable] |
| | (k) | Fixed Rate Bond Percentage: | [[●]%][Not Applicable] |
| | (l) | Fixed Rate Bond Percentage Margin: | [[●]%][Not Applicable] |
| | (m) | Comparable Treasury Issue: | [[●] per Calculation Amount][Not Applicable] |
| | (n) | Reference Gilt: | [[●] per Calculation Amount][Not Applicable] |
| | (o) | Par-Call Option: | [Applicable in accordance with Condition 8(c)(vii)][Not Applicable] |
| | (p) | Redemption Rate Percentage specified for the Redemption Rate: | [●]% |
| 20. | Redemption Amount of each Bond: | | [●] per Calculation Amount |
| | In cases where the Redemption Amount is Index-Linked or other variable-linked: | | |
| | (a) | Index/Formula/variable: | [●] |
| | (b) | Party responsible for calculating the Redemption Amount (if not the Agent Banks): | [Not Applicable]/[[●] as Calculation Agent] |
| | (c) | Provisions for determining Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: | The Redemption Amount of each Bond shall be determined in accordance with Condition 8(c) (*Optional Redemption*) |
| | (d) | Determination Date(s): | [●] |
| | (e) | Provisions for determining Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | [Applicable – Condition 7(c) (*Changes in Circumstances Affecting the Index*) and Condition 7(e) (*Cessation of or Fundamental Changes to the Index*)][Not Applicable] |
| | (f) | Payment Date: | [●] |
| | (g) | Minimum Redemption Amount: | [●] per Calculation Amount |
| | (h) | Maximum Redemption Amount: | [●] per Calculation Amount |

| | | |
|---|---|---|
| 21. | Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: | [●] per Calculation Amount |

**GENERAL PROVISIONS APPLICABLE TO THE BONDS**

| | | | |
|---|---|---|---|
| 22. | Form of Bonds: | | [Bearer/Registered] |
| | (a) | If issued in Bearer form: | [Temporary Bearer Global Bond exchangeable for a Permanent Bearer Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (TEFRA D Rules apply)]<br><br>[Temporary Global Bond exchangeable for Definitive Bonds on [●] days' notice (TEFRA D Rules apply)]<br><br>[Permanent Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (TEFRA C Rules apply)]<br><br>[Permanent Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (Neither TEFRA C Rules nor TEFRA D Rules apply)] |
| | (b) | If Registered Bonds: | [[Rule 144A Global Bond/Regulation S Global Bond] registered in the name of a nominee for [a common depositary for [DTC/Euroclear and Clearstream, Luxembourg] [●]]/a common safekeeper for Euroclear and Clearstream, Luxembourg exchangeable for Registered Definitive Bonds on [●] days' notice in the circumstances specified in the Registered Global Bond.] |
| 23. | New Global Bond: | | [Yes][No] |
| 24. | New Safekeeping Structure | | [Yes][No] |
| 25. | Relevant Financial Centre(s): | | [Not Applicable][●] |
| 26. | Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature): | | [No][Yes] |
| 27. | Details relating to Instalment Bonds: | | [Not Applicable] |
| | (a) | Instalment Date: | [●] |
| | (b) | Instalment Amount: | [●] |
| 28. | Alternative Clearing System | | [●] |

29. Additional Business Days: [●]

**[THIRD PARTY INFORMATION]**

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Holdco II S.à r.l:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Group S.à r.l.:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Iberia, S.A.U.:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Luxembourg S.à r.l.:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Europe GmbH:

By: .....

Duly authorised

Signed on behalf of Alpha Trains (Locomotives) Limited:

By: .....

Duly authorised

Signed on behalf of Alpha Trains (Locomotives) GmbH:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Polska sp. z o.o.

By: .....

Duly authorised

Signed on behalf of Alpha Trains Belgium NV:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Italia S.R.L.:

By: .....

Duly authorised

Signed on behalf of Alpha Trains (UK) Limited:

By: .....

Duly authorised

Signed on behalf of Locomotion Capital (UK) Limited:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Luxembourg No. 2 S.à r.l.:

By: .....

Duly authorised

Signed on behalf of Alpha Trains ENR S.à r.l.:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

| | | |
|---|---|---|
| (a) | Admission to trading: | [Application has been made by the Issuer (or on its behalf) for the Bonds to be admitted to trading on the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange with effect from [●]]<br><br>[Not Applicable] |
| (b) | Estimate of total expenses related to admission to trading: | [●][Not Applicable][*N.B. only applicable when Annex XIII is applicable*] |

### 2. RATINGS

| | |
|---|---|
| Ratings: | The Bonds to be issued [have been] [are expected to be] rated:<br>[Fitch Ratings Ltd (**Fitch**): [●]]<br><br>[Moody's Investor Services Ltd (**Moody's**): [●]] |

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[●]/[Save as discussed in "Subscription and Sale" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.]

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

| | | |
|---|---|---|
| (a) | Reasons for the offer: | [●] [Not Applicable] |
| (b) | Estimated net proceeds: | [●] [Not Applicable] |
| (c) | Estimated total expenses: | [●][*N.B.: If the Bonds are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required*.] |

### 5. YIELD (FIXED RATE BONDS ONLY) INDICATION OF YIELD

[●][Not Applicable]

### 6. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING

| | | |
|---|---|---|
| (a) | Name of underlying index: | [HICP][Not Applicable] |
| (b) | Information about the Index, its volatility and past and future performance can be obtained | [Information on [●] can be found at [●]][Not Applicable] |

from:

## 7. OPERATIONAL INFORMATION

| | |
|---|---|
| Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s): | [Not Applicable][●] |
| Delivery: | Delivery [against/free of] payment |
| Names and addresses of additional Paying Agent(s) (if any): | [●] |
| Name and address of Calculation Agent (if any): | [●] |
| ISIN Code: | [●] |
| Common Code: | [●] |

## FORM OF PRICING SUPPLEMENT

Set out below is a form of Pricing Supplement for use in connection with Exempt Bonds issued under the Programme. This *pro forma* Pricing Supplement is subject to completion and amendment to set out the terms upon which each Tranche or Series of Exempt Bonds is to be issued.

## IMPORTANT NOTICE

***In accessing the attached pricing supplement (the Pricing Supplement) you agree to be bound by the following terms and conditions.***

The information contained in the Pricing Supplement may be addressed to and/or targeted at persons who are residents of particular countries only as specified in the Pricing Supplement and/or in the Prospectus (as defined in the Pricing Supplement) and is not intended for use and should not be relied upon by any person outside those countries and/or to whom the offer contained in the Pricing Supplement is not addressed. Prior to relying on the information contained in the Pricing Supplement, you must ascertain from the Pricing Supplement and/or Prospectus whether or not you are an intended addressee of the information contained therein.

Neither the Pricing Supplement nor the Prospectus constitutes an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities law of any such jurisdiction.

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED (THE PROSPECTUS DIRECTIVE) FOR THIS ISSUE OF BONDS. THE BONDS WHICH ARE THE SUBJECT OF THIS PRICING SUPPLEMENT ARE NOT COMPLIANT WITH THE PROSPECTUS DIRECTIVE AND THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.**

Pricing Supplement dated [●]

**ALPHA TRAINS FINANCE S.A. A PUBLIC LIMITED LIABILITY COMPANY (SOCIÉTÉ ANONYME) WITH ITS REGISTERED OFFICE AT 22, RUE ALFRED DE MUSSET, L-2175 LUXEMBOURG AND REGISTERED WITH LUXEMBOURG TRADE AND COMPANIES UNDER NUMBER B. 194034**

**Issue of [Tranche [–[●]] [Aggregate Nominal Amount of Tranche] [Fixed Rate][Floating Rate][Zero-Coupon][Index-Linked][Instalment]] Bonds**

**under the €5,000,000,000**

**Multicurrency Programme for the Issuance of Bonds**

**unconditionally and irrevocably guaranteed as to payments of interest and principal by Alpha Trains Holdco II S.à r.l, Alpha Trains Group S.à r.l., Alpha Trains Iberia, S.A.U., Alpha Trains Luxembourg S.à r.l., Alpha Trains Europe GmbH, Alpha Trains (Locomotives) Limited, Alpha Trains (Locomotives) GmbH, Alpha Trains Polska sp. z o.o., Alpha Trains Belgium NV, Alpha Trains Italia S.R.L., Alpha Trains (UK) Limited, Locomotion Capital (UK) Limited, Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains ENR S.à r.l..**

The Prospectus referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of Bonds in any member state of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Bonds. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Bonds may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Bonds in any other circumstances.

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 6 March 2015 [and the prospectus supplement dated [●] which [together] constitute[s] a base prospectus (the **Base Prospectus**)] for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended (the **Prospectus Directive**). This document constitutes the Pricing Supplement of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer, the Guarantors and the offer of the Bonds is only available on the basis of the combination of the Pricing Supplement and the Base Prospectus. The Base Prospectus [and the prospectus supplement] [is] [are] available for viewing at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from the specified office of the Paying Agents.

| | | | |
|---|---|---|---|
| 1. | (a) | Series Number: | [●] |
| | (b) | Tranche Number: | [●] |
| | (c) | Date on which the Bonds will be considered and form a single series: | [Not Applicable] [The Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with [●] on [the Issue Date/exchange of the Temporary Global Bond for interests in the Permanent Global Bond, as referred to in paragraph 22 (*Form of Bonds:*) below, which is expected to occur on or about [●]] |
| 2. | Specified Currency or Currencies: | | [●] |
| 3. | Aggregate Nominal Amount of Bonds admitted to trading: | | |
| | (a) | Series: | [●] |
| | (b) | Tranche: | [●] |
| 4. | Issue Price: | | [●]% of the Aggregate Nominal Amount [plus accrued interest from [●]] |
| 5. | (a) | Specified Denominations: | [●][€/£100,000/$200,000 and integral multiples of [€/£/$1,000] in excess thereof up to and including [€/£99,000/$199,000]. No Bonds in definitive form will be issued with a denomination of integral multiples above [€/£99,000/$199,000]] |

| | | | |
|---|---|---|---|
| | (b) | Calculation Amount: | [€/£/$]1,000 |
| 6. | (a) | Issue Date: | [●] |
| | (b) | Interest Commencement Date: | [●] [Issue Date] [Not Applicable] |
| 7. | Expected Maturity Date: | | [●] |
| 8. | Final Maturity Date: | | [●] |
| 9. | Instalment Date: | | [Not Applicable][●] |
| 10. | Interest Basis: | | [[●]% Fixed Rate]<br>[[●] +/– [●]% Floating Rate]<br>[Zero Coupon]<br>[Index-Linked Interest]<br>[Other (specify)] |
| 11. | Redemption/Payment Basis: | | [Redemption at par]<br>[Index-Linked Redemption]<br>[Instalment, in the following Instalment Amount on each Instalment Date specified above in paragraph [9 (*Instalment Date:*) [●]]<br>[Other (specify)] |
| 12. | Change of Interest or Redemption/Payment Basis: | | [●] [Not Applicable] |
| 13. | Call Option: | | [Issuer Optional Redemption – Condition 8(c) (*Optional Redemption*) and paragraph 19 below (*Issuer Optional Redemption*:) applies ][Not Applicable] |
| 14. | [Date [Board] approval for issuance of Bonds [and giving of the Guarantees] obtained: | | [●] and [●] respectively] |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

| | | | |
|---|---|---|---|
| 15. | Fixed Rate Bond Provisions: | | [Applicable/Not Applicable] |
| | (a) | Interest Rate: | [●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrears on each Interest Payment Date] |
| | (b) | Screen Rate Determination: | |
| | | • Relevant Rate: | [●] |
| | | • Interest Determination Date(s): | [●] |
| | | • Page: | [●] |
| | | • Relevant Time: | [●] |

| | | | |
|---|---|---|---|
| (c) | ISDA Determination: | | |
| | • | Floating Rate Option: | [●] |
| | • | Specified Duration (if other than the relevant Interest Period): | [●]/[Not Applicable] |
| | • | Reset Date: | [●] |
| (d) | Post-EMD Fixed Interest Rate: | | [[●]% per annum] [Not Applicable] |
| (e) | Representative Amount: | | [●] |
| (f) | Reference Banks: | | [●] |
| (g) | Interest Determination Date: | | [●] in each year |
| (h) | Interest Payment Date(s): | | [●] [and [●]] in each year |
| (i) | First Interest Payment Date: | | [●] |
| (j) | Fixed Coupon Amount[(s)]: | | [●] per Calculation Amount |
| (k) | Day Count Fraction: | | [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360 or 360/360 or Bond basis] [30E/360 or Eurobond Basis] |
| (l) | Other terms applicable: | | [●] |
| 16. | Floating Rate Bond Provisions: | | [Applicable/Not Applicable] |
| (a) | Specified Period(s): | | [●] |
| (b) | Specified Interest Payment Dates: | | [●] in each year [subject to adjustment in accordance with the Business Day convention set out in paragraph (d) below (*Business Day Convention*)] |
| (c) | First Interest Payment Date: | | [●] |
| (d) | Business Day Convention: | | [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] |
| (e) | Manner in which the Rate(s) of Interest is/are to be determined: | | [Screen Rate Determination/ISDA Determination] |
| (f) | Party responsible for calculating the Rate(s) of Interest, Interest Amount(s) and Redemption Amount (if not the Agent Bank): | | [Not Applicable]/[[●] as Calculation Agent] |
| (g) | Screen Rate Determination: | | |

- Relevant Rate: [●]
- Interest Determination Date(s): [●]
- Page: [●]
- Relevant Time: [●]

(h) ISDA Determination:

- Floating Rate Option: [●]
- Specified Duration (if other than the relevant Interest Period): [●]/[Not Applicable]
- Reset Date: [●]
- Designated Maturity: [●]

(i) Margin(s): [+/–][●]% per annum

(j) Step-Up Floating Fee Rate: [[+/–][●]% per annum] [Not Applicable]

(k) Minimum Rate of Interest: [[●]% per annum] [Not Applicable]

(l) Maximum Rate of Interest: [[●]% per annum] [Not Applicable]

(m) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis]

(n) Representative Amount: [●]

(o) Reference Banks: [●]

(p) Financial Centre: [●]

(q) Additional Financial Centre: [●]

(r) Other terms applicable: [●]

17. Zero Coupon Bond Provisions: [Applicable/Not Applicable]

(a) Accrual Yield: [●]% per annum

(b) Reference Price: [●]

(c) Any other formula/basis of determining amount payable: [●]

(d) Business Days: [●]

| | | | |
|---|---|---|---|
| | (e) | Additional Business Centre(s): | [●] |
| | (f) | Day Count Fraction in relation to Redemption Amounts and late payment: | [As set out in Condition 8(f) [(*Mandatory redemption upon application of amounts standing to the credit of the Defeasance Account*)][●] |
| 18. | Index-Linked Bond Provisions: | | [Applicable/Not Applicable] |
| | (a) | Index/Formula: | [●] |
| | (b) | Interest Rate: | [Fixed, calculated in accordance with paragraph 15 above (*Fixed Rate Bond Provisions*:])[Floating, calculated in accordance with paragraph 16 above (*Floating Rate Bond Provisions*:]) |
| | (c) | Screen Rate Determination: | |
| | | • Relevant Rate: | [●] |
| | | • Interest Determination Date(s): | [●] |
| | | • Page: | [●] |
| | | • Relevant Time: | [●] |
| | (d) | ISDA Determination: | |
| | | • Floating Rate Option: | [●] |
| | | • Specified Duration (if other than the relevant Interest Period): | [●]/[Not Applicable] |
| | | • Reset Date: | [●] |
| | (e) | Step-Up Index-Linked Fee Rate: | [[●]% per annum] [Not Applicable] |
| | (f) | Representative Amount: | [●] |
| | (g) | Reference Banks: | [●] |
| | (h) | Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Agent Bank): | [Not Applicable]/[[●] as Calculation Agent] |
| | (i) | Provisions for determining Interest in the event of changes in circumstances, disruptions, cessation of fundamental changes to the Index: | [Applicable – Condition 7(c) (*Changes in Circumstances Affecting the Index*) and Condition 7(e) (*Cessation of or Fundamental Changes to the Index*)][Not Applicable] |

| | | |
|---|---|---|
| (j) | Interest or calculation period(s): | [●] |
| (k) | Interest Payment Dates: | [●] in each year (subject to adjustment in accordance with the Business Day Convention set out in paragraph (m) below (*Business Day Convention*) ) |
| (l) | First Interest Payment Date: | [●] |
| (m) | Business Day Convention: | [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] |
| (n) | Minimum Indexation Factor: | [Not Applicable][●] |
| (o) | Maximum Indexation Factor: | [Not Applicable][●] |
| (p) | Base Index Figure: | [●] |
| (q) | Limited Indexation Month(s): | [●] |
| (r) | Day Count Fraction: | [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis] |
| (s) | Other terms or special conditions: | [●] |

**PROVISIONS RELATING TO REDEMPTION**

| | | | |
|---|---|---|---|
| 19. | Issuer Optional Redemption: | | [Applicable in accordance with Condition [8(c)] (*Optional Redemption*] [Not Applicable] |
| (a) | Optional Redemption Date(s): | | Any Interest Payment Date [falling on or after [●] and at a premium of [●]] |
| (b) | Redemption Amount(s) of each Bond: | | [[●] per Calculation Amount][Alternative Redemption Amount][Modified Redemption Amount] |
| (c) | If redeemable in part: | | |
| | (i) | Minimum Redemption Amount: | [●] per Calculation Amount |
| | (ii) | Maximum Redemption Amount: | [●] per Calculation Amount |
| (d) | Notice period: | | [●] |
| (e) | Alternative Redemption Amount: | | [[●] per Calculation Amount][Not Applicable] |
| (f) | Relevant Swap Mid Curve Rate | | [●]%[Not Applicable] |
| (g) | Relevant Swap Mid Curve Margin | | [●]%[Not Applicable] |

| | | | |
|---|---|---|---|
| | (h) | Modified Redemption Amount: | [[●] per Calculation Amount][Not Applicable] |
| | (i) | Comparable German Bund Issue: | [[●] per Calculation Amount][Not Applicable] |
| | (j) | Bund Rate Margin: | [[●]%][Not Applicable] |
| | (k) | Fixed Rate Bond Percentage: | [[●]%][Not Applicable] |
| | (l) | Fixed Rate Bond Percentage Margin: | [[●]%][Not Applicable] |
| | (m) | Comparable Treasury Issue: | [[●] per Calculation Amount][Not Applicable] |
| | (n) | Reference Gilt: | [[●] per Calculation Amount][Not Applicable] |
| | (o) | Par-Call Option: | [Applicable in accordance with Condition 8(c)(vii)][Not Applicable] |
| | (p) | Redemption Rate Percentage specified for the Redemption Rate: | [●]% |
| 20. | Redemption Amount of each Bond: | | [●] per Calculation Amount |
| | In cases where the Redemption Amount is Index-Linked or other variable-linked: | | |
| | (a) | Index/Formula/variable: | [●] |
| | (b) | Party responsible for calculating the Redemption Amount (if not the Agent Banks): | [Not Applicable]/[[●] as Calculation Agent] |
| | (c) | Provisions for determining Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: | The Redemption Amount of each Bond shall be determined in accordance with Condition 8(c) (*Optional Redemption*) |
| | (d) | Determination Date(s): | [●] |
| | (e) | Provisions for determining Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | [Applicable – Condition 7(c) (*Changes in Circumstances Affecting the Index*) and Condition 7(e) (*Cessation of or Fundamental Changes to the Index*)][Not Applicable] |
| | (f) | Payment Date: | [●] |
| | (g) | Minimum Redemption Amount: | [●] per Calculation Amount |
| | (h) | Maximum Redemption Amount: | [●] per Calculation Amount |

| | | |
|---|---|---|
| 21. | Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: | [●] per Calculation Amount |

**GENERAL PROVISIONS APPLICABLE TO THE BONDS**

| | | |
|---|---|---|
| 22. | Form of Bonds: | [Bearer/Registered] |
| | (a) If issued in Bearer form: | [Temporary Bearer Global Bond exchangeable for a Permanent Bearer Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (TEFRA D Rules apply)]<br><br>[Temporary Global Bond exchangeable for Definitive Bonds on [●] days' notice (TEFRA D Rules apply)]<br><br>[Permanent Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (TEFRA C Rules apply)]<br><br>[Permanent Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (Neither TEFRA C Rules nor TEFRA D Rules apply)] |
| | (b) If Registered Bonds: | [[Rule 144A Global Bond/Regulation S Global Bond] registered in the name of a nominee for [a common depositary for [DTC/Euroclear and Clearstream, Luxembourg] [●]]/a common safekeeper for Euroclear and Clearstream, Luxembourg exchangeable for Registered Definitive Bonds on [●] days' notice in the circumstances specified in the Registered Global Bond] |
| 23. | New Global Bond: | [Yes][No] |
| 24. | New Safekeeping Structure | [Yes][No] |
| 25. | Relevant Financial Centre(s): | [Not Applicable][●] |
| 26. | Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature): | [No][Yes] |
| 27. | Details relating to Instalment Bonds: | [Not Applicable] |
| | (a) Instalment Date: | [●] |
| | (b) Instalment Amount: | [●] |
| 28. | Alternative Clearing System: | [●] |

29. Additional Business Days: [●]

**[THIRD PARTY INFORMATION]**

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Holdco II S.à r.l:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Group S.à r.l.:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Iberia, S.A.U.:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Luxembourg S.à r.l.:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Europe GmbH:

By: .....

Duly authorised

Signed on behalf of Alpha Trains (Locomotives) Limited:

By: .....

Duly authorised

Signed on behalf of Alpha Trains (Locomotives) GmbH:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Polska sp. z o.o:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Belgium NV:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Italia S.R.L.:

By:

Duly authorised

Signed on behalf of Alpha Trains (UK) Limited:

By: .....

Duly authorised

Signed on behalf of Locomotion Capital (UK) Limited:

By: .....

Duly authorised

Signed on behalf of Alpha Trains Luxembourg No. 2 S.à r.l.:

By: .....

Duly authorised

Signed on behalf of Alpha Trains ENR S.à r.l.:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

| | | |
|---|---|---|
| (a) | Listing: | [●] |
| (b) | Admission to trading: | [Application has been made by the Issuer (or on its behalf) for the Bonds to be admitted to trading on [●] and listing on [●] of the [●] with effect from [●]]<br><br>[Not Applicable] |
| (c) | Estimate of total expenses related to admission to trading: | [●] |

### 2. RATINGS

| | |
|---|---|
| Ratings: | The Bonds to be issued [have been] [are expected to be] rated:<br><br>[Fitch Ratings Ltd (**Fitch**): [●]]<br><br>[Moody's Investor Services Ltd (**Moody's**): [●]] |

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[●]/[Save as discussed in "Subscription and Sale" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer]

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

| | | |
|---|---|---|
| (a) | Reasons for the offer: | [●] |
| (b) | Estimated net proceeds: | [●] |
| (c) | Estimated total expenses: | [●] |

**5. YIELD** (Fixed Rate Bonds only) Indication of Yield: [●][Not Applicable]

### 6. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING

| | | |
|---|---|---|
| (a) | Name of underlying Index: | [HICP][Not Applicable] |
| (b) | Information about the Index, its volatility and past and future performance can be obtained from: | [Information on [●]can be found at [●]]][Not Applicable] |

## 7. OPERATIONAL INFORMATION

| | |
|---|---|
| Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking *Société Anonyme* and the relevant identification number(s): | [Not Applicable][●] |
| Delivery: | Delivery [against/free of] payment |
| Names and addresses of additional Paying Agent(s) (if any): | [●] |
| Name and address of Calculation Agent (if any): | [●] |
| ISIN Code: | [●] |
| Common Code: | [●] |
| Eurosystem eligibility: | [●] |

## DESCRIPTION OF INITIAL LIQUIDITY FACILITY PROVIDERS

### THE BANK OF NOVA SCOTIA

The Bank of Nova Scotia was granted a charter under the laws of the Province of Nova Scotia in 1832 and commenced operations in Halifax, Nova Scotia in that year. Since 1871, The Bank of Nova Scotia has been a chartered bank under the Bank Act (Canada) (the **Bank Act**). The Bank of Nova Scotia is a Schedule 1 bank under the Bank Act and the Bank Act is its charter. The head office of The Bank of Nova Scotia is located at 1709 Hollis Street, Halifax, Nova Scotia, B3J 3B7 and its executive offices are at Scotia Plaza, 44 King Street West, Toronto, Ontario, M5H 1H1. A copy of The Bank of Nova Scotia's by-laws is available on www.sedar.com.

The Bank of Nova Scotia is a leading financial services provider in over 55 countries and Canada's most international bank. Through its team of more than 86,000 employees, The Bank of Nova Scotia and its affiliates offer a broad range of products and services, including personal and commercial banking, wealth management, corporate and investment banking, to over 21 million customers.

Information on The Bank of Nova Scotia's business lines is available in the 2014 Management's Discussion and Analysis found on pages 54 to 64 inclusive of The Bank of Nova Scotia's Annual Report for the year ended 31 October 2014.

### COMMBANK EUROPE LIMITED

Established in Malta in 2005 CommBank Europe Limited (**CBE**) is authorised and regulated by the Malta Financial Services Authority (**MFSA**) to transact the business of banking. It is a company registered in Malta with registration No. C32846 and VAT No. MT19834901, whose registered office is at Strand Towers, Level 3, 36 The Strand, Sliema, SLM1022, Malta. CBE's principal activity is the operation of a credit institution under the Banking Act, Cap 371 of the Laws of Malta in accordance with the banking licence issued by the MFSA. CBE is ultimately a wholly owned subsidiary of the Commonwealth Bank of Australia.

Commonwealth Bank of Australia (**CBA**) ABN 48 123 123 124 is a public company incorporated in the Commonwealth of Australia and it operates under Australian legislation including the Corporations Act 2001 of Australia. Its registered office is Ground Floor, Tower 1, 201 Sussex Street, SYDNEY, NSW, AUSTRALIA, 2000. CBA is one of Australia's leading providers of integrated financial services including retail banking, premium banking, business banking, institutional banking, funds management, superannuation, insurance, and investment and share-broking products and services. CBA is one of the largest companies listed on ASX and is an authorised deposit-taking institution regulated by Australian Prudential Regulation Authority (**APRA**) and other regulatory bodies.

### CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK

#### The Liquidity Facility Provider

Crédit Agricole Corporate and Investment Bank (**Crédit Agricole CIB**), will act as Liquidity Facility Provider. Crédit Agricole CIB is one of Europe's leading corporate and investment bank institutions and specialises in capital markets, investment banking and financing activities. Crédit Agricole CIB has over EUR570 billion in assets and over EUR15 billion of total shareholder's equity, both as of June 30, 2014. Crédit Agricole CIB is a limited liability company incorporated in France as a "société anonyme" and established under the laws of France. Crédit Agricole CIB is 97.3% owned by Crédit Agricole S.A. The shares of Crédit Agricole S.A. have been listed on the French Stock Exchange (the **Premier marché d'Euronext Paris**) since December 14, 2001.

Crédit Agricole CIB's long-term unsecured debt is rated A, stable outlook by Fitch France, A2, negative outlook by Moody's Investors Service Ltd. and A, negative outlook by Standard & Poor's France, and Crédit Agricole CIB's short-term unsecured debt is rated F1 by Fitch France, P-1 by Moody's Investors Service Ltd. and A-1 by Standard & Poor's France. Each of Fitch France, Moody's Investors Service Ltd. and Standard & Poor's France is established in the European Economic Area and registered under the CRA Regulation. Crédit Agricole CIB's registered office is located at 9, quai du Président Paul Doumer, 92920 Paris La Défense Cedex, France. The most recent Document de Référence (which is translated to English as Shelf-Registration Document), its update as of June 30 (when appropriate), the most recently published audited annual consolidated financial statements and the audited interim consolidated financial statements of Crédit Agricole CIB are available at the appropriate time on the following website: http://www.ca-cib.com.

**HSH NORDBANK AG**

HSH Nordbank AG was created on 2 June 2003 through the merger of Hamburgische Landesbank Girozentrale with Landesbank Schleswig-Holstein Girozentrale (LB Kiel) and is managed in the form of a German public company (Aktiengesellschaft – AG) and incorporated under the numbers: for Hamburg (Amtsgericht Hamburg) HRB 87366, and for Kiel (Amtsgericht Kiel) HRB 6127 KI. The headquarters of the bank are located in Hamburg (Gerhard-Hauptmann-Platz 50; D-20095 Hamburg, Germany) and Kiel (Martensdamm 6, D-214103 Kiel, Germany).

Total assets amounted to EUR 111 billion on 30 September 2014. As at 30 September 2014, the Core Tier 1 capital ratio stood at 12.5% according to Basel III transition and hence on a sound and internationally competitive level. Worldwide HSH Nordbank AG employs a staff of about 2,441 (full-time jobs).

The principal owners of HSH Nordbank, with a combined shareholding of over 85%, are the Free and Hanseatic City of Hamburg and the Federal State of Schleswig-Holstein. 65% of this shareholding is held by HSH Finanzfond AöR, an institution under German public law that is managed jointly by Hamburg and Scheswig-Holstein. Other owners are the Savings Banks Association for Schleswig-Holstein (Sparkassen- und Giroverband) and well as private investors advised by J.C. Flowers & Co. LLC.

As a member of the German Savings Bank Finance Group, HSH Nordbank AG is a member of the support fund of the Landesbanken and therefore is also affiliated to the jointly liable scheme of the German savings bank organisation. This system secures the continued existence of the member institutions and guarantees their liquidity and solvency.

As a "Bank for entrepreneurs", HSH Nordbank focuses on the target group of companies in the upper medium-sized German corporate segment and their owners. For these clients HSH Nordbank wants to be the preferred partner in all financial matters – both business-related as well as private. Primarily in northern and metropolitan areas of Germany, HSH Nordbank focuses on business with corporate clients, real estate clients and clients in upmarket wealth management as well as savings banks. Internationally, the focus is on corporate clients in the areas of shipping as well as energy and infrastructure. For this target group HSH Nordbank offers a range of products tailor-made to their individual needs. Starting with the loan as the anchor product, the range of products and services covers structured finance, foreign trade finance, payment transactions, hedging products for commodities, currencies or interest rates, M&A advisory services and wealth management products for corporate clients. The Restructuring Unit, established as an internal unit, is efficiently winding down HSH Nordbank’s non-strategic portfolios and business areas separated from the core business, but in a manner that is safeguarding value and minimising risks.

**ING BANK, A BRANCH OF ING DIBA AG**

ING-DiBa AG registered address is at Theodor-Heuss-Allee 2, 60486 Frankfurt am Main, Germany (corporate register number at Amtsgericht Frankfurt am Main is HRB 7727).

ING-DiBa was incorporated on 11 October 1965 with its legal name "Bank für Sparanlagen und Vermögensbildung Aktiengesellschaft" when "Kreditbank Hagen Gesellschaft mit beschränkter Haftung" changed its corporate form to a German stock corporation (Aktiengesellschaft). It began as a financial institution specialising in the investment of employer contributions to employees' tax-deductible savings schemes. Four years later, it started to offer mortgage financing. On 20 September 1976, the ING-DiBa changed its legal name to "BSV Bank für Sparanlagen und Vermögensbildung". On 14 May 1993, ING-DiBa's legal name was changed to "Deutsche Direktbank Aktiengesellschaft" and thereafter to "Allgemeine Deutsche Direktbank Aktiengesellschaft". Until 1998, the share capital was fully owned by a union-owned company called BGAG Beteiligungsgesellschaft der Gewerkschaften AG (Frankfurt).

In the same year, the Dutch ING Group acquired a 49% stake in ING-DiBa. In 2003 ING Groep became its sole owner. In the same year DiBa acquired Entrium Direct Bankers in Nuremberg and thereby strengthened its brokerage business. Since 1 July 2005, ING-DiBa has been operating in the market under the name "ING-DiBa AG".

ING-DiBa also maintains an additional branch named ING Bank that also has its registered office in Frankfurt am Main. The corporate customer business is serviced from this branch. The product portfolio essentially comprises corporate lending, export finance, payment transactions, financial markets, structured finance and commercial real estate finance. The customer structure is made exclusively of commercial and institutional customers. Corporate customers to date include well-known industrial companies – among others, from the chemical, automotive, health and pharmaceuticals sectors. ING Bank, a branch of ING-DiBa AG, is part of the worldwide ING Commercial Banking network which is well positioned internationally and takes leading positions in Eastern Europe, the Benelux countries and Asia. Among other things, ING Bank is now one of the leading providers of export finance in Germany.

ING-DiBa, and thus ING Bank as a branch of ING-DiBa AG, belong to the ING Groep N.V., a global financial institution of Dutch origin, currently offering banking, investment and retirement services. ING Groep N.V. operates under several commercial names, including "ING Groep N.V.", "ING Groep", "ING Group" and "ING". ING Groep has its statutory and head office in Amsterdam, the Netherlands and operates under Dutch law. Shares in ING Groep are traded on the Amsterdam Exchange and the New York Stock Exchange. As of 30 September 2014, ING Groep had total assets of EUR 990,987 million and shareholders' equity of EUR 47 billion.

**UNICREDIT BANK AG**

***Information about HVB, the parent company of HVB Group***

UniCredit Bank AG, formerly Bayerische Hypo- und Vereinsbank Aktiengesellschaft (**HVB**, and together with its consolidated subsidiaries, the **HVB Group**) was formed in 1998 through the merger of Bayerische Vereinsbank Aktiengesellschaft and Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft. It is the parent company of the HVB Group, which is headquartered in Munich, Federal Republic of Germany. HVB has been an affiliate company of UniCredit S.p.A., Rome, Italy (UniCredit S.p.A. and together with its consolidated subsidiaries, UniCredit) since November 2005 and hence a major part of UniCredit from that date as a sub-group. UniCredit S.p.A. holds directly 100% of HVB's share capital.

HVB's legal name is UniCredit Bank AG; the brand name is "HypoVereinsbank".

HVB has its registered office at Kardinal-Faulhaber-Strasse 1, 80333 Munich and is registered with the Commercial Register at the Local Court (Amtsgericht) in Munich under number HRB 42148, incorporated as a stock corporation under the laws of the Federal Republic of Germany. It can be reached via telephone under +49-89-378-0 or via www.hvb.de.

**SEB AG**

SEB AG is a corporate bank with comprehensive solutions for corporate and institutional clients. It is the largest Nordic bank in the German market, with, solid position as, core bank in the focus segment German corporates, including Germany's so-called Mittelstand. In addition, SEB AG is a strategic product provider to a majority of German Stock Index DAX companies. Core activities of SEB AG are Merchant Banking (Corporates and Institutions), Real Estate Finance and Asset Management.

SEB AG is a wholly owned German subsidiary of Skandinaviska Enskilda Banken AB (publ) (a bank incorporated in Stockholm, Sweden). The registered office of SEB AG is at Stephanstraße 14-16, 60313 Frankfurt am Main. SEB AG is registered in the commercial register at the Local Court of Frankfurt am Main under No. HRB 6800. SEB AG is a stock corporation (Aktiengesellschaft) under German law. SEB AG is authorised under the Banking Act (Kreditwesengesetz) and the Pfandbrief Act (Pfandbriefgesetz) to conduct banking business, including Pfandbrief business. SEB AG is subject to the supervision by the European Central Bank and for certain matters, the German Central Bank (Deutsche Bundesbank) and the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht).

The short-term unsecured obligations of SEB AG are rated A-1 by Standard & Poor's Credit Market Services Europe Limited and P-2 by Moody's Investors Service Ltd., and the long-term obligations of SEB AG are rated A by Standard & Poor's Credit Market Services Europe Limited and Baa1 by Moody's Investors Service Ltd.

The above information concerning SEB AG is furnished solely to provide limited introductory information and does not purport to be comprehensive.

**SOCIÉTÉ GÉNÉRALE**

SOCIÉTÉ GÉNÉRALE, a French société anonyme, with a share capital of EUR 1,000,024,292.50, whose registered office is located at 29 boulevard Haussmann 75009 Paris, France, is registered with the French Commercial and Companies Registry (Registre du Commerce et des Sociétés) of Paris under number 552 120 222.

# TAX CONSIDERATIONS

## UNITED KINGDOM TAXATION

**The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs practice relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Bonds. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Bonds. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change in the future. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.**

### Interest on the Bonds

Payments of interest on the Bonds by the Issuer may be made without withholding on account of United Kingdom income tax.

HM Revenue & Customs has powers to obtain information and documents relating to the Bonds including in relation to issues of and other transactions in the Bonds, interest, payments treated as interest and other payment derived from the Bonds. This may include details of the beneficial owners of the Bonds, the persons for whom the Bonds are held and details of the persons to whom payments derived from the Bonds are or may be paid. Information may be obtained from a range of persons, including the holders of the Bonds, persons who effect or are party to transactions relating to the Bonds on behalf of others and certain registrars or administrators of such transactions, persons who make, receive or are entitled to receive payments derived from the Bonds and persons by or through whom interest and payments treated as interest are paid or credited. In certain circumstances, the information obtained by HM Revenue & Customs may be exchanged with tax authorities in other countries.

HM Revenue & Customs has indicated that it will not use its information gathering powers to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2014.

## EU SAVINGS DIRECTIVE

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Bonds) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

**THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)**

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission's proposal**) for a financial transaction tax (**FTT**) to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). If the Commission's proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal, the FTT would apply to persons both within and outside of the participating member states. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating 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 financial transaction is issued in a participating member state.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities (such as authorised investments)) if it is adopted based on the Commission's proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Bonds and may result in investors receiving less interest or principal than expected. To the extent that such liabilities may arise at a time when winding up proceedings have been commenced in respect of the Issuer, such liabilities may be regarded as an expense of the liquidation and, as such, be payable out of the floating charge assets of the Issuer (and its general estate) in priority to the claims of Bondholders and other secured creditors. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Bonds (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

A joint statement issued in May 2014 by ten of the eleven participating member states indicated an intention to implement the FTT progressively, such that it would initially extend to transactions involving shares and certain derivatives, with this initial implementation occurring by 1 January 2016. However, full details are not available and further changes could be made prior to adoption.

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

**FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a foreign financial institution, or **FFI** (as defined by FATCA)) that does not become a

**Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA, and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of: (i) any Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the **grandfathering date**, which is the later of (a) 1 July 2014, and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date; and (ii) any Bonds characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Bonds are issued before the grandfathering date, and additional Bonds of the same series are issued on or after that date, the additional Bonds may not be treated as grandfathered, which may have negative consequences for the existing Bonds, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Bonds are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Bonds is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

While the Bonds are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Bonds by the Issuer, any Guarantor, any Paying Agent, the Registrar, the Bond Trustee and the common depositary/common safekeeper, given that each of the entities in the payment chain between the Issuer and the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Bonds. The documentation expressly contemplates the possibility that the Bonds may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, Definitive Bonds will only be printed in remote circumstances. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Bonds as a result of FATCA, none of the Issuer, any Guarantor, any Paying Agent, the Registrar or the Bond Trustee or any other person will be obliged pursuant to the Terms and Conditions of the Bonds to make any additional payments to the Bondholders, Receiptholders or the Couponholders in respect of such withholding or deduction. As a result, investors may receive less interest or principal than expected.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or**

**may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Bonds.**

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

**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. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

**Withholding Tax**

(a) Non-resident holders of Bonds

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

(b) Resident holders of Bonds

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

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 or to a residual entity (within the meaning of the laws of 21 June 2005 implementing Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), as amended) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10% Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Bonds coming within the scope of the Law will be subject to a withholding tax at a rate of 10%.

## SUBSCRIPTION AND SALE

### Dealership Agreement

Bonds may be sold from time to time by the Issuer to any one or more of the Dealers and any other dealer appointed from time to time in each case acting as principal or to subscribers from whom subscriptions have been procured by the Dealers, in each case pursuant to the dealership agreement dated on or before the Initial Issue Date made between, among others, the Issuer and the Dealers (the **Dealership Agreement**). The arrangements under which a particular Tranche of Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers or subscribers are set out in the Dealership Agreement and the Subscription Agreements relating to each Tranche of Bonds. Any such agreement will, *inter alia*, make provision for the price at which such Bonds will be purchased by the Dealers or subscribers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series or Tranche of Bonds.

In the Dealership Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and maintenance of the Programme and the issue of Bonds under the Dealership Agreement and each of the Obligors and the Issuer has agreed to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Dealers may, directly or indirectly through affiliates, have provided investment and/or commercial banking, financial advisory and other services to the Obligors and their affiliates from time to time for which they have received monetary compensation. The Dealers may from time to time also enter into swap and other derivative transactions with the Obligors and their affiliates, including in relation to the Bonds. In addition, the Dealers may engage in the future in investment banking, commercial banking, financial or other advisory services with the Issuer, the Obligors or their affiliates.

### United States of America

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered and sold only (a) outside the United States to persons other than U.S. persons as defined in Regulation S in offshore transactions in reliance on, and in compliance with, Regulation S and (b) in the United States to a limited number of QIBs as defined in the Securities Act in connection with resales by the Dealers, in reliance on, and in compliance with, Rule 144A.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering of the Bonds) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each Dealer has represented and agreed that it has offered and sold, and will offer and sell, the Bonds (a) as part of its distribution at any time and (b) otherwise until 40 days after the later of the commencement of the offering and the relevant Issue Date, only in accordance with Rule 903 of Regulation S or Rule 144A. Accordingly, neither any such Dealer nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Bonds, and any such Dealer, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed that, at or prior to confirmation of sale of the Bond (other than a sale pursuant to Rule 144A), it will have sent to each

distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Bonds from it during the restricted period a confirmation or notice to substantially the foregoing effect.

Each purchaser of a Bond, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Dealers as follows:

(a) It understands and acknowledges that the Bonds have not been registered under the Securities Act or any other applicable securities law, and that the Bonds are being offered for sale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and Regulation S and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or pursuant to a transaction not subject thereto.

(b) It is either (i) a QIB and is aware that any sale of the Bonds to it will be made in reliance on Rule 144A and it is acquiring the Bonds for its own account or for the account of another QIB with respect to which it exercises full investment discretion, or (ii) it is not a U.S. person (as defined in Regulation S) or purchasing for the account or benefit of a U.S. person and is purchasing the Bonds in an offshore transaction (as defined in Regulation S) in accordance with Regulation S.

(c) It is purchasing the Bonds for its own account or for the account of investors meeting the requirements of paragraph (a) above for which it is acting as a fiduciary or agent and with respect to which it has the authority to make these acknowledgements, representations and agreements, in each case not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act.

(d) If it is a QIB purchasing the Bonds pursuant to Rule 144A, it will not offer, sell, pledge or otherwise transfer the Bonds except (i)(a) to the Issuer, (b) to a person whom the purchaser reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (c) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, or (d) in a transaction that is otherwise exempt from the registration requirements of the Securities Act but only upon delivery to the Issuer of an opinion of counsel in form and scope satisfactory to the Issuer, and (ii) in accordance with all applicable securities laws of the States of the United States. It acknowledges that certificates in respect of Bonds, unless otherwise agreed by the Issuer and the Bond Trustee, will bear a legend to the following effect:

**THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE SECURITIES ACT). THE HOLDER HEREOF, BY PURCHASING THE BONDS IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED, AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH BONDS MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(1) TO THE ISSUER, (2) IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (4) IN A TRANSACTION THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT BUT ONLY UPON DELIVERY TO THE ISSUER OF AN OPINION OF COUNSEL IN FORM AND SCOPE SATISFACTORY TO THE ISSUER; AND (B) IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES.**

Each purchaser further acknowledges that the Bond Trustee, the Security Trustee, the Dealers and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Bonds for the account of one or more QIBs, the purchaser thereof represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered and sold only (a) outside the United States to persons other than U.S. persons as defined in Regulation S in offshore transactions in reliance on, and in compliance with, Regulation S and (b) in the United States to a limited number of QIBs as defined in the Securities Act in connection with resales by the Manager, in reliance on, and in compliance with, Rule 144A.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering of the Bonds) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each Manager has represented and agreed that it has offered and sold, and will offer and sell, the Bonds (a) as part of its distribution at any time and (b) otherwise until 40 days after the later of the commencement of the offering and the relevant Issue Date, only in accordance with Rule 903 of Regulation S or Rule 144A. Accordingly, neither such Manager nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Bonds, and such Manager, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S. Each Manager has agreed that, at or prior to confirmation of sale of the Bonds (other than a sale pursuant to Rule 144A), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Bonds from it during the restricted period a confirmation or notice to substantially the foregoing effect.

Each purchaser of a Bond, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Managers as follows:

(a) It understands and acknowledges that the Bonds have not been registered under the Securities Act or any other applicable securities law, and that the Bonds are being offered for sale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and Regulation S and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or pursuant to a transaction not subject thereto.

(b) It is either (i) a QIB and is aware that any sale of the Bonds to it will be made in reliance on Rule 144A and it is acquiring the Bonds for its own account or for the account of another QIB with respect to which it exercises full investment discretion, or (ii) it is not a U.S. person (as defined in Regulation S) or purchasing for the account or benefit of a U.S. person and is purchasing the Bonds in an offshore transaction (as defined in Regulation S) in accordance with Regulation S.

(c) It is purchasing the Bonds for its own account or for the account of investors meeting the requirements of paragraph (b) above for which it is acting as a fiduciary or agent and with respect to which it has the authority to make these acknowledgements, representations and agreements, in each case not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act.

(d) If it is a QIB purchasing the Bonds pursuant to Rule 144A, it will not offer, sell, pledge or otherwise transfer the Bonds except (i) (a) to the Issuer, (b) to a person whom the purchaser reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (c) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, or (d) in a transaction that is otherwise exempt from the registration requirements of the Securities Act but only upon delivery to the Issuer of an opinion of counsel in form and scope satisfactory to the Issuer, and (ii) in accordance with all applicable securities laws of the States of the United States. It acknowledges that certificates in respect of Bonds, unless otherwise agreed by the Issuer and the Bond Trustee, will bear a legend to the following effect:

**THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE SECURITIES ACT). THE HOLDER HEREOF, BY PURCHASING THE BONDS IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED, AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH BONDS MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY: (A)(1) TO THE ISSUER, (2) IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (4) IN A TRANSACTION THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT BUT ONLY UPON DELIVERY TO THE ISSUER OF AN OPINION OF COUNSEL IN FORM AND SCOPE SATISFACTORY TO THE ISSUER; AND (B) IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES.**

Each purchaser further acknowledges that the Bond Trustee, the Security Trustee, the Dealers and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Bonds for the account of one or more QIBs, the purchaser thereof represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Bearer Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or to a United States person, except in certain transactions permitted by U.S. Treasury 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.

Each issuance of index-linked or dual currency Bonds shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Bonds, which additional selling restrictions shall be set out in the applicable Subscription Agreement or in a drawdown prospectus applicable to a particular Tranche of Bonds.

Due to the restrictions set forth above, purchasers of the Bonds are advised to consult legal counsel prior to making an offer to purchase or to resell, pledge or otherwise transfer the Bonds.

**European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**), it has not made and will not make an offer of Bonds to

the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State:

(a) **Qualified investors**:

at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) **Fewer than 150 offerees**:

at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) **Other Exempt offers**:

at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

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

**United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) **No deposit-taking**

in relation to any Bonds which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) **Financial Promotion**

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or any Guarantor; and

(c) **General Compliance**

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

**Grand Duchy of Luxembourg**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Bonds will not be offered or sold to the public in the Grand Duchy of Luxembourg except that the Bonds may be offered to the public in the Grand Duchy of Luxembourg at any time:

(a) to any person or legal entity which is a qualified investor as defined in the Prospectus Law (as defined below); or

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Law (as defined below)); or

(c) in any other circumstances which do not required the publication of a prospectus pursuant to Article 5 of the Prospectus Law (as defined below).

For the purposes of this provision, the expression "offer of Bonds to the public" in relation to any Bonds in the Grand Duchy of Luxembourg means the communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe to the Bonds and the expression **Prospectus Law** means the law of 10 July 2005 relative aux prospectus pour valeurs mobilières, as amended.

**Italy**

The offering of the Bonds has not been registered pursuant to Italian securities legislation and, accordingly, no Bonds may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Bonds be distributed in the Republic of Italy, except:

(i) to qualified investors (investitori qualificati), as defined pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (The **Financial Services Act**) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971of May 14, 1999, as amended from time to time (**Regulation No. 11971**); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

Any offer, sale of delivery of the Bonds or distribution of copies of the Prospectus or any other document relating to the Bonds in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended (the **Banking Act**);

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

**Belgium**

The Prospectus, the Drawdown Prospectus or any other offering material has not been submitted for approval to the Belgian Financial Services and Markets Authority or any other competent authority in the European Economic Area and, accordingly, the Bonds may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 2.1(d) of the Prospectus Directive and Article 3 §1 of the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets, save in those circumstances (commonly called "private placement") set out in Article 3.2 of the Prospectus Directive and Article 3 §2 of the law of 16 June 2006.

**Poland**

Each Dealer will represent, warrant and agree, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that the Bonds will not be offered or sold in or into Poland except under circumstances that do not constitute a public offering defined under the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies of July 29, 2005 (as amended) as communication made in any form and by any means, directed at 150 or more people or at any unnamed addressee containing information on the securities and the term of their acquisition sufficient to enable an investor to decide on the securities' acquisition. Acquisition and holding of Bonds by residents of Poland may be subject to restrictions imposed by Polish law (including foreign exchange regulations) and the offers and sales of Bonds to Polish residents or within Poland in secondary trading may also be subject to restrictions.

**General**

Each Dealer has acknowledged that no action has been or will be taken in any jurisdiction by the Issuer or any of the other parties that would permit a public offering of Bonds, or possession or distribution of the Prospectus or any other offering material, in any jurisdiction where action for that purpose is required. Each Dealer shall to the best of its knowledge comply with all applicable laws and regulations in each jurisdiction in or from which they purchase, offer, sell or deliver Bonds or have in their possession or distribute the Prospectus or any other offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific country or jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) in the official interpretation, after the date of the Dealership Agreement, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Subscription Agreement or in a drawdown prospectus applicable to a particular Tranche of Bonds.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme, the granting of the security and the issue of Bonds thereunder have been duly authorised by resolutions of the board of directors of the Issuer passed at a meeting of the board held on 29 January 2015.

The establishment of the Programme and the borrowings of the Issuer and the security provided by each of the Obligors in favour of the Security Trustee have been duly authorised by resolutions of the board of directors of (i) each of Alpha Trains Holdco II S.à r.l., Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains ENR S.à r.l. at the meetings of the board held on 29 January 2015, (ii) each of Alpha Trains Group S.à r.l., Alpha Trains Polska sp. z o.o., Alpha Trains Belgium NV, Alpha Trains Europa GmbH, Alpha Trains (Locomotives) Limited, Alpha Trains (UK) Limited, Alpha Trains (Locomotives) GmbH, Locomotion Capital (UK) Limited and Alpha Trains Iberia, S.A.U. at meetings of the board held on 28 January 2015 and (iii) Alpha Trains Italia S.R.L. at meetings of the board held on 17 February 2015.

### Listing

It is expected that listing of the Bonds on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market will be granted on the relevant Issue Date, subject only to the issue of a Global Bond of the relevant type in respect of each Tranche. The Listing of the Programme in respect of the Bonds is expected to be granted on or about 6 March 2015.

### Clearing and settlement

The Bonds have been accepted for clearing through Clearstream, Luxembourg and Euroclear. The appropriate Common Code and ISIN for each Tranche of Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms or Pricing Supplement (as applicable). If the Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement (as applicable).

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms or Pricing Supplement (as applicable).

### Yield

The yield for any particular Tranche of Bonds will be specified in the applicable Final Terms or Pricing Supplement (as applicable) and will be calculated at the Issue Date on the basis of the Issue Price. The applicable Final Terms or Pricing Supplement (as applicable) in respect of any Floating Rate Bonds will not include any indication of yield. The yield specified in the applicable Final Terms or Pricing Supplement (as applicable) in respect of a Tranche of Bonds will not be an indication of future yield.

### Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 16 December 2014 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the Issuer's or its subsidiaries' financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which any Obligor is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on any Obligor or any of their subsidiaries' financial position or profitability.

**Significant or Material Change**

Since the date of its incorporation, the Issuer has not entered into any contract or arrangement not being in the ordinary course of business other than the Issuer Transaction Documents.

Since 16 December 2014 (being the date of incorporation of the Issuer), there has been (a) no material adverse change in the prospects of the Issuer and its subsidiaries and (b) no significant change in the financial or trading position of the Issuer and its subsidiaries.

Since 31 August 2014 (being the date of Alpha Trains Luxembourg No. 2 S.à r.l.'s latest published audited interim financial statements), there has been (a) no material adverse change in the prospects of Alpha Trains Luxembourg No. 2 S.à r.l. and its subsidiaries and (b) no significant change in the financial or trading position of Alpha Trains Luxembourg No. 2 S.à r.l. and its subsidiaries.

Since 12 May 2014 (being the date of incorporation of the Alpha Trains ENR S.à r.l.), there has been (a) no material adverse change in the prospects of Alpha Trains ENR S.à r.l. and its subsidiaries and (b) no significant change in the financial or trading position of Alpha Trains ENR S.à r.l. and its subsidiaries.

Since 31 December 2013 (being the date of each Guarantor's (other than the Issuer, Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains ENR S.à r.l.) last published audited financial statements), there has been (a) no material adverse change in the prospects of each Guarantor (other than the Issuer, Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains ENR S.à r.l.) and its subsidiaries and (b) no significant change in the financial or trading position of each Obligor and its subsidiaries.

**Charges and Guarantees**

Save as disclosed in this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities nor has the Issuer created any mortgages or given any charge or guarantee.

**Documents Available**

For so long as the Programme remains in effect or any Bonds shall be outstanding, copies of the following documents may (when published) be inspected during normal business hours at the specified offices of the Issuer and at the offices of the Principal Paying Agent during usual business hours:

(a) the constitutional documents of the Issuer and each Obligor;

(b) a copy of this Prospectus;

(c) each Final Terms, Pricing Supplement or Drawdown Prospectus relating to Bonds which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system;

(d) each Investor Report;

(e) on or prior to the Initial Issue Date, copies of the following documents:

(i) the CTA;

(ii) the STID;

(iii) the Initial Authorised Credit Facilities Agreement;

(iv) the Security Documents;

(v) the Bond Trust Deed;

(vi) the Agency Agreement;

(vii) the Account Bank Agreement;

(viii) the Hedging Agreements;

(ix) the Liquidity Facility Agreement;

(x) the Master Definitions Agreement; and

(xi) the Tax Deed of Covenant.

A copy of the prospectus and all documents incorporated by reference will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

**Material Contracts**

None of the Issuer nor the Obligors has entered into any contracts outside the Finance Documents, the Dealership Agreement, each Subscription Agreement and the ordinary course of its business, which could (following the Initial Issue Date) result in any of the Issuer or any Obligor being under an obligation or entitlement that is material to the Issuer's or any Obligor's, respectively, ability to meet its obligations to all secured creditors in respect of the Bonds being issued.

**Third-party information**

Third-party information referred to in the sections entitled "*Risk Factors*", "*Industry Overview*", "*Book-Entry Clearance Procedure*" and "*Description of Initial Liquidity Facility Providers*" has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

**Availability of Financial Statements**

The audited annual financial statements of the Issuer, Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains ENR S.à r.l. will be prepared as at 31 December in each year, with the first set of accounts to be prepared by the Issuer for the period ended 31 December 2015, by Alpha Trains ENR S.à r.l. for the period ended 31 December 2014 and the second set of accounts (but with such accounts being the first annual audited accounts) to be prepared by Alpha Trains Luxembourg No. 2 S.à r.l. for the period ended 31 December 2014. The Issuer and the Obligors (other than Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains ENR S.à r.l.) have not published and do not intend to publish any interim financial information, but the Security Group Agent will provide semi-annual unaudited financial information to various parties under the terms of the CTA. As at the date of this Prospectus and since the relevant date of incorporation, the Issuer has not commenced operations. Accordingly, no financial statements have been prepared by the Issuer as at the date of this Prospectus. All future audited annual financial statements (and any published interim financial information) of the Issuer and the Obligors will be available free of charge in accordance with " – *Documents Available*" above.

The audited accounts of the Obligors (except for the Issuer, Alpha Trains Luxembourg No. 2 S.à r.l. and Alpha Trains ENR S.à r.l.) for the period ended 31 December 2013 and ended 31 December 2012 are reproduced in the section titled "*Financial Statements of Security Group*" below, along with the audited accounts of Alpha Trains Luxembourg No. 2 S.à r.l. for the period ended 31 August 2014 and unaudited accounts of Alpha Trains ENR S.à r.l. for the period ended 31 August 2014.

**Information in respect of the Bonds**

The issue price and the amount of the relevant Bonds will be determined, before filing of the relevant Final Terms or Pricing Supplement of each Tranche, based on the then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Bonds admitted to trading except for the Investor Report and the Compliance Certificate which will be prepared by the Security Group Agent on a semi-annual basis and published on the designated website of the Security Group Agent, being www.alphatrains.eu and which will be delivered by the Security Group Agent to the Bond Trustee and the Security Trustee.

**Other Activities of the Dealers**

The Dealers and their respective affiliates: (i) have provided, and may in the future provide, investment banking, commercial lending, consulting and financial advisory services to; (ii) have entered into and may, in the future enter into, other related transactions with; and (iii) have made or assisted or advised any party to make, and may in the future make or assist or advise any party to make, acquisitions and investments in or related to, the Issuer or the Obligors and their respective subsidiaries and affiliates or other parties that may be involved in or related to the transactions contemplated in this Prospectus, in each case in the ordinary course of business. The Dealers and their respective affiliates may, in the future, act as Hedge Counterparties.

## GLOSSARY

**Acceleration Notice** means a notice delivered by the Security Trustee pursuant to the STID by which the Security Trustee declares that some or all Secured Liabilities shall be accelerated.

**Acceptable Bank** means:

(a) a bank or financial institution which has a rating for its long-term unsecured and non-credit enhanced debt obligations of A- or higher by S&P or Fitch or A3 or higher by Moody's or a comparable rating from an internationally recognised credit rating agency;

(b) an Original Initial ACF Lender under the Initial Authorised Credit Facilities Agreement; or

(c) any other bank or financial institution approved by the Security Trustee in accordance with the STID, acting on the instructions of the Qualifying Secured Creditors.

**Accession Memorandum** means with respect to the STID, each relevant accession memorandum to be entered into pursuant to the STID.

**Account** means each bank account of an Obligor.

**Account Bank** means Crédit Agricole Luxembourg S.A. (or any successor account bank appointed pursuant to the Account Bank Agreement).

**Account Bank Agreement** means the account bank agreement dated on or before the Initial Issue Date between certain Obligors, the Account Bank and the Security Trustee.

**Accounting Principles** means IFRS for the consolidated financial statements of Holdco II and in respect of any other person generally accepted accounting principles in that person's jurisdiction of incorporation as at the Initial Issue Date, and as updated from time to time.

**Accounting Reference Date** means 31 December in each year, except as adjusted in accordance with the Common Terms Agreement.

**Acquisition Agreement** means the asset and share purchase agreement dated 13 December 2013 between RBS Asset Finance Europe Limited, The Royal Bank of Scotland plc and Alpha Trains Luxembourg No. 2 S.à r.l.

**Additional Debt Conditions** means, in respect of any Financial Indebtedness:

(a) the relevant creditors or agent or trustee on their behalf have acceded to the Common Terms Agreement, the MDA and STID to the extent not already party to those agreements in that capacity and have appointed a Secured Creditor Representative;

(b) such Financial Indebtedness ranks *pari passu* with other Senior

Debt;

(c) the relevant creditors have no better Entrenched Rights (taken as a whole) than the existing Secured Creditors providing similar Financial Indebtedness of the same class (unless all Secured Creditors providing Financial Indebtedness of the same class are offered the same Entrenched Rights as such creditors);

(d) the Hedging Policy will be complied with following incurrence of such Financial Indebtedness;

(e) at the time of incurrence of such Financial Indebtedness there is no continuing Event of Default or Trigger Event and no Event of Default or Trigger Event would result from such incurrence;

(f) which would otherwise be Permitted Refinancing Debt, prior to incurring such Financial Indebtedness:

(i) the Security Group Agent has obtained confirmation from the Relevant Rating Agencies that the Pro Forma Ratings are no worse than the lower of the Initial Rating; and

(ii) the Current Rating and the Maturity Concentration Test will be met after the incurrence of that Financial Indebtedness;

(g) which would otherwise be Permitted Acquisition Debt:

(i) the Permitted Portfolio Covenant will be met following completion of the relevant Permitted Acquisition utilising that Financial Indebtedness;

(ii) the Maturity Concentration Test will be met after incurrence of that Financial Indebtedness;

(iii) the Security Group Agent has obtained confirmation from the Relevant Rating Agencies that the Pro Forma Ratings are no worse than the lower of the Initial Rating and the Current Rating; and

(iv) Pro Forma Forecast Senior FCF DSCR for the Relevant Period is greater than 1.6:1 and Pro Forma Forecast Senior Debt/NPV Ratio is less than "*x*" where "*x*" equals:

(A) 70% until (and including) 31 December 2016;

(B) 67.5% from 1 January 2017 until (and including) 31 December 2018;

(C) 65% from 1 January 2019 until (and including) 31 December 2020; and

(D) 62.5% thereafter; and

(h) which would otherwise be Permitted Additional Debt:

(i) the Permitted Portfolio Covenant will be met following incurrence of such Financial Indebtedness;

(ii) the Maturity Concentration Test will be met after incurrence of that Financial Indebtedness;

(iii) the Security Group Agent has obtained confirmation from the Relevant Rating Agencies that the Pro Forma Ratings are no worse than the Initial Rating; and

(iv) Pro Forma Forecast Senior FCF DSCR for Relevant Period is greater than 1.6:1 and Pro Forma Forecast Senior Debt/NPV Ratio is less than "*x*" where "*x*" equals:

(A) 70% until (and including) 31 December 2016;

(B) 67.5% from 1 January 2017 until (and including) 31 December 2018;

(C) 65% from 1 January 2019 until (and including) 31 December 2020; and

(D) 62.5% thereafter.

**Additional Secured Creditor** means any person not already a Secured Creditor which becomes a Secured Creditor (and not an Additional Subordinated Intragroup Creditor) pursuant to the provisions of the STID.

**Adjusted EBITDA** means, in respect of any Relevant Period or Semi-Annual Period, as applicable, EBITDA for that Relevant Period or Semi-Annual Period, as applicable, after:

(a) adding the amount of any cash receipts during that Relevant Period or Semi-Annual Period in respect of any Tax rebates or credits (excluding any VAT rebates or credits) and deducting the amount actually paid in respect of Taxes (excluding VAT) during that Relevant Period or Semi-Annual Period by any member of the Security Group;

(b) deducting any payment into the Maintenance Reserve Account during that Relevant Period or Semi-Annual Period as a result of any requirement to pay an amount into the Maintenance Reserve Account in order to meet the Required MRA Balance; and

(c) adding back any payment out of the Maintenance Reserve Account during that Relevant Period or Semi-Annual Period in accordance with paragraph 37(d)(iii) of Part 3 (General Covenants) of Schedule 2 (Security Group Covenants) of the Common Terms Agreement,

so that no amount shall be added or deducted more than once in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Security Group before taxation.

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| **Administrative Party** | means the Security Trustee, the Account Bank, the Bond Trustee, any Facility Agent, any Agent or any trustee on behalf of the PP Creditors. |
| **Affected Secured Creditor** | means each Secured Creditor (other than individual Bondholders who shall not be entitled to assert Entrenched Rights other than through the Bond Trustee) whose Entrenched Rights under any Common Documents are affected by a proposal pursuant to the STID. |
| **Affiliate** | means, in relation to a person, a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company (other than in any Hedging Agreement when used in relation to a Hedge Counterparty, where Affiliate has the meaning given to it in that Hedging Agreement). |
| **Agency Agreement** | means the agreement dated on or before the Initial Issue Date as amended from time to time, pursuant to which the Issuer has appointed the Principal Paying Agent, the other Paying Agents, the Registrar, Agent Bank, Exchange Agent and Transfer Agents in relation to all or any Tranches of Bonds, and any other agreement for the time being in force appointing further or other Paying Agents or Transfer Agents or any other Principal Paying Agent, Agent Bank, Exchange Agent or Registrar in relation to all or any Tranches of Bonds, or in connection with their duties, which is permitted under the Agency Agreement, where necessary with the prior written approval of the Bond Trustee, together with any agreement for the time being in force amending or modifying any of such agreements. |
| **Agent** | means each of the Principal Paying Agent, the Transfer Agents, the Calculation Agent, the Agent Bank, the Registrar, the Exchange Agent or any other agent appointed by the Issuer pursuant to the Agency Agreement or a Calculation Agency Agreement and **Agents** means all of them. |
| **Agent Bank** | means, in relation to the Bonds of any relevant Tranche, the bank initially appointed as agent bank in relation to such Bonds by the Issuer pursuant to the Agency Agreement or, if applicable, any Successor agent bank in relation to such Bonds. |
| **Aggregate Available Liquidity** | means the sum of the aggregate undrawn commitments under the Liquidity Facility Agreement at the applicable Calculation Date. |
| **Agreed Security Principles** | means the principles set out in the Common Terms Agreement. |
| **Alternative Redemption Amount** | means the amount specified as such in the relevant Final Terms (if any). |
| **Ancillary Facility** | (a) in respect of the Initial Authorised Credit Facilities Agreement, any ancillary facility made available by an Ancillary Lender in accordance with the Initial Authorised Credit Facilities Agreement and (b) in respect of any other Authorised Credit Facility Agreement has the meaning set out therein. |
| **Ancillary Lender** | means, in respect of the Initial Authorised Credit Facilities Agreement, each Lender (or Affiliate of a Lender) which makes available an Ancillary Facility in accordance with the Initial Authorised Credit Facilities Agreement. |
| **Ancillary Outstandings** | means, at any time, in relation to an Ancillary Lender and an Ancillary |

Facility then in force the aggregate of the equivalents (as calculated by that Ancillary Lender) in the Base Currency of the following amounts outstanding under that Ancillary Facility:

(i) the principal amount under each overdraft facility and on-demand short-term loan facility (net of any Available Credit Balance);

(ii) the face amount of each guarantee, bond and letter of credit under that Ancillary Facility; and

(iii) the amount fairly representing the aggregate exposure (excluding interest and similar charges) of that Ancillary Lender under each other type of accommodation provided under that Ancillary Facility,

in each case as determined by such Ancillary Lender, acting reasonably in accordance with its normal banking practice and in accordance with the relevant Ancillary Agreement.

**Annual Financial Statements** means the financial statements delivered pursuant to the Common Terms Agreement.

**Asset Owner** means each member of the Security Group which has a legal and/or beneficial ownership interest in any Asset (ignoring for this purpose the effect of any Security) or which is the conditional seller under the Jutland Conditional Sale Agreement.

**Assets** means (a) each item of rolling stock (including technical records relating thereto and all parts forming part thereof or associated therewith), all substitutions, renewals and replacements of any of the foregoing and where the context so admits or requires any part thereof and which is legally and/or beneficially owned by any Asset Owner, and (b) unless the context states otherwise, the Jutland Assets, and excluding, for the avoidance of doubt, any Spares.

**Auditors** means KPMG or such other independent public accountants of international standing which may be appointed by the Obligors in accordance with the Common Terms Agreement as the Auditors for the Security Group.

**Authorisation** means an authorisation, consent, approval, permit, resolution, licence, exemption, filing, notarisation or registration.

**Authorised Credit Facility** means any facility or agreement entered into by any Obligor for Secured Debt as permitted by the terms of the Common Terms Agreement, the providers of which are parties to or have acceded to the STID, the MDA and the Common Terms Agreement, and includes the Revolving Credit Facility, the Capex Facility, the Initial Authorised Credit Facilities, the Maintenance Reserve Facility, the Liquidity Facility, the Initial Senior Institutional Facilities, each Ancillary Facility, each PP Debt Note Purchase Agreement, the PP Debt, the Hedging Agreements, the Bond Trust Deed, the Bonds, and (a) any fee letter or commitment letter entered into in connection with the foregoing facilities or agreements or the transactions contemplated in the foregoing facilities, and (b) any other document (not being the Dealership Agreement, a Subscription Agreement or a Common Document) that has been entered into in connection with the foregoing facilities or agreements or

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| | the transactions contemplated thereby that has been designated as a document that should be deemed to be an Authorised Credit Facility for the purposes of this definition by the parties thereto (or any agent or trustee on their behalf and including at least one Obligor) and excluding any facility or agreement under which Subordinated Intragroup Liabilities are incurred. |
| **Authorised Credit Facility Agreement** | means an agreement documenting an Authorised Credit Facility. |
| **Authorised Credit Provider** | means a lender, a holder of PP Debt or other provider of credit or financial accommodation under any Authorised Credit Facility. |
| **Available Enforcement Proceeds** | means on any date, all monies received or recovered by the Security Trustee (or any Receiver appointed by it) in respect of the Security and the Charged Property and under the Guarantees (but excluding any amounts standing to the credit of, or recovered by the Security Trustee from, any Defeasance Account, any Blocked Account and any Liquidity Standby Account). |
| **Available Standby Amount** | has the meaning given to such term in the Liquidity Facility Agreement. |
| **Base Currency** | means Euro. |
| **Basic Terms Modification** | means any modification to, consent or waiver under the Common Documents or the documents specific to the Bonds which would have the effect of:<br><br>(a) changing any date for payment of principal or interest in respect of any Tranche of Bonds, reducing or cancelling the amount of principal or interest payable on any date in respect of any Tranche of Bonds, or (other than as specified in Condition 8 (Redemption, Purchase and Cancellation)) altering the method of calculating the amount of any payment in respect of any Tranche of Bonds on maturity;<br><br>(b) exchanging, substituting or converting any Tranche of Bonds for, or their converting into, shares, notes or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;<br><br>(c) changing the currency in which amounts due in respect of any Tranche of Bonds are payable other than pursuant to redenomination into Euro pursuant to Condition 19 (European Economic and Monetary Union);<br><br>(d) altering any of the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments insofar as such alteration would adversely affect any Tranche of Bonds;<br><br>(e) changing the quorum required or the majority required to pass an Extraordinary Resolution; or<br><br>(f) amending the definition of Basic Terms Modification or Condition 15(a) (Passing of resolutions by Bondholders, Modifications and Waiver). |

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| **Bearer Bonds** | means those Bonds which are for the time being in bearer form. |
| **Bearer Definitive Bond** | means a Bearer Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Bond Trust Deed in exchange for either a Temporary Bearer Global Bond or part thereof or a Permanent Bearer Global Bond or part thereof (all as indicated in the applicable Final Terms), such Bearer Bond in definitive form being in the form or substantially in the form set out in the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and having the Conditions endorsed thereon or, if permitted by the relevant stock exchange, incorporating the Conditions by reference as indicated in the applicable Final Terms and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and (except in the case of a Zero Coupon Bond in bearer form) having Coupons and, where appropriate, Receipts and/or Talons attached thereto on issue. |
| **Bearer Global Bond** | means a Temporary Bearer Global Bond and/or a Permanent Bearer Global Bond, as the context may require. |
| **Belgian Law Effective Date** | means the first date on which section 29 of Book III, Title XVII of the Belgian Civil Code as amended by the law of 11 July 2013 relating to security over movable assets is in full force and effect (*Wet van 11 juli 2013 tot wijziging van het Burgerlijk Wetboek wat de zakelijke zekerheden op roerende goederen betreft en tot opheffing van diverse bepalingen ter zake/Loi du 11 juillet 2013 modifiant le Code civil en ce qui concerne les sûretés réelles mobilières et abrogeant diverses dispositions en cette matière*). |
| **Belgian Obligor** | means any Obligor incorporated in Belgium. |
| **Belgian Security Document** | means any Security Document governed by Belgian law. |
| **Blocked Account** | means any account into which the proceeds of a prepayment are paid under an Authorised Credit Facility pending expiry of an interest period. |
| **Blocked Person** | means (a) a person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (b) a person, entity, organisation, country or regime that is blocked or a target of sanctions that have been imposed under U.S. Economic Sanctions Laws or (c) a person that is an agent, department or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, any person, entity, organisation, country or regime described in paragraph (a) or (b). |
| **Bond** | means a bond issued pursuant to the Programme and denominated in such currency or currencies as may be agreed between the Issuer and the relevant Dealer(s) which has such maturity and denomination as may be agreed |

between the Issuer and the relevant Dealer(s) and issued or to be issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed and which shall, in the case of a Bearer Bond, either (a) initially be represented by, and comprised in, a Temporary Bearer Global Bond which may (in accordance with the terms of such Temporary Bearer Global Bond) be exchanged for Bearer Definitive Bonds or a Permanent Bearer Global Bond which Permanent Bearer Global Bond may (in accordance with the terms of such Permanent Bearer Global Bond) in turn be exchanged for Bearer Definitive Bonds, or (b) be represented by, and comprised in, a Permanent Bearer Global Bond which may (in accordance with the terms of such Permanent Bearer Global Bond) be exchanged for Bearer Definitive Bonds (all as indicated in the applicable Final Terms) and which may, in the case of Registered Bonds, either be in definitive form or be represented by, and comprised in, one or more Registered Global Bonds each of which may (in accordance with the terms of such Registered Global Bond) be exchanged for Registered Definitive Bonds or another Registered Global Bond (all as indicated in the applicable Final Terms) and includes any replacements for a Bond (whether a Bearer Bond or a Registered Bond, as the case may be) issued pursuant to Condition 14 (Replacement of Bonds, Coupons, Receipts and Talons) and **Bonds** shall be construed accordingly (but excluding the PP Debt).

**Bondholders** means the several persons who are for the time being holders of the outstanding Bonds (being, in the case of Bearer Bonds, the bearers thereof and, in the case of Registered Bonds, the several persons whose names are entered in the register of holders of the Registered Bonds as the holders thereof) save that, in respect of the Bonds of any Tranche, for so long as such Bonds or any part thereof are represented by a Global Bond deposited with a Common Depositary (in the case of a CGB) or Common Safekeeper (in the case of an NGB or a Registered Global Bond held under the NSS) for Euroclear and Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) as the holder of a particular nominal amount of the Bonds of such Tranche shall be deemed to be the holder of such principal amount of such Bonds (and the holder of the relevant Global Bond shall be deemed not to be the holder) for all purposes of the Bond Trust Deed other than with respect to the payment of principal or interest on such nominal amount of such Bonds, the rights to which shall be vested, as against the Issuer and the Bond Trustee, solely in such Common Depositary, Common Safekeeper or its nominee and for which purpose such Common Depositary, Common Safekeeper or its nominee shall be deemed to be the holder of such nominal amount of such Bonds in accordance with and subject to its terms and the provisions of the Bond Trust Deed and the Conditions; and the expressions **Bondholder**, **holder** and **holder of the Bonds** and related expressions shall (where appropriate) be construed accordingly.

**Bond Relevant Date** has the meaning set out in Condition 22 (Definitions).

**Bond Trust Deed** means the bond trust deed dated on or before the Initial Issue Date between

the Issuer and the Bond Trustee under which Bonds will, on issue, be constituted and any deed supplemental thereto.

**Bond Trustee** means BNP Paribas Trust Corporation UK Limited or any other or additional trustee appointed pursuant to the Bond Trust Deed, for and on behalf of the Bondholders, the Receiptholders and the Couponholders.

**Borrowings** means Financial Indebtedness but excluding paragraph (f) of that definition and (k) to the extent that it relates to paragraph (f).

**Business Acquisition** means the acquisition of a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company.

**Business Day** means:

(a) in relation to any sum payable in Euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in Cologne, Munich, London, Luxembourg, Paris and:

(i) in respect of the Bonds, in each (if any) additional city or cities specified in the relevant Final Terms;

(ii) in respect of the Initial Authorised Credit Facility, Malta; and

(iii) in respect of any other Authorised Credit Facility, in each additional (if any) city or cities specified in that agreement;

(b) in relation to any sum payable in Sterling, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange currency deposits) in Cologne, Munich, London, Luxembourg and Paris;

(c) in relation to any sum payable in a currency other than Euro or Sterling, a day on which commercial banks and foreign exchange markets settle payments generally in Cologne, Munich, London, Luxembourg and Paris, and in the principal financial centre of the currency in which such financial indebtedness is denominated (which in the case of a payment in U.S. Dollars shall be New York) and, in respect of the Bonds, in each (if any) additional city or cities specified in the relevant Final Terms; and

(d) for any other purpose, means a day (other than a Saturday or a Sunday) on which banks are open for general business in Cologne, Munich, London, Luxembourg, and Paris and (if the Security Group Agent has so notified the Security Trustee in writing) New York,

provided that when **Business Day** is used in relation to any Hedging Agreement, **Business Day** has the meaning given to it in that Hedging Agreement.

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| **Business Day Convention** | has the meaning given to it in Condition 22 (Definitions). |
| **Calculation Agency Agreement** | in relation to the Bonds of any Tranche, means an agreement in or substantially in the form of the Agency Agreement. |
| **Calculation Agent** | means, in relation to any Tranche of Bonds, the person appointed as calculation agent in relation to such Tranche of Bonds by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any Successor calculation agent appointed in respect of such Tranche of Bonds. |
| **Calculation Date** | means 30 June and 31 December in each year commencing on 30 June 2015 or such other dates as may be agreed as a result of a change in the financial year end (and associated change in the calculation of financial covenants) relating to any Obligor and the Security Group. |
| **Call Protected Floating Rate Bonds** | means any Floating Rate Bonds, the Final Terms in respect of which, at the proposed date of redemption, would oblige the Issuer to pay a premium to par upon the optional early redemption of such Floating Rate Bonds. |
| **Capex Facility** | means a facility to fund or refinance Capital Expenditure. |
| **Capex Facility Providers** | means the Original Initial ACF Lenders in their capacity as Capex Facility Providers together with any party which provides the Issuer with a Capex Facility and accedes to the Common Terms Agreement, the MDA and the STID. |
| **Capital Expenditure** | means any expenditure or obligation in respect of such expenditure other than expenditure in respect of Business Acquisitions which, in accordance with the Accounting Principles, is treated as capital expenditure (and (except for the purpose of paragraph (d) of the definition of FCF) including the capital element of any expenditure or obligation incurred in connection with a Finance Lease). |
| **Cash Equivalent Investments** | means at any time:<br>(a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;<br>(b) any investment in marketable debt obligations issued or guaranteed by the government of:<br>(i) the United States of America;<br>(ii) the United Kingdom; or<br>(iii) provided that it has a credit rating of not less than A (or equivalent) by any of S&P, Fitch and Moody's, any member state of the European Economic Area or any Participating Member State,<br>or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant |

date of calculation and not convertible or exchangeable to any other security;

(c) commercial paper not convertible or exchangeable to any other security:

(i) for which a recognised trading market exists;

(ii) issued by an issuer incorporated in:

(A) the United States of America;

(B) the United Kingdom; or

(C) any member state of the European Economic Area or any Participating Member State;

(iii) which matures within one year after the relevant date of calculation; and

(iv) which has a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch or P-1 or higher by Moody's, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;

(d) any investments in money market funds which (i) have a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch or P-1 or higher by Moody's, (ii) invest substantially all of their assets in securities of the types described in paragraphs (a) to (c) above and (iii) can be turned into cash on not more than 30 days' notice; or

(e) any other debt security approved by the Security Trustee in accordance with the STID, acting on the instructions of the Qualifying Secured Creditors,

in each case, denominated in Euros, Sterling, US Dollars, Norwegian krone, Polish zloty or any other European OECD currency and to which any Obligor is alone (or together with other Obligors) beneficially entitled at that time and which is not issued or guaranteed by any member of the Security Group or subject to any Security (other than Security arising under the Security Documents).

**CGB** means a Temporary Bearer Global Bond or a Permanent Bearer Global Bond, in either case where the applicable Final Terms specify that the Bonds are in CGB form.

**Charged Property** means the property, assets, rights and undertaking of each Obligor that are the subject of the Security Interests created in or pursuant to the Security Documents and includes, for the avoidance of doubt, each Obligor's rights to or interests in any chose in action in connection with such Charged Property.

**Chief Financial Officer** means the Security Group Agent's finance director or any director of the

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| | Security Group Agent acting as that officer's deputy in that capacity or performing those functions. |
| **Clearing Systems** | means Euroclear and Clearstream, Luxembourg, and/or any other local clearing system necessary or desirable to be used in connection with the sale of Bonds, within a particular jurisdiction or to particular investors. |
| **Clearstream, Luxembourg** | means Clearstream Banking, *société anonyme,* Luxembourg. |
| **Closing Date** | means the date on which Secured Debt is first incurred or issued. |
| **Combined Swap Transaction** | means a Swap Transaction and an Offsetting Transaction. |
| **Commitment** | has the meaning given to such term in the relevant Authorised Credit Facility Agreement. |
| **Common Depositary** | means the agent appointed by the International Central Securities Depositaries to act as the common depositary for Euroclear and Clearstream, Luxembourg, in respect of the Bonds. |
| **Common Documents** | means the Security Documents, the Common Terms Agreement, the CP Agreement, the MDA, the STID, the Account Bank Agreement and the Tax Deed of Covenant. |
| **Common Safekeeper** or **CSP** | means an ICSD in its capacity as common safekeeper or a person nominated by the ICSDs to perform the role of common safekeeper. |
| **Common Terms Agreement** or **CTA** | means the common terms agreement to be entered into between, among others, the Obligors, the Issuer and the Security Trustee to be dated on or before the Initial Issue Date. |
| **Compliance Certificate** | means a certificate, substantially in the form set out in the Common Terms Agreement in which the Security Group Agent (on behalf of the Obligors) periodically provides certain financial information and statements to the Security Trustee as required by the Common Terms Agreement. |
| **Conditions** | means in relation to the Bonds of any Tranche, the terms and conditions endorsed on or incorporated by reference into the Bond or Bonds constituting such Tranche, such terms and conditions being substantially in the form set out in the Bond Trust Deed or in such other form, having regard to the terms of the Bonds of the relevant Tranche, as may be agreed between the Issuer, the Bond Trustee and the relevant Dealer(s) as completed by the Final Terms applicable to the Bonds of the relevant Tranche, in each case as from time to time modified in accordance with the provisions of the Bond Trust Deed and any reference in the Bond Trust Deed to a particular specified Condition or paragraph of a Condition shall be construed accordingly. |
| **Confidential Information** | means all information relating to any member of the Security Group or the Finance Documents of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents from either: |

(a) any member of the Security Group or any of its advisers; or

(b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Security Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

(i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party the Common Terms Agreement; or

(ii) is identified in writing at the time of delivery as non-confidential by any member of the Security Group or any of its advisers; or

(iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Security Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

**Confidentiality Undertaking** means a confidentiality undertaking substantially in the then current recommended form of the Loan Market Association or in any other form agreed between the Security Group Agent and the Security Trustee.

**Controlled Entity** means any of the Obligors and any of their respective Controlled Affiliates, where (for both terms "**Controlled Entity**" and "**Controlled Affiliates**") "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise; and the term "**Controlled**" shall have the meaning correlative to the foregoing.

**Coupon** means an interest coupon appertaining to a Bearer Definitive Bond (other than a Zero Coupon Bond), such coupon being:

(a) if appertaining to a Fixed Rate Bond, a Floating Rate Bond or an Index-Linked Bond, in the form or substantially in the form set out in the Bond Trust Deed or in such other form, having regard to the terms of issue of the Bonds of the relevant Tranche, as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s); or

(b) if appertaining to a Bearer Definitive Bond which is not a Fixed Rate Bond, a Floating Rate Bond or an Index-Linked Bond, in such form as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise

agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s),

and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 14 (Replacement of Bonds, Coupons, Receipts and Talons).

**Couponholders** means the several persons who are, for the time being, holders of the Coupons and includes, where applicable, the Talonholders.

**CP Agreement** means the conditions precedent agreement to be entered into between, among others the Bond Trustee, the Security Trustee and the Issuer on or before the Initial Issue Date.

**Current Assets** means, for Holdco II on a consolidated basis, the aggregate of all inventory, work in progress, trade and other receivables of each member of the Security Group (other than receivables from other members of the Security Group) including prepayments in relation to operating items and sundry debtors (but excluding cash and Cash Equivalent Investments) expected to be realised within 6 months or 12 months (as applicable) from the date of computation but **excluding** amounts in respect of:

(a) receivables in relation to Tax (other than receivables in respect of VAT);

(b) Exceptional Items and other non-operating items;

(c) insurance claims;

(d) any interest owing to any member of the Security Group; and

(e) receivables under Treasury Transactions.

**Current Liabilities** means, for Holdco II on a consolidated basis, the aggregate of all liabilities (including trade creditors, accruals and provisions) of each member of the Security Group (other than liabilities to other members of the Security Group) expected to be settled within 6 months or 12 months (as applicable) from the date of computation but **excluding** amounts in respect of:

(a) liabilities for Financial Indebtedness and Senior Finance Charges;

(b) liabilities for Tax (including deferred Tax falling due during that period);

(c) Exceptional Items and other non-operating items;

(d) insurance claims against any member of the Security Group;

(e) liabilities in relation to dividends declared but not paid by Holdco II. or by another member of the Security Group in favour of a person which is not a member of the Security Group; and

(f) liabilities under Treasury Transactions.

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| **Current Rating** | means, in relation to the Additional Debt Conditions, any credit rating of the Rated Debt by the Relevant Rating Agencies immediately prior to the incurrence of the relevant Financial Indebtedness. |
| **Dealership Agreement** | means the agreement dated on or about the Initial Issue Date between, among others, the Issuer and the Dealers named therein (or deemed named therein) concerning the purchase of Bonds to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto. |
| **Decision Period** | has the meaning given to it in clause 13.2 (Minimum requirements of a STID Proposal) of the STID. |
| **Declared Default** | means an Event of Default which has occurred and is continuing and in respect of which a written notice has been given to the Security Trustee in accordance with the STID. |
| **Default** | means:<br>(a) an Event of Default; or<br>(b) an event or circumstance which would be (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of the foregoing) an Event of Default. |
| **Defeasance Account** | means each account opened by the Issuer with the Account Bank in accordance with the Account Bank Agreement in respect of Defeased Debt. |
| **Defeasance Amount** | means amounts standing to the credit of the Defeasance Accounts or any amount representing proceeds of withdrawal from the Defeasance Accounts. |
| **Defeased Debt** | means any Secured Debt under paragraphs (f), (g), (h) or (j) of that definition in respect of which the relevant Secured Creditor Representative has designated the relevant Secured Debt as Defeased Debt. |
| **Definitive Bond** | means a Bearer Definitive Bond and/or, as the context may require, a Registered Definitive Bond. |
| **Determination Date** | means the date which is five Business Days prior to a Payment Date. |
| **Determination Dissenting Notice** | has the meaning given to it in clause 13.4 (Determination of voting category) of the STID. |
| **Direction Notice** | means, in respect of any matter which is not the subject of a STID Proposal, an Enforcement Instruction Notice, a Further Enforcement Instruction Notice or a Qualifying Secured Creditor Instruction Notice, the notice delivered by the Security Trustee to the relevant Qualifying Secured Creditors requesting instruction from such Qualifying Secured Creditors, in accordance with the terms of the STID. |
| **Discretion Matter** | means a matter in which the Security Trustee may exercise its discretion to approve any request made in a STID Proposal subject to and in accordance |

with the STID without any requirement to seek the approval of any Secured Creditor or any of their representatives.

**Disposal** means a sale, lease, licence, transfer, loan or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).

**Disposal Proceeds** means the consideration receivable by any member of the Security Group in cash or cash equivalents (including any amount receivable in repayment of intercompany debt) for any Disposal made by any member of the Security Group pursuant to paragraphs (f) or (q) only of the definition of Permitted Disposal except for Excluded Disposal Proceeds and after deducting:

(a) any reasonable expenses which are incurred by any member of the Security Group with respect to that Disposal to persons who are not members of the Security Group;

(b) an amount equal to the amount of any maintenance reserves in respect of the relevant Assets to the extent they are paid to the purchaser and included in the consideration received; and

(c) any Tax incurred and required to be paid by the seller in connection with that Disposal (as reasonably determined by the seller, on the basis of rates applicable to the seller as determined by the seller at the time of the relevant receipt and taking account of any available credit, deduction or allowance that is anticipated to be utilised so as to reduce or offset against the Tax in question),

provided that in respect of any Finance Lease, consideration receivable shall only include the final capital instalment payment (whether included in a rental payment or not), option or sale price or similar sum (other than the Jutland Final Instalment).

**Dispute** means any dispute arising out of or in connection with the Finance Documents (including a dispute relating to the existence, validity or termination of a Finance Document or any non-contractual obligation arising out of or in connection with a Finance Document).

**Distressed Disposal** means a disposal of an asset of a member of the Security Group which is being effected:

(a) pursuant to an instruction in accordance with the STID in circumstances where the Security has become enforceable; or

(b) by enforcement of the Security.

**Distribution Compliance Period** has the meaning given to that term in Regulation S under the Securities Act.

**DMUs** means diesel multiple unit trains.

**Dodd-Frank** means The Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111–203, H.R. 4173).

**Drawdown Prospectus** means a prospectus specific to a Tranche of Bonds.

**DTC** means The Depository Trust Company.

**Early Termination Date** means the date set out in the relevant Hedging Agreement.

**EBITDA** means, in respect of any Relevant Period or Semi-Annual Period (as applicable), the consolidated operating profit of Holdco II:

(a) **before deducting** any amount of tax on profits, gains or income paid or payable by any member of the Security Group;

(b) **before deducting** any Senior Finance Charges;

(c) **before deducting** Transaction Costs;

(d) **after adding back** any amount attributable to the amortisation, depreciation or impairment of assets of members of the Security Group (and taking no account of the reversal of any previous impairment charge made in that Relevant Period or Semi-Annual Period (as applicable));

(e) **before taking into account** any Exceptional Items;

(f) **after deducting** the amount of any profit (or adding back the amount of any loss) of any member of the Security Group which is attributable to minority interests;

(g) **before taking into account** any unrealised gains or losses on any financial instrument;

(h) **before taking into account** any gain or loss arising from an upward or downward revaluation or on disposal of any asset (other than trading stock);

(i) **excluding** any costs or provisions relating to any share option or similar long-term management incentive scheme;

(j) **after adding back** the proceeds of any loss of profit or business interruption insurance received by the Security Group; and

(k) **after adding back** any capital and interest receipts or equivalent amounts attributable to leases where a member of the Security Group is the lessor which have not already been taken account of in calculating the consolidated operating profit for that Relevant Period or Semi-Annual Period (as applicable),

so that no amount shall be added or deducted more than once in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Security Group before taxation.

**Electronic Consent** has the meaning given to it in paragraph 4.15 of schedule 4 (Provisions for

Voting) to the Bond Trust Deed.

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

(a) a bearer of any Voting Certificate; and

(b) a proxy specified in any Block Voting Instruction.

**Eligible Security** in relation to any Asset (other than any Jutland Asset), means a first ranking, perfected and, under its governing law, valid and enforceable mortgage, pledge, charge or similar security interest granted over such Asset in favour of the Finance Parties (or the Security Trustee on their behalf) to secure:

(a) the Secured Liabilities; or

(b) (until such time as the Security Trustee notifies the Security Group Agent that the prohibitions set out in article 402 of the Spanish Capital Companies Act or similar prohibitions, limitations or restrictions affecting Spanish limited liability companies (sociedad de responsabilidad limitada) replacing article 402 of the Spanish Capital Companies Act are no longer in force or applicable) in the case of any Security Interest granted over any Asset by and pursuant to any Security Document governed by Spanish law, parts of the Secured Liabilities secured under the relevant Spanish law Security Document provided that any such Security Interest shall not constitute Eligible Security for the purposes of this definition if the principal amount of the Secured Liabilities secured by that Security Interest is less than an amount which is 100% of that part of NBV attributable to such Assets.

**EMD Excess Cashflow** means for any Semi-Annual Period, Excess Cashflow for that period after deducting (save to the extent already deducted) any interest accrued during that period under any Subordinated Junior Loan Agreement.

**EMIR** means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

**EMUs** means electric multiple unit trains.

**Enforcement Action** means any action by or on behalf of Secured Creditors in respect of:

(a) demanding payment of any Liabilities after the date when such Liabilities are due and payable and following the expiry of any grace period applicable to that payment obligation or demanding payment under the Guarantee;

(b) accelerating any of the Liabilities or otherwise declaring any Liabilities prematurely due and payable or payable on demand or the premature termination or close-out of any Liabilities under a Hedging Agreement (other than a Permitted Hedge Termination);

(c) enforcing any Liabilities by attachment, set-off, execution, diligence,

arrestment or otherwise;

(d) crystallising, or requiring the Security Trustee to crystallise, any floating charge in the Security Documents;

(e) enforcing, or requiring the Security Trustee to enforce, any Security Interests;

(f) initiating or supporting or taking any action or step with a view to:

(i) any insolvency, bankruptcy, liquidation, reorganisation, administration, receivership, administrative receivership, winding up, judicial composition or dissolution proceedings or any analogous proceedings in relation to any Obligor in any jurisdiction;

(ii) any voluntary arrangement, scheme of arrangement or assignment for the benefit of creditors; or

(iii) any similar proceedings involving any Obligor whether by petition, convening a meeting, voting for a resolution or otherwise;

(g) bringing or joining any legal proceedings against any Obligor to recover any Liabilities; or

(h) otherwise exercising any other remedy for the recovery of any Liabilities.

**Enforcement Event** means an Event of Default which has occurred and is continuing and in respect of which an Enforcement Notice has been served in accordance with the STID.

**Enforcement Instruction Notice** has the meaning given to it in clause 20.2 (Enforcement Instruction Notices) of the STID.

**Enforcement Notice** means a notice delivered by the Security Trustee in accordance with the STID, by which the Security Trustee confirms that, *inter alia*, an Event of Default has occured and is continuing and it is an Enforcement Notice for the purposes of the STID.

**Enforcement Period** means any period from and including the date of delivery of an Enforcement Notice to and excluding the earlier of the date on which the Secured Liabilities have been discharged in full and the date on which the Security Trustee, acting in accordance with the instructions of the relevant Secured Creditors pursuant to the STID, notifies the Security Group Agent that the Enforcement Period has ended.

**English Obligor** means any Obligor incorporated in England or Wales.

**Entrenched Rights** are matters which:

(a) would have the effect of changing the date fixed for payment of, or payment of amounts in the nature of, principal, interest or make-

whole amount in respect of the relevant Secured Creditor's debt or would change the amount of, or an amount in the nature of, principal, interest or make-whole amount payable in respect of such debt;

(b) would have the effect of changing or would relate to the rights of the relevant Secured Creditor to receive any sums owing to it for its own account in respect of fees, costs, charges, liabilities, Taxes, damages, proceedings, claims and demands in relation to any Finance Document to which it is a party; or would have the effect of changing or would relate to any existing obligations of an Obligor to gross up any payment in respect of the relevant Secured Creditor's debt in the event of the imposition of withholding taxes;

(c) would adversely change or have the effect of adversely changing any requirement set out in any Common Document that certain payments, applications or distributions should be made in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments or would adversely change or have the effect of adversely changing the Post-Enforcement Priority of Payments, the Pre-Enforcement Priority of Payments or application thereof (including by amending any of the defined terms referred to in the Post-Enforcement Priority of Payments or the Pre-Enforcement Priority of Payments) in respect of a Secured Creditor (including the ranking of its claims);

(d) would have the effect of adversely changing the application of any proceeds of enforcement of the Security Documents;

(e) would deprive a Secured Creditor of its status as a Secured Creditor;

(f) would result in the exchange of the relevant Secured Creditor's debt for, or the conversion of such debt into, shares, notes or other obligations of any other person;

(g) would change or would relate to the currency of payment due under the relevant Secured Creditors' debt (other than, in relation to Sterling-denominated debt, due to the United Kingdom adopting the Euro);

(h) would change or would have the effect of changing: (i) any of the following definitions or their use: Qualifying Secured Creditors, Qualifying Senior Debt, STID Proposal, Discretion Matter, Ordinary Voting Matter, Secured Debt, Extraordinary Voting Matter, Voted Qualifying Debt, Reserved Matter, Entrenched Right, Secured Liabilities; (ii) the Decision Period, Quorum Requirement or voting majority required in respect of any Ordinary Voting Matter, Extraordinary Voting Matter, Qualifying Secured Creditor Instruction Notice or Direction Notice; (iii) any of the matters that give rise to Entrenched Rights under the STID; (iv) clause 17.1 (Scope of Entrenched Rights) of the STID; or (v) the manner in which Entrenched Rights or Reserved Matters may be exercised or the consequences of exercising such Entrenched Rights or Reserved Matters;

(i) would change or have the effect of changing clause 11.3 (Participating Qualifying Secured Creditors) of the STID;

(j) would change or have the effect of changing schedule 3 (Reserved Matters) of the STID;

(k) would change or would have the effect of changing the governing law or the dispute resolution clauses of any Common Document;

(l) would approve an assignment of any rights or a transfer of any obligations of an Obligor under any Common Document (other than as contemplated in any Common Document);

(m) in respect of each Hedge Counterparty:

(i) would change or would have the effect of changing any of the following definitions: Subordinated Hedge Amounts, Combined Swap Transaction, Hedge Counterparties, Hedging Agreement, Hedging Policy, Hedging Transaction, ISDA Master Agreement, Swap Transaction or Treasury Transaction;

(ii) would change or would have the effect of changing paragraphs 8 to 20 (inclusive) of the Hedging Policy;

(iii) would change or have the effect of changing the definition of Permitted Hedge Termination or any of the Hedge Counterparties' rights to terminate the Hedging Agreements as set out in the Hedging Policy (including but not limited to the definition of Enforcement Action, but which for the avoidance of doubt does not include amending such clauses to add any changes to include additional termination events);

(iv) would change or have the effect of changing the Events of Default set out in the Common Terms Agreement (other than the inclusion of additional events of default in accordance with the terms of the Common Documents);

(v) would change or have the effect of changing the definition of Acceleration Notice or would change or have the effect of changing clause 21.1 (Acceleration of Secured Liabilities), clause 21.2 (Automatic Acceleration of Secured Liabilities), clause 21.4 (Consequences of Delivery of Acceleration Notice) of the STID or clause 22.4 (Post-Enforcement Priority of Payments) of the STID;

(vi) would change or have the effect of changing the purpose of the Liquidity Facility so as to result in it no longer being available to service payments due under the Hedging Agreements;

(n) in respect of each Liquidity Facility Provider, would change the effect of clause 22.4 (Post-Enforcement Priority of Payments) of the

STID or would affect the ability of such Liquidity Facility Provider to enforce its rights under a Liquidity Facility Agreement; and

(o) in respect of a Tranche of Bonds, constitute a Basic Terms Modification.

**Environment** means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

(a) air (including air within natural or man-made structures, whether above or below ground);

(b) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and

(c) land (including land under water).

**Environmental Claim** means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

**Environmental Law** means any applicable law or regulation which relates to:

(a) the pollution or protection of the Environment;

(b) the conditions of the workplace; or

(c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including any waste.

**Environmental Permits** means any permit and other Authorisation required under any Environmental Law for the operation of the business of any member of the Security Group conducted on or from the properties owned or used by any member of the Security Group.

**Equity Cure Right** has the meaning given to it in paragraph 15(a)(ii) (Equity Cure) of schedule 4 (Events of Default) to the Common Terms Agreement.

**Equivalent Amount** means the amount in question expressed in the terms of the Base Currency, calculated on the basis of the Exchange Rate.

**Establishment Date** means the date on which the Programme is established.

**Euro, euro, EUR** or **€** means the single currency of the Participating Member States.

**Euroclear** means Euroclear Bank SA/NV.

**Europe** means all Member States on the Initial Issue Date and Norway, Switzerland and Turkey.

**Eurosystem-eligible NGB** means an NGB which is intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms.

**Event of Default** means an event or circumstance specified as such in schedule 4 (Events of Default) to the Common Terms Agreement.

**Exceptional Items** means any material items of an unusual or non-recurring nature which represent gains or losses including those arising on:

(a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;

(b) disposals, revaluations, write-downs or impairment of non-current assets or any reversal of any write-down or impairment; and

(c) disposals of assets associated with discontinued operations.

**Excess Cashflow** means, for any Semi-Annual Period, FCF for that period less (except to the extent already deducted in calculating FCF):

(a) Senior Debt Service for that period;

(b) the amount of any voluntary prepayments made under the Finance Documents during that period save to the extent made (directly or indirectly) from the proceeds of a Permitted Share Issue by Holdco II and/or the proceeds of a loan under a Subordinated Loan Agreement made after the Closing Date;

(c) interest accrued under any Subordinated Junior Loan Agreement during that period which has been paid unless payment was prohibited pursuant to the provisions of the Common Documents;

(d) the amount of any mandatory prepayments under the Finance Documents during that period (to the extent funded from any item that is taken into account in the FCF definition); and

(e) Disposal Proceeds and Insurance Proceeds to the extent required to be applied in mandatory prepayment of Financial Indebtedness (including by way of credit to a Defeasance Account) during that period which have not been deducted in FCF and which are otherwise included in EBITDA or FCF.

**Exchange Agent** means BNP Paribas Securities Services, Luxembourg Branch (or any successor thereto) in its capacity as exchange agent under the Agency Agreement in respect of the Bonds.

**Exchange Date** means the date which falls 40 days after a Temporary Bearer Global Bond has been issued.

**Exchange Rate** means the strike rate specified in any related Hedging Agreement or, failing that, the spot rate for the conversion of the Non-Base Currency into the Base Currency as quoted by the Agent Bank as at 11.00 a.m.:

(a) for the purposes of clauses 13.7 (STID Voting Request), 24.2 (Quorum and voting requirements in respect of a Direction Notice) or 23 (Qualifying Secured Creditor Instructions) of the STID, on the date that the STID Voting Request, Direction Notice or a Qualifying Secured Creditor Instruction Notice (as the case may be) is dated; and

(b) in any other case, on the date as of which calculation of the Equivalent Amount of the Outstanding Principal Amount is required,

and, in each case, as notified by the Agent Bank to the Bond Trustee.

**Excluded Account** means (i) any account forming part of a Permitted Dedicated Reserve Lease Arrangement, (ii) any Protected Amount Account, (iii) any Notified Excluded Accounts and (iv) any other accounts provided that the aggregate amount standing to the credit of such accounts held under this paragraph (iv) does not exceed €100,000 (Indexed) (or its equivalent in any other currency).

**Excluded Disposal Proceeds** means any Disposal Proceeds which are not required to be applied in prepayment of Senior Debt pursuant to paragraph (q) of Permitted Disposal.

**Excluded Group Entity** means:

(a) each Affiliate or Related Fund of Alpha Trains Holdco S.à r.l.;

(b) each shareholder of each Holding Company of Alpha Trains Holdco S.à r.l. and each of their respective Affiliates or Related Funds;

(c) any Investor and any funds controlled or managed by them or their respective Affiliates or Related Funds;

(d) any transferees, successors, assignees or beneficiaries in part or in whole of the economic interests of any of the parties described in (a) to (c) (inclusive) above and/or any other person with an equity or subordinated economic interest in any member of the Security Group;

(e) any person having an analogous economic interest in the Security Group to those held (on the Initial Issue Date) by the persons described above; and

(f) any Affiliates or Related Funds of the persons described above,

provided that a member of the Security Group shall not be an Excluded Group Entity.

**Excluded Insurance Proceeds** means any proceeds of an insurance claim which the Security Group Agent notifies the Security Trustee are, or are to be, applied:

(a) to meet a third party claim in respect of which the relevant insurance claim was made;

(b) to cover operating losses in respect of which the relevant insurance claim was made; or

(c) (A) in the replacement, reinstatement and/or repair of the assets or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made or (B) in reinvestment in the Permitted Business,

in each case as soon as possible and in the case of paragraph (c) which have been committed within 18 months of receipt to be so applied.

**Excluded Tax** means, in relation to any person, any Tax:

(a) imposed on or calculated by reference to the net income, profits or gains of that person, in each case excluding any deemed income, profits or gains of that person other than to the extent such deemed income, profits or gains are matched by any actual income, profits or gains of an Affiliate of that person; or

(b) that arises from the fraud, gross negligence or wilful default of the relevant person or any failure of the relevant person to make any filings within the prescribed time period (to the extent not attributable to a member of the Security Group),

in each case including any related costs, fines, penalties or interest (if any).

**Existing Facilities Agreement** means each of the following:

(a) the senior facilities agreement dated 13 December 2013 entered into by, among others, Alpha Trains Luxembourg No. 2 S.à r.l., Alpha Trains Development No. 2 S.à r.l. and Credit Agricole Corporate and Investment Bank as facility agent;

(b) the senior facilities agreement originally dated 9 June 2008, entered into by, among others, Holdco II and Bayerische Hypo- und Vereinsbank AG, London Branch as facility agent (as amended from time to time);

(c) the junior facility agreement originally dated 9 June 2008, entered into by, among others, Alpha Trains Holdco S.à r.l. and Bayerische Hypo- und Vereinsbank AG, London Branch as facility agent (as amended from time to time); and

(d) the facilities agreement dated 29 July 2014, entered into by, among others, Alpha Trains ENR S.à r.l. and Crédit Agricole Corporate and Investment Bank as facility agent.

**Existing Indebtedness** means the Financial Indebtedness outstanding under the Existing Facilities Agreements together with any Financial Indebtedness outstanding, or termination payments payable, under or in connection with any Treasury Transaction entered into in connection with any Existing Facilities Agreement.

**Existing Security Interests** means any Security Interests entered into in connection with the Existing Facilities Agreements.

**Expected Maturity Date** has the meaning given to that term in the relevant Authorised Credit Facility.

**Extraordinary Resolution** means (a) a resolution approved by the Bondholders by a majority of not less than three-quarters of the aggregate Outstanding Principal Amount of the Bonds who (i) for the time being are entitled to receive notice of a voting

matter and (ii) have participated in the approval process in respect of such resolution, subject to the quorum requirements set out in paragraph 4 (Other Voting Matters) of schedule 4 (Provisions for Voting) of the Bond Trust Deed; (b) a resolution signed in writing by or on behalf of the holders of not less than three-quarters of the aggregate Outstanding Principal Amount of the Bonds who for the time being are entitled to receive notice of a voting matter, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Bondholders; or (c) a resolution by an Electronic Consent.

**Extraordinary STID Resolution** has the meaning given thereto in clause 16.3 (Requisite majority in respect of an Extraordinary Voting Matter) of the STID.

**Extraordinary Voting Matters** are matters which:

(a) would change any of the matters constituting Extraordinary Voting Matters;

(b) would change any Event of Default or any Trigger Event each in relation to non-payment, the making of Restricted Payments, financial ratios or credit rating downgrade (in the case of a Trigger Event only);

(c) would relate to the waiver of any Event of Default or any Trigger Event each in relation to non-payment, credit rating downgrade (in the case of a Trigger Event only), financial ratios or the making of Restricted Payments;

(d) would change in any materially adverse respect the restriction on any disposal of any Obligor or Assets or relate to a consent in respect of any such disposal;

(e) would materially change or have the effect of materially changing the definition of Permitted Business;

(f) would change or have the effect of changing or relate to a waiver of any of the following restrictions:

(i) paragraph 8 (Acquisitions) and paragraph 13 (Disposals) of part 3 (General Covenants) of schedule 2 (Security Group Covenants) to the Common Terms Agreement;

(ii) paragraphs 6 (Acquisitions) and 9 (Disposals) of part 4 (Issuer Covenants) of schedule 2 (Security Group Covenants) to the Common Terms Agreement;

(iii) paragraph 35 (Permitted Portfolio Covenant) of part 3 (General Covenants) of schedule 2 (Security Group Covenants) to the Common Terms Agreement; or

(iv) the Minimum Security Coverage Covenant;

(g) would change or have the effect of changing the provisions relating to the tests or other requirements set out in the definition of

"Additional Debt Conditions" in the STID;

(h) would change or have the effect of changing the definitions of Required Debt Service Liquidity or Required MRA Balance;

(i) would bring forward the scheduled maturity date of any Financial Indebtedness following the occurrence of a Trigger Event which is continuing;

(j) would release any of the Security (unless equivalent replacement security is taken at the same time) unless such release is permitted in accordance with the terms of the Common Documents; or

(k) relate to the removal of the Security Trustee.

**Facility Agent** means, as the context requires, any or all of the Initial ACF Agent, the Initial Liquidity Facility Agent, the Initial Institutional Agent and any agent appointed in respect of any Authorised Credit Facility.

**FCF** means, in respect of any Relevant Period or Semi-Annual Period, Adjusted EBITDA for that Relevant Period or Semi-Annual Period after:

(a) adding the amount of any decrease (and deducting the amount of any increase) in Working Capital for that Relevant Period or Semi-Annual Period;

(b) adding the amount of any cash receipts (and deducting the amount of any cash payments) during that Relevant Period or Semi-Annual Period in respect of any Exceptional Items not already taken account of in calculating EBITDA for any Relevant Period or Semi-Annual Period (other than in the case of cash receipts, any amount required to be paid in mandatory prepayment of Secured Debt);

(c) adding the amount of any increase in provisions, other non-cash debits and other non-cash charges (which are not Current Assets or Current Liabilities) and deducting the amount of any non-cash credits (which are not Current Assets or Current Liabilities) in each case to the extent taken into account in establishing EBITDA;

(d) deducting the amount of any Capital Expenditure actually made in cash during that Relevant Period or Semi-Annual Period by any member of the Security Group and the aggregate of any cash consideration paid for, or the cash cost of, any Business Acquisitions except (in each case) to the extent funded from:

(i) Excluded Disposal Proceeds or Excluded Insurance Proceeds;

(ii) Retained Excess Cashflow;

(iii) Permitted Acquisition Debt or any permitted Capex Facility; or

(iv) Subordinated Intragroup Liabilities and/or a Permitted Share

Issue by Holdco II other than Additional Equity; and

(e) adding or deducting (as relevant) the amount of any realised gains or losses on any financial instruments during that Relevant Period or Semi-Annual Period,

and so that no amount shall be added (or deducted) more than once.

**Final Maturity Date** means:

(a) in relation to a Bond, the final date on which that Bond is expressed to be redeemable; and

(b) in relation to any other Authorised Credit Facility, the date on which all financial accommodation made available under that Authorised Credit Facility is expressed to be repayable in full (without any further obligation of the relevant Authorised Credit Provider to continue to make available such financial accommodation).

**Final Terms** means the final terms issued in relation to each Series of Bonds as a supplement to the Conditions and giving details of any Tranche in that Series.

**Finance Document** means:

(a) each Hedging Agreement and any other credit support or collateral documentation entered into in connection therewith or pursuant thereto;

(b) the Initial Authorised Credit Facilities Agreement;

(c) the Senior Institutional Facilities Agreement;

(d) the Bonds (including any applicable Coupons and Final Terms);

(e) the Bond Trust Deed (including the Conditions);

(f) the Security Documents;

(g) the Common Terms Agreement;

(h) the MDA;

(i) the Account Bank Agreement;

(j) the Liquidity Facility Agreement;

(k) (i) any fee letter, commitment letter or request entered into in connection with the facilities referred to in paragraph (b) above or (o) below or the transactions contemplated in such facilities and (ii) any other document that has been entered into in connection with such facilities or the transactions contemplated thereby that has been designated as a Finance Document by the parties thereto (including at least one Obligor);

(l) the CP Agreement;

(m) the Tax Deed of Covenant;

(n) the PP Debt Documents;

(o) any other Authorised Credit Facility Agreement;

(p) the Agency Agreement;

(q) the Calculation Agency Agreement;

(r) any amendment and/or restatement agreement relating to any of the above documents;

(s) any assignment agreement, transfer agreement, accession agreement or similar relating to any of the above documents; and

(t) each agreement or other instrument between at least one Obligor and an Additional Secured Creditor designated as a Finance Document by at least one Obligor, the Security Trustee and such Additional Secured Creditor in the Accession Memorandum for such Additional Secured Creditor.

**Finance Lease** means any lease, hire purchase contract, leases with purchase option, conditional sale agreement or similar product which would, in accordance with the Accounting Principles, be treated as a finance or capital lease as of the date of the MDA.

**Finance Party** means any person providing credit pursuant to an Authorised Credit Facility including the Administrative Parties and all other arrangers, agents, representatives and trustees appointed in connection with any such Authorised Credit Facilities.

**Financial Indebtedness** means any indebtedness for or in respect of:

(a) moneys borrowed and debit balances at banks or other financial institutions;

(b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);

(c) any bonds, debentures, notes, loan stock or any similar instrument (but not Trade Instruments);

(d) the amount of any liability of a member of the Security Group as lessee in respect of Finance Leases;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market loss to the Security

Group (or, if any actual amount is due from the Security Group as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);

(g) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, standby or documentary letter of credit or other instrument issued by a bank or financial institution in respect of an underlying liability (but not in any case any Trade Instruments) of an entity which is not a member of the Security Group which liability would fall within one of the other paragraphs of this definition;

(h) any amount raised by the issue of redeemable shares which are redeemable before the Final Maturity Date or are otherwise classified as borrowings under the Accounting Principles;

(i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply or, in respect of any supply of rolling stock and related services, such longer period as is customarily agreed by the relevant member of the Security Group in the ordinary course of trading; or

(j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles; and

(k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above,

but in each case without double counting.

**Financial Ratio Event of Default** means an Event of Default pursuant to paragraph 2 (Breach of Financial Covenants) of schedule 4 (Events of Default) to the Common Terms Agreement.

**Financial Statements** means the Annual Financial Statements or the Semi-Annual Financial Statements, as applicable.

**Financial Year** means the annual accounting period of the Security Group ending on or about 31 December in each year.

**Fitch** means Fitch Ratings Ltd. and any successor to its rating business.

**Fixed Rate Bond** means a Bond on which interest is calculated at a fixed rate payable in arrears on a fixed date or fixed dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).

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| **Floating Rate Bond** | means a Bond on which interest is calculated at a floating rate payable in arrear in respect of such period or on such date(s) as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms). |
| **Further Enforcement Instruction Notice** | has the meaning given to it in clause 20.2 (Enforcement Instruction Notices) of the STID. |
| **German Cross-Border Fleet** | means the Assets described in the relevant German law security transfer agreements (such agreements as described in Schedule 4 (List of Security Documents) to the MDA), and any substitutions or replacements thereof. |
| **German Obligor** | means any Obligor incorporated in Germany. |
| **German Security Trust Agreement** | means the security trust agreement dated on or about the Initial Issue Date between, *inter alios*, the Security Group Agent, the German Obligors and certain other security grantors, the Security Trustee and certain other Secured Creditors under which the Security Trustee has been granted certain rights and has assumed certain obligations in relation to certain security documents governed by German law. |
| **Global Bond** | means a Temporary Bearer Global Bond and/or a Permanent Bearer Global Bond issued in respect of the Bonds of any Tranche and/or a Registered Global Bond issued in respect of the Bonds of any Tranche, as the context may require. |
| **Governmental Authority** | means:<br>(a) the government of:<br>(i) the United States of America or any state or other political subdivision of either thereof; or<br>(ii) any other jurisdiction in which the Obligors or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Obligors or any Subsidiary; or<br>(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government. |
| **Gross Outstandings** | means, in respect of the Initial Authorised Credit Facilities Agreement, in relation to a Multi-account Overdraft, the Ancillary Outstandings of that Multi-account Overdraft but calculated on the basis that the words "(net of any Available Credit Balance)" in paragraph (i) of the definition of "Ancillary Outstandings" were deleted. |
| **Guarantee** | means, in relation to each Guarantor, the guarantee of such Guarantor given by it pursuant to the STID. |
| **Guarantor** | means each of the Obligors. |
| **Habitual Base** | in relation to any Asset, means the country in which such Asset is primarily |

operated at any time.

**Hedge Counterparty** means any entity which is or has become a party to the STID as a Hedge Counterparty in accordance with the provisions of the STID.

**Hedging Agreement** means each ISDA Master Agreement entered into by the Issuer or other member of the Security Group and a Hedge Counterparty in accordance with the Hedging Policy (in the form in effect at the time the relevant ISDA Master Agreement is entered into) and which governs the Hedging Transactions between such parties, and such term includes the schedule to the relevant ISDA Master Agreement and the confirmations evidencing the Hedging Transactions entered into under such ISDA Master Agreement.

**Hedging Policy** means the initial hedging policy applicable to the Obligors set out in the Common Terms Agreement as such hedging policy may be amended from time to time by agreement between the Security Trustee, the Issuer and the Hedge Counterparties in accordance with the STID.

**Hedging Transaction** means (i) any interest rate, currency or inflation linked Treasury Transaction with respect to the Secured Debt entered into by the Issuer and (ii) any other Treasury Transaction entered into with a member of the Security Group (other than the Issuer) falling within paragraph 2 (a)(ii) of the Hedging Policy, in each case in accordance with or as required by the Hedging Policy and the Common Documents.

**Holding Account** means an account opened and maintained by the Issuer entitled "Holding Account" with the Account Bank (and any custody account of such account opened to hold Cash Equivalent Investments) which is subject to the Security Documents and in respect of which the Account Bank has been given all notices to be given to it by the Issuer pursuant to the Security Documents and has duly acknowledged such notices and waived any other Security Interest or any other preferential rights over or to the amounts standing to the credit of the Issuer's bank account.

**Holding Company** means, in relation to a person, any other person in respect of which it is a Subsidiary.

**ICSDs** means Clearstream, Luxembourg and Euroclear.

**IFRS** means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

**Independent Consultant** means, for the purpose of calculating the NPV:

(a) SCI Verkehr GmbH;

(b) any other independent consultant of international reputation nominated by the Security Group Agent and with its terms of engagement agreed by the Security Trustee (acting reasonably); or

(c) any other person appointed pursuant to paragraph 4(h) (Compliance Certificate) of part 1 (Information Covenants) of schedule 2 (Security Group Covenants) of the Common Terms Agreement.

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| **Index** or **Index Figure** | means the index or index figure as specified in the Final Terms to the relevant Tranche of Bonds. |
| **Indexed** | means, in respect of any reference to an amount, an adjustment to that amount (as previously indexed) as such amount may be adjusted up or down at the beginning of each calendar year by a percentage equal to the amount of percentage increase or, as the case may be, decrease in the Retail Price Index for such year or as is otherwise specified in the relevant Finance Document. |
| **Index-Linked Bond** | means a Bond in respect of which the amount payable in respect of principal and interest is calculated by reference to an index and/or formula as the Issuer and the relevant Dealer(s) may agree (as indicated in the relevant Final Terms). |
| **Information Memorandum** | means any information memorandum or prospectus prepared by or on behalf of and approved by the Issuer in connection with any Authorised Credit Facility, as applicable but excluding, for the avoidance of doubt, any listing or offering document or information memorandum prepared in connection with or relating to any listing or offering of the Bonds or PP Debt. |
| **Initial ACF Agent** | means Crédit Agricole Corporate and Investment Bank, as agent under the Initial Authorised Credit Facilities Agreement, or any of its successors thereto. |
| **Initial ACF Arrangers** | means the original Initial ACF Arrangers, as mandated lead arrangers under the Initial Authorised Credit Facilities Agreement. |
| **Initial Authorised Credit Facilities** | means the senior term facilities of an aggregate facility amount of up to €655,000,000 to be made available to the Issuer by the Original Initial ACF Lenders pursuant to the Initial Authorised Credit Facilities Agreement. |
| **Initial Authorised Credit Facilities Agreement** | means the Authorised Credit Facility entered into on or before the Initial Issue Date between, among others, the Issuer, the Initial ACF Agent and the Original Initial ACF Lenders. |
| **Initial Bond Pricing Date** | means the date falling at least five Business Days prior to the Initial Issue Date on which the price of the initial issuance of Bonds is agreed between the Issuer and the Relevant Dealers. |
| **Initial Hedge Counterparties** | means each of Commonwealth Bank of Australia, Crédit Agricole Corporate and Investment Bank, HSH Nordbank AG, ING Bank N.V., SEB AG, Société Générale, The Bank of Nova Scotia and UniCredit Bank AG as the initial Hedge Counterparties. |
| **Initial Institutional Agent** | means Crédit Agricole Corporate and Investment Bank, as agent under the Senior Institutional Facilities Agreement, or any of its successors thereto. |
| **Initial Institutional Lenders** | means those institutions listed in schedule 1 (Original Lenders) to the Senior Institutional Facilities Agreement or any other party that accedes to the Senior Institutional Facilities Agreement as a Lender. |
| **Initial Issue Date** | means the date upon which the first Series of Bonds is issued by the Issuer. |

**Initial Liquidity Facility Agent** means Crédit Agricole Corporate and Investment Bank, as facility agent under the Initial Liquidity Facility Agreement.

**Initial Liquidity Facility Agreement** means the liquidity facility agreement to be dated on or before the Initial Issue Date entered into between, among others, the Issuer and the Initial Liquidity Facility Provider(s).

**Initial Rating** means each credit rating of the Rated Debt on or prior to the Initial Issue Date by any Relevant Rating Agency.

**Initial Senior Institutional Facilities** means the senior term facilities to be made available to the Issuer by the Initial Institutional Lenders pursuant to the Senior Institutional Facilities Agreement.

**Insolvency Event** means, in respect of any company:

(a) the initiation of or consent to Insolvency Proceedings by such company or any other person or the presentation of a petition or application for the making of an administration order;

(b) such company becomes insolvent or is unable to pay its debts in each case, under the laws of any relevant jurisdiction applicable to such company or fails or admits in writing its inability generally to pay its debts as they become due;

(c) the giving of notice of appointment of an administrator or the making of an administration order or an administrator being appointed in respect of such company;

(d) an encumbrancer taking possession of the whole or any material part of the undertaking or assets of such company;

(e) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any material part of the undertaking or assets of such company;

(f) a composition, compromise, assignment or arrangement with creditors of such company (as part of a general composition, compromise, assignment or arrangement affecting such company's creditors generally) occurs, other than a composition, compromise, assignment or arrangement with respect to any subordinated Financial Indebtedness, any intragroup loan or guarantee;

(g) the passing by such company of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up, liquidation or dissolution of such company;

(h) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any substantial part of the undertaking or assets of such company;

(i) save as permitted in the STID, the cessation or suspension of payment by such company of its debts generally or a public

announcement by such company of an intention to do so; or

(j) save as provided in the STID, a moratorium is declared in respect of any indebtedness of such company,

excluding in respect of an Obligor any such step as part of a Permitted Reorganisation and, where used in an Authorised Credit Facility Agreement, with such amendments as may be agreed in that Authorised Credit Facility Agreement.

**Insolvency Official** means, in connection with any Insolvency Proceedings in relation to a company, a liquidator, provisional liquidator, administrator, administrative receiver, receiver, manager, nominee, supervisor, trustee, conservator, guardian, judicial custodian, compulsory manager or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors.

**Insolvency Proceedings** means, in respect of any company, the winding up, liquidation, dissolution or administration of such company, or any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or of any jurisdiction in which such company carries on business including a *declaración de concurso* (either a *declaración de concurso necesario* or a *declaración de concurso voluntario*) and any step or proceeding related to a concurso under the Spanish Insolvency Law (including, without limitation, any petition filed under article 5 bis of the Spanish Insolvency Law), the seeking of liquidation, winding up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

**Instalment Amounts** means, with respect to Instalment Bonds, the amounts specified in the relevant Final Terms or Pricing Supplement.

**Instalment Bond** means any Bonds specified as such in the relevant Final Terms.

**Institutional Accredited Investor** means an institutional investor that qualifies as an "accredited investor" (as defined in Rule 501(a)(1), (2), (3), (7) or (8) under the Securities Act).

**Institutional Investor** means (a) any original purchaser of a PP Debt, (b) any holder of a PP Debt holding (together with one or more of its affiliates) more than 10% of the aggregate principal amount of the PP Debt then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any PP Debt.

**Insurance Proceeds** means the proceeds of any insurance claim or any termination or total loss payments received by any member of the Security Group which, either as a single claim or payment or, when aggregated with the proceeds of all other insurance or termination or total loss payments received by the members of the Security Group, are in excess of €2,500,000 (Indexed) (or its equivalent in other currencies) in any Financial Year, except for Excluded Insurance Proceeds and after deducting:

(a) any reasonable expenses which are incurred by any member of the

Security Group to persons who are not members of the Security Group; and

(b) any Tax incurred and required to be paid by the member of the Security Group (as reasonably determined by that member of the Security Group, on the basis of rates applicable to the relevant member of the Security Group as determined at the time of the relevant receipt and taking account of any available credit, deduction or allowance that is anticipated to be utilised so as to reduce or offset against the Tax in question),

in each case in relation to that insurance claim or termination or total loss payments.

**Intellectual Property Rights** means any right in or to:

(a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and

(b) the benefit of all applications and rights to use such assets of each Obligor (which may now or in the future subsist).

**Interest Amount** in respect of the Bonds, has the meaning given to it in Condition 6(h) (Determination and Publication of Interest Rates, Interest Amounts and Redemption Amounts).

**Interest Commencement Date** means, in the case of interest bearing Bonds, the date specified in the applicable Final Terms from (and including) which such Bonds bear interest, which may or may not be the Issue Date.

**Interest Determination Date** means, in respect of the Bonds, with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Final Terms or, if none is so specified, the day falling two Business Days in London prior to the first day of such Interest Period (or if the Specified Currency is Sterling, the first day of such Interest Period) (as adjusted in accordance with any Business Day Convention (as defined above) specified in the relevant Final Terms).

**Interest Payment Date** in respect of the Bonds, has the meaning given thereto in Condition 22 (Definitions) or otherwise means the date(s) specified in the relevant Final Terms.

**Interest Period** (a) in respect of the Bonds, has the meaning given thereto in Condition 22 (Definitions) and (b) in respect of any other Authorised Credit Facility, has the meaning given to such term in the applicable Authorised Credit Facility Agreement.

**Interest Rate** in respect of the Bonds, has the meaning given thereto in Condition 22 (Definitions).

**Investment Grade** means a rating of at least BBB- by Fitch, Baa3 by Moody's or BBB- by S&P.

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| **Investor** | means each Sponsor and each of their Affiliates and/or any funds managed or controlled by any such persons, and any subsequent successors or assignees or transferees from time to time. |
| **Investor Report** | means each report produced by the Security Group Agent to be delivered with each Compliance Certificate, substantially in the form set out in schedule 6 (Form of Investor Report) to the Common Terms Agreement. |
| **ISDA Master Agreement** | means an agreement in the form of the 1992 ISDA Master Agreement or 2002 ISDA Master Agreement (including the schedule and credit support annex thereto) or any successor thereto published by ISDA unless otherwise agreed by the Security Trustee acting in accordance with the STID. |
| **Issue Date** | means, in respect of any Tranche of Bonds, the date of issue and purchase of such Tranche of Bonds pursuant to and in accordance with the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) being, in the case of any Definitive Bond represented initially by a Global Bond, the same date as the date of issue of the Global Bond which initially represented such Tranche of Bonds. |
| **Issue Price** | means the price as stated in the relevant Final Terms, generally expressed as a percentage of the nominal amount of the Bonds, at which the Bonds will be issued. |
| **Issuer Account** | means an account opened and maintained by the Issuer entitled "Issuer Account" in a Relevant Jurisdiction with the Account Bank (and any related custody account of such account opened to hold Cash Equivalent Investments) which is subject to the Security Documents and in respect of which the Account Bank has been given all notices to be given to it pursuant to the Security Documents and has duly acknowledged such notices and waived any other Security or any other preferential rights over or to the amounts standing to the credit of the Issuer's bank account. |
| **Issuer Charged Property** | means the property, assets, rights and undertaking of the Issuer that are the subject of the Security Interests created in or pursuant to the Security Documents. |
| **Issuer Corporate Services Agreement** | means a corporate services agreement to be dated on or before the Initial Issue Date between the Issuer and an Issuer Corporate Services Provider. |
| **Issuer Corporate Services Provider** | means, each of Vistra Fund Services S.à r.l. and Vistra (Luxembourg) S.à r.l. and any successors thereto. |
| **Issuer Loan Agreement** | means each loan agreement between the Issuer and the Borrower. |
| **Italian Banking Law** | means Legislative Decree No. 385 of 1 September 1993 and the relevant implementing regulations, each as amended, integrated and supplemented from time to time. |

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| **Italian Obligor** | means:<br><br>(a) any Obligor incorporated in Italy (and resident in Italy for tax purposes); and<br><br>(b) any Obligor having its registered office in Italy (and resident in Italy for tax purposes). |
| **Italy** | means the Republic of Italy. |
| **Joint Venture** | means any joint venture entity, partnership or similar person, the ownership of or other interest in which does not require any Obligor to consolidate the results of that person with its own as a Subsidiary. |
| **Jutland Assets** | means each item of rolling stock (including technical records relating thereto and all parts forming part thereof or associated therewith), all substitutions and replacements of any of the foregoing and where the context so admits or requires any part thereof and which is legally and/or beneficially owned by the Jutland Lessee and subject to the Jutland Conditional Sale Agreement. |
| **Jutland Conditional Sale Agreement** | means the conditional sale agreement entered into between Alpha Trains Luxembourg S.à r.l. (as conditional seller) and the Jutland Lessee on 28 October 2009 with respect to twenty-nine (29) Alstom Coradia Lint 41 two-car diesel multiple units. |
| **Jutland Lessee** | means JTL 2004 ApS. |
| **LF Arrangers** | means CommBank Europe Limited, Crédit Agricole Corporate and Investment Bank, HSH Nordbank AG, ING Bank, a branch of ING-DiBa AG, SEB AG, Société Générale, The Bank of Nova Scotia and UniCredit Bank AG. |
| **LF Event of Default** | has the meaning given to such term in the Liquidity Facility Agreement. |
| **LF Notice of Drawing** | has the meaning given to such term in the Liquidity Facility Agreement. |
| **Liabilities** | means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceedings or other liability whatsoever (including in respect of taxes, duties, levies, imposts and other charges including, in each case, any related costs, fines, penalties or interest (if any) but excluding any Excluded Tax)) and legal fees and properly incurred expenses on a full indemnity basis. |
| **LIBOR** | has the meaning given to that term in Condition 6 (Interest and other Calculations). |
| **Limitation Acts** | means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984. |
| **Liquidity Facility** | mans a liquidity facility made available under a Liquidity Facility Agreement. |
| **Liquidity Facility Agent** | means the Initial Liquidity Facility Agent or any successor agent appointed pursuant to the Liquidity Facility Agreement. |

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| **Liquidity Facility Agreement** | means the Initial Liquidity Facility Agreement and each other liquidity facility agreement the terms of which shall require that the relevant Liquidity Facility Provider(s) has/have at least the Minimum Long Term Rating and which shall be substantially in the form of the Initial Liquidity Facility Agreement having regard to the then customary market practice for such liquidity facilities and the criteria of the Relevant Rating Agencies. |
| **Liquidity Facility Providers** | means the Initial Liquidity Facility Providers and any bank or financial institution which has become a Party to the Liquidity Facility Agreement in accordance with the terms of such Liquidity Facility Agreement which in each case has not ceased to be a party in accordance with the terms of such Liquidity Facility Agreement. |
| **Liquidity Loan Drawing** | means, unless otherwise stated in the relevant Liquidity Facility Agreement, the principal amount of each borrowing under the Liquidity Facility Agreement which is not a Standby Drawing or the principal amount outstanding of that borrowing. |
| **Liquidity Shortfall** | means, after taking into account funds available for drawing from the Operating Accounts, with respect to any Payment Date under the Liquidity Facility Agreement (as determined by the Security Group Agent or (during an Enforcement Period) the Security Trustee on the Determination Date), there will be insufficient funds to pay on such Payment Date any of the amounts to be paid in respect of items (a)(i) to (a)(vi)(A) of the Pre-Enforcement Priority of Payments (in respect of paragraph (a)(vi)(A) excluding any unscheduled amortisation and any payments of principal on a Final Maturity Date in connection with non-amortising debt or a balloon repayment on a Final Maturity Date). |
| **Liquidity Standby Account** | means any reserve account to be opened, if required, in the name of the Issuer and held with the applicable Liquidity Facility Provider in respect of whom the Standby Drawing has been made or, if such Liquidity Facility Provider does not have the Minimum Long Term Rating, at the Account Bank. |
| **Liquidity Standby Account Mandate** | means any mandate entered into in connection with the establishment of a Liquidity Standby Account in accordance with the terms of the Account Bank Agreement. |
| **Listing Agent** | means Deutsche Bank Luxembourg S.A. |
| **LMA** | means the Loan Market Association. |
| **Lock-Up Account** | means an account opened and maintained by the Borrower entitled "Lock-Up Account" in a Relevant Jurisdiction with the Account Bank (and any related custody account of such account opened to hold Cash Equivalent Investments) which is subject to the Security Documents and in respect of which the Account Bank has been given all notices to be given to it pursuant to the Security Documents and has duly acknowledged such notices and waived any other Security or any other preferential rights over or to the amounts standing to the credit of the Borrower's bank account. |
| **Locomotives Division** | comprises the business activity of leasing locomotives conducted through the |

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| | following entities (which will become Guarantors and Obligors immediately following the Initial Issue Date): Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l., Alpha Trains Iberia, S.A.U., Alpha Trains Iberia No. 2, S.L.U., Alpha Trains (Locomotives) GmbH, Alpha Trains Polska sp. z o.o., Alpha Trains Belgium NV and Alpha Trains Italia S.R.L.. |
| **Luxembourg** | means the Grand Duchy of Luxembourg. |
| **Luxembourg Commercial Code** | means the *Code de commerce* of Luxembourg. |
| **Luxembourg Obligor** | means any Obligor incorporated in Luxembourg. |
| **Luxembourg Trade and Companies Register** | means the *Registre du commerce et des sociétés*, Luxembourg. |
| **Maintenance Obligation** | means any obligation in respect of fees, costs and expenses incurred or projected to be incurred where determining the Required MRA Balance in maintaining any of the Assets (including any required overhaul or repair work and the provision of any consumables and materials necessary to carry out such maintenance) in each case in the ordinary course of its business by (without double counting) any member of the Security Group other than regular day to day operational maintenance performed by the operator or third party service providers and standstill maintenance and excluding any such amount in respect of maintenance (i) for which an operator is responsible under any lease in respect of such Assets (unless the Security Group is reimbursing an operator for overhaul maintenance that such operator has performed and where funds have been collected in relation to that Asset in advance of the overhaul maintenance event) and (ii) which is funded out of any Permitted Dedicated Reserve Lease Arrangement. |
| **Maintenance Reserve Account** | means an account opened and maintained by an Asset Owner entitled "Maintenance Reserve Account" with the Account Bank (and any related custody account of such account opened to hold Cash Equivalent Investments) which is subject to the Security Documents and in respect of which the Account Bank has been given all notices to be given to it pursuant to the Security Documents and has duly acknowledged such notices and waived any other Security or any other preferential rights over or to the cash amounts standing to the credit of that Asset Owner's bank account as the same may be replaced from time to time and excluding any accounts forming part of a Permitted Dedicated Reserve Lease Arrangement. |
| **Maintenance Reserve Facility** | means a maintenance reserve facility made available under an Authorised Credit Facility Agreement. |
| **Maintenance Reserve Facility Providers** | means the Original Initial ACF Lenders in their capacity as providers of the Maintenance Reserve Facility together with any party which provides the Issuer with a Maintenance Reserve Facility and accedes to the Common Terms Agreement, the MDA and the STID. |
| **Maintenance Reserves** | means at any time the sum of the undrawn commitment under the Maintenance Reserve Facility and the outstanding balance of the Maintenance Reserve Account. |

**Make-Whole Amount** means any premium payable on redemption of any Senior Debt in excess of:

(a) the principal amount outstanding of such debt; plus

(b) accrued interest on such debt; plus

(c) any final payment in respect of accretions for inflation on any such debt that is index-linked.

**Mandatory Prepayment Amounts Ledger** means the ledger of a Defeasance Account to which amounts are credited in accordance with paragraph 2 (Trigger Event lock-up and cash sweep) of part 2 (Trigger Event Consequences) of schedule 3 (Trigger Events) to the Common Terms Agreement and/or debited in accordance with schedule 8 (Defeasance Account) of the Common Terms Agreement.

**Margin** in respect of the Bonds, has the meaning given thereto in Condition 22 (Definitions).

**Master Definitions Agreement** or **MDA** means the master definitions agreement entered into on or about the Initial Issue Date between, among others, the Issuer, the other Obligors, the Security Trustee and the Bond Trustee.

**Material Adverse Effect** means an effect which is materially adverse to:

(a) the business, assets or financial condition of the Security Group taken as a whole; or

(b) the ability of the Obligors (taken as a whole) to perform their payment obligations under the Finance Documents or to comply with a Default Ratio Level; or

(c) the legality, validity or enforceability of, or the effectiveness or ranking of any Security granted or purporting to be granted pursuant to any of, the Finance Documents or the rights or remedies of any Secured Creditor under any of the Finance Documents in a manner which would be materially adverse to the Secured Creditors taken as a whole.

**Maturity Concentration Test** means, at the time any relevant Permitted Financial Indebtedness is incurred or its maturity date is changed and assuming that such Permitted Financial Indebtedness is drawn in full or such maturity date is changed, the aggregate Senior Debt maturing in any consecutive three year period divided by the NPV (being the value derived at the most recent Semi-Annual Date ending on 31 December, (other than where calculated in connection with Permitted Acquisition Debt) or a pro forma NPV verified by the Independent Consultant taking account of the related Permitted Acquisition in the case of Permitted Acquisition Debt at or around the time of such incurrence) expressed as a percentage does not exceed 50%, **provided that** for the purpose of this definition, any reference to the maturity date of any Senior Debt shall be a reference to the Expected Maturity Date of such Senior Debt (if applicable) if the Maturity Concentration Test is carried out prior to the occurrence of such Expected Maturity Date (if applicable).

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| **Member State** | means a member state of the European Union. |
| **MIFiD 2** | means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU and relevant regulations made under it. |
| **Minimum Level of Assets** | means Assets representing not less than 60% of the aggregate NBV prior to the Belgian Law Effective Date and 70% of the NBV thereafter provided that the Jutland Assets shall be excluded from Assets where used in this definition and in the definition of NBV for the purposes of this calculation. |
| **Minimum Long Term Rating** | means BBB- by Fitch, or Baa3 by Moody's or BBB- by S&P or any equivalent long term rating by another Rating Agency. |
| **Minimum Security Coverage Covenant** | means the covenant set out in paragraph 25(a) (Security) of Part 3 (General Covenants) of Schedule 2 (Security Group Covenants) of the Common Terms Agreement. |
| **Minimum Short Term Rating** | means F3 by Fitch, or P-3 by Moody's or A-3 by S&P or any equivalent short term rating by another Rating Agency. |
| **Modified Redemption Amount** | means the Redemption Amount determined in accordance with Condition 8(c) (Optional Redemption), unless otherwise specified in the relevant Final Terms. |
| **Moody's** | means Moody's Investors Services Limited or any successor to its rating business. |
| **NBV** | means, for Holdco II on a consolidated basis at any time, an amount equal to the aggregate of the net book value of Assets and any receivables from Finance Leases in respect of Assets where an Obligor is the lessor as reflected in its most recent Annual Financial Statements or Semi-Annual Financial Statements. |
| **New Asset** | means any rolling stock which a member of the Security Group has committed to acquire until such time as it is delivered and becomes an Asset. |
| **New Lender** | has the meaning given to it in an Authorised Credit Facility Agreement. |
| **NGB** or **New Global Bond** | means a Temporary Bearer Global Bond or a Permanent Bearer Global Bond, in either case in respect of which the applicable Final Terms indicates is a New Global Bond (including, for the avoidance of doubt, both Eurosystem-eligible NGBs and Non-eligible NGBs). |
| **Non-Base Currency** | means a currency other than Euro. |
| **Non-eligible NGB** | means a NGB which is not intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms. |
| **Notified Excluded Accounts** | means any accounts notified by the Security Group Agent to the Security Trustee prior to the date of the MDA as being excluded accounts. |

**NPV** means the present value of capital (non-maintenance) rentals generated and expected to be generated by the Assets, Spares and New Assets calculated in accordance with paragraph 1(c) of part 2 (Financial Information) of schedule 2 (Security Group Covenants) of the Common Terms Agreement on an annual basis (or as otherwise required in connection with Additional Debt Conditions) and which will be generated by the Independent Consultant and calculated on the basis of:

(a) the future rentals (excluding maintenance payments) to be generated by the Assets, Spares and New Assets based on contracted lease terms;

(b) the forecast of lease rentals (excluding maintenance payments) to be generated by the Assets, Spares and New Assets upon expiry of the contracted leases or following delivery in respect of New Assets;

(c) the future lease rentals (excluding maintenance payments) to be generated by the Assets and Spares currently off-lease but forecast to be leased in the future; and

(d) less the value of Capital Expenditure committed to be paid in respect of New Assets which remains to be paid,

which, in each case, will be discounted at the weighted average cost of capital reflecting the underlying economic environment for the lease rate forecast relating to such rentals as determined by the Independent Consultant.

**NSS** or **New Safekeeping Structure** means the new safekeeping structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations.

**Obligor** means each Original Obligor (including the Issuer, the Borrower, Holdco II, each of Holdco II's other direct and indirect Subsidiaries, but excluding Alpha Trains Switzerland AG), and any other person who accedes to, *inter alia*, the Common Terms Agreement and the STID as an Obligor in accordance with the terms of the Finance Documents and **Obligors** means all of them.

**Offsetting Transaction** has the meaning given to such term in schedule 9 (Hedging Policy) of the Common Terms Agreement.

**Operating Accounts** means those bank accounts of the Obligors with an Acceptable Bank or any other account of an Obligor existing as at the date of the MDA but excluding any Security Account and any Excluded Account.

**Ordinary Resolution** means:

(a) a resolution passed at a meeting duly convened and held in accordance with these presents by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a simple majority of the votes cast on such poll; or

(b) a resolution in writing signed by or on behalf of the Bondholders of not less than a clear majority in aggregate Principal Amount Outstanding of the Bonds, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Bondholders;

**Ordinary STID Resolution** has the meaning given to it in clause 15.3 (Requisite majority in respect of an Ordinary Voting Matter) of the STID.

**Ordinary Voting Matters** are matters which are not Discretion Matters or Extraordinary Voting Matters.

**Original Financial Statements** means the financial statements delivered pursuant to paragraph 7 (Financial Statements) of Part 1 (Conditions Precedent Documents and Evidence) of Schedule 1 (Conditions Precedent to Initial Issuance and Utilisation) of the CP Agreement.

**Outstanding Principal Amount** means, as at the date that such amount falls to be determined in accordance with the STID:

(a) the principal amount outstanding (or the Equivalent Amount) of the Bonds;

(b) in respect of any Authorised Credit Facility which is a loan (other than any Liquidity Facility):

(i) in respect of an Enforcement Instruction Notice, Further Enforcement Instruction Notice or if an Enforcement Period is continuing, the principal amount outstanding (or the Equivalent Amount) under such Authorised Credit Facility at such time; or

(ii) where paragraph (a) does not apply, the aggregate of (A) the principal amount outstanding (or the Equivalent Amount) of such Authorised Credit Facility and (B) the total undrawn commitments (or their Equivalent Amount) under such Authorised Credit Facility;

(c) the principal amount outstanding (or the Equivalent Amount) of the PP Debt;

(d) (subject to the Entrenched Rights) in respect of any Hedging Transaction, an amount calculated in accordance with clause 12.2 (Voting in respect of Hedging Transactions by Hedge Counterparties) of the STID; or

(e) the principal amount outstanding under any other Authorised Credit Facility at such time ranking *pari passu* with the above (but excluding any Liquidity Facility),

as the case may be, all as most recently certified or notified to the Security Trustee, where applicable, pursuant to clause 11.2 (Notification of Outstanding Principal Amount of Qualifying Senior Debt) of the STID.

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| **Overhedged Position** | has the meaning given to it in schedule 9 (Hedging Policy) to the Common Terms Agreement. |
| **Par Redemption Amount** | means an amount equal to the principal amount outstanding on the Call Protected Floating Rate Bonds of any Tranche or the relevant portion thereof available for redemption, plus accrued but unpaid interest on the principal amount outstanding or the relevant portion thereof available for redemption to (but excluding) the date of redemption. |
| **Participating Member State** | means a member state of the European Union that adopts or has adopted the Euro as its lawful currency under the legislation of the European Union for European Monetary Union. |
| **Participating Qualifying Secured Creditors** | means the Qualifying Secured Creditors which participate in a vote on any STID Proposal or other matter pursuant to the STID. |
| **Passenger Division** | comprises the business activity of leasing trains by members of the Security Group but also some companies from the Alpha Trains Group from outside of the Security Group. The passenger business in the Security Group is conducted mainly through the following entities (which will become Guarantors and Obligors immediately following the Initial Issue Date): Alpha Trains Luxembourg S.à r.l., Alpha Trains Luxembourg No. 2 S.à r.l., Alpha Trains Europa GmbH and Alpha Trains ENR S.à r.l.. |
| **Paying Agents** | means, in relation to all or any Tranches of the Bonds, the several institutions (including where the context permits the Principal Paying Agent) at their respective specified offices initially appointed as paying agents in relation to such Bonds by the Issuer pursuant to the relevant Agency Agreement and/or, if applicable, any Successor paying agents at their respective specified offices in relation to all or any Tranches of the Bonds as well as additional paying agents appointed under supplemental agency agreements as may be required in any jurisdiction in which Bonds may be issued or sold from time to time. |
| **Payment Date** | means, in respect of an Authorised Credit Facility, each date on which a payment is made or is scheduled to be made by an Obligor in respect of any obligation or liability under such Authorised Credit Facility. |
| **Payment Period** | means after any Calculation Date a period of 90 days commencing on the date on which a Restricted Payment would otherwise be permitted to be paid under paragraph 4(g) (Compliance Certificate) of Part 1 (Information Covenants) of Schedule 2 (Security Group Covenants) of the Common Terms Agreement. |
| **Payment Priorities** | means the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments. |
| **Permanent Bearer Global Bond** | means a global bond in the form or substantially in the form set out in part 2 (Form of Permanent Bearer Global Bond) of schedule 1 (Form of Bonds, Receipts, Coupons and Talons) to the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond |

Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Bearer Bonds of the same Tranche, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed either on issue or in exchange for the whole or part of any Temporary Bearer Global Bond issued in respect of such Bearer Bonds.

**Permitted Acquisition** means:

(a) an acquisition by a member of the Security Group of an asset sold, leased, transferred or otherwise disposed of by a member of the Security Group in circumstances constituting a Permitted Disposal;

(b) an acquisition of shares or securities pursuant to a Permitted Share Issue or to the extent permitted in relation to a Permitted Joint Venture;

(c) an acquisition of securities which are Cash Equivalent Investments so long as those Cash Equivalent Investments become subject to the Security Documents (subject to the Agreed Security Principles) as soon as is reasonably practicable thereafter;

(d) an acquisition of any assets (other than shares or rolling stock) in the ordinary course of trade which are intended for use in or to form part of the Permitted Business;

(e) an acquisition of (x) rolling stock by any Subsidiary of the Borrower or (y) the issued share capital of, and if forming part of the acquisition, loans to any limited liability company that primarily owns rolling stock which will be wholly owned or controlled (directly or indirectly) by the Borrower provided that the following conditions are met and certified as such in a certificate delivered by the Security Group Agent to the Security Trustee with all relevant supporting documentation:

(i) such rolling stock is to be used in Europe;

(ii) in relation to an acquisition of rolling stock which is not new build at the time of the acquisition, an independent technical due diligence report (to the extent possible and on a non-reliance basis) and certification of value in respect of such rolling stock is delivered to the Security Trustee by the Security Group Agent no later than ten (10) Business Days prior to entering into any related acquisition agreement;

(iii) no Financial Indebtedness is incurred or exists after completion of the acquisition in connection with that acquisition other than Permitted Financial Indebtedness;

(iv) if it is the acquisition of a limited liability company, that company becomes an Obligor on completion of the acquisition;

(v) any such rolling stock becomes subject to the Security Documents to the extent required to do so under the Common Documents;

(vi) the aggregate purchase price of such rolling stock and any other rolling stock acquired pursuant to this paragraph (e) in the same Financial Year shall not exceed €20,000,000 (Indexed) (or its equivalent in any other currency) in that Financial Year unless the average weighted age (by purchase price) of all such assets in that Financial Year does not exceed 15 years as at completion of the relevant acquisition;

(vii) no Trigger Event exists or would exist in respect of Trigger Event Ratios tested on a Pro Forma Basis as at the most recent Calculation Date on entry into the commitment to acquire; and

(viii) unless funded from any permitted Capex Facility, Excluded Insurance Proceeds or Retained Excess Cashflow which is available for that purpose or Subordinated Intragroup Liabilities, all rolling stock has been delivered and accepted and is able to enter into revenue earning service at the time of entry into the commitment to acquire by the relevant member of the Security Group;

(f) an acquisition (other than an acquisition which would fall within paragraph (e) above) by a member of the Security Group (other than Holdco II or the Issuer) of (x) more than 50% of the issued share capital of, and if forming part of the acquisition, loans to a limited liability company or (y) (if the acquisition is made by a limited liability company whose sole purpose is to make the acquisition) a business or undertaking (or part of a business or undertaking) carried on as a going concern where in each case the following conditions are satisfied and certified as such in a certificate executed by a director of the Security Group Agent and delivered to the Security Trustee together with all relevant supporting documentation:

(i) no Trigger Event has occurred and is continuing on entry into the commitment to acquire or would occur as a result of the acquisition (with the Trigger Event Ratios tested on a Pro Forma Basis as at the most recent Calculation Date);

(ii) the acquired company (and its Subsidiaries), business or undertaking, or any interest therein, (the **Acquisition Target**) is incorporated or established, and carries on its business, in Europe and is primarily engaged in a business which if it were carried on by a member of the Security Group would be a Permitted Business;

(iii) the Acquisition Target is projected to have positive EBITDA calculated on a pro forma basis and such projection is certified as being reasonable by the Security Group Agent in the Financial Year immediately following the relevant

acquisition;

(iv) the Security Group Agent delivers any due diligence reports in relation to the Acquisition Target to the extent prepared and permitted (in each case on a non-reliance basis); and

(v) the consideration (including associated costs and expenses and any deferred consideration) for the acquisition including any Financial Indebtedness and other actual or contingent liabilities remaining in the Acquisition Target or assumed or settled by a member of the Security Group at the date of the acquisition (together the **Purchase Price**) when aggregated with the Purchase Price for any other acquisition made pursuant to this paragraph (f) does not exceed €100,000,000 (Indexed) (or its equivalent in any other currency) in any rolling three-year period,

and provided that any such Acquisition Target, if a person, will become an Obligor or the relevant member of the Security Group will grant Security over the assets of the Acquisition Target promptly after completion of the acquisition and as required by the Common Documents;

(g) the incorporation of a limited liability company or the acquisition of a newly incorporated limited liability shelf company (with no other liabilities or assets at the time of incorporation or acquisition) by a member of the Security Group for the purpose of the Permitted Business and which on incorporation or acquisition becomes a member of the Security Group; and

(h) the acquisition of shares or assets pursuant to a Permitted Reorganisation.

**Permitted Acquisition Debt** means any Financial Indebtedness for the purpose of funding a Permitted Acquisition in respect of which the Additional Debt Conditions are satisfied upon the incurrence of such Permitted Acquisition Debt.

**Permitted Additional Debt** means any Financial Indebtedness which is not Permitted Refinancing Debt or Permitted Acquisition Debt in respect of which the Additional Debt Conditions are satisfied upon the incurrence of such Financial Indebtedness.

**Permitted Business** means the business of the Security Group as a whole being:

(a) the ownership and leasing of rolling stock in Europe, whether such leases are operating or finance leases (or other similar products including but not limited to hire purchase agreements, leases with purchase options and conditional sale agreements), and whether on a dry, soggy or wet leasing or on a power by the hour basis;

(b) activities in Europe which are related to those described in paragraph (a) above, including the leasing of spares, the procurement of insurance on behalf of the operators of rolling stock owned by any member of the Security Group, the maintenance of spares and rolling stock and provision of spares and the storage of parts, spares and

rolling stock; and

(c) asset management, consultancy services and/or other activities provided to companies outside the Security Group which are deemed by the directors of the Borrower to be aligned to the activities described in paragraphs (a) and/or (b) above (subject to such other activities not representing in aggregate more than 5% of the consolidated revenues of the Security Group in any calendar year),

provided that the activities set out in paragraph (a) above shall at all times constitute the principal business carried on by the Security Group and the business of the Security Group shall principally be carried on in Europe (excluding for this purpose Norway, Switzerland and Turkey).

**Permitted Dedicated Reserve Lease Arrangement** means any lease arrangement between a member of the Security Group and an end-lessee pursuant to which that member of the Security Group deposits amounts collected by way of security for maintenance activities of the end-lessee into an account of such member of the Security Group on terms which require such amounts to be kept separate and segregated from its other assets.

**Permitted Disposal** means any sale, lease, licence, transfer or other disposal:

(a) of trading stock (other than rolling stock) made by any member of the Security Group in the ordinary course of trading of the disposing entity;

(b) of cash where such disposal does not breach any term of the Finance Documents;

(c) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments;

(d) arising as a result of any Permitted Security;

(e) constituting the capitalisation of a loan between members of the Security Group, provided that the share issue resulting from such capitalisation is permitted pursuant to the definition of Permitted Share Issue;

(f) of assets compulsorily acquired by any Governmental Authority;

(g) which is a lease or licence (or similar product including but not limited to finance leases, hire purchase agreements, leases with purchase options and conditional sale agreements) of rolling stock, related spares and equipment and related rights;

(h) of any asset (other than shares) by a member of the Security Group (the **Disposing Company**) on an arm's length basis to another member of the Security Group (other than an Italian Obligor) (the **Acquiring Company**) but only if, where the Disposing Company had created a Security Interest over the asset, the Acquiring Company creates an equivalent Security Interest over that asset to the extent required under the Common Documents;

(i) of any asset to the extent permitted in relation to a Permitted Joint Venture;

(j) of interests in Permitted Joint Ventures;

(k) of any surplus asset (other than rolling stock or shares) on an arm's length basis;

(l) of obsolete or redundant assets (other than rolling stock or shares) on an arm's length basis for cash;

(m) of amounts comprising discounts on lease rates on normal commercial terms;

(n) pursuant to outsourcing agreements in respect of management system functions and entered into on arm's length terms;

(o) of assets pursuant to any Permitted Reorganisation;

(p) of Intellectual Property Rights pursuant to a licence granted in the ordinary course of business;

(q) (i) of assets (other than shares) in the ordinary course of business for cash or (ii) of rolling stock, related spares and equipment and related rights pursuant to a Finance Lease, where the net consideration receivable (when aggregated with the net consideration receivable for any other sale, lease, Finance Lease, licence, transfer or other disposal not allowed under the preceding paragraphs and after deducting where relevant any amounts receivable in respect of maintenance reserves where such reserves are transferred to the purchaser):

(i) does not exceed €2,500,000 (Indexed) (or the equivalent in other currencies) in aggregate in any Financial Year; or

(ii) equals or exceeds €2,500,000 (Indexed) (or the equivalent in other currencies) in aggregate in any Financial Year and is below €25,000,000 (Indexed) (or the equivalent in other currencies) in aggregate in any Financial Year, subject to such proceeds in excess of €2,500,000 (Indexed) (or the equivalent in other currencies) being committed for reinvestment in the Permitted Business within 18 months of receipt and with proceeds otherwise not committed for reinvestment within that period applied in prepayment of Senior Debt; or

(iii) equals or exceeds €25,000,000 (Indexed) (or the equivalent in other currencies) in aggregate or more in any Financial Year, subject to the amount by which such proceeds exceed that threshold being applied in prepayment of Senior Debt,

provided that in respect of any Finance Lease, only the final capital instalment payment (whether included in a rental payment or not), option or sale price or similar sum (other than the Jutland Final Instalment) shall be taken into account in net consideration receivable under paragraphs (A) to (C) above; and

(r) of cash or assets pursuant to the Acquisition Agreement.

**Permitted Financial Indebtedness** means Financial Indebtedness:

(a) (until the Closing Date) which is Existing Indebtedness;

(b) (until the date which is five Business Days after the Closing Date) arising under any Treasury Transaction in respect of Existing Indebtedness;

(c) arising under the Initial Authorised Credit Facilities Agreement, the Initial Liquidity Facility Agreement, the Bonds issued on the Initial Issue Date and the Senior Institutional Facilities Agreement and the Common Documents;

(d) arising in respect of any Subordinated Loan Agreement;

(e) arising under a Permitted Loan or a Permitted Guarantee or a Permitted Treasury Transaction;

(f) arising under finance or capital leases (where a member of the Security Group is the lessee) of vehicles, plant, equipment or computers provided that the aggregate capital value of all such items so leased under outstanding leases to members of the Security Group does not exceed €5,000,000 (Indexed) (or its equivalent in other currencies) at any time (excluding those falling within paragraph (h) below);

(g) arising under finance or capital leases (where a member of the Security Group is the lessee) of maintenance equipment, rolling stock or spares provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Security Group does not exceed €15,000,000 (Indexed) (or its equivalent in other currencies) at any time (excluding those falling within paragraph (h) below);

(h) arising under finance or capital leases existing as at the Closing Date;

(i) which is Permitted Acquisition Debt, Permitted Additional Debt or Permitted Refinancing Debt;

(j) to the extent permitted in relation to a Permitted Joint Venture; or

(k) which is not permitted by the preceding paragraphs and the outstanding principal amount of which does not exceed €2,500,000 (Indexed) (or its equivalent in other currencies) in aggregate for the

Security Group at any time.

**Permitted Guarantee** means:

(a) any guarantee given under the Finance Documents;

(b) any guarantee of obligations of an Obligor entered into in the ordinary course of business (and not being in respect of Financial Indebtedness) by another Obligor;

(c) any guarantee of Permitted Financial Indebtedness (other than any guarantee of any Subordinated Loan Agreement);

(d) any guarantee by any Obligor in favour of regulatory authorities, local authorities or customs authorities given in the ordinary course of business and not in respect of Financial Indebtedness in relation to the performance of its obligations;

(e) any guarantee to the extent permitted in relation to a Permitted Joint Venture;

(f) any guarantee given in respect of netting or set-off arrangements between members of the Security Group permitted under paragraph (c) of Permitted Security;

(g) any counter-indemnity given by an Obligor in respect of any ancillary facility entered into by it pursuant to a Finance Document;

(h) any indemnity given by an Obligor under any Existing Facilities Agreement which it is agreed may continue after the Initial Issue Date;

(i) any indemnity given in the ordinary course of an acquisition or disposal which is a Permitted Acquisition or Permitted Disposal which indemnity is in customary form and subject to customary limitations and in accordance with good industry practice;

(j) any guarantees by a member of the Security Group not otherwise allowed under the preceding paragraphs so long as the aggregate maximum potential liability of the members of the Security Group under this paragraph (j) does not exceed €5,000,000 (Indexed) (or its equivalent in other currencies) at any time;

(k) any guarantee given under the Dealership Agreement or any Subscription Agreement;

(l) any unsecured break funding indemnity on customary terms in respect of any Finance Document; or

(m) any counter-indemnity given in respect of any of the guarantees permitted above.

**Permitted Hedge Termination** means the termination of a Hedging Agreement permitted in accordance with the provisions of the Hedging Policy.

**Permitted Joint Venture** means any investment in any joint venture where:

(a) the joint venture is incorporated and carries on its principal business in Europe;

(b) the joint venture is engaged in a business substantially the same as the Permitted Business; and

(c) the aggregate of:

(i) all amounts subscribed for shares in, lent to, or invested in all such joint ventures by any member of the Security Group;

(ii) the contingent liabilities of any member of the Security Group under any guarantee given in respect of the liabilities of any such joint venture; and

(iii) the higher of the book value and the market value of any assets transferred by any member of the Security Group to any such joint venture,

(together the **Joint Venture Investment**) does not exceed in aggregate €5,000,000 (Indexed) (or its equivalent in other currencies).

**Permitted Lessee Deposits** means any cash deposits or receipts which a member of the Security Group is obliged to repay to operators arising as a result of security deposits or other amounts received from operators (other than in respect of maintenance reserves) taken in the ordinary course of business up to a maximum aggregate amount of €50,000,000 (Indexed) (or its equivalent in other currencies) at any time and up to a maximum aggregate amount of €20,000,000 (Indexed) (or its equivalent in other currencies) falling due for repayment in any calendar year, save in respect of (and for the period during which) any such deposits or receipts which are held in secured accounts and which are not available for use by any Obligor, in which case such limits shall not apply.

**Permitted Loan** means:

(a) any trade credit extended by any member of the Security Group to its customers on normal commercial terms and in the ordinary course of its trading activities;

(b) a loan made by a member of the Security Group (other than the Issuer) to another member of the Security Group (other than an Italian Obligor unless made directly or indirectly from the proceeds under the Finance Documents not exceeding in aggregate €250,000,000 (or its equivalent in other currencies));

(c) a loan made on or prior to the Closing Date by the Issuer to the Borrower and by the Borrower to a member of the Security Group to repay Existing Indebtedness (including interest and finance charges

relating to such Existing Indebtedness);

(d) a loan made by the Issuer to the Borrower under an Issuer Loan Agreement;

(e) any loan to the extent permitted in relation to a Permitted Joint Venture;

(f) loans made pursuant to any Subordinated Loan Agreement;

(g) any loan made by a member of the Security Group to any employee of a member of the Security Group subject to an aggregate limit of €2,000,000 (Indexed) (or its equivalent in other currencies); or

(h) any other loan so long as the aggregate amount of the Financial Indebtedness under any such other loans does not exceed €5,000,000 (Indexed) (or its equivalent in other currencies) at any time.

**Permitted Payment** means:

(a) amounts under any Subordinated Junior Loan Agreement in order to pay interest in respect of Subordinated Liabilities at any time when there is no continuing Trigger Event (excluding for this purpose an EMD Trigger Event);

(b) amounts paid pursuant to any loan falling within paragraph (c) of Permitted Loan;

(c) any amounts expressly stated to be payable by a member of the Security Group in the Steps Paper in respect of any matter falling within paragraph (b) of Permitted Transaction provided that the amount paid must not materially exceed the amount set out in the Steps Paper;

(d) (i) any amount paid by a member of the Security Group to an Affiliate as consideration for a Permitted Acquisition falling within paragraph (c) of Permitted Transaction (whether in cash or in kind as a loan liability where the consideration is not paid in cash); and (ii) any Subordinated Intragroup Liabilities arising as a result of a transaction falling within paragraph (c) of Permitted Transaction, and which in each case is not a distribution or return of capital or a payment in respect of Subordinated Liabilities; and

(e) any amount paid by a member of the Security Group to an Affiliate as consideration for a Permitted Acquisition on arm's length terms and which is not a distribution or return of capital or a payment in respect of Subordinated Liabilities.

**Permitted Portfolio Covenant** means at all times PNBV is at least 50% of NBV.

**Permitted Refinancing Debt** means any Financial Indebtedness to the extent utilised or available to be utilised for the express purpose of repaying or prepaying Senior Debt in respect of which the Additional Debt Conditions are satisfied upon the

incurrence of such Permitted Refinancing Debt.

**Permitted Reorganisation** means a solvent liquidation or reorganisation involving the business or assets of, or shares of (or other interest in), any member of the Security Group (other than Holdco II, the Borrower, the Issuer, Alpha Trains Luxembourg S.à r.l. and one of Alpha Trains Iberia, S.A.U. or Alpha Trains Iberia No. 2, S.L.U.) where:

(a) no Trigger Event is continuing or would result from the liquidation or reorganisation;

(b) all of the business, assets and shares of (or other interests in) the relevant member of the Security Group continue to be owned directly or indirectly by Holdco II in the same or a greater percentage as prior to such reorganisation or liquidation, and save for:

(i) the shares (or other interests in) any member of the Security Group which has been merged into another member of the Security Group or has otherwise ceased to exist (including by way of the collapse of a solvent partnership or solvent winding-up or solvent dissolution of a corporate entity) as a result of such reorganisation or liquidation; and

(ii) the business, assets and shares of (or other interests in) relevant members of the Security Group which cease to be owned following such reorganisation or liquidation:

(A) as a result of a Permitted Disposal or merger permitted under, but subject always to the terms of, the Common Documents; or

(B) as a result of a cessation of business or solvent winding-up or solvent dissolution of a relevant member of the Security Group in conjunction with a distribution of all or substantially all of its assets remaining after settlement of its liabilities to its immediate shareholders(s) or other persons directly holding partnership or other ownership interests in it; and

(c) the Secured Creditors (or the Security Trustee) will continue to have the same or substantially equivalent guarantees and security over the same or substantially equivalent assets and over the shares (or other interests) in the transferee other than over any shares (or other interest) which have ceased to exist as contemplated in paragraph (i) or (ii) above, in each case to the extent such assets, shares or other interests are not disposed of as permitted under, but subject always to the terms of, the Common Documents, provided that in all cases the Security Trustee shall receive a copy of all relevant corporate authorisations of any relevant member of the Security Group authorising the reorganisation or liquidation and any documents required to be delivered in connection with any such security and guarantee.

**Permitted Reorganisation Window** means the period from and including the Closing Date and ending on the date which is six months after the Closing Date.

**Permitted Security** means:

(a) any Security Interest created pursuant to any Security Document;

(b) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Security Group;

(c) any netting or set-off arrangement entered into by any member of the Security Group in the ordinary course of its banking arrangements for the purposes of netting debit and credit balances of members of the Security Group (other than an Italian Obligor);

(d) any payment or close-out netting or set-off arrangement pursuant to any Permitted Treasury Transaction or any Finance Document;

(e) any Security Interest or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Security Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Security Group;

(f) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal;

(g) any Security Interest or Quasi-Security arising as a consequence of any finance or capital lease permitted pursuant to the definition of Permitted Financial Indebtedness;

(h) any Security Interest over cash deposits in favour of operators arising as a result of security deposits being held by any Obligor in the ordinary course of business, or arising under the Permitted Lessee Deposits, as notified to the Security Trustee on an annual basis and up to a maximum aggregate amount of €50,000,000 (Indexed) (or its equivalent in other currencies) at any time and up to a maximum aggregate amount of €20,000,000 (Indexed) (or its equivalent in other currencies) falling due for repayment in any calendar year, save in respect of any such deposits which are:

(i) held in secured accounts;

(ii) not available for use by any Obligor; and

(iii) only applicable to amounts held in such secured accounts,

in which case such limits shall not apply while those deposits are so held;

(i) any Security Interest arising under the customary general business

conditions for maintenance of bank accounts of any credit institution with whom any member of the Security Group maintains a bank account in the ordinary course of its business over the credit balance standing to the credit of any account of that member of the Security Group with that credit institution;

(j) any Security Interest over rental deposits in respect of leasehold premises provided that the aggregate amount of such deposits does not exceed €1,000,000 (Indexed) (or its equivalent in other currencies);

(k) any Security Interest or Quasi-Security over or affecting any asset acquired by a member of the Security Group if:

(i) the Security Interest or Quasi-Security was not created in contemplation of the acquisition of that asset by a member of the Security Group;

(ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Security Group; and

(iii) (unless such Security Interest or Quasi-Security is itself Permitted Security) the Security Interest or Quasi-Security is removed or discharged within 90 days of the date of acquisition of such asset;

(l) any Security Interest arising under statute or by operation of law in favour of any Governmental Authority in respect of Taxes, assessments or government charges which are being contested by the relevant member of the Security Group in good faith;

(m) any Security Interest created in respect of any pre-judgment legal process or any judgment or judicial award relating to security for costs, where the relevant proceedings are being contested by the relevant member of the Security Group in good faith;

(n) any Security Interest (other than over assets subject to the Security Documents) securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of security given by any member of the Security Group other than any permitted under paragraphs (a)to (m) above) does not exceed €2,500,000 (Indexed) (or its equivalent in other currencies);

(o) until the Closing Date, any Existing Security Interests;

(p) any Security Interest in connection with the Rosenheim Assets which is provided by the relevant Asset Owner to the lessee of the Rosenheim Assets in connection with any insolvency surplus amounts in the Asset Owner following payout of all Secured Liabilities; and

(q) any Security Interest in connection with any Permitted Dedicated

Reserve Lease Arrangement.

**Permitted Share Issue** means an issue of ordinary shares by (i) Holdco II to its immediate holding company, (ii) by the Borrower to Holdco II, or (iii) by a member of the Security Group (other than the Borrower and Holdco II) to another member of the Security Group, in each case paid for in full in cash upon issue and which by their terms are not redeemable and, except for any shares in Holdco II, where such shares become subject to the Security Documents on the same terms as existing shares are subject to the Security Documents.

**Permitted Transaction** means:

(a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security Interest or Quasi-Security given, or other transaction arising, under the Finance Documents;

(b) any disposal, acquisition, transfer, indebtedness, loan, equity contribution, distribution, issue of equity and/or loan note instruments, repayment, amendment and/or termination, merger, liquidation or any other transaction or step, in cash and/or in kind, as the case may be, in each case as described in or taken in connection with any of steps 1 to 32 (inclusive) of section 4 of the Steps Paper;

(c) any transaction between a member of the Security Group and an Affiliate which is substantially equivalent to any or all of those transactions set out in steps 1 to 32 (inclusive) of the Steps Paper between such persons which are entered into in order to implement a Permitted Acquisition falling within paragraph (e) or (f) of that definition from an Affiliate of a member of the Security Group, provided that, on completion of all such transactions with respect to any such Permitted Acquisition, any Financial Indebtedness arising from or in connection with any such transactions which remains outstanding following completion of the Permitted Acquisition is Permitted Financial Indebtedness and any cash payment of consideration for the Permitted Acquisition made to the relevant Affiliate is made on arm's length terms; and

(d) any Permitted Reorganisation.

**Permitted Treasury Transaction** means:

(a) any Hedging Transaction under a Hedging Agreement;

(b) any unsecured Treasury Transaction entered into by a member of the Security Group (other than the Issuer) with any bank or financial institution (on a competitive and, if it so requires, on a non-pro rata basis) to hedge risks arising in the ordinary course of business of a member of the Security Group provided such hedging is not entered into for speculative purposes; or

(c) (until the date which is five Business Days after the Closing Date) any Treasury Transaction in respect of Existing Indebtedness.

**PNBV** means the NBV of Assets which are EMUs, DMUs and any units which are

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| | capable of being, and are modified specifically to be, used in passenger services. |
| **Polish Obligor** | means any Obligor incorporated in Poland. |
| **Post-EMD Interest** | means, in respect of any Senior Debt that has not been repaid in full at its Expected Maturity Date, the additional amount of interest payable in respect of that Senior Debt following its Expected Maturity Date as a result of any increase in the applicable interest rate for such Senior Debt arising from failure to repay on the Expected Maturity Date to the extent that it exceeds the amount of interest which would otherwise have been payable if that increase had not occurred. |
| **Post-Enforcement Priority of Payments** | means the provisions relating to the order of priority of payments following the occurrence of certain events as set out in schedule 2 (Post-Enforcement Priority of Payments) to the STID. |
| **Potential Event of Default** | means any event or circumstance which, with the lapse of time and/or the giving of any notice and/or the making of any determination or any combination of the foregoing (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Event of Default, and assuming no intervening remedy), would become an Event of Default. |
| **PP Creditor SCR Agreement** | means each secured creditor representative agency deed authorising a party to act, and be named in the relevant Accession Memorandum, as Secured Creditor Representative for the relevant PP Creditors. |
| **PP Creditors** | means those institutions which hold PP Debt from time to time. |
| **PP Debt** | means any privately placed notes issued by the Issuer from time to time under and pursuant to a PP Debt Note Purchase Agreement. |
| **PP Debt Documents** | means the PP Debt Note Purchase Agreement, the PP Debt and the PP Creditor SCR Agreement. |
| **PP Debt Note Purchase Agreement** | means each note purchase agreement pursuant to which the Issuer issues PP Debt (in the form of securities) from time to time. |
| **Pre-Enforcement Priority of Payments** | means the provisions relating to the order of priority of payments prior to delivery of an Acceleration Notice as set out in schedule 10 (Pre-Enforcement Priority of Payments) to the Common Terms Agreement. |
| **Pre-hedges** | has the meaning given to it in Schedule 9 (Hedging Policy) to the Common Terms Agreement. |
| **Principal Amount Outstanding** | has the meaning given to that term in Condition 22 (Definitions). |
| **Principal Paying Agent** | means, in relation to all or any Tranche of the Bonds, BNP Paribas Securities Services, Luxembourg Branch as principal paying agent under the Agency Agreement, or if applicable, any Successor principal paying agent in relation to all or any Tranches of the Bonds. |

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| **Proceedings** | means any litigation, arbitration, administrative proceedings or statutory notice (including any enforcement or prohibition notice, claim or other proceedings) relating to a Dispute. |
| **Proceeds Amounts Ledger** | means any proceeds amounts ledger of a Defeasance Account. |
| **Pro Forma Basis** | means, where used in the definition of Permitted Acquisition and for a Trigger Event Ratio, tested as if the relevant Permitted Acquisition had been completed as at the relevant Calculation Date in respect of the Senior Debt/NPV Ratio or the beginning of each Relevant Period for the relevant Calculation Date in respect of the Senior FCF DSCR. |
| **Pro Forma Forecast Senior FCF DSCR** | means, where used in the definition of Additional Debt Conditions, Senior FCF DSCR tested where applicable as if the relevant Financial Indebtedness to be incurred had been drawn or issued in full and, where applicable, the relevant Permitted Acquisition had been completed, in each case at the beginning of the Relevant Period. |
| **Pro Forma Forecast Senior Debt/NPV Ratio** | means, where used in the definition of Additional Debt Conditions, the Senior Debt/NPV Ratio tested where applicable as if the relevant Financial Indebtedness to be incurred had been drawn or issued in full and, where applicable, the relevant Permitted Acquisition had been completed on the Calculation Date immediately following that completion or incurrence. |
| **Pro Forma Ratings** | means, where used in the definition of Additional Debt Conditions, Rating Confirmations from the Relevant Rating Agencies where applicable taking account of the incurrence of the relevant Financial Indebtedness and, where applicable, completion of any Permitted Acquisition provided that the rating required to be affirmed shall be as set out in paragraph (g)(iii) or (h)(iii) of the definition of Additional Debt Conditions. |
| **Programme Limit** | means €5,000,000,000 (subject to any increase as provided in clause 12 (Increase in Programme Limit) of the Dealership Agreement. |
| **Prospectus Directive** | means Directive 2003/71/EC (as amended) from time to time including by Directive 2010/73/EU. |
| **Protected Amount Account** | means any account of an Obligor which is credited solely with Protected Amounts (as defined in the original Acquisition Agreement). |
| **Protected Amounts** | has the meaning given to it in the original Acquisition Agreement. |
| **Qualifying Secured Creditor Instruction Notice** | has the meaning given to it in clause 23 (Qualifying Secured Creditor Instructions) of the STID. |
| **Qualifying Secured Creditors** | means:<br>(a) the Original Initial ACF Lenders;<br>(b) the Revolving Credit Facility Providers;<br>(c) the Capex Facility Providers; |

(d) the Maintenance Reserve Facility Providers;

(e) the Initial Institutional Lenders;

(f) each Hedge Counterparty;

(g) in respect of each Tranche of Bonds, the Bondholders;

(h) each PP Creditor; and

(i) each other Authorised Credit Provider,

provided that no Liquidity Facility Provider shall be a Qualifying Secured Creditor.

**Qualifying Senior Debt** means the Outstanding Principal Amount owed by the Obligors to the Qualifying Secured Creditors.

**Quasi-Security** means an arrangement or transaction described in paragraphs 12(b)(i) to (iv) (Negative Pledge) of part 3 (General Covenants) of schedule 2 (Security Group Covenants) of the Common Terms Agreement.

**Quorum Requirement** means:

(a) in relation to an Ordinary Voting Matter, the percentage set forth in clause 15.2 (Quorum Requirement for an Ordinary Voting Matter) of the STID;

(b) in relation to an Extraordinary Voting Matter, the percentages set forth in clause 16.2 (Quorum Requirement for an Extraordinary Voting Matter) of the STID; and

(c) in relation to an Enforcement Instruction Notice or a Further Enforcement Instruction Notice, the percentage set forth in clause 20.3(c) (Quorum and Voting Requirements in respect of an Enforcement Instruction Notice and a Further Enforcement Instruction Notice) of the STID.

**Rated Debt** means any Senior Debt in respect of which the Obligors are obliged to maintain a credit rating under paragraph 26 (Credit Rating) of Part 3 (General Covenants) of Schedule 2 (Security Group Covenants) of the Common Terms Agreement.

**Rating Agencies** means each of Fitch, Moody's and S&P and any successor to any of the aforementioned parties (and **Rating Agency** means any one of them).

**Ratings Confirmation** in respect of a proposed action means a confirmation by the Relevant Rating Agencies, in respect of each type of Rated Debt, to the effect that the then ratings on such Rated Debt would not be reduced below the lower of (a) the credit ratings of such Rated Debt as at the Initial Issue Date and (b) Investment Grade (provided that in circumstances where a Relevant Rating Agency is not willing to issue a rating affirmation due to its then prevailing policy regarding the issue of rating affirmations, the Security Group Agent

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| | has certified in writing to the Security Trustee and the Bond Trustee that, in its opinion (and where the Relevant Rating Agency was prepared to consult with the Security Group Agent this opinion is based on consultation with such Relevant Rating Agency), such proposed action would not cause a downgrade to the then current credit ratings of the Rated Debt by such Relevant Rating Agency). A Ratings Confirmation with respect to any specified action or determination may be given by, without limitation, email, a signed letter (including facsimile), a public press release, a rating report or other publication on the Relevant Rating Agency's website. |
| **Ratio** | means either the Trigger Event Ratio or the Default Ratio. |
| **Receiptholders** | means the several persons who are for the time being holders of the Receipts. |
| **Receipts** | means a receipt attached on issue to a Bearer Definitive Bond redeemable in instalments for the payment of an instalment of principal, such receipt being in the form or substantially in the form set out in the Bond Trust Deed or in such other form as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and includes any replacements for Receipts issued pursuant to Condition 14 (Replacement of Bonds, Coupons, Receipts and Talons). |
| **Receiver** | means any receiver, manager or administrative receiver in respect of the whole or any part of the Security. |
| **Redemption Amount** | has the meaning given to that term in Condition 22 (Definitions). |
| **Reference Banks** | means the principal London offices of any bank or financial institution appointed as such by the relevant Agent. |
| **Registered Bonds** | means those Bonds (if any) which are for the time being in registered form. |
| **Registered Definitive Bond** | means a Registered Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Bond Trust Deed either on issue or in exchange for a Registered Global Bond or part thereof (all as indicated in the applicable Final Terms), such Registered Definitive Bond being in the form or substantially in the form set out in the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Registrar, the Bond Trustee and the relevant Dealer(s) and having the Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Conditions by reference as indicated in the applicable Final Terms and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and having a Form of Transfer endorsed thereon. |
| **Registered Global Bond** | means a Regulation S Global Bond and/or a Rule 144A Global Bond, as the context may require. |

**Registrar** means, in relation to any Tranche of Registered Bonds, BNP Paribas Securities Services, Luxembourg Branch or, if applicable, any Successor registrar in relation to all or any Tranches of Bonds.

**Regulation S** means Regulation S adopted by the U.S. Securities and Exchange Commission under the Securities Act.

**Regulation S Global Bond** means a registered global bond in the form or substantially in the form set out in the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Registrar, the Bond Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Registered Bonds of the same Tranche sold to non-US persons outside the United States in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trustee.

**Related Fund** in relation to a fund (the **first fund**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund, or if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

**Relevant Debt** means, without double counting, principal amounts outstanding under the Secured Debt from time to time (disregarding for these purposes the notional amount under any Hedging Agreement and the drawn or undrawn commitments under any Liquidity Facility Agreement, the Maintenance Reserve Facility, the Revolving Credit Facility and the Capex Facility).

**Relevant Financial Centre** means, with respect to any Bond, the financial centre specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Agent Bank (or the Calculation Agent, if applicable).

**Relevant Jurisdiction** means, in relation to an Obligor:

(a) its jurisdiction of incorporation;

(b) any jurisdiction where any asset subject to or intended to be subject to the Security to be created by it is situated;

(c) any jurisdiction where it conducts its business; and

(d) the jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it.

**Relevant Period** means for the purpose of:

(a) any Calculation Date in respect of a Trigger Event Ratio:

(i) the period of 12 months ending on that Calculation Date;

and

(ii) the period of 12 months starting on that Calculation Date; or

(b) any Calculation Date in respect of a Default Ratio, the period of 12 months ending on that Calculation Date; or

(c) calculating Pro Forma Forecast Senior FCF DSCR, the period of 12 months commencing on the Calculation Date immediately following incurrence of the relevant Permitted Acquisition Debt or Permitted Additional Debt.

**Relevant Rate** has the meaning given to it in Condition 22 (Definitions).

**Relevant Rating Agency** means a Rating Agency mandated by the Issuer from time to time.

**Relevant Screen Page** means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms, or such other page, section, caption, column or other part as may replace the same on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying comparable rates or prices.

**Relevant Secured Creditor Action** means any of:

(a) a STID Proposal;

(b) a Qualifying Secured Creditor Instruction Notice;

(c) a Direction Notice;

(d) an Acceleration Notice;

(e) an Enforcement Instruction Notice; and

(f) a Further Enforcement Instruction Notice.

**Repayment Costs** means, in respect of the repayment or prepayment of all or part of a particular Secured Debt, any make whole or redemption premium or other equivalent costs payable including any related swap termination amounts and break costs payable in connection with the repayment or prepayment of such Secured Debt.

**Repayment Gains** means, in respect of the repayment or prepayment of all or part of an Authorised Credit Facility (other than in connection with a Tranche of Bonds), any gains arising from any swap termination to the extent required to be terminated in order to maintain compliance with the Hedging Policy.

**Reporting Date** means:

(a) in respect of each Calculation Date in connection with which Annual Financial Statements are prepared, 180 days after such Calculation Date; and

(b) in respect of each Calculation Date in connection with which Semi-Annual Financial Statements are prepared, 90 days after such Calculation Date.

**Required Debt Service Liquidity** means, in respect of the Issuer for the following 12 months (calculated on a rolling basis on each Calculation Date), an amount equal to the respective projected interest and commitment or commission payments and payments of principal that are part of the scheduled amortisation (including any final payment of scheduled amortisation on a Final Maturity Date but not, for the avoidance of doubt, any payments of principal on a Final Maturity Date in connection with non-amortising debt or a balloon repayment on a Final Maturity Date) of the Secured Debt, as applicable and net of payments (other than accretion payments, payments on any break or final termination payments under any Hedging Agreements) under the Hedging Agreements to which each is a party.

**Required MRA Balance** means the amount determined by the Security Group Agent and calculated in accordance with the following formula:

100%(E(n)) + 67%(E(n+1)) + 33%(E(n+2))

where:

**n** is any 12-month period commencing on the Semi-Annual Date immediately preceding the date of delivery of a Compliance Certificate; and

**E** is the numerical result of (A) of projected maintenance fees, costs and expense of the Security Group less (B) the projected maintenance income of the Security Group in that 12-month period in respect of any Maintenance Obligation, provided that:

(a) the maintenance fees, costs and expense projections and the maintenance income projections for the first 12-month period in any determination shall apply retrospectively to the beginning of that period notwithstanding the date upon which the Compliance Certificate that sets out the computations of the Required MRA Balance is delivered; and

(b) if E is a negative number, it shall be included in the formula above at that negative value for the relevant 12-month period.

**Reservations** means:

(a) the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court, the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors;

(b) the time barring of claims under applicable limitation laws (including the Limitation Acts), the possibility that an undertaking to assume liability for or to indemnify a person against non-payment of stamp duty may be void and defences of set-off or counterclaim;

(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction;

(d) in relation to the movement of any rolling stock in the ordinary course of its operation to a jurisdiction other than the jurisdiction of the governing law of any Security Documents in respect of that rolling stock (in each case the **Other Jurisdiction**), the principle that a court in that Other Jurisdiction may not recognise security validly granted under the laws of another jurisdiction as enforceable and effective security interest in that Other Jurisdiction; and

(e) any other matters which are set out as qualifications or reservations as to matters of law of general application in the legal opinions delivered to the Security Trustee under the CP Agreement or in respect of any Security Documents.

**Restricted Payment** means any payment (including, but not limited to, any payment on or in respect of distributions, dividends, bonus issues, return of capital, fees, interest, principal, loans or other amounts whatsoever) in cash or in kind to any Excluded Group Entity or Alpha Trains Holdco S.à r.l..

**Restricted Payment Condition** means:

(a) the most recently delivered Compliance Certificate has shown that the Trigger Event Ratios have been satisfied and would continue to be satisfied after the making of any proposed Restricted Payment;

(b) no Event of Default is subsisting or would result from making any proposed Restricted Payment; and

(c) no Trigger Event (other than in respect of the Trigger Event Ratios) is subsisting or would result from making any proposed Restricted Payment.

**Retail Price Index** means the harmonised index of consumer prices (HICP), compiled by Eurostat (or any other replacement provider thereof) and as revised from time to time, and if such harmonised index of consumer prices is discontinued or unavailable, such other comparable price index as may be selected by the Security Group Agent and the Security Trustee.

**Retained Excess Cashflow** means (without double counting) Excess Cashflow from a previous Semi-Annual Period which is not required to be applied in making any prepayment or repayment under the Finance Documents (and which has not been otherwise spent).

**Revolving Credit Facility** means a revolving facility for working capital and/or general corporate purposes.

**Revolving Credit Facility Providers** means the Original Initial ACF Lenders in their capacity as Revolving Credit Facility Providers together with any party which provides the Issuer with a Revolving Credit Facility and accedes to the Common Terms Agreement, the MDA and the STID.

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| **Revolving Loan** | means any revolving loan outstanding under any Authorised Credit Facility. |
| **Rule 144A** | means Rule 144A under the Securities Act. |
| **Rule 144A Global Bond** | means a registered global note in the form or substantially in the form set out in the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, sold to Qualified Institutional Buyers (as defined in Rule 144A) in reliance on Rule 144A, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trustee. |
| **S&P** or **Standard & Poor's** | means Standard & Poor's Credit Markets Service Europe Limited or any successor to its rating business. |
| **Sanctioned Person** | means any person who is a designated target of Sanctions or is otherwise a subject of Sanctions (including without limitation as a result of being (a) owned or controlled directly or indirectly by any person which is a designated target of Sanctions, or (b) organised under the laws of, or a citizen or resident of, any country that is subject to general or country-wide Sanctions). |
| **Sanctions** | means any economic or financial sanctions, trade embargoes or similar measures enacted, administered or enforced by any of the following (or by any agency of any of the following):<br>(a) the United Nations;<br>(b) the United States of America; or<br>(c) the European Union or any present or future member state thereof. |
| **Scheduled Redemption Date** | has the meaning given to it in the relevant Final Terms. |
| **Screen Rate Determination** | has the meaning given to it in Condition 6(c) (Floating Rate Bonds). |
| **Secured Creditor Claim** | means any amount which an Obligor owes to a Secured Creditor under or in connection with the Finance Documents. |
| **Secured Creditor Representative** | means the representative of a Secured Creditor appointed in accordance with clause 10 (Appointment of Representatives) of the STID including any PP Creditor Secured Creditor Representative. |
| **Secured Creditors** | means:<br>(a) the Security Trustee (in its own capacity and on behalf of the other Secured Creditors);<br>(b) in respect of each Tranche of Bonds, the Bondholders; |

(c) the Bond Trustee (in its own capacity and on behalf of the Bondholders);

(d) the Original Initial ACF Lenders;

(e) Revolving Credit Facility Providers;

(f) Capex Facility Providers;

(g) Maintenance Reserve Facility Providers;

(h) each Facility Agent under each Authorised Credit Facility;

(i) the Initial Institutional Lenders;

(j) each Hedge Counterparty;

(k) each Liquidity Facility Provider;

(l) the Account Bank;

(m) each PP Creditor;

(n) each other Authorised Credit Provider;

(o) each PP Creditor Secured Creditor Representative;

(p) each Agent; and

(q) each Additional Secured Creditor,

and **Secured Creditor** means any one of them.

**Secured Debt** means any financial accommodation that is, for the purposes of the STID, to be treated as Secured Debt and includes the Security Group's liabilities under:

(a) the Initial Authorised Credit Facilities;

(b) each Revolving Credit Facility;

(c) each Capex Facility;

(d) the Liquidity Facility;

(e) each Maintenance Reserve Facility;

(f) the Initial Senior Institutional Facilities;

(g) the PP Debt (to the extent permitted by law);

(h) the Bonds (to the extent permitted by law);

(i) any and all liabilities under the Hedging Agreements;

(j) each other Authorised Credit Facility; and

(k) any further debt incurred in due course, the provider of which accedes to the relevant Finance Documents.

**Secured Liabilities** means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Secured Creditor under each Finance Document to which such Obligor is a party (to the extent permitted by law).

**Securities Act** means the United States Securities Act of 1933.

**Security** means the security constituted by the Security Documents including any guarantee or obligation to provide cash collateral or further assurance thereunder.

**Security Account** means each Defeasance Account, Lock-up Account, Liquidity Standby Account, Maintenance Reserve Account, cash cover account relating to an Ancillary Facility, any blocked account and Holding Account and any other account designated as a Security Account by the Security Trustee and either the Issuer or the Security Group Agent.

**Security Documents** means:

(a) the documents listed in Schedule 4 (List of Security Documents) to the Master Definitions Agreement;

(b) the STID and each deed of accession thereto, together with any deed supplemental to the STID and referred to in the STID as a **Supplemental Deed**;

(c) the German Security Trust Agreement; and

(d) any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Secured Creditor in respect of the Secured Liabilities.

**Security Group** means Holdco II and each of its Subsidiaries (excluding Alpha Trains Switzerland AG unless it accedes as an Obligor and other than for the purposes of the following definitions:

(a) Adjusted EBITDA;

(b) Current Assets;

(c) Current Liabilities;

(d) EBITDA;

(e) FCF;

(f) Financial Indebtedness;

(g) Senior Debt Service;

(h) Senior Finance Charges;

(i) Total Senior Debt;

(j) Trade Instrument; and

(k) Transaction Cost).

**Security Group Agent** means the Borrower.

**Security Interest** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**Security Trustee** means BNP Paribas Trust Corporation UK Limited or any successor appointed as security trustee pursuant to the STID.

**Semi-Annual Date** means each of 30 June and 31 December in any calendar year.

**Semi-Annual Financial Statements** means the financial statements delivered pursuant to paragraph 1(b) of part 1 (Information Covenants) of schedule 2 (Security Group Covenants) of the Common Terms Agreement.

**Semi-Annual Period** means each period of six months ending on a Semi-Annual Date.

**Senior Debt** means any financial accommodation that is, for the purposes of the STID, to be treated as Senior Debt and includes:

(a) each Senior Loan Facility, the Initial Senior Institutional Facilities, the Bonds, the PP Debt and each Hedging Agreement; and

(b) any further debt incurred which ranks *pari passu* with the debt specified in paragraph (a) above,

excluding any Liabilities under any Liquidity Facility.

**Senior Debt Service** means, in respect of any Relevant Period or Semi-Annual Period (as applicable), the aggregate of:

(a) Senior Finance Charges for that Relevant Period or Semi-Annual Period;

(b) all scheduled repayments of Borrowings falling due during that Relevant Period or Semi-Annual Period but excluding:

(i) any amounts falling due under any overdraft or revolving facility (including, without limitation, the Revolving Credit Facility) and which are available for simultaneous redrawing according to the terms of that facility;

(ii) any mandatory prepayments or voluntary prepayments;

(iii) any balloon or bullet repayments on a Final Maturity Date which are refinanced from other Senior Debt;

(iv) any such obligations owed to any member of the Security Group;

(v) any prepayment of Borrowings existing on the Closing Date which are required to be repaid under the terms of the Common Documents; and

(vi) any such amounts falling due in respect of any Subordinated Loan Agreements; and

(c) the amount of the capital element of any payments in respect of that Relevant Period or Semi-Annual Period payable under any Finance Lease entered into by any member of the Security Group as lessee,

less any interest accrued (whether or not received) in that Relevant Period or Semi-Annual Period on any positive cash balances or otherwise to any member of the Security Group from a person that is not a member of the Security Group and so that no amount shall be included more than once.

**Senior Debt/NPV Ratio** means, in respect of any Calculation Date, the ratio, expressed as a percentage, of Total Senior Debt to NPV.

**Senior FCF DSCR** means, in respect of any Relevant Period, the ratio of FCF to Senior Debt Service.

**Senior Finance Charges** means, for any Relevant Period or Semi-Annual Period (as applicable), the aggregate amount of the accrued interest, commission, ongoing agency fees, commitment fees and other fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Borrowings whether drawn or undrawn, paid, payable or capitalised by any member of the Security Group (calculated on a consolidated basis) in respect of that Relevant Period or Semi-Annual Period:

(a) **excluding** any upfront fees or costs which are included as part of the effective interest rate adjustments;

(b) **including** the interest (but not the capital) element of payments in respect of Finance Leases where an Obligor is the lessee;

(c) **excluding** Transaction Costs;

(d) **including** any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) any member of the Security Group under any interest rate hedging arrangement;

(e) **excluding** any unrealised gains or losses on any financial instruments; and

(f) **excluding** any capitalised interest in respect of Permitted Financial Indebtedness and cash or capitalised interest in respect of any Subordinated Loan Agreement,

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| | and so that no amount shall be added or deducted more than once. |
| **Senior Institutional Facilities Agreement** | means the Authorised Credit Facility entered into on or before the Initial Issue Date between, among others, the Issuer, the Initial Institutional Agent and the Initial Institutional Lenders. |
| **Senior Loan Facility** | means each of the Initial Authorised Credit Facilities, the Maintenance Reserve Facility, the Revolving Credit Facility, the Capex Facility and the Initial Senior Institutional Facilities. |
| **Series** | means a Tranche of Bonds together with any further Tranches of Bonds under the Programme which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions **Bonds of the relevant Series, holders of Bonds of the relevant Series** and related expressions shall (where appropriate) be construed accordingly. |
| **Spanish Borrower** | means any Borrower incorporated in Spain. |
| **Spanish Civil Code** | means the Spanish *Código Civil*, as amended from time to time. |
| **Spanish Civil Procedural Law** | means *Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*, as amended from time to time. |
| **Spanish Commercial Code** | means the Spanish *Código de Comercio*, as amended from time to time. |
| **Spanish Guarantor** | means any Guarantor incorporated in Spain. |
| **Spanish Insolvency Law** | means Spanish Law 22/2006, of 9 July, on Insolvency (*Ley 22/2003, de 9 de julio, Concursal*), as amended from time to time. |
| **Spanish Obligor** | means an Obligor incorporated in Spain. |
| **Spanish Public Document** | means a *documento público*, being either an *escritura pública* or a *póliza* or *efecto intervenido por fedatario público*. |
| **Spares** | means equipment, machinery, hardware, software and parts necessary for the operation, maintenance and repair of rolling stock. |
| **Specified Currency** | means, subject to any applicable legal or regulatory restrictions, Euro, Sterling, U.S. Dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer, the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms. |
| **Specified Denominations** | means in respect of a Series of Bonds, the denomination or denominations of such Bonds specified in the applicable Final Terms. |
| **Sponsor** | means:<br><br>(a) Arcus European Trains SCSp; |

(b) AMP Capital Investors (Angel Trains EU No. 2) S.à r.l.; and

(c) Infra-PSP Canada Inc.

**Standby Drawing** means a drawing made under the Liquidity Facility Agreement as a result of a downgrade of a Liquidity Facility Provider below the Minimum Long Term Rating or in the event that the Liquidity Facility Provider fails to renew its Commitment.

**Steps Paper** means the report titled "Project Oak Volume II: Acquisition Structure Report" prepared by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft delivered pursuant to the CP Agreement.

**STID** or **Security Trust and Intercreditor Deed** means the security trust and intercreditor deed entered into on or before the Initial Issue Date between the parties to the Common Terms Agreement, together with any deed supplemental to the STID and referred to in the STID as a **Supplemental Deed**.

**STID Permitted Prepayment** means a payment permitted by clause 6.1 (Undertakings of Secured Creditors) of the STID.

**STID Proposal** means a proposal or request made by the Security Group Agent in accordance with the STID proposing or requesting the Security Trustee to concur in making any modification, giving any consent or granting any waiver under or in respect of any Common Document.

In respect of the Bondholders and for the purposes of the Bond Trust Deed, **STID Proposal** means:

(a) an Ordinary Voting Matter;

(b) an Extraordinary Voting Matter;

(c) a Discretion Matter;

(d) an Acceleration Notice;

(e) a Qualifying Secured Creditor Instruction Notice;

(f) a proposal giving rise to an Entrenched Right in respect of which the Bondholders are an Affected Secured Creditor;

(g) an instruction required in accordance with clause 20.9(d) of the STID; and/or

(h) a request in accordance with clause 13.8 (Miscellaneous provisions) of the STID to hold a physical meeting of Secured Creditors;.

**STID Voting Request** has the meaning given to it in clause 13.7 (STID Voting Request) of the STID.

**Stock Exchange** means the Luxembourg Stock Exchange or any other or further stock exchange(s) on which any Bonds may from time to time be listed, and

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| | references to the **relevant Stock Exchange** shall, in relation to any Bonds, be references to the Stock Exchange on which such Bonds are, from time to time, or are intended to be, listed. |
| **Subordinated Creditor** | means any arm's length credit provider where such credit provider is not an Affiliate of any member of the Security Group or Alpha Trains Holdco S.à r.l.. |
| **Subordinated Hedge Amounts** | means any termination payment due or overdue to a Hedge Counterparty under any Hedging Agreement which arises as a result of the occurrence of an Event of Default (as defined in the relevant Hedging Agreement) where the relevant Hedge Counterparty is the Defaulting Party (as defined in the relevant Hedging Agreement). |
| **Subordinated Intragroup Creditor** | means Alpha Trains Holdco S.à r.l. and any other person which is a direct Holding Company of Holdco II which accedes to the STID as a Subordinated Intragroup Creditor in the form set out in part 4 (Form of Accession Memorandum (New Subordinated Intragroup Creditor)) of schedule 1 (Form of Accession Memorandum) to the STID. |
| **Subordinated Intragroup Liabilities** | means all present and future liabilities at any time of Holdco II to the Subordinated Intragroup Creditor in respect of any Financial Indebtedness. |
| **Subordinated Intragroup Loan Agreement** | means any loan agreement entered into in respect of Subordinated Intragroup Liabilities (other than a Subordinated Junior Loan Agreement). |
| **Subordinated Junior Loan Agreement** | means any loan agreement entered into in respect of Subordinated Intragroup Liabilities which is funded by Alpha Trains Holdco S.à r.l. solely from the proceeds of Subordinated Liabilities. |
| **Subordinated Liabilities** | means all present and future liabilities of Alpha Trains Holdco S.à r.l. to a Subordinated Creditor in respect of any Financial Indebtedness. |
| **Subordinated Liquidity Payments** | means all amounts payable under, or in any way in connection with, the Liquidity Facility Agreement, other than:<br>(a) principal and interest in respect of a drawing under the Liquidity Facility or a Standby Drawing;<br>(b) the commitment fee payable in respect of the Liquidity Facility; and<br>(c) any increased costs payable to the Liquidity Facility Provider in respect of its obligations under the relevant Liquidity Facility,<br>and which arise upon the occurrence of a breach by the relevant Liquidity Facility Provider of its obligations under the relevant Liquidity Facility. |
| **Subordinated Loan Agreements** | means each of the Subordinated Intragroup Loan Agreement and Subordinated Junior Loan Agreements. |
| **Subsidiary** | means a subsidiary within the meaning of section 1159 of the Companies Act 2006 and, unless the context otherwise requires, a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006. |

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| **Successor** | means, in relation to the Principal Paying Agent, the other Paying Agents, the Reference Banks, the Registrar, the Transfer Agent, the Agent Bank and the Calculation Agent, any successor to any one or more of them in relation to the Bonds of the relevant Tranche which shall become such pursuant to the provisions of the Bond Trust Deed and/or the Agency Agreement (as the case may be) and/or such other or further principal paying agent, paying agents, reference banks, registrar, transfer agent, agent bank and calculation agent (as the case may be) in relation to the Bonds as may from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the case of the Principal Paying Agent and the Registrar being within the same city as the office(s) for which it is substituted) as may from time to time be nominated, in each case by the Issuer and the Obligors, and (except in the case of the initial appointments and specified offices made under and specified in the Conditions and/or the Agency Agreement, as the case may be) notice of whose appointment or, as the case may be, nomination has been given to the Bondholders |
| **Swap Transaction** | means a swap transaction, or the relevant portion of a swap transaction, entered into pursuant to a Hedging Agreement. |
| **Talonholders** | means the several persons who are for the time being holders of the Talons. |
| **Talons** | means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Bearer Definitive Bonds (other than Zero Coupon Bonds), such talons being in the form or substantially in the form set out in part 6 (Form of Talon) of schedule 1 (Form of Bonds, Receipts, Coupons and Talons) to the Bond Trust Deed or in such other form as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and includes any replacements for Talons issued pursuant to Condition 14 (Replacement of Bonds, Coupons, Receipts and Talons). |
| **TARGET Settlement Day** | means any day on which the TARGET2 System is open for the settlement of payments in Euro. |
| **TARGET2 System** | means the Trans-European Automated Real-Time Gross Settlement Express Transfer System (**Target 2**) which utilises a single shared platform and which was launched on 19 November 2007. |
| **Tax** | means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest) and **Taxes, taxation, taxable** and comparable expressions will be construed accordingly. |
| **Tax Authority** | means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function. |
| **Tax Deed of Covenant** | means the deed to be entered into on or before the Initial Issue Date by (among others) the relevant Obligors, the Issuer and the Security Trustee. |
| **Temporary Bearer Global** | means a temporary global bond in the form or substantially in the form set |

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| **Bond** | out in part 1 (Form of Temporary Bearer Global Bond) of schedule 1 (Form of Bonds, Receipts, Coupons and Talons) to the Bond Trust Deed together with the copy of the applicable Final Terms annexed thereto with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), comprising some or all of the Bearer Bonds of the same Tranche, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed. |
| **Total Commitments** | means, at any time, the aggregate Commitments under the Authorised Credit Facilities. |
| **Total Senior Debt** | means, at any time, the aggregate amount outstanding of all obligations of members of the Security Group for or in respect of Borrowings at that time but:<br><br>(a) **excluding** any such obligations to any other member of the Security Group or shareholder thereof (other than Borrowings acquired by such shareholder as part of a Debt Purchase Transaction (as such term is defined in any Authorised Credit Facility) to the extent not discharged in accordance with the terms thereof);<br><br>(b) **excluding** any Subordinated Intragroup Liabilities;<br><br>(c) **excluding** any such obligations in respect of the Liquidity Facility Agreement;<br><br>(d) **including**, in the case of Finance Leases only (where an Obligor is the lessee thereunder), their capitalised value; and<br><br>(e) **deducting** an amount equal to the aggregate amounts standing to the credit of any Defeasance Account,<br><br>and so that no amount shall be included, deducted or excluded more than once. |
| **Trade Instrument** | means any performance bonds, advance payment bonds or documentary letters of credit issued in respect of the obligations of any member of the Security Group arising in the ordinary course of trading of that member of the Security Group and not in respect of Capital Expenditure. |
| **Tranche** | means all Bonds which are identical in all respects (save for the Issue Date, Interest Commencement Date and Issue Price). |
| **Transaction Costs** | means all upfront fees, costs and expenses, stamp, registration, notarisation costs and other Taxes incurred by any member of the Security Group in raising or refinancing Financial Indebtedness. |
| **Transfer Agent** | means, in relation to all or any Tranches of the Registered Bonds, the several institutions at their respective specified offices initially appointed as transfer agents in relation to such Bonds by the Issuer pursuant to the relative Agency |

Agreement and/or, if applicable, any Successor transfer agents at their respective specified offices in relation to all or any Tranche of the Bonds.

**Transfer Certificate** means a certificate in the form set out in schedule 2 (Form of Transfer Certificate) to the Agency Agreement.

**Treasury Transaction** means any currency or interest rate purchase, cap or collar agreement, forward rate agreement, interest rate agreement, index linked agreement, interest rate or currency or future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap or combined similar agreement or any derivative transaction protecting against or benefiting from fluctuations in any rate or price or currency.

**Trigger Event Ratios** means the financial ratios set out in paragraph 3 (Trigger Event Ratios) of part 1 (Trigger Events) of schedule 3 (Trigger Events) to the Common Terms Agreement.

**VAT** means:

(a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

**VAT Group** means a group for the purposes of the VAT Grouping Legislation.

**VAT Grouping Legislation** means sections 43, 43A to 43D (inclusive) and 44 of the VATA or any applicable law or regulation in any relevant jurisdiction of a similar nature.

**VATA** means the Value Added Tax Act 1994.

**Voted Qualifying Debt** means in respect of a STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice or Direction Notice the Outstanding Principal Amount (in the case of Bonds, for the time being outstanding) actually voted thereon by the Qualifying Secured Creditors.

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

(a) that on the date thereof Bonds (not being Bonds in respect of which a Block Voting Instruction (as defined in the Bond Trust Deed) has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a Clearing System and that no such Bonds will cease to be so blocked until the first to occur of:

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

(ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and

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

**Voting Closure Date** means:

(a) in relation to an Ordinary STID Resolution, the date on which the Security Trustee has received votes sufficient to pass such Ordinary STID Resolution pursuant to clause 15 (Ordinary Voting Matters) of the STID; and

(b) in relation to an Extraordinary STID Resolution, the date on which the Security Trustee has received votes sufficient to pass such Extraordinary STID Resolution pursuant to clause 16 (Extraordinary Voting Matters) of the STID.

**Working Capital** means, on any date, Current Assets less Current Liabilities.

**Zero Coupon Bond** means a Bond specified as such in the relevant Final Terms and on which no interest is payable.

## INDEX OF DEFINED TERMS

The following is an index of the defined terms used in this Prospectus and the pages on which such terms are defined.

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# Alpha Trains Holdco II S.à r.l.

Société à responsabilité limitée

# Annual accounts and Report of the Réviseur d'Entreprises Agréé

as at and for the year ended 31 December 2012

**22, rue Alfred de Musset**
**L-2175 Luxembourg**
**R.C.S. Luxembourg B 137.594**
**Share capital: EUR 100.000**

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Deloitte.

Deloitte Audit
Société à responsabilité limitée

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To the Partners
Alpha Trains Holdco II S.à r.l.
22, rue Alfred de Musset
L-2175 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying annual accounts of Alpha Trains Holdco II S.à r.l., which comprise the balance sheet as at December 31, 2012 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Responsibility of the Board of Managers for the annual accounts*

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

*Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

Member of Deloitte Touche Tohmatsu Limited
R.C.S. Luxembourg B 67 895
Autorisation d'établissement : 10022179

Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the annual accounts give a true and fair view of, the financial position of Alpha Trains Holdco II S.à r.l. as of December 31, 2012, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*

Nick Tabone, *Réviseur d'entreprises agréé*
Partner

April 24, 2013

## Alpha Trains Holdco II S.à r.l.
Société à responsabilité limitée

**Balance sheet as at 31 December 2012**

| | Notes | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Financial fixed assets | | | |
| -Shares in affiliated undertakings | 3 | 100.000 | 100.000 |
| -Amounts owed by affiliated undertakings | 4 | 233.253.693 | 233.517.963 |
| | | 233.353.693 | 233.617.963 |
| **Current assets** | | | |
| Debtors | | | |
| -Amounts owed by affiliated undertakings | 4 | 12.311.419 | 6.077.075 |
| -Other receivables | | 487 | 981 |
| Cash at bank, cash in postal cheque accounts, cheques and cash in hand | | 13.913 | - |
| | | 12.325.819 | 6.078.056 |
| **Total assets** | | **245.679.512** | **239.696.019** |
| **LIABILITIES** | | | |
| **Capital and reserves** | 5 | | |
| Subscribed capital | | 100.000 | 100.000 |
| Loss brought forward | | (42.346) | (42.737) |
| Profit or loss for the financial year | | 49.606 | 391 |
| | | 107.260 | 57.654 |
| **Non subordinated debts** | 6 | | |
| - becoming due and payable within one year: | | | |
| Amounts owed to affiliated undertakings | | 12.299.659 | 6.110.716 |
| Other creditors | | 6.900 | 894 |
| | | 12.306.559 | 6.111.610 |
| - becoming due and payable after more than one year: | | | |
| Amounts owed to affiliated undertakings | | 233.253.693 | 233.517.963 |
| | | 245.560.252 | 239.629.573 |
| **Deferred income** | | 12.000 | 8.792 |
| **Total liabilities** | | **245.679,512** | **239.696.019** |

The accompanying notes form an integral part of these annual accounts.

Shaun Mills

## Alpha Trains Holdco II S.à r.l.
Société à responsabilité limitée

**Profit and loss account as at 31 December 2012**

| | Notes | 2012<br>EUR | 2011<br>EUR |
|---|---|---|---|
| **CHARGES** | | | |
| Other external charges | | 23.511 | 16.278 |
| Other operating charges | 8 | 3.450 | 1.869 |
| Interest and other financial charges | | | |
| - concerning affiliated undertakings | 6 | 16.882.700 | 10.782.285 |
| - other interest and similar financial charges | | 1.447 | 961 |
| Other taxes | | 2.655 | 25 |
| **Profit for the financial year** | | 49.606 | **391** |
| **Total charges** | | **16.963.369** | **10.801.809** |
| **INCOME** | | | |
| Other operating income | | - | - |
| Income from financial fixed assets | | | |
| -derived from affiliated undertakings | 4 | 16.963.369 | 10.801.809 |
| **Loss for the financial year** | | **0** | - |
| **Total income** | | **16.963.369** | **10.801.809** |

The accompanying notes form an integral part of these annual accounts.

Shaun Mills

## NOTE 1 - GENERAL INFORMATION

Alpha Trains Holdco II S.à r.l. (hereafter the "Company") was incorporated on 20 March 2008 and organised under the laws of Luxembourg as a private limited company for an unlimited period of time. The registered number of the Company is B 137.594.

The purpose of the Company is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. The Company may in particular acquire by subscription, purchase and exchange or in any other manner any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The Company may borrow in any form, except by way of public offer. It may issue, by way of private placement only, notes, bonds and any kind of debt and equity securities. The Company may lend funds including, without limitation, the proceeds of any borrowings and issues of debtor equity securities to its subsidiaries, affiliated companies and any other companies. The Company may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over all or some of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company shall not carry out any regulated activities of the financial sector.

The Company may generally employ any techniques and instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect itself against credit risk, currency exchange exposure, interest rate risks and other risks.

The Company may generally carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property which directly or indirectly favour or relate to its corporate object.

The registered office of the Company is established at 22, rue Alfred de Musset, L-2175 in Luxembourg.

The accounting year of the Company begins on 1 January and terminates on 31 December of each year.

The Company is included in the consolidated accounts of Alpha Trains (Luxembourg) Holdings group of companies forming the largest body of undertakings of which the Company forms part as a direct subsidiary. The registered address of Alpha Trains (Luxembourg) Holdings is the same as the Company's and the consolidated accounts are available at the same address.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual accounts are set out below. These policies have been consistently applied to all years presented.

### 2.1 Basis of preparation

These annual accounts have been established in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and with generally accepted accounting principles in Luxembourg. These annual accounts have been prepared under the historical cost convention, on a going concern basis.

In accordance with Article 4 of the Law dated 10 December 2010, the Board of Managers of the Company has resolved for the year ended 31 December 2012, to implement the changes brought about by this law regarding the content and the presentation of the annual accounts as well as the related accounting principles and valuation policies.

The figures of the year ended December 31, 2011 relating to the profit and loss has been reclassified to ensure the comparability of the figures of the year ending December 31, 2012.

### 2.2 Significant accounting policies

**Foreign currency translation**

The Company maintains its books and records in Euro (EUR).

All transactions expressed in currency other than Euro are translated into Euro at the exchange rate prevailing at the date of the transaction.

The formation expenses and the fixed assets other than the long-term loans classified as financial assets and expressed in another currency than Euro are translated in Euro at the exchange rate prevailing at the date of the transaction. At the balance sheet date, these fixed assets are maintained at their historical exchange rate.

Cash are translated at the exchange rate prevailing at the balance sheet date. Exchange gains and losses resulting from this conversion are accounted in the profit and loss account for the period.

Other assets and liabilities are translated separately respectively at the lower assets or at the higher liabilities of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains and losses are recorded in the profit and loss account at the moment of their realisation.

Consequently, only realized foreign exchange gains and losses and unrealized foreign exchange losses are taken into account in the profit and loss account.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Financial fixed assets**

Financial fixed assets such as shares in affiliated undertakings and loans to these undertakings are valued at their historical acquisition cost. Loans granted to affiliated undertakings or other companies and defined as financial fixed assets are valued at their nominal value.

If the Board of Managers determines that a durable impairment has occurred in the value of a financial asset, a value adjustment is made in order to reflect that loss. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

**Debtors**

Debtors are valued at their nominal value less provision for any permanent depreciation in value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

**Trade creditors**

Trade creditors are recorded at the reimbursement value. Where the amount payable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

**Revenue recognition**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

## NOTE 3 – SHARES IN AFFILIATED UNDERTAKINGS

| | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|
| Opening balance | 100.000 | 100.000 |
| Additions | - | - |
| Closing balance | **100.000** | **100.000** |

Shares in affiliated undertakings are summarized as follows:

| | Country | Ownership | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|---|---|
| Alpha Trains Group S.à r.l. | Luxembourg | 100% | 100.000 | 100.000 |
| | | | **100.000** | **100.000** |

The net equity of the affiliated undertakings as at 31 December 2012 is summarized below:

| | | Portion held by the Company | |
|---|---|---|---|
| | Last balance sheet date | Net equity EUR | Result for the financial year EUR |
| Alpha Trains Group S.à r.l. | 31.12.2012 | -33.664.225 | -11.720.508 |

## NOTE 4 – AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

The amounts owed by affiliated undertakings are composed of:

| | Currency | Maturity | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|---|---|
| Loans: | | | | |
| Cash contingent loan [a] | EUR | 31.12.2016 | 133.253,693 | 133.517.963 |
| Advance from Junior Facility Debt[b] | EUR | 30.06.2016 | 100.000.000 | 100.000.000 |
| | | | **233.253.693** | **233.517.963** |
| Accrued interest – Junior Facility Debt | | | 1.291.456 | 1.596.075 |
| CCL interest receivable | | | 10.940.000 | 4.481.000 |
| | | | 12.231.456 | **6.077.075** |
| | | | 245.485.149 | **239.595.038** |

## NOTE 4 – AMOUNTS OWED BY AFFILIATED UNDERTAKINGS (cont'd)

(a) The Company granted in July 2008 a cash contingent loan to its wholly owned subsidiary Alpha Trains Holdco II S.à r.l. for total amount of EUR 133.892.399. In 2012, the contingent loan balance has decreased by EUR 264.270 (2011: 264.270) to EUR 133.253.693 due to a waiver granted to Alpha Trains Holdco S.à r.l., pursuant to the terms of the cash contingent loan agreement.

(b) The Company also pushed down to its wholly owned subsidiary Alpha Trains Group S.à r.l the advance received from Alpha Trains Holdco S.à r.l. The loan bears interest of EURIOBOR – 6 months plus margin of 4.5%. Income amounted to EUR 5.679.011 and EUR 6.056.539 for the period ended 31 December 2012 and 2011, respectively.

## NOTE 5 - CAPITAL AND RESERVES

Movement for the year on capital and reserves is as follows:

| | Subscribed capital EUR | Loss brought forward EUR | Loss for the financial year EUR | Total EUR |
|---|---|---|---|---|
| At 1 January 2012 | 100.000 | (42.737) | 391 | 57.654 |
| Prior year result allocation | - | 391 | (391) | - |
| Result during the financial year | - | - | 49.606 | 49.606 |
| At 31 December 2012 | 100.000 | (42.346) | 49.606 | 107,260 |

### Subscribed capital

The subscribed capital of the Company is set at EUR 100.000 divided into 100.000 shares having a nominal value of EUR 1 each.

At 31 December 2012 the Company did not hold any of its own shares (2011: nil).

### Legal reserve

In accordance with Luxembourg company law, the Company is required to appropriate a minimum of 5% of its profit after tax for the year to a legal reserve until the balance of such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution to shareholders, except upon the dissolution of the Company.

## NOTE 6 – NON SUBORDINATED DEBTS

Non subordinated debts balances are composed of the following:

| | < 1 year EUR | >1 year but < 5 years EUR | >5 years EUR | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|---|---|---|
| Amounts owed to affiliated undertakings | 12.299.659 | 233.253.693 | - | 245.553.352 | 239.628.679 |
| Other creditors | 6.900 | - | - | 6.900 | 894 |
| | **12.306.559** | **233.253.693** | **-** | **245.560.252** | **239.629.573** |

The amount owed to affiliated undertakings of EUR 233.253.693 (2011: EUR 233.517.963) mainly relate to the cash contingent loan and advance from the Junior Facility Debt obtained from Alpha Trains Holdco S.à r.l. as detailed in Note 4. EUR 10.940.000 (2011: 4.481.000) corresponds to CCL interest payable to Alpha Trains Holdco S.à r.l. While EUR 1.359.659 (2011: EUR 1.649.716) corresponds to the accrued interest on the Junior Facility debt.

Interest expense amounted to EUR 16.882.700 and EUR 10.782.285 for the period ended 31 December 2012 and 2011, respectively.

## NOTE 7 – TAXATION

The Company is subject to the Luxembourg tax system applicable to all fully taxable companies.

The Company is also included in the tax consolidation granted by the Luxembourg tax authority to Alpha Trains Holdco S.à r.l. and Alpha Trains (Malta) Holdco I Limited.

## NOTE 8 – OTHER OPERATING CHARGES

The director fees for the year 2012 amounted to EUR 3.450 (2011: 1.869). No other remuneration was paid to members of the administration and supervisory bodies during the year ended 31 December 2012.

## NOTE 9 – STAFF COSTS

The Company did not employ any staff during the year ended 31 December 2012 (2011: nil).

## NOTE 10 – RELATED PARTY TRANSACTIONS

The transactions with related parties that occurred during the year are related to the financing activities with other subsidiaries within the Group. These have been concluded at arm's length.

## NOTE 11 - OFF BALANCE SHEET COMMITMENTS

As at 31 December 2012, the Company has the following off-balance sheet commitments:

**Senior Facility Agreement**

- The Company is a guarantor of external loans taken out by members of the Alpha Trains Group S.à r.l. group of companies under the Senior Facility Agreement and substantially all of the Company's assets, including investments, rolling stock, bank accounts, receivables and contracts are used as security.
- As at 31 December 2012, the amount outstanding on the external loans to Alpha Trains Group S.à r.l. group companies under the Senior Facility Agreement was EUR 506.562.796 (31.12.2011: EUR 525.279.839).

**Junior Facility Agreement**

- The Company is a guarantor of external loans taken out by Alpha Trains Holdco S.à r.l. under the Junior Facility Agreement and substantially all of the Company's assets, including investments, bank accounts, receivables and contracts are used as security.
- As at 31 December 2012, the amount outstanding on the external loan to Alpha Trains Group S.à r.l. under the Junior Facility Agreement was EUR 100.000.000 (31.12.2011: EUR 100.000.000).

## NOTE 12 - SUBSEQUENT EVENTS

For the company there were no significant events after balance sheet date.

Audited consolidated financial accounts for Alpha Trains Group S.à r.l. for the period ended 31 December 2012, prepared in accordance with LAS.

# Alpha Trains Group S.à r.l.

## CONSOLIDATED FINANCIAL STATEMENTS

## Year ended 31 December 2012

Alpha Trains Group S.à r.l. Alpha Trains Group S.à r.l.
Registered in Luxembourg: B 137.614
Registered Office: 22, rue Alfred de Musset, L-2175 Luxembourg

# Alpha Trains Group S.à r.l.

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# Alpha Trains Group S.à r.l.

## OFFICERS AND PROFESSIONAL ADVISERS

| | |
|---|---|
| **MANAGERS:** | Jean-Bastien Auger<br>Jack Colbourne<br>Claude Elsen<br>Jan VanHoutte<br>Shaun Mills<br>David Rees |
| **REGISTERED OFFICE:** | 22, rue Alfred de Musset<br>L-2175 Luxembourg<br>Luxembourg |
| **AUDITOR:** | Deloitte Audit S.à r.l.<br>560, rue de Neudorf<br>L-2220 Luxembourg<br>Grand-Duchy of Luxembourg |

Registered in Luxembourg: B137.614

## MANAGERS' REPORT

The Managers present their report together with the audited consolidated financial consolidated statements and auditor's report for the year ended 31 December 2012.

## PRINCIPAL ACTIVITIES

The principal activity of the Group (' Alpha Trains Group S.à r.l.) is the provision of rolling stock to train operators under operating and finance leases across Europe, which provides operators with the flexibility to respond dynamically and commercially to opportunities presented by the rail transport market, independent of long-term investment considerations.

The Company is a member of Alpha Trains (Luxembourg) Holdings Group of companies ('ALH') which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. The Managers have set out in the financial statements those performance indicators specific to the Group that assist in the understanding of the development, performance or position of the business.

## REVIEW OF THE YEAR

ALH was formed as the new ultimate holding entity on March 30th 2012. ALH is Europe's largest specialist train operating leasing company providing in excess of €1.8 billion in new-build rolling stock to both public and private operators in twelve European countries. In 2012, the ALH companies managed a fleet of approximately 400 locomotives and 240 passenger trains across Europe serving customers which operate passenger and cargo rail transportation services. Trains are either owned by ALH or managed on behalf of third party owners.

With the closing of the London office and transferring support functions to Luxembourg and Cologne in the year 2012 the organisation followed its business operations in continental Europe. The managers will continue to monitor for future efficiencies that may result in further cost optimisation.

The managers are satisfied with the Group's performance for the financial period under review. Although the level of income decreased slightly from the previous year, the Group was able to keep the operating result by managing costs. The passenger fleet continues to be nearly fully utilised. After years without any investment activities, the Group won two tenders in the passenger business in end of 2012 / beginning 2013. The Group is well positioned in the marketplace and will be guided by its managers in identifying and managing growth and development of the business. Furthermore, the shareholders are continuing to support the Group in seeking further opportunities for growth.

*Financial Performance*

These consolidated financial statements are for a full year to 31 December 2012, with comparatives for the full year to 31 December 2011. The Group's financial performance is presented in the consolidated income statement on page 8. The loss after tax for the year was € 7.0 million (2011: loss € 11.5 million). At the end of the year, the consolidated financial position showed total assets of € 750.6 million (2011 € 781.1 million).

## MANAGERS' REPORT (continued)

## PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

The Group believes it has an advantage in terms of its business model within the sector as it is positioned in the more attractive markets. With a strong management team and clear goals it has implemented cost efficiency improvements which focus the business on delivering key capabilities to better exploit the full potential of its portfolio. This should enable the Group to deliver superior business performance which will in turn drive shareholder returns. However, there are a number of potential risks and uncertainties, which could impact the Group's long term performance and cause results to differ from expected and historic results and the key risks are discussed below.

Leasing income is sensitive to market rates, the utilisation of assets and the financial stability of lessees. The Group manages these risks by planning ahead and aiming to achieve an optimal balance of rates achieved, lease duration, fleet utilisation and lessee quality. For existing leases, the Group actively manages any lease arrears and appropriate security is sought for new leases or extensions. Maintenance costs, including heavy maintenance are generally borne by the lessees. Where maintenance costs exceed planned levels, in some circumstances, these may not be fully recoverable from the lessees or from other third parties.

Safety is of paramount concern and the Group takes a vigilant approach to safety matters. This requires its assets to be maintained to a high standard and properly insured and this is monitored to ensure compliance. The rail industry is highly regulated and all rail operators, including those who lease assets through Alpha Trains, are bound by law to observe high safety standards.

The Managers are responsible for considering risk management issues that arise across the Company's financial instrument portfolios. Risk management policies are detailed in note 26. The Company's portfolios of financial instruments principally comprise loans, deposits and payables. Applying International Financial Reporting Standards, all portfolios are considered to be held for non-trading purposes.

Research and Development: There is no significant expenditure on research and development within this Group.

## CORPORATE RESPONSIBILITY

### *Environmental, health and safety*

The managers have identified and assessed the significant risks to the Company's value arising from, social, environmental, and ethical matters and the enhanced value that can arise from an appropriate response to these issues. The Group has an environmental as well as a health and safety policy and these are reviewed regularly and communicated through our internal reference and document storage system. The Group aims to apply good social, environmental and ethical practice in its business operations and meets the relevant statutory requirements.

### *Key employment policies*

The Group has a policy of equal opportunities, which applies in relation to recruitment of all new employees and to the management of existing personnel. We offer our staff training relevant to their roles and we believe that this has contributed to an increase in employee motivation and retention.

## MANAGERS' REPORT (continued)

### GOING CONCERN

The Group's principal activities are defined in significant accounting policies in note 1 and a review of the year are set out in sections above. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 26 to the financial statements includes details of the Company's objectives and approach to capital management, and details of financial instruments and related principal risks and uncertainties. The Group's processes to manage its capital and liquidity, including drawing on support provided by investors and banks, continue to provide sufficient capital resources and liquidity for the Group and the Company to meet its obligations as they fall due. After making enquiries about the continued availability of Group funding, the Managers have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the Managers of the Company holding office at the date of approval of this report confirms that:

(1) so far as each of the Managers are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
(2) so far as each of the Managers are aware they have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the laws and regulations in force in the Grand Duchy of Luxembourg.

### MANAGERS AND SECRETARY

The present Managers are listed on page 1.

### MANAGERS' INDEMNITIES

In terms of the laws and regulations in force in the Grand Duchy of Luxembourg, no Managers have been granted Qualifying Third Party Indemnity Provisions as Managers of Alpha Trains Group S.à r.l.

### POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company follows the policy and practice on payment of creditors as follows:

(a) to settle the terms of payment when agreeing the terms with each new supplier
(b) to ensure suppliers are aware of the terms of payment, and
(c) to abide by the terms of payment and to notify the supplier in the event of a dispute.

In the year ended 31 December 2012, Alpha Trains Group S.à r.l. adhered to the following payment policy in respect of all suppliers. Alpha Trains Group S.à r.l. is committed to maintaining a sound commercial relationship with its suppliers.

## MANAGERS' REPORT (continued)

## POLICY AND PRACTICE ON PAYMENT OF CREDITORS (continued)

Consequently, Alpha Trains Group S.à r.l.'s policy is to negotiate and agree terms and conditions with its suppliers, which include the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as, may be agreed.

## ELECTIVE RESOLUTIONS

The Company holds annual general meetings to lay accounts before a general meeting and re-appoint the auditor annually.

## AUDITOR

Deloitte Audit S.à r.l. have expressed their willingness to continue in office as auditor.

## STATEMENT OF MANAGERS' RESPONSIBILITIES

The Managers are responsible for preparing the Managers' report and the financial statements in accordance with applicable law and regulations. Company law requires the Managers to prepare financial statements for each financial year. The financial statements are required by law to be prepared in accordance with IFRSs as adopted by the European Union and the laws and regulations in force in the Grand Duchy of Luxembourg.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, Managers are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Managers are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the laws and regulations in force in the Grand Duchy of Luxembourg. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Managers and signed on its behalf on 24 April 2013 by:

**Managers**

Shaun Mills

Deloitte Audit
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To the partners of
Alpha Trains Group S.à r.l.
22, rue Alfred de Musset
L-2175 Luxembourg

# REPORT OF THE REVISEUR D'ENTREPRISES AGREE

## Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Alpha Trains Group S.à r.l., which comprise the consolidated balance sheet as at December 31, 2012, and the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Responsibility of the Board of Managers for the consolidated financial statements*

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Société à responsabilité limitée au capital de 35.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement : 10022179

Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Alpha Trains Group S.à r.l. as of December 31, 2012, and its financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

**Report on other legal and regulatory requirements**

The consolidated management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

For Deloitte Audit, *Cabinet de révision agréé*

Nick Tabone, *Réviseur d'entreprises agréé*
Partner

April 24, 2013

## CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

| | Notes | 1st January to 31st December 2012 €'000 | 1st January to 31st December 2011 €'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 2 | 83,128 | 84,996 |
| Cost of sales | | (33,988) | (33,226) |
| **Gross Profit** | | **49,140** | **51,770** |
| Other operating income, net | 2,6 | 589 | 73 |
| Administrative expenses | 4 | (18,793) | (20,346) |
| **Operating profit** | | **30,936** | **31,497** |
| Finance Income | 2,7 | 66 | 150 |
| Finance costs | 7 | (36,674) | (42,143) |
| **Loss before tax** | | **(5,672)** | **(10,496)** |
| Tax | 8 | (1,306) | (1,004) |
| **Loss for the year** | | **(6,978)** | **(11,500)** |
| **Loss per share (LPS) (€/share)** | 9 | **(69.78)** | **(115.00)** |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

| | Notes | 1st January to 31st December 2012 €'000 | 1st January to 31st December 2011 €'000 |
|---|---|---|---|
| Losses for the year | | (6,978) | (11,500) |
| Actuarial losses/(gains) on defined benefit plans | 15 | (250) | (1,189) |
| Gain/(loss) on cash flow hedges | 17 | (24,928) | (30,433) |
| Exchange differences on translation of foreign operations | | - | (49) |
| **Total comprehensive income** | | **(32,156)** | **(43,171)** |

Notes 1 to 27 form an integral part of these consolidated financial statements.

# Alpha Trains Group S.à r.l.

## CONSOLIDATED BALANCE SHEET
As at 31 December 2012

| | Notes | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | 597,186 | 627,541 |
| Finance lease receivable | 11 | 45,776 | 46,662 |
| | | **642,962** | **674,203** |
| **Current assets** | | | |
| Trade receivables | 12 | 23,510 | 20,372 |
| Finance lease receivable | 11 | 5,190 | 5,382 |
| Cash and cash equivalents | 13 | 72,191 | 58,068 |
| Other receivables | 12 | 6,701 | 23,121 |
| | | **107,592** | **106,943** |
| **Total assets** | | **750,554** | **781,146** |
| **Equity** | | | |
| Ordinary share capital | 19 | 100 | 100 |
| Hedging, translation and other reserves | 20 | 24,603 | 49,781 |
| Retained earnings | | (80,245) | (68,786) |
| **Total equity** | | **(55,542)** | **(18,905)** |
| **Current liabilities** | | | |
| Trade payables | 14 | 10,071 | 18,662 |
| Financial instruments | 17 | 107,447 | 82,561 |
| Other liabilities and accruals | 14 | 85,500 | 78,612 |
| Borrowings | 16 | 14,470 | 11,933 |
| | | **217,488** | **191,768** |
| **Non-current liabilities** | | | |
| Borrowings | 16 | 588,608 | 608,283 |
| Current tax liabilities | | - | - |
| | | **588,608** | **608,283** |
| **Total liabilities** | | **806,096** | **800,051** |
| **Total equity and liabilities** | | **750,554** | **781,146** |

Notes 1 to 27 form an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Managers and authorised for issue on 24 April 2013.

They were signed on its behalf by:

Shaun Mills

Manager

Registered in Luxembourg: B137.603

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

| | Share Capital | Hedging Translation and other reserves | Retained earnings | Total |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| **Balance at 31 December 2010** | **100** | **81,452** | **(57,286)** | **24,176** |
| Loss for the year | - | - | (11,500) | (11,500) |
| Other comprehensive income for the year | - | (31,671) | - | (31,671) |
| **Balance at 31 December 2011** | **100** | **49,781** | **(68,786)** | **(18,905)** |
| Loss for the year | - | - | (6,978) | (6,978) |
| Other comprehensive income for the year | - | (25,178) | - | (25,178) |
| Equity transaction | | | (4,481) | (4,481) |
| **Balance at 31 December 2012** | **100** | **24,603** | **(80,245)** | **(55,542)** |

Notes 1 to 27 form an integral part of these consolidated financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2012

| | 1st January to 31st December 2012 €'000 | 1st January to 31st December 2011 €'000 |
|---|---|---|
| Operating profit (loss) for the period | (6,978) | (11,500) |
| **Adjustments for non-cash items** | | |
| - depreciation | 32,180 | 32,320 |
| - corporation tax | 1,306 | 1,004 |
| - finance costs | 34,721 | 39,640 |
| - finance income | (66) | (245) |
| - actuarial losses (gains) on defined benefit pension plan | (250) | (1,189) |
| - foreign exchange movements | - | (119) |
| - reduction in capitalised loan fees | 1,923 | 2,002 |
| - other | 82 | - |
| **Changes in working capital:** | | |
| (Increase) / Decrease in trade receivables | (3,138) | (5,872) |
| (Increase) / Decrease in other receivables | 16,420 | 1,244 |
| Increase / (Decrease) in trade payables | (8,591) | 2,418 |
| Increase / (Decrease) in other liabilities and accruals | 6,888 | 7,515 |
| **Cash flow from operating activities** | **74,497** | **67,218** |
| Corporation tax paid | (1,450) | (1,885) |
| **Net cash flow from operating activities** | **73,047** | **65,333** |
| **Investing activities** | | |
| Interest received | 66 | 110 |
| Proceeds from disposal of Fixed Assets | - | 1,729 |
| Purchase of Fixed Assets | (1,825) | (1,756) |
| Investments in Loans | (15) | - |
| **Net cash used in investing activities** | **(1,774)** | **83** |
| **Financing activities** | | |
| Repayment of Loans | (18,716) | (13,945) |
| Interest paid on interest rate Swaps | (17,240) | (16,336) |
| **Net cash from financing activities** | **(57,150)** | **(52,599)** |
| **Net increase/(decrease) in cash during the year** | **14,123** | **12,817** |
| **Cash and cash equivalents at beginning of year** | **58,068** | **45,251** |
| **Cash and cash equivalents at end of the year** | **72,191** | **58,068** |

Notes 1 to 27 form an integral part of these consolidated financial statements.

## 1. Significant accounting policies

### General information

Alpha Trains Group S.à r.l. (the 'Company') and its subsidiaries (together the 'Group') provide financial solutions and deliver high quality assets for the diverse requirements of our customers, who include public and privately owned operators. Whilst some of our clients require a complete fleet of locomotives specialist users may be operating single units at freight terminals, ports and industrial sites. We manage a growing fleet of modern, well-maintained passenger trains and freight locomotives and offer a range of leasing packages that can be tailored to meet the needs of the rail operators. Our locomotives are sourced from a variety of manufacturers to give us the optimum product range for the marketplace, with diesel and electric traction and a wide selection of power outputs.

The Company was incorporated on 20 March 2008 in Luxembourg and organised under the laws of Luxembourg as a private limited company for an unlimited period of time. The address of the registered office is on page 1. The nature of the Company's operations, its principal activities, and going concern expectations are set out in the Managers' report.

### Adoption of the new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements as follows:

**Standards affecting the financial statements**

| | |
|---|---|
| Amendments to IAS 1 *Presentation of financial statements (amended June 2011)* | The Group has applied the amendments to IAS 1 titled *Presentation of Items of Other Comprehensive Income* in advance of the effective date (annual periods beginning on or after 1 July 2012). The amendment increases the required level of disclosure within the statement of comprehensive income.<br><br>The impact of this amendment has been to analyse items within the statement of comprehensive income between items that will not be reclassified subsequently to profit or loss and items that will be reclassified subsequently to profit or loss in accordance with the respective IFRS standard to which the item relates. The financial statements have also been amended to analyse income tax on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income have been restated to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 do not result in any impact on profit or loss, comprehensive income and total comprehensive income. |
| IAS 19 *Employee Benefits (revised June 2011)* | The Group has not opted to early adopt IAS 19 (as revised in June 2011) and continued to apply the previous version of IAS 19 in the current year. The company has assessed the impact of the new standard. The impact on the reported financial position of the company is immaterial. The defined benefit obligation under the revised standard (as revised June 2011) increases by €6,000). |
| Amendments to IFRS 7 *Financial instruments: Disclosures* | The Group has applied the amendments to IFRS 7 titled *Disclosures – Transfers of Financial Assets* in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.<br><br>In the current year, the Group transferred some financial assets that are not derecognised. The application of the amendments has resulted in more disclosures regarding the transfer of financial assets (see note 28). In accordance with the transitional provisions set out in the amendments to IFRS 7, the Group has not provided comparative information for the disclosures required by the amendments for the prior period. |

**1. Significant accounting policies (continued)**

**Standards not affecting the reported results nor the financial position**

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

| | |
|---|---|
| Amendments to IAS 12 *Income taxes* | The Group has applied the amendments to IAS 12 (December 2010) titled *Deferred tax: Recovery of underlying assets*. The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 Investment Property. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. |

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended) *Government Loans*
IFRS 7 (amended) *Disclosures - Offsetting Financial Assets and Financial Liabilities*
Annual Improvements to IFRSs *(2009 – 2011) Cycle*
IFRS 9 *Financial Instruments*
IFRS 10 *Consolidated Financial Statements*
IFRS 10, IFRS 12 and IAS 27 *Investment entities* (amended)
IFRS 11 *Joint Arrangements*
IFRS 12 *Disclosure of Interests in Other Entities*
IFRS 13 *Fair Value Measurement*
IAS 27 (revised) *Separate Financial Statements*
IAS 28 (revised) *Investments in Associates and Joint Ventures*
IAS 32 (amended) *Offsetting Financial Assets and Financial Liabilities*
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows:

- IFRS 7 (amended) will increase the disclosure requirements where netting arrangements are in place for financial assets and financial liabilities;
- IFRS 9 will impact both the measurement and disclosures of Financial Instruments;
- IFRS 12 will impact the disclosure of interests Group PLC has in other entities; and
- IFRS 13 will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

## 1. Significant accounting policies (continued)

### Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations committee of the IASB (together "IFRS") as adopted by the European Union ("EU"). They have been prepared under the historical cost convention, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below. The financial statements are for the full year to 31 December 2012, with comparatives for the year to 31 December 2011.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

### Going concern

The Managers have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Managers report on page 2.

### Business combinations

The acquisition of subsidiaries was accounted for using the purchase method in 2008. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

### Reporting currency

Since the Euro forms the main currency in which the Company's business is transacted, the Company continues to use the Euro as its functional and reporting currency.

1. Significant accounting policies (continued)

**Foreign currencies**

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in euros (EUR or €), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see note 17 on financial instruments / hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the month end exchange rates of the date of record of the transaction. None of the foreign subsidiaries and associates report in the currency of a hyperinflationary economy.

**Property, plant and equipment**

Property, plant and equipment are shown at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation of these assets is charged to costs.

Depreciation is charged so as to write off the cost or valuation of these assets over their estimated useful lives, using the straight-line method.

The following rates are used for the depreciation of property, plant and equipment:

| | Years |
|---|---|
| Rolling stock | 25 to 30 |
| Office fixtures and fittings | 5 |
| Computer equipment | 3 |
| Computer software | 3 |

In case of acquiring used assets, the aging of the assets is taking into account when determining the depreciation period.

**1. Significant accounting policies (continued)**

**Property, plant and equipment (continued)**

Rolling stock in the course of construction for rental purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other rolling stock, commences when the assets are ready for their intended use.

The useful economical lives and residual values are reviewed on a periodic basis. The residual value exposure is the net book value of leased assets at the end of the lease term. This exposure is monitored periodically with any corrections required being made through depreciation.

**Impairment of property, plant and equipment**

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

**Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

**1. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Trade and other receivables*

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition if the time value of money has a material effect on the amounts to be received.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Loan receivables*

Loan receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method; if the time value of money has a material effect on the amounts to be received.

Irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

*Financial liabilities*

Financial liabilities issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The accounting policies adopted for specific financial liabilities are set out below.

*Derivative financial instruments and hedge accounting*
The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re measured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

**1. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Fair value of financial instruments*

The fair values of financial assets and financial liabilities are determined as follows.

- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
- Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

*Hedge accounting*

The Group designates certain hedging instruments as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item. Note 17 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in note 20.

*Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

*Hedging reserve*

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

*Borrowings*

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method; if the time value of money has a material effect on the amounts to be paid. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

**1. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Trade payables*

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method; if the time value of money has a material effect on the amounts to be paid.

**Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Managers' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

**Retirement benefit costs**

Payments to defined contribution retirement benefit schemes are charged as they fall due. For defined benefit schemes, the cost of providing benefits is determined using actuarial valuations at each balance sheet date. Actuarial gains and losses are recognised in the period in which they occur. They are recognised outside profit and loss and presented in the Statement of Comprehensive Income.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The defined benefit obligations are detailed in note 15. In 2008 there were no defined benefit retirement obligations recognised in the balance sheet as the new section for the employees transferred from the Railways Pension Scheme currently has no past service credit from the Angel Trains Limited Section.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**1. Significant accounting policies (continued)**

**Taxation (continued)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Goodwill**

Any goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill reviewed across on a Group basis. Where goodwill exists it is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets pro-rata on the basis of the carrying amount of each asset. An impairment loss recognised for goodwill is not reversed in a subsequent period.

At the balance sheet date, the Group had no goodwill. During the year ended 31 December 2008, the company acquired Angel Trains International Limited, renamed Alpha Trains (UK) Limited in the year ended 31 December 2009, and its related companies, the purchase price paid resulted in a fair value adjustment to the rolling stock on consolidation. This adjustment will be subject to the impairment test on an annual basis.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Maintenance is deferred and held to cover the projected full life cost of running the asset for its economic life. Sales of goods are recognised when goods are delivered and title has passed. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

*Leasing income - The Group as lessor*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**Operating profit**

Operating profit is stated before finance income and finance costs.

**1. Significant accounting policies (continued)**

**Inventories**

Inventories represent spares used in rolling stock maintenance and are stated at the lower of cost and net realisable value. Cost represents the purchase price of the spares. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**Intra-Group charging**

The Group identifies costs to be borne in another Group entity and recharges them between entities with an appropriate mark-up on an arm's length basis. Where assets are transferred between Group companies, including rolling stock assets, the fair value is used On consolidation intra-company recharges are eliminated.

**Risk management**

The major risks associated with the Company's business are market risk, credit risk, liquidity risk and operational risk. The Company has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

This framework is implemented by the completion of risk registers by the risk owners on a quarterly basis which are analysed and challenged in order to produce a key risk report for submission to the board. For the intervening months, the risks in the key risk report are updated and new risks are added as identified through the normal course of business. Any feedback given by the board is passed back to the risk owners for information and action as appropriate. This is recorded in our internal document management system, and includes key performance indicators for the Group's performance and its associated risks. Identification and management of risk is an integral part of the day to day activities of the Group. There are a number of potential risk factors which could have a material adverse financial effect on the business some of which have been identified below although the list may not be exhaustive. Where reasonably possible the Company or the Group as applicable has taken steps to mitigate these risks but they cannot be entirely safeguarded against them all. Delivery schedules of leased assets could be delayed as a result of acceptance issues and could have a negative effect on the Groups cash flow and timing of revenue.

The Group tries to avoid such delays by working closely with the customer and manufacturer in assessing the requirements prior to contracting and continuing the dialogue throughout the delivery process.

As the Group operates internationally it is subject to the tax laws and regulations of several countries. Although the Group takes careful steps to comply with applicable international tax legislation, a tax audit in any of the countries in which it operates could expose it to a challenge to its transfer pricing policies or other treatment of revenues, costs or capital expenditure and there is a possibility that the same profits could be taxed in more than one jurisdiction.

The cost of compliance by the Group with changes in laws and regulations by governments and other regulatory authorities in countries in which it does business could have an adverse financial effect on the business as could prosecution of the Group for any breaches of such laws due to the potential resulting defence costs and penalties involved. The Group endeavours to comply with any such changes with the help of its financial and legal advisors where necessary.

Changes to financial reporting rules and accounting standards could affect the reported assets, liabilities or profits of the Group for future periods as well as periods already reported. The Group's portfolios of financial instruments principally comprise loans, deposits and payables. Applying International Financial Reporting Standards, all portfolios are considered to be held for non-trading purposes.

**1. Significant accounting policies (continued)**

**Risk management (continued)**

The Managers are responsible for considering risk management issues that arise across the Group's financial instrument portfolios. Risk management policies are detailed in note 26.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described above, the Managers are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Managers have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

*Revenue recognition*

In making its judgement on Revenue, management considered the detailed criteria for the recognition of revenue set out in IAS 18 Revenue. The Managers are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the maintenance costs.

*Capitalisation of borrowing costs*

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying rolling stock assets.

*Pensions*

The costs of providing pensions are charged to the income statement in accordance with IAS 19 over the period during which the benefit is derived from the employee's services. The costs are assessed on the basis of assumptions selected by management and applied by independent valuers and are disclosed in note 15.

*Book value of rolling stock assets*

Property plant and equipment is valued based on the cost model acc IAS 16. The option to use the Revaluation model is not adopted. In the nature of the business book values of rolling stock assets and depreciation methods used have the greatest impact on balance sheet and profit loss statement of the group. Therefore the group reviews at each balance sheet date the value of rolling stock assets as described in section "impairment of property, plant and equipment". However such tests rely on estimates of future lease rentals. The Group estimates the capital rentals by asset classes taking into account all value driving elements as specification, homologation. Estimates for capital rentals, and discount rates are challenged by independent experts.

## 1. Significant accounting policies (continued)

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

*Fair value of derivatives and other financial instruments*

The Managers use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Sensitivity analysis has been performed at a subsidiary level, At a Group level the interest rate risk and foreign exchange risk is managed by hedging activities.

## 2. Revenue

| | 1st January to 31st December 2012 | 1st January to 31st December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Revenue | 83,128 | 84,996 |
| Other operating income, net | 589 | 73 |
| Finance income | 66 | 150 |
| | **83,783** | **85,219** |

## 3. Loss for the year

Loss for the year has been arrived at after charging / (crediting):

| | 1st January to 31st December 2012 | 1st January to 31st December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Net foreign exchange (losses)/gains | 107 | 96 |
| Depreciation of property plant & equipment | 32,180 | 32,320 |
| Staff costs (see note 5) | 11,445 | 12,949 |
| | **43,732** | **45,365** |

The Company has reviewed the residual values used for the purposes of depreciation calculations. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods.

## 4. Administrative expenses

| | 1st January to 31st December 2012 | 1st January to 31st December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Staff costs (see note 5) | 11,445 | 12,949 |
| Office costs | 924 | 809 |
| IT and telecommunications costs | 1,625 | 1,380 |
| Corporate costs | 978 | 3,360 |
| Legal costs | 3,561 | 1,235 |
| Statutory fees and charges | 260 | 222 |
| Management fees | - | 391 |
| | **18,793** | **20,346** |

### Auditors' remuneration

| | 1st January to 31st December 2012 | 1st January to 31st December 2011 |
|---|---|---|
| | € | € |
| **Total audit fees** | **199,186** | **194,810** |
| Tax services | 50,983 | 71,000 |
| Other services | 78,394 | 80,700 |
| **Total non-audit fees** | **129,377** | **151,700** |

## 5. Staff costs

The average monthly number of employees (including executive Managers) was:

| | 1st January to 31st December 2012 | 1st January to 31st December 2011 |
|---|---|---|
| Europa | 11 | 11 |
| Cargo | 30 | 36 |
| Corporate | 24 | 24 |
| | **65** | **71** |

Their aggregate remuneration comprised:

| | 1st January to 31st December 2012 €'000 | 1st January to 31st December 2011 €'000 |
|---|---|---|
| Wages and salaries | 8,358 | 9,300 |
| Wages and salaries managers | 1,106 | 1,508 |
| Other pension costs | 72 | 80 |
| Depreciation Cars | 4 | - |
| Other staff costs | 1,905 | 2,061 |
| | **11,445** | **12,949** |

## 6. Other operating income, net

Other operating income consists primarily of net income for liquidated damages for assets delivered late or not to specification and access fee to spare parts held ready to use. These are detailed below:

| | 1st January to 31st December 2012 €'000 | 1st January to 31st December 2011 €'000 |
|---|---|---|
| Liquidated damages | 246 | - |
| Other | 343 | 73 |
| | **589** | **73** |

## 7. Finance income and costs

| **Finance income** | 1st January to 31st December 2012 €'000 | 1st January to 31st December 2011 €'000 |
|---|---|---|
| Interest income from third parties | 66 | 246 |
| Foreign exchange gains, net | - | (96) |
| | **66** | **150** |

| **Finance costs** | 1st January to 31st December 2012 €'000 | 1st January to 31st December 2011 €'000 |
|---|---|---|
| Interest expense - Swaps | 17,198 | 16,336 |
| Interest on bank overdrafts and loans | 11,283 | 23,304 |
| Agency and commitment fees | 483 | 501 |
| Amortisation of loan fees capitalised | 1,924 | 2,002 |
| Foreign exchange losses net | 107 | - |
| | **36,674** | **42,143** |

## 8. Taxation

The Group entities are taxable. All entities amortize and depreciate their historical property cost according to applicable tax regulations. Such amortization and depreciation is not reflected in these accounts, except to the extent that current taxable income has been reduced.

Summary of taxation rates:

| | 1st January to 31st December 2012 | 1st January to 31st December 2011 |
|---|---|---|
| UK | 24.50% | 26.50% |
| Germany | 32.45% | 32.45% |
| Belgium | 34.00% | 34.00% |
| Poland | 19.00% | 19.00% |
| Italy | 32.30% | 32.30% |
| Spain | 30.00% | 30.00% |
| Switzerland | 26.00% | 26.74% |
| Luxembourg | 28.80% | 28.80% |

## 8. Taxation (continued)

The major components of income tax expense are:

| | At 31 December 2012 €'000 | At 31 December 2011 €'000 |
|---|---|---|
| Corporation tax: | | |
| Current year | 1,055 | 718 |
| Adjustment in respect of prior years | 251 | 286 |
| Tax charge/(credit) | **1,306** | **1,004** |

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

| | 1st January to 31st December 2012 €'000 | 1st January to 31st December 2011 €'000 |
|---|---|---|
| **Loss before tax** | **5,672** | **10,496** |
| Add : interest expense bfwd / (Less: non-deductable) | 262 | (43) |
| **Adjusted loss/(profit) before taxation** | **5,934** | **10,453** |
| Weighted average Group rate | 28.84% | 28.59% |
| **rate** | **(1,711)** | **(2,989)** |
| Tax adjustments relating to prior periods | 251 | 286 |
| Group entities not able to utilise tax credit | 3,386 | 3,695 |
| Permanent differences | 34 | 989 |
| Timing differences relating to utilisation of losses | (258) | (827) |
| Deferred tax - originating and reversal of timing | - | - |
| Other timing differences | 0 | 236 |
| Jurisdictional tax rate differences | (396) | (386) |
| **Total current tax charge/(credit)** | **1,306** | **1,004** |

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in equity:

| | At 31 December 2012 €'000 | At 31 December 2011 €'000 |
|---|---|---|
| Actuarial losses on defined benefit plans | (34) | (708) |
| | **(34)** | **(708)** |

## 9. Loss per share

The calculation of earnings per share is based on the following data:

| | 1st January to 31st December 2012 €'000 | 1st January to 31st December 2011 €'000 |
|---|---|---|
| Earnings: | | |
| Loss for the year | (6,978) | (11,500) |
| Number of shares ('000): | | |
| Weighted average number of ordinary shares | 100 | 100 |
| LPS (€ per share) | **(69.78)** | **(115.00)** |

## 10. Property, plant and equipment

| | Passenger Rolling Stock €'000 | Cargo Rolling Stock €'000 | Asset in the Course of Construction €'000 | Other €'000 | Total €'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **At 31 December 2010** | **256,334** | **463,644** | **2,443** | **1,621** | **724,042** |
| Additions | - | 0 | 1,486 | 270 | 1,756 |
| Disposals | - | (1,729) | - | - | (1,729) |
| Transfers | 299 | 2,119 | (2,417) | - | 1 |
| **At 31 December 2011** | **256,633** | **464,034** | **1,511** | **1,891** | **724,070** |
| Additions | - | - | 1,463 | 362 | 1,825 |
| Transfers | 922 | 825 | (1,747) | - | - |
| **At 31 December 2012** | **257,555** | **464,859** | **1,227** | **2,253** | **725,895** |
| **Depreciation** | | | | | |
| **At 31 December 2010** | **(19,841)** | **(43,744)** | **-** | **(999)** | **(178,450)** |
| Charge for the period | (13,152) | (18,858) | - | (310) | (32,320) |
| Disposals | 0 | 375 | - | 0 | 375 |
| **At 31 December 2011** | **(32,993)** | **(62,227)** | **-** | **(1,309)** | **(96,529)** |
| Charge for the period | (18,936) | (12,996) | - | (248) | (32,180) |
| **At 31 December 2012** | **(51,929)** | **(75,223)** | **-** | **(1,557)** | **(128,709)** |
| **Carrying amount** | | | | | |
| **At 31 December 2012** | **205,626** | **389,636** | **1,227** | **696** | **597,186** |
| At 31 December 2011 | 223,640 | 401,807 | 1,511 | 582 | 627,541 |
| At 31 December 2010 | 236,493 | 419,900 | 2,443 | 622 | 659,458 |

## 11. Finance lease receivables

| | At 31 December 2012 €'000 | At 31 December 2011 €'000 |
|---|---|---|
| **Minimum Lease payments** | | |
| Within one year | 5,382 | 5,382 |
| In the second to fifth year | 21,529 | 21,529 |
| After five years | 47,314 | 52,695 |
| **Total minimum Lease payments** | 74,225 | 79,606 |
| Unearned finance income | (23,259) | (27,562) |
| **Present value of minimum lease payments** | 50,966 | 52,044 |
| | | |
| **Present value of minimum lease payments** | | |
| Within one year | 5,190 | 1,373 |
| In the second to fifth year | 17,045 | 4,918 |
| After five years | 28,731 | 45,753 |
| | 50,966 | 52,044 |
| | | |
| **Analysed as:** | | |
| Current finance lease receivables | 5,190 | 5,382 |
| Non– current finance lease receivables | 45,776 | 46,662 |
| | 50,966 | 52,044 |

In 2009 the Group entered into a finance leasing arrangement for rolling stock. The remaining term of the finance lease is six years. Based on contractual arrangements, the residual value will be zero.

The interest rate inherent in the lease is fixed at the contract date for all of the lease term. The interest rate contracted approximates to 8.4 per cent per annum. The fair value of the finance lease receivables as at 31 December 2012 approximates to the carrying value.

**Other financial assets**

## 12. Trade and other receivables

| | At 31 December 2012 €'000 | At 31 December 2011 €'000 |
|---|---|---|
| **Trade receivables** | | |
| Trade receivables - own assets | 13,667 | 11,495 |
| Trade receivables - managed assets | 9,485 | 8,877 |
| Trade receivables - affiliate undertakings | 358 | - |
| | **23,510** | **20,372** |
| **Other receivables** | | |
| Vat receivable, net | 3,329 | 18,913 |
| Other receivables - external | 3,333 | 4,208 |
| Other receivables - affiliate undertakings | 39 | - |
| | **6,701** | **23,121** |
| **Total trade and other receivables** | **30,211** | **43,493** |

The Managers consider that the carrying amount of trade and other receivables approximates their fair value. All cash accounts are pledged as security.

## 13. Cash and cash equivalents

Cash and cash equivalents held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. All cash accounts are pledged as security.

| | At 31 December 2012 | At 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Cash and cash equivalent | 72,191 | 58,068 |

## 14. Trade payables and other liabilities and accruals

| | At 31 December 2012 | At 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Trade payables | 10,071 | 18,662 |
| Other liabilities | 11,851 | 8,579 |
| Maintenance Reserve | 47,276 | 41,755 |
| Other accruals | 11,087 | 12,692 |
| Receipts in advance | 7,914 | 8,068 |
| Corporation tax | 7,372 | 7,518 |
| | 85,500 | 78,612 |
| **Total trade and other payables** | 95,571 | 97,274 |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Other liabilities and accruals include prepayments for maintenance work and other sundry receipts. The Managers consider that the carrying amount of trade payables approximated their fair value.

## 15. Pensions

Pension costs of the Final Salary Pension Scheme for accounting purposes have been calculated using the projected unit method. A formal, independent, actuarial valuation was undertaken in 2012. Actuarial movements in the year are recognised through the consolidated statement of comprehensive income. In calculating pension asset/(liability) IFRIC 14 was considered.

The Group has applied for the following assumptions in assessing the defined benefit liability:

| | 31 December 2012 % per annum | 31 December 2011 % per annum |
|---|---|---|
| Increases in pensionable salaries | n/a | 3.3% |
| Increases in pensions | 2.1% | 2.3% |
| Discount rate | 4.7% | 5.0% |
| Future price inflation | 3.1% | 3.3% |
| **Expected rates of return:** | | |
| Equities | 7.1% | 7.4% |
| Bonds | n/a | 4.7% |
| Property | n/a | 6.9% |
| Cash | 2.6% | 3.0% |

**15. Pensions (continued)**

The amounts recorded in the financial statements in relation to the defined benefit pension were as follows:

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| **Amounts charged to operating profit:** | | |
| Current service cost | 36 | 204 |
| Past service cost | - | - |
| Expected return on pension scheme assets | (489) | (540) |
| Interest on scheme liabilities | 250 | 348 |
| Settlements and curtailments | - | (252) |
| | **(203)** | **(240)** |

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| **Amounts included in the Balance sheet:** | | |
| Opening pension scheme liability | - | 776 |
| Employer's share of pension (cost)/income | 203 | 240 |
| Employer contributions | 47 | 144 |
| Total (gain)/loss recognised in equity | (251) | (1,189) |
| Foreign Exchange movement on GBP balance | - | 29 |
| | - | - |

Actuarial (gains)/losses recognised in equity:

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| Gain/(loss) on liabilities | 203 | (1,320) |
| (Gain)/(loss) on assets | (72) | 612 |
| Charge re effect of the asset ceiling | 119 | 1,897 |
| | **250** | **1,189** |

**15. Pensions (continued)**

The fair values of assets and liabilities of the defined benefit scheme:

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| Equities | 5,620 | 6,531 |
| Defensive pooled funds | 2,012 | - |
| Bonds | | 384 |
| Other assets | 49 | 24 |
| Fair value of scheme assets | 7,681 | 6,939 |
| | | |
| Present value of obligations | (5,620) | (5,042) |
| Effect of asset ceiling | (2,061) | (1,897) |
| Recognised in balance sheet | - | - |

**Movement in defined benefit obligations**

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| Opening defined benefit obligation | 5,042 | 5,875 |
| Service costs including member contributions | 36 | 240 |
| Interest costs | 250 | 348 |
| Gain on liabilities | 203 | (1,321) |
| Settlement/curtailment | - | (252) |
| Benefit paid | (48) | (60) |
| Foreign exchange on GBP | 137 | 212 |
| Closing defined benefit obligation | **5,620** | **5,042** |

**Movement in value of assets**

The actual gain on plan assets was €561,000 (2011 loss € 72,000).

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| Opening | 6,939 | 6,652 |
| Expected return on assets | 489 | 540 |
| (Loss)/profit on assets | 72 | (612) |
| Employer contributions | 47 | 144 |
| Employee contributions | 12 | 36 |
| Actual benefit payments | (47) | (60) |
| Settlement/curtailment | - | - |
| Foreign exchange on GBP | 169 | 239 |
| Closing | **7,681** | **6,939** |

## 16. Borrowings

The Senior Term Loan Facility which is secured, relates to a € 551,562,797 amortising debt facility, provided by a consortium of lenders, maturing in June 2015. The term of the loan is at variable rates (Euribor plus margin).

The Senior Term Loan Facility comprises three tranches; a € 506,562,797 Senior A Facility, € 15,000,000 VAT Facility and € 30,000,000 Revolving Credit Facility of which the following amounts were drawn at 31 December 2012: Senior A Facility € 506,562,797 (2011: € 525,279,839), VAT Facility € Nil (2011: €Nil) & Revolving Credit Facility € Nil (2011: € Nil).

The Junior Term Loan Facility relates to a €100,000,000 loan facility with a consortium of lenders, maturing in June 2016. The term of the loan is at variable rates (Euribor plus margin).Lender of the Junior Loan is Alpha Trains Holdco S.à r.l., who is not part of the Alpha Trains Group S.à r.l. Group. However the outstanding balance at 31 December 2012 of Junior Facility of €100,000,000 (2011: €100,000,000) is completely pushed down in form of a shareholder loan note. The Junior Term loan is collateral/guarantee-free.

### Senior Term Loan A

| | At 31 December 2012 | At 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| **Alpha Trains Luxembourg S.à r.l.** | | |
| < 1 year | 16,744 | 15,850 |
| 1 to 5 years | 455,650 | 473,998 |
| > 5 years | - | - |
| Total borrowings outstanding | 472,394 | 489,848 |
| Accrued interest | - | 39 |
| Total borrowing including accrued interest | **472,394** | **489,887** |

| | At 31 December 2012 | At 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| **Alpha Trains Europa GmbH** | | |
| < 1 year | 589 | 557 |
| 1 to 5 years | 16,022 | 16,667 |
| > 5 years | - | - |
| Total borrowings outstanding | 16,611 | 17,224 |
| Accrued interest | - | 1 |
| Total borrowing including accrued interest | **16,611** | **17,225** |

| | At 31 December 2012 €'000 | At 31 December 2011 €'000 |
|---|---|---|
| **Alpha Trains Iberia, S.A.** | | |
| < 1 year | 622 | 589 |
| 1 to 5 years | 16,936 | 17,618 |
| > 5 years | - | - |
| Total borrowings outstanding | 17,558 | 18,207 |
| Accrued interest | - | 1 |
| Total borrowing including accrued interest | **17,558** | **18,208** |

**16. Borrowings (continued)**

**Junior Loan**

| | At 31 December 2012 €'000 | At 31 December 2011 €'000 |
|---|---|---|
| **Alpha Trains Group S.à r.l.** | | |
| < 1 year | - | - |
| 1 to 5 years | 100,000 | 100,000 |
| > 5 years | - | - |
| Total borrowings outstanding | 100,000 | 100,000 |
| Accrued interest | 1,291 | 1,596 |
| Total borrowing including accrued interest | **101,291** | **101,596** |

**Total Borrowings**

| | At 31 December 2012 €'000 | At 31 December 2011 €'000 |
|---|---|---|
| **Total Borrowings** | | |
| < 1 year | 17,955 | 16,996 |
| 1 to 5 years | 588,608 | 608,283 |
| > 5 years | - | - |
| Total borrowings outstanding | 606,563 | 625,279 |
| Accrued interest | 1,291 | 1,637 |
| Capitalised loan fees | (4,776) | (6,700) |
| Total borrowing including accrued interest | **603,078** | **620,216** |

**17. Financial instruments**

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk and indices. The types of derivatives used by the Group are set out below. All derivatives are designated and effective as cash flow hedges and subsequently measured at fair value (with all effective portions of changes in

fair value being recognised within reserves).

| Interest rate swaps | At 31 December 2012 Notional €'000 | At 31 December 2011 Notional €'000 |
|---|---|---|
| < 1 year | - | - |
| 1 to 5 years | - | - |
| > 5 years | 512,177 | 531,408 |
| Hedged Debt (%) | 84% | 85% |
| Fix rate | **4.46%** | **4.52%** |

## 17. Financial instruments (continued)

| Interest rate swaps | At 31 December 2012 €'000 | At 31 December 2011 €'000 |
|---|---|---|
| Accrued interest | - | 42 |
| Clean Price | 107,447 | 82,519 |
| | 107,447 | 82,561 |

## 18. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon:

| | Accelerated tax depreciation €'000 | Fair value of financial instruments €'000 | Actuarial gains losses €'000 | Total €'000 |
|---|---|---|---|---|
| **At 31 December 2010** | **(6,703)** | **-** | **171** | **(6,532)** |
| Charge to income statement | - | - | - | - |
| Charge to equity | 6,703 | - | (171) | 6,532 |
| **At 31 December 2011** | **-** | **-** | **-** | **-** |
| Charge to income statement | - | - | - | - |
| Charge to equity | - | - | - | - |
| **At 31 December 2012** | **-** | **-** | **-** | **-** |

## 19. Share capital

| Ordinary shares of €1 each | At 31 December 2012 number | At 31 December 2012 € | At 31 December 2011 number | At 31 December 2011 € |
|---|---|---|---|---|
| Authorised | 100,000 | 100,000 | 100,000 | 100,000 |
| Issued and fully paid | 100,000 | 100,000 | 100,000 | 100,000 |

In accordance with Luxembourg company law, the Company is required to appropriate a minimum of 5% of its profit after tax for the year to a legal reserve until the balance of such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution to shareholders, except upon the dissolution of the Company.

## 20. Hedging, translation and other reserves

| | Hedging Reserve | Translation and other Reserves | Total |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| **Balance at 31 December 2010** | **(52,086)** | **133,538** | **81,452** |
| Loss recognised on cash flow hedges | (30,433) | | (30,433) |
| Actuarial losses on defined benefit plans | - | (1,189) | (1,189) |
| foreign operations | - | (49) | (49) |
| **Balance at 31 December 2011** | **(82,519)** | **132,300** | **49,781** |
| Loss recognised on cash flow hedges | (24,928) | | (24,928) |
| Actuarial losses on defined benefit plans | - | (250) | (250) |
| **Balance at 31 December 2012** | **(107,447)** | **132,050** | **24,603** |

## 21. Contingent liabilities

As at the year end, the Group does not have any contingent liabilities.

## 22. Commitments

| | At 31 December 2012 | At 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Commitments for the acquisition of property, plant, and equipment | - | - |

## 23. Operating lease arrangements

*(the Group as lessor)*

| | At 31 December 2012 | At 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Within one year | 134,146 | 140,294 |
| In the second to fifth years inclusive | 324,145 | 336,015 |
| After five years | 161,180 | 219,472 |
| | 619,471 | 695,781 |

## 24. Events after the balance sheet date

On January 11th 2013 Alpha Trains STS S.à r.l. signed contracts for purchasing, financing and leasing new build passenger trains. This signing was a next major step increasing the passenger fleet by 35 electric multiple units. Alpha Trains STS S.à r.l. Is not part of the Alpha Trains Group S.à r.l. Group, but the Group provides management services to Alpha Trains STS S.à r.l.

Due to the strong liquidity situation of the Group, the VAT facility of € 15m was cancelled in February 2013. Furthermore the € 30m revolving credit facility was reduced in April 2013 by € 10m to € 20m. This step was made as these financing sources are no longer required to secure the liquidity of the Group.

## 25. Related party transactions

The following entities were identified as related parties not consolidated in Alpha Trains Group S.à r.l.:

| Related Parties | Place of incorporation (or registration) and operation |
|---|---|
| AMP Capital Investors (Angel Trains EU No2) S.à r.l. | Luxembourg |
| AEIF LH SUB05 S.à r.l. | Luxembourg |
| Infra-PSP Canada Inc. | Canada |
| Alpha Trains (Luxembourg) Holdings | Luxembourg |
| Alpha Trains Development No.1 S.à r.l. | Luxembourg |
| Alpha Trains EMIL S.à r.l. | Luxembourg |
| Alpha Trains STS S.à r.l. | Luxembourg |
| Alpha Trains (Malta) Holdco 1 Limited | Malta |
| Alpha Trains (Malta) Holdco 1 Limited Luxembourg Branch | Luxembourg |
| Woldhurst Properties Limited | Gibraltar |
| Alpha Trains Holdco S.à r.l. | Luxembourg |
| Alpha Trains Holdco II S.à r.l. | Luxembourg |

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year, the Company had the following transactions with related parties who are not members of the Group:

| | At 31 December 2012 | At 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Interest paid | 5,679 | 6,057 |

The following amounts were outstanding at the balance sheet date:

| | At 31 December 2012 | At 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Related party debitors | 358 | - |
| Related party creditors and accruals | 1,291 | 1,637 |
| Loans to related parties | 39 | - |
| Loans from related parties | 100,000 | 100,000 |

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. The Managers consider that the carrying amount of the Company borrowings approximates their fair value.

The Managers receive no emoluments in respect to their services to the Company during the period.

## 26. Risk management

The major risks associated with the Group's business are market risk, credit risk, liquidity risk and operational risk. The Group has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

**Market risk**
Market risk is defined as the risk of loss as a result of adverse changes in risk factors including interest rates and foreign exchange. For derivative financial instruments refer to note 17.

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

It is the policy of the Group to enter into forward foreign exchange contracts to cover foreign currency payments and receipts to manage its exposure to foreign exchange risk.

The Company manages the market risk through its comprehensive framework, which is continually evolving as business activities change. Sensitivity analysis is performed in the subsidiary accounts, however most of the risk for the Group is hedged and it is therefore not felt to be appropriate.

**Credit risk**
Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

The Company's principal financial assets are bank balances and cash, trade and other receivables and amounts owed by other members of the Group. For trade and other receivables, refer to note 12. For loans receivable from other members of the Group refer to note 25.

The credit risk on liquid funds is limited as counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risk on Group companies is limited because the undertakings are under common control and the Managers are confident of them continuing as going concerns. The credit on Group undertakings is not past due.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

**Liquidity risk**
Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. For trade and other liabilities and accruals, refer to note 14 and for loans payable refer to note 16. Group's policy is to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt of the invoice. Liquidity risk for the Group and its individual companies is managed centrally by the Group's treasury department. The Group has a rolling credit facility that can be called upon and also a VAT credit facility for VAT payments (see also comment in note 24).

Liquidity management within the Company focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from the undrawn commitments and other contingent obligations. Management of external funding covenant compliance is reviewed on a semi-annual basis. There were no breaches in the present or prior year.

The following tables detail the Company's remaining maturity at year end for its interest bearing financial liabilities:

## 26. Risk management (continued)

### Liquidity risk (continued)

| 31st December 2011 | Within one year | Between one and five years | Over five years | Total |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| Loans | 16,996 | 608,283 | - | 625,279 |
| Interest on loans | 1,637 | - | - | 1,637 |
| Undiscounted future interest | 16,177 | 85,484 | 30,503 | 132,164 |
| Trade and other payables | 78,612 | - | - | 78,612 |
| | **113,422** | **693,767** | **30,503** | **837,692** |

| 31st December 2012 | Within one year | Between one and five years | Over five years | Total |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| Loans | 17,955 | 588,608 | - | 606,563 |
| Interest on loans | 1,291 | - | - | 1,291 |
| Undiscounted future interest | 16,896 | 79,550 | 19,541 | 115,987 |
| Trade and other payables | 95,571 | - | - | 95,571 |
| | **131,713** | **668,158** | **19,541** | **819,412** |

**Operational risk**
Operational risk is the risk of unexpected losses attributable to human error, systems failure, fraud or inadequate internal financial controls and procedures. The Company manages this risk through systems and procedures to monitor transactions and positions. The Company also maintains contingent facilities to support operations in the event of disaster.

**Capital risk management**
The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consist of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in notes 20 and the Statement of Equity.

**Debt / Equity ratio**
The Company's capital structure is reviewed on an annual basis as part of a wider funding review. According to IFRS the MTM value of the SWAP is included in the equity although the SWAP is part of the long term financing.

**Categories of financial instruments**
All financial instruments are categorised in the financial statements, in accordance with IFRS 7, except for financial derivatives which are classified as fair value trough profit and loss. These financial derivatives are currently designated to hedge accounting.

## 27. Consolidation scope and parent companies

This is the parent Company of the companies listed below. The financial statements of the companies listed have been consolidated with those of the parent Alpha Trains Group S.à r.l. Alpha Trains Holdco S.à r.l is a member of the Alpha Trains (Luxembourg) Holdings S.à r.l. Group. Alpha Trains (Luxembourg) Holdings S.à r.l. is the ultimate parent for the Group. Consolidated accounts are prepared separately for the Alpha Trains (Luxembourg) Holdings S.à r.l. Group. Consolidated Financial Statements for the Group can be obtained from Alpha Trains (Luxembourg) Holdings S.à r.l. 22, rue Alfred de Musset, L-2175 Luxembourg.

Details of the Company's subsidiaries at 31 December 2012 are as follows:

| Name | Place of incorporation (or registration) and operation | Proportion of ownership interest % | Proportion of voting power held % |
|---|---|---|---|
| Alpha Trains (UK) Limited | England | 100 | 100 |
| Alpha Trains (Locomotives) Limited | England | 100 | 100 |
| Alpha Trains Switzerland AG | Switzerland | 100 | 100 |
| Alpha Trains Europa GmbH | Germany | 100 | 100 |
| Alpha Trains Polska Sp z.o.o. | Poland | 100 | 100 |
| Alpha Trains Italia Srl | Italy | 100 | 100 |
| Alpha Trains Belgium NV | Belgium | 100 | 100 |
| Alpha Trains (Locomotives) GmbH | Germany | 100 | 100 |
| Locomotion Capital (UK) Limited | England | 100 | 100 |
| Alpha Trains Iberia SA | Spain | 100 | 100 |
| Alpha Trains Luxembourg S.à r.l. | Luxembourg | 100 | 100 |
| Alpha Trains Group S.à r.l. | Luxembourg | Parent company | Parent company |

Audited unconsolidated financial accounts for Alpha Trains Iberia S.A.U. for the period ended 31 December 2012, prepared in accordance with Spanish accounting standards.

# Alpha Trains Iberia, S.A.U. (Single-Member Company)

Abridged Annual Accounts
for the financial year ending
31 December 2012, together with
the Independent Audit Report

AUDIT REPORT FOR ABRIDGED ANNUAL ACCOUNTS

To the Sole Shareholder of
Alpha Trains Iberia, S.A.U. (Single-Member Company):

We have audited the annual accounts of Alpha Trains Iberia, S.A.U. (Single-Member Company), including the abridged balance sheet up to 31 December 2012 and the profit and loss account, the state of changes in net worth and statements, all abridged, that correspond to the financial year ending on that date. The administrators are responsible for the preparation of the abridged annual accounts of the Company, in accordance with the regulatory framework for financial information applicable to the entity (identified in Note 2.1 of the attached financial statements) and, in particular, with the accounting principles and criteria contained in the same. Our responsibility is to express an opinion on the abridged annual accounts cited as a whole, based on the work carried out in accordance with the governing regulations of the activity of the current audit of accounts in Spain, which requires examination, through selective tests, of supporting evidence of the abridged annual accounts and the evaluation of whether their presentation, the accounting principles and criteria used and the estimates made, match the regulatory framework for financial information that results from allocation of profits or losses.

In our opinion, the annual abridged accounts from the 2012 financial year convey, in every meaningful way, a true and fair view of Alpha Trains Iberia, S.A.U. (Single-Member Company)'s assets and financial situation up to 31 December 2012, as well as of their operating income corresponding to the financial year ending on said date, in conformity with the regulatory framework for financial information that results from allocation of profits or losses, and in particular with the accounting principles and criteria contained in the same.

Without it affecting our auditing opinion, we wish to call attention to the information in Note 12 of the attached financial statements, in which it is mentioned that the Company carries out a significant part of its transaction and keeps relevant balances with businesses in the group to which it belongs. Thus, any interpretation or analysis of the attached abridged annual accounts must be carried out with this circumstance in mind.

DELOITTE, S.A.U.
Registered with the Official Register of Account Auditors (Registro Oficial de Auditores de Cuentas), no. S0692.

Jesús María García Callejo

24 April 2013

**ALPHA TRAINS IBERIA, S.A.U. (SINGLE-MEMBER COMPANY)**
Financial statements for the 2012 financial year

**Alpha Trains Iberia, S.A.U.**
Abridged Balance Sheet up to 31 December 2012
(Euros)

| Assets | Notes in financial statements | Financial year 2012 | Financial year 2011 | Net Worth and Liabilities | Notes in Financial Statements |
|---|---|---|---|---|---|
| | | | | | |
| **Non-current asset** | | 33,558,001 | 34,580,748 | NET WORTH | |
| Fix Assets | Note 5.1 | 33,581,001 | 34,580,748 | *EQUITY* | |
| Technical facilities and other fixed assets | | 33,581,001 | 34,580,748 | Capital | **Note 9.1** |
| | | | | Issued capital | |
| | | | | Reserves | **Note 9.2** |
| | | | | Income carried over from previous financial years | |
| | | | | Losses carried over from previous financial years | |
| | | | | Income of the financial year | **Note 3** |
| | | | | | |
| | | | | NON-CURRENT LIABILITIES | |
| | | | | Long-term liabilities | **Note 8.1** |
| | | | | Debts with financial institutions | |
| | | | | Long-term provisions | **Note 8.1** |
| | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| | | | | CURRENT LIABILITIES | |
| | | | | Short-term provisions | **Note 8.2** |
| CURRENT ASSETS | | 4,793,974 | 3,460,867 | Short-term debts | **Note 8.2** |
| Trade and other receivables | | 878,694 | 710,590 | Debts with financial institutions | |
| Customer receivables for sales and services | | 660,239 | 511,268 | Short-term debts with group and associated companies | **Notes 8.2 an 12.2** |
| Sundry debtors | | 8,409 | 5,859 | Trade and other payables | |
| Receivables from group companies | Note 12.2 | 210,046 | 193,463 | Sundry debtors | **Note 8.2** |
| Short-term provisions | | 65,565 | 58,832 | Group company creditors | **Notes 8.2 an 12.2** |
| Cash and other equivalent liquid assets | | 3,894,715 | 2,691,445 | Other liabilities to public administrations | **Note 10.2** |
| Treasury | | 3,849,715 | 2,691,445 | Short-term accruals and deferrals | **Note 8.2** |
| | | | | Customer advances | **Note 8.2** |
| | | | | Staff | **Note 8.2** |
| | | | | Suppliers | **Note 8.2** |
| **TOTAL ASSETS** | | **38,351,975** | **38,041,615** | **NET WORTH AND LIABILITIES** | |

Notes 1 to 15 in the attached financial statements form an integral part of the abridged balance shee

Shaun Michael Mills .....

**ALPHA TRAINS IBERIA, S.A.U. (SINGLE-MEMBER COMPANY)**
Financial statements for the 2012 financial year

Hedwige Van de Wyer .....

Fernando Pérez Serrano ……

**ALPHA TRAINS IBERIA, S.A.U. (SINGLE-MEMBER COMPANY)**
Financial statements for the 2012 financial year

**Alpha Trains Iberia, S.A.U.**

**Abridged Earnings and Losses Account for the 2012 Financial year**
**(Euros)**

| | Notes in Financial Statements | 2012 Financial year | 2011 Financial year |
|---|---|---|---|
| | | | |
| CONTINUING OPERATIONS | | | |
| Amount of turnover | Notes 6.2 and 11.1 | 3,848,061 | 3,612,743 |
| Services Rendered | | 3,848,061 | 3,612,743 |
| Other operating income | | 210,046 | 193,463 |
| Other operating income | Notes 11.1 and 12.1 | 210,046 | 193,463 |
| Staff expenses | Note 11.2 | (258,668) | (247,393) |
| Salaries, wages and allocations | | (228,944) | (204,954) |
| Social security | | (29,742) | (42,439) |
| Other operating expenses | Note 11.3 | (2,002,669) | (1,543,051) |
| Outside providers | | (2,002,669) | (1,543,051) |
| Amortisation and depreciation | Note 5.1 | (1,284,269) | (1,284,288) |
| Gains or losses on disposals and others | Note 11.5 | 287,128 | - |
| | | | |
| OPERATING INCOME | | 799,629 | 731,474 |
| | | | |
| Interest income | | 449 | 7,152 |
| From marketable securities and other financial tools from third parties | Note 11.4 | 449 | 7,152 |
| Interest expenses | Note 11.4 | (777,536) | (1,019,028) |
| From debts to group and associated companies | Note 12.1 | (386,441) | (421,230) |
| From debts to financial institutions | | (391,095) | (597,798) |
| Exchange differences | | (1,458) | (251) |
| FINANCIAL INCOME | | (778,545) | (1,012,127) |
| INCOME BEFORE TAXES | | 21,084 | (280,653) |
| Taxes on profits | | - | - |
| OPERATING | | 21,084 | (280,653) |

| | | |
|---|---|---|
| INCOME FOR THE YEAR | | |
| Income of the financial year from interrupted operations net taxes | - | - |
| INCOME FOR THE FINANCIAL YEAR | 21,084 | (280,653) |

Notes 1 to 15 in the attached financial statements form an integral part of the earnings and losses account for the 2012 financial year.

Shaun Michael Mills .....

Hedwige Van Wyer .....

Fernando Pérez Serrano ……

**Alpha Trains Iberia, S.A.U.**

**ABRIDGED STATUS OF CHANGES IN NET WORTH FOR THE 2012 FINANCIAL YEAR**
**A) STATUS OF RECOGNISED INCOME AND EXPENSES**
**(Euros)**

| | Notes in Financial Statements | 2012 Financial year | 2011 Financial year |
|---|---|---|---|
| | | | |
| RESULT OF THE ABRIDGED LOSSES AND GAINS ACCOUNT (I) | 9.3 | 21,084 | (280,653) |
| | | | |
| TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN NET WORTH (II) | | - | - |
| | | | |
| TOTAL TRANSFERS TO THE LOSSES AND INCOME ACCOUNT (III) | | - | - |
| | | | |
| TOTAL RECOGNISED INCOME AND EXPENSES (I + II + III) | | 21,084 | (280,653) |

Notes 1 to 15 in the attached financial statements form an integral part of the abridged status of recognised income and expenses corresponding to the 2012 financial year.

Shaun Michael Mills .....

Hedwige Van Wyer .....

Fernando Pérez Serrano ……

**Alpha Trains Iberia, S.A.U.**

**ABRIDGED STATUS OF CHANGES IN NET WORTH FOR THE 2012 FINANCIAL YEAR**
**1) STATUS OF TOTAL CHANGE IN NET WORTH**
**(Euros)**

| | Capital | Reserves | Income from previous financial years | Income from the financial year | TOTAL |
|---|---|---|---|---|---|
| | | | | | |
| **FINAL BALANCE FOR THE 2010 FINANCIAL YEAR** | 10,000,000 | 9,697 | (540,359) | (282,593) | 9,186,745 |
| **Total recognised income and expenses** | - | - | - | (280,593) | (280,653) |
| **-**Distribution of the financial year 2010 income | - | - | (282,593) | 282,593 | - |
| **FINAL BALANCE FOR THE 2011 FINANCIAL YEAR** | 10,000,000 | 9,697 | (280,653) | 280,653 | 8,906,092 |
| **Total recognised income and expenses** | | - | 21,084 | 21,084 | 21,084 |
| **-**Distribution of the financial year 2011 income | | - | 280,653 | 280,653 | - |
| **FINAL BALANCE FOR THE 2012 FINANCIAL YEAR** | 10,000,000 | 9,697 | 21,084 | 21,084 | 8,927,176 |

Notes 1 to 15 in the attached financial statements form an integral part of the abridged total of changes in net worth corresponding to the 2012 financial year.

Shaun Michael Mills .....

Hedwige Van Wyer .....

Fernando Pérez Serrano ……

## 1. Business Activity

Alpha Trains Iberia, S.A.U. incorporated as a company on 12 November 2007 under the name Angel Trains España, S.A.U. (Single-Member Company). It later changed its name to Alpha Trains Iberia, registering according to the deed of protocolisation dated 16 December 2009.

The Company is registered in the Mercantile Registry of Madrid (Registro Mercantil de Madrid) in volume 25,051, folio 137, section 8, sheet M451126, entry number 1. Its fiscal identification number is A-85300838.

Its registered office is located in Madrid, Calle López de Hoyos 35, 1ª planta, 28002 Madrid.

The objective of ALPHA TRAINS IBERIA, S.A.U. is the rental of both locomotives and rolling stock and financial counselling for the acquisition and use of locomotives and rolling stock; trade in locomotives and rolling stock and related goods and services; the acquisition of maintenance, repairs and modifications to aforementioned locomotives and rolling stock; general services and counselling related with locomotives and rolling stock, engineering services and all those activities that are complementary or beneficial to or for its corporate purpose.

On 12 November 2007 the Company inscribed its single-member condition in the Mercantile Registry.

The Company consists of the Alpha Trains group, whose controlling company is Alpha Trains (Malta) Holdco 1 Limited, the registered office of which is located at 171 Old Bakery Street, Valletta VCT 1455, in Malta, this company being the preparer of consolidated financial statements.

Given the activity to which the Company is dedicated, the same has no responsibilities, expenses, assets, nor provisions or contingencies of an environmental nature that could be significant in relation to the net worth, financial situation and results of the same. For this reason specific breakdowns are not included in the present abridged financial statement of the abridged annual accounts with respect to the information of environmental questions.

## 2. Basis of presentation of the abridged annual accounts

### 2.1 Regulatory Framework for financial information applicable to the Company

These abridged annual accounts have been prepared by the Administrators in accordance with the regulatory framework for information applicable to the Company, which is established based on:

a) The Commercial Code and other corporate legislation

b) The General Accounting Plan (Plan General de Contabilidad) approved by Royal Decree 1514/2007 and its sectoral Adaptations

c) The set of mandatory rules approved by the Accounting and Account Auditing Institute (el Instituto de Contabilidad y Auditoría de Cuentas) developing from the General Accounting Plan and its complementary rules

d) The remaining Spanish accounting policies that result from application

**2.3 A true and fair view**

The abridged annual accounts for the 2012 financial year have been drawn from the Company's accounting records and are presented in accordance with the regulatory framework for financial information that results from application and in particular with the accounting principles and rules therein contained to the end of showing a true and fair view of the Company's net worth, financial situation, and during the financial year. These abridged annual accounts, which have been prepared by the Company Administrators, shall be submitted for approval by the Shareholder, estimating that they will be approved without any modification whatsoever. For their part, the abridged annual accounts for the 2011 financial year were approved by the Shareholder on 23 April 2012.

**2.3 Accounting Principles**

In the preparation of the attached abridged annual accounts, estimations made by the Company Administrators were used in order to assess some of the assets, liabilities, income, expenses and commitment that are registered therein. Fundamentally, these estimations refer to:

- The evaluation of possible losses due to the impairment of certain assets (see Notes 4.2 and 4.4)
- The durability of material assets (see Note 4.1)
- The changing conditions of lease contracts (see Note 6)
- The calculation of provisions and contingencies (see Note 4.8)

Despite the fact that these estimations were based upon the best possible information available at the close of the 2012 financial year, they may nevertheless need to be reassessed in future financial years as a consequence of external factors or of the availability of other information in addition to said estimations.

**2.5 Financial position**

*Working capital liquidity*

Up to 31 December 2012 the current liabilities of the attached abridged balance sheet is greater than the current assets, 5,676,542 euros (6,500,637 euros in 2011). This discrepancy must be evaluated considering that the current debt with the group's businesses amounts to

7,829,547 euros (7,443,105 euros in 2011) (see note 12.2) and that there exists the express financial support of the Shareholder. The Company Administrators estimate that the resources generated by operations along with the availability of the treasury and the financial support of the Group will be sufficient to honour short-term payment commitments.

### 2.6 Information comparison

The information contained in this abridged financial statement with reference to the financial year that concluded 31 December 2011 is presented, for comparative purposes, alongside information for the financial year that ended on 31 December 2012.

### 2.7 Grouping of items

Certain items on the abridged balance sheet, of the abridged losses and gains account and of the abridged status of changes in net worth are present together in order to facilitate their readability, even though, wherever it is significant, the information is provided in non-aggregate form in the corresponding notes in the abridged financial statements.

### 2.8 Changes in accounting criteria

During the 2012 financial year there were no significant changes to accounting criteria with respect to those criteria applied in the 2011 financial year.

### 2.9 Error correction

While preparing the attached financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the financial statements for 2011.

## 3. Application of results

The proposed allocation of profits or losses for the financial year's results prepared by the Administrators of the Company, which will be submitted for the General Shareholders Meeting's approval, is the following:

| Basis of Allocation | Amount | Distribution | Amount |
|---|---|---|---|
| Losses and Gains | 21,084 | Losses from earlier financial years | 21,084 |
| | | Legal reserve | - |
| | | Voluntary reserve | - |
| **Total Euros** | **21,084** | **Total Euros** | **21, 084** |

## 4. Registration and valuation regulations

The principal regulations for the registration and valuation used by the Company in the preparation of its abridged annual accounts, in accordance with those established in the General Accounting Plan, were the following:

### 4.1 Fixed Assets

Fixed assets are initially valued at the price at which they are acquired. This value later decreases due to the corresponding accumulated amortisation and losses due to impairment, if these have been incurred.

The cost of conservation and maintenance of the different elements that make up the fixed assets can be attributed to the abridged losses and gains account for the financial year in which they were incurred. On the other hand, the sums invested in improvements that contribute to an increase in the capacity or efficiency of said goods, or to extending their period of usability, are registered as a greater cost of the same.

The efforts that the Company makes for its own fixed assets are registered in the accumulated cost that results from adding internal costs to external costs, the former being determined as a function of the company's own use of the materials, direct labour incurred and general production expenses calculated according to the absorption rates similar to those applied for the purpose of valuing those that already exist.

The Company amortises its material fixed assets according to the straight-line method, applying annual percentages of amortisation calculated on the basis of the estimated time in which the respective goods are expected to remain useful, according to this figure:

| | Percentage of amortisation |
|---|---|
| Machinery | 3.33% |

The residual value and remaining useful time of assets is regularly revised, making the necessary adjustments, on the date of every balance.

When the book value of an asset is greater than it's estimated recoverable worth, its value is immediately reduced until it matches its recoverable worth.

The results of the sale of fixed material assets are calculated comparing the income obtained by sale with the book value. It is noted in the abridged losses and gains account.

### 4.2 Impairment of tangible assets

The Company estimates the recoverable value of its fixed assets always bearing in mind that there exist indications of impairment of their value when comparing said value with its cost on the books and determining, where appropriate, if any value has decreased.

The recoverable value is determined as the greatest amount between the reasonable value minus costs to sell and the value in use, determined based on the cash flow estimated in the business plan prepared by Management, updated using a rate that represents the cost-of-capital rate and takes in to consideration the business's liabilities and risks.

In the event that one must recognise a case of impairment, the value is reduced to the greatest point between the following: its reasonable value minus costs to sell, its value in use and zero.

When a loss due to impairment of value is subsequently reversed, the book value of the asset is increased in the revised estimation of the recoverable amount, but in such a way that the increased value on the books does not exceed the value on the books that would have been determined had there been no recognised loss due to impairment in earlier financial years.

The Company Administrators do not consider there to have been evidence of impairment of value in the Company's material assets up to 21 December 2012.

**4.3 Leases**

Leases are classified as financial leases whenever from the conditions of the same it can be deducted that substantial risks and benefits inherent in the assets that are the object of the contract are transferred to the lessee. All other leases are classified as operative leases. Up to 31 December 2012 the Society alone possesses operative leases.

The derivative expenses of the operative leases are added to the abridged losses and gains account for the financial year in which they are accrued.

The Company generates income derived from the leasing of certain assets. Based upon the established conditions of the contracts these leases have been qualified as operative leases due to the fact that they do not transmit through themselves the rights or the risks inherent in the property of the asset that is the object of the lease.

The income derived from the operative lease agreements is registered in the losses and gains account for the financial year in which they are accrued.

The cost of acquiring the leased good alone is presented on the balance sheet in conformity with its nature.

Any charge or payment that could be made upon contracting an operative lease will be considered a charge or advance payment that shall be imputed to the income throughout the lease period, inasmuch as benefits of the leased asset are ceded or received.

**4.4 Financial Instruments**

*4.4.1 Financial Assets*

The financial assets possessed by the Company correspond, essentially, to:

Loans and receivables: Financial assets originated in the loan of services for the business's traffic operations, or those that, not having a commercial origin, are not instruments of net worth nor derivative, and whose charges are a fixed or determinable quantity and are not negotiated in an active market.

*Initial valuation –*

The financial assets that are initially registered in the reasonable value of the consideration provided, which generally coincides with the acquisition price or the nominal value of the reimbursed cash, plus the transaction costs that are directly applicable.

*Subsequent valuation –*

The loans and receivables, which include securities, are valued based on their nominal value, which does not differ significantly from the amortised cost.

At least at the close of the financial year the Company carries out a test of impairment for its financial assets that are not registered at a reasonable value. It considers whether or not there is objective evidence of impairment if the recoverable value of the financial asset is below its book value. When this impairment results it is registered in the abridged losses and gains account.

In particular, and with respect to the relative value corrections to commercial debtors and other receivables, the criterion used by the Company to calculate the corresponding value corrections, if any, is based on the specific analysis of the receivables, registering impairment in those cases in which it is clear that the recoverable value of the same is below their book value.

The Company discharges financial assets when they expire or the rights to the cash flow corresponding to the financial asset have been ceded and the risks and benefits inherent in its property have been transferred.

*4.4.2 Financial liabilities*

Financial liabilities are those debits and receivables held by the Company that originated from the purchase of goods or services for the business's traffic operations, or in operations that involve the borrowing of cash.

*Initial valuation –*

Debits and receivables are initially valued according to the reasonable value of the adjusted consideration received, which generally coincides with the acquisition price or cash received, due to the directly applicable transaction costs.

*Subsequent valuation –*

Subsequently, aid liabilities are valued according to their amortised cost.

The Company discharges the financial liabilities when the obligations that the same have generated are closed.

**4.5 Taxes on Profits**

Expense or income due to taxes on profits includes the relative portion of the expense or income due to the current tax and the corresponding portion to the expense or income for deferred taxes.

The current tax is the amount that the Company satisfies as a consequence of the fiscal liquidation of the tax on profit during a given financial year. Deductions and other fiscal advantages in the tax quota, excluding retentions and receivables, as well as offsettable fiscal losses from previous financial years and in effect applied to this financial year, prompt a lower amount of current taxes to be paid.

Expenses or income due to deferred taxes correspond to the recognition and the cancellation of assets and liabilities due to deferred taxes. This includes temporary differences that are identified as those values expected to be payable or recoverable derived from differences between the amount on the books of assets and liabilities and their fiscal value, as well as the tax base carryforwards and fiscally unapplied credits for fiscal deductions. Said amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

In general, liabilities are recognised by deferred taxes for all taxable temporary differences.

Deferred tax assets are only recognised insofar as it is considered probable that the Company is going to possess future financial gains against which it will be possible to recover them.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity accounts also recognised directly in equity are also accounted for with a counterpart in 'net worth'.

Every time accounts close the registered deferred tax assets are reconsidered, effecting the opportunity for corrections to the same inasmuch as there may be doubts about their future recovery.

Additionally, at every closing the non-registered deferred tax assets are evaluated on the balance sheet and these are the objects of recognition inasmuch as their recovery with future financial profit becomes probable.

### 4.6 Classification of assets and debts as current and non-current

On the attached abridged balance sheet, assets and debts are classified according to their expiration, that is to say, those with a period of recovery or expiration equal to or shorter than twelve months are classified as current and those with a recovery period or expiration longer than said period are classified as non-current.

### 4.7 Income and expenses

Income and expenses are apportioned on an accrual basis, that is to say, when the actual flow of related goods occurs, regardless of the moment in which the resulting monetary or financial flow arises.

Expenses are accounted for by making note of the purchase proper, excluding commercial billing discounts, as well as all non-recoverable installation, transportation and tax expenses borne by the Company.

The income proceeding from the provision of services are valued based on the reasonable value of the counterpart—regardless of whether it has been received or remains to be received—based on the value of any discount, reduction in price or other similar consignment which the Company may concede, as well as the interest added to the nominal amount of the consideration.

The interest received on financial assets is recognised based on the method relevant to the kind of interest in effect.

### 4.8 Provisions and contingencies

During the preparation of the abridged annual accounts the Company Administrators made a distinction, where appropriate, between:

a) Provisions: Credit balances covering, where appropriate, current obligations derived from past events, the cancelation of which is likely to cause an outflow of resources, but are uncertain as to the value and/or moment of cancellation.

b) Contingent liabilities: Possible obligations the arose as a consequence of past events, the future materialisation of which is conditioned by whether or not one or more future events beyond the control of the Company takes place.

The abridged annual accounts include all provisions with respect to which it is considered more likely than not that the obligation will have to be settled. The contingent liabilities are not recognised in the abridged annual accounts; rather they inform the same in the notes of the financial documents.

The provisions are valued, where appropriate, according to the current value of the highest possible estimate of the necessary value for the cancellation or transfer of the obligation, bearing in mind the information available on the event and its consequences, as well as registering adjustments that have been made to said provisions as a financial expense as it accrues.

The compensation to be received from a third party upon liquidating the obligation, wherever there are no doubts that said reimbursement will be perceived, is registered as an asset, except where there is a legal link through which the portion of risk has been externalised, and by virtue of which the Company is not obligated to respond. In this situation, the compensation will be taken into account in order to estimate the value for which, where appropriate, the corresponding provision should be recognised.

### 4.9 Criteria employed in transaction between related parties

The transactions effected by the Company with related entities are effected at market prices, which do not differ substantially from those which would be applied if those transactions were to be effected with unaffiliated third parties.

Additionally, the transfer prices are found to be adequately supported, for which reason the Company Administrators do not consider there to be a risk in this area that would be in any way more significant that the risk that could be derived from liabilities under consideration in the future.

### 4.10 Severance Pay

In accordance with current legislation, the Company is obligated to pay indemnity (severance) to those employees over whom, under certain conditions, it relinquishes its professional relationships. Thus, the severance pay may be reasonably quantified as an expense in the financial year in which the decision is made to make dismissals and in which a valid expectation is created with respect to those employees involved. In the attached abridged annual accounts no provision whatsoever has been registered in this respect, considering that situations of this nature are not expected to arise.

## 5. Tangible fixed assets

The movements in the different accounts composing this report during the 2012 and 2011 financial years are as follows (in euros):

**2012 financial year:**

| | Euros | | | |
|---|---|---|---|---|
| | Opening balance | Allocation | Additions | Closing balance |
| | | | | |
| **Cost:** | 38,519,568 | - | - | 38,519,568 |
| Machinery | - | - | 261,522 | 261,522 |
| Total cost | **38,519,568** | **-** | **261,522** | **38,781,090** |
| **Accumulated depreciation:** | | | | |
| Machinery | **(3,938,820)** | **(1,284,269)** | **-** | **(5,223,089)** |
| **Net** | **34,580,748** | **(1,284,269)** | **261,522** | **33,558,001** |

**2011 financial year:**

| | Euros | | |
|---|---|---|---|
| | Opening balance | Additions | Closing balance |
| **Cost:** | | | |
| Machinery | 38,519,568 | - | 38,519,568 |
| | - | - | - |
| Total cost | **38,519,568** | **-** | **38,519,568** |

| **Accumulated depreciation:** | | | |
|---|---|---|---|
| Machinery | **(2,654,532)** | **(1,284,288)** | **(3,938,820)** |
| **Net** | **35,865,036** | **(1,284,288)** | **34,580,748** |

The additions included as advances on fixed assets refer to 60% of the cost of adapting a locomotive to operate in Portugal.

Locomotives owned by the Company for leasing to third parties are recorded under this heading (see Note 6.2). As at 31 December 2012 and 2011, one locomotive that is not under lease is being used in substitution for the rest of the locomotives while they are undergoing adaptation work. The Company is currently in negotiations with a number of potential clients to lease this locomotive, and it is expected that this will be formalised in the coming months.

In addition, during the 2012 financial year one locomotive has been out of service while being adapted for use in Portugal. The Company's Directors do not consider these locomotives to have deteriorated as at 31 December 2012.

At the close of the 2012 and 2011 financial years, there are no fully depreciated assets.

The Company follows a policy of taking out insurance to cover the risks to which its fixed assets are exposed. As at 31 December 2012, it appears to the Company's Directors that there is adequate insurance coverage.

At the close of the 2012 and 2011 financial years, there are no fixed assets that are collateral for liabilities of any kind.

## 6. Leases

### 6.1 As operating lessee

**Lease of the registered offices:**

The Company incurred a cost of 24,297 euros in the 2012 financial year and 25,038 euros in the 2011 financial year for the rental of offices located in Calle López de Hoyos (Madrid). This lease was taken out in September 2008 and is renewed annually.

**Lease of locomotives:**

The Company incurred a cost of 841,546 euros in the 2012 financial year and 402,137 euros in the 2011 financial year for the leasing of two locomotives.

During the course of 2012, 3 new subleasing contracts were entered into.

| Locomotives under ownership | | | | | | |
|---|---|---|---|---|---|---|
| | 2012 | | | 2011 | | |
| Owner | Fixed income | PBH | Out of service | Fixed income | PBH | Out of service |
| AT Iberia | 10 | | 2 | 11 | | 1 |
| Bordon Inversiones | 1 | 4 | | 1 | 1 | |
| Total | 17 | | | 14 | | |

Income from "PBH – Power By the Hour" is based on the distance travelled. Kilometres travelled are calculated on a monthly basis, with a per-kilometre fee.

Due to the difficult economic situation, these new contracts are short term.

The management services for these subleases are invoiced as Management Fees to Alpha Trains (UK) Ltd, and they have generated revenue of 70,014 euros and 46,752 euros in the 2012 and 2011 financial years, respectively (see Note 12.1).

The calculations to allocate expenses or income are made at group level and are invoiced among the different companies (see Note 12.1).

| **Operating leases** | Nominal value | |
|---|---|---|
| **Minimum quotas** | 2012 | 2011 |
| Less than a year | 282,000 | 445,800 |
| Between one and five years | - | - |
| More than five years | - | - |
| **Total** | **282,000** | **445,800** |

**6.2 As operating lessor**

At the close of the 2012 and 2011 financial years, the Company has the following minimum leasing quotas contracted with the lessees, in accordance with the contracts currently in force, without taking into account the impact of common costs, future increases in the CPI, or contractually-agreed future updates to charges (in):

| **Operating leases** | Nominal value | |
|---|---|---|
| **Minimum quotas** | 2012 | 2011 |
| Less than a year | 3,502,500 | 3,771,365 |
| Between one and five years | 13,912,060 | 12,912,000 |
| More than five years | 4,686,487 | 7,371,217 |
| **Total** | **21,101,047** | **24,054,582** |

As at 31 December 2012, 15 of the 17 locomotives that the Company has at its disposal are being rented out under operating leases. 12 are owned by the Company and 5 are leased for subsequent subleasing.

The income included in the consolidated profit and loss accounts for the 2012 and 2011 financial years is 3,848,061 euros and 3,612,743 euros respectively, and is recorded under the heading "Provision of services" (see Note 11.1).

With regard to the locomotives under ownership, there are 2 for which no income was received. One locomotive is temporarily out of service on the basis of an agreement that it should be modified for installation of Portuguese equipment and certification to operate in Spain and Portugal. The second is to support the implementation of modifications in the other 10 locomotives under ownership, given the importance to our clients of minimizing stoppage while modifications are implemented. The Company's Directors understand that there has been no deterioration in these locomotives.

At the close of the 2012 and 2011 financial years, there are no restrictions imposed on the Company under the lease contracts.

## 7. Financial assets

### 7.1 Information on the nature and level of risk associated with the financial instruments

Qualitative information

The management of the Company's financial risks is centralised in the Finance Division, which has established the necessary mechanisms to control exposure to variations in interest rates and exchange rates, as well as credit and liquidity risk. The main financial risks that affect the Company are indicated below:

a) Credit risk:

In general, the Company holds its cash and other equivalent liquid assets in financial entities with a high credit rating. In addition, the majority of its accounts receivable from clients are guaranteed via credit insurance.

Furthermore, it should be pointed out that, except for only three clients with whom a significant volume of operations is carried out, there is no significant credit risk concentration with third parties.

b) Liquidity risk:

In order to ensure liquidity and meet all payment commitments arising from its activities, the Company has the cash balance shown on its balance sheet. In relation to credit risk, see also Note 2.5.

c) Market risk (including interest rates, exchange rates and other price risks):

Both the Company's cash balance and its financial debt are subject to interest rate risk, which could have an adverse effect on its financial results and cash flows.

## 8. Financial liabilities

### 8.1 Long-term financial liabilities

The detail of this heading on 31 December 2012 and 2011 is as follows (in euros):

| | Others | |
|---|---|---|
| | 31/12/2012 | 31/12/2011 |

| **Long-term debts** | | |
|---|---|---|
| Debts with credit institutions | 16,936,145 | 17,618,149 |
| Long-term provisions | 2,018,137 | 1,555,870 |
| **Total** | **18,954,282** | **19,174,019** |

The debts with credit institutions correspond to the financing contract entered into by Grupo Alpha Trains in 2008 with UniCredit AG. This has a credit limit of 20,000,000 euros for the Company and an interest rate referenced to Euribor. Payment of the principal is made in biannual installments. The contract is due to expire in June 2015, when a final payment of 16,276,446 euros will be due.

The aforementioned financing contract establishes the obligation periodically to comply with a series of financial ratios calculated in relation to the consolidated figures of Grupo Alpha Trains. The required ratios were met on 31 December 2012.

The detail of the maturity of long-term debts in the 2012 and 2011 financial years relating to this contract are as follows (in euros):

2012 financial year:

| | Between 2 and 5 years | Total |
|---|---|---|
| Long-term debts with credit institutions | 16,936,145 | 16,936,145 |
| **Total** | **16,936,145** | **16,936,145** |

2011 financial year:

| | Between 2 and 5 years | Total |
|---|---|---|
| Long-term debts with credit institutions | 17,618,149 | 17,618,149 |
| **Total** | **17,618,149** | **17,618,149** |

The detail in relation to long-term provisions at the close of the 2012 and 2011 financial years, as well as the main movements recorded during the financial year, is as follows (in euros):

2012 financial year:

| Long-term provisions | Opening balance | Allocations | Closing balance |
|---|---|---|---|
| Provision of maintenance reserves | 1,555,870 | 462,267 | 2,018,137 |
| **Long-term total** | **1,555,870** | **462,267** | **2,018,137** |

2011 financial year:

| Long-term provisions | Opening balance | Allocations | Closing balance |
|---|---|---|---|
| Provision of maintenance reserves | 1,106,630 | 449,240 | 1,555,870 |
| **Long-term total** | **1,106,630** | **449,240** | **1,555,870** |

**8.2 Short-term financial liabilities**

The detail of this heading on 31 December 2012 and 2011 is as follows (in euros):

The table referred to above is broken down as follows (in euros):

| Classes / Categories | Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Debts with credit institutions | | Other financial liabilities | | Debts with group companies | | Total | |
| | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 |
| Debits and items payable | 622,358 | 589,124 | 1,754,217 | 1,696,310 | 7,829,547 | 7,443,105 | 10,206,122 | 9,728,538 |
| **Total** | **622,358** | **589,124** | **1,754,217** | **1,696,310** | **7,829,547** | **7,443,105** | **10,206,122** | **9,728,538** |

The debt with group companies consists of a credit line. The amount available is 20,000,000 euros. Payments or provisions can be made as needed.

Interest is calculated on a monthly basis in accordance with the “Average Cost of Debt” rate obtained by the group, which increases by 0.05% annually. The availability of funds ends on 30 June 2016.

The short-term debt with credit institutions corresponds to the maturity of loans described in Note 8.1, which will take place in the 2013 financial year.

| | Debts with credit institutions | | Other financial liabilities | | Debts with group companies | |
|---|---|---|---|---|---|---|
| | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 |
| **Short-term debts:** | | | | | | |
| Short-term provisions | - | - | - | 1,433 | - | - |
| Commercial creditors | - | - | 116,806 | 191,729 | - | - |
| Suppliers | - | - | 138,897 | 79,902 | - | - |
| Short-term accruals | - | - | 15,432 | - | - | - |
| Client advances | | | 291,472 | 372,944 | | |
| Staff | - | - | 65,000 | 49,908 | - | - |
| Debts with group companies (Note 12.2) | - | - | - | - | 7,829,547 | 7,443,105 |
| Group company creditors (Note 12.2) | - | - | 1,126,610 | 1,130,204 | - | - |
| Debts with credit institutions | 622,358 | 589,124 | - | - | - | - |
| **Total** | **622,358** | **589,124** | **1,754,217** | **1,826,120** | **7,829,547** | **7,443,105** |

**8.3 Information on the deferral of payments to suppliers. Third Additional Provision. "Reporting obligation" of Law 15/2010 of 5 June.**

Details of the information required by the Third Additional Provision of Law 15/2010, 5 June can be found below:

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | Euros | % | Euros | % |
| Payments made during the legal payment period | 514,920 | 96% | 24,759 | 39% |
| Other | 35,140 | 4% | 39,347 | 61% |
| Total payments made in the financial year | 550,060 | 100% | 64,106 | 100% |
| Weighted average time past due | 4 | | 44 | |
| Deferral of payments in excess of legal maximum period on closing date | 10,883 | | 39,347 | |

The data presented in the previous table relating to payments to suppliers refer to those that are, by their nature, commercial creditors, for debts owed to suppliers and service providers. They therefore include data relating to "Sundry accounts payable" and "Suppliers".

The weighted average time past due has been calculated as the quotient formed in the numerator by the sum of each of the payments to suppliers made in the financial year with a deferral greater than the respective legal time limit multiplied by the number of days of deferral by which the respective time limit is exceeded, and in the denominator by the total value of the payments made in the financial year with a deferral greater than the legal time limit for payment.

The maximum legal period for payment applicable to the Company in the 2012 and 2011 financial years, in accordance with Law 3/2004 of 29 December, is 85 days for 2011 and 75 days for 2012.

## 9. Net Equity and Capital

### 9.1 Share capital

At the close of the 2012 and 2011 financial years, share capital amounts to 10,000,000 euros, comprised of 1,000,000 fully subscribed and paid shares, each with a nominal value of 10 euros. All shares have the same political and economic rights.

At the close of the 2012 and 2011 financial years, the Company's Shareholder is "Alpha Trains Group S.A.R.L." On 12 November 2007 its status as a single-member company was publicly recorded and authenticated. The nature of the agreements and operations maintained by the Company with the Shareholder are as detailed in Note 12.

Alpha Trains Group S.a.r.l. is part of the Alpha Trains group, whose parent company is Alpha Trains (Malta) Holdco 1 Limited.

The shares are pledged to the creditor banks in guarantee of compliance with the financing.

### 9.2 Legal reserve

In accordance with Royal Legislative Decree 1/2010 of 2 July, approving the Law on Corporations, Article 274 of the Law on Corporations, which replaces the Consolidated Text of the Spanish Companies Law, states that a sum equal to 10% of the profits for the financial year must be placed in a legal reserve until this reaches at least 20% of the share capital. The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased

share capital amount. Except as mentioned above, until the legal reserve exceeds 20% of capital stock, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At the close of the 2012 and 2011 financial years, this reserve amounts to 9,697 euros and is not fully established.

## 10. Fiscal Position

### 10.1 Income tax

**Reconciliation of reported profit and taxable income**

The reconciliation between reported profit before tax and the taxable base of income tax is as follows (in euros):

| | **2012** | **2011** |
|---|---|---|
| Pre-tax reported profit | 21,084 | (280,653) |
| Permanent differences | 6,169 | 536 |
| Temporary differences | - | - |
| Previous tax base | 27,253 | (280,117) |
| Compensation for negative tax base in previous financial years | (27,253) | - |
| **Taxable base** | **-** | **(280,117)** |

Income tax is calculated on the basis of the accounting profit or loss determined by the application of generally accepted accounting principles, which does not necessarily coincide with taxable profit, understood to be the taxable base.

In the 2012 and 2011 financial years, there is a difference between the tax rate and the reported profit because of the permanent difference arising due to non-deductible expenses.

The Company has not recorded in the attached balance sheet certain deferred income tax assets, since the Company's Directors consider that, although they understand that profits will be obtained in future financial years, in accordance with the principle of prudence, it has been decided not to record them.

At the close of the 2012 and 2011 financial years, tax losses and tax credit carryforwards at maturity not recorded in the accompanying balance sheet are as follows:

2012 financial year:

| Year of origin | Euros | Final year for offsetting |
|---|---|---|
| 2008 | 503,409 | 2026 |
| 2010 | 281,945 | 2028 |
| 2011 | 280,117 | 2029 |

2011 financial year:

| Year of origin | Euros | Final year for offsetting |
|---|---|---|
| 2008 | 530,662 | 2026 |
| 2010 | 281,945 | 2028 |
| 2011 | 280,117 | 2029 |

In accordance with current legislation, tax losses in a given year can be offset against profit during the following sixteen years. However, the tax amount offset by these losses may be modified as a result of tax inspection of the years in which the tax losses occurred.

### 10.2 Current balances payable to and receivable from public authorities

The detail of the current balances receivable from and payable to public authorities is as follows (in euros):

| | 2012 | 2011 |
|---|---|---|
| | **Creditor** | **Creditor** |
| VAT payable to tax authorities | 249,255 | 168,501 |
| Withholding taxes payable to tax authorities | 13,890 | 64,257 |
| Social security taxes payable | 1,250 | 207 |
| **Total** | **264,395** | **232,965** |

### 10.3 Financial years open for review by tax inspection authorities

Under current legislation, tax returns cannot be deemed definitive until they have been inspected by the tax authorities or the four-year statute of limitations period has passed. At the close of the 2012 financial year, the Company has the last four years open for review by the tax inspection authorities for all taxes applicable to it. The Company's Directors believe that the settlements of said taxes have been appropriately carried out; therefore, even if discrepancies were found in the current regulatory interpretation for tax treatment awarded to the transactions, the possible resulting liabilities, if applicable, would not significantly affect the attached annual accounts.

## 11. Income and expenditure

### 11.1 Net revenues and other operating income

At the close of the 2012 and 2011 financial years, the breakdown of this heading is as follows:

| | 2012 | 2011 |
|---|---|---|
| **Description** | **Euros** | **Euros** |
| Provision of services (Note 6.2) | 3,848,061 | 3,612,743 |
| Other operating income | 210,046 | 193,463 |

The value of the provision of services corresponds to income arising from the contracts for locomotive operating leases described in Note 6. Of this, 841,546 euros in 2012 and 402,137 euros in 2011 refers to the subleasing of locomotives not owned by the Company (see Note 6.1). The balance of other operating income corresponds to the management service that the Company provides, invoicing group companies for Management Fees (see Note 12.1).

The total income arising from the provision of services in the 2012 and 2011 financial years was generated in Spanish territory. The total of other operating income was generated in Community territory.

### 11.2 Staff

The breakdown under the heading "Staff costs" is as follows:

| | Euros | |
|---|---|---|
| | **2012** | **2011** |

| | | |
|---|---|---|
| Wages, salaries and similar expenses | 228,944 | 204,954 |
| Social security payable by the company | 13,539 | 5,896 |
| Other social security contributions | 16,185 | 36,543 |
| **Total** | **258,668** | **247,393** |

In the course of the 2012 and 2011 financial years, the Company has retained one male employee on staff, without disabilities.

**11.3 Outside service providers**

The detail under this heading of the consolidated profit and loss accounts for the 2012 and 2011 financial years is as follows:

| | **Euros** | |
|---|---|---|
| | **2012** | **2011** |
| Leases and fees (Note 6.1) | 865,843 | 427,176 |
| Independent professional services | 55,006 | 93,367 |
| Banking services and similar | 858 | 4 |
| Transport | 35,962 | - |
| Supplies | 2,100 | 2,699 |
| Insurance | - | 1,125 |
| Other services | 1,042,900 | 1,018,680 |
| **Total** | **2,002,669** | **1,543,051** |

Of the sum recorded under the heading “Other services”, 978,820 euros (950,861 euros in the 2011 financial year) corresponds to expenses invoiced by the group for Management Fees relating to management services and consultation provided by group companies (see Note 12.1).

**11.4 Financial expenses and income**

The detail under these headings of the consolidated profit and loss accounts for the 2012 and 2011 financial years is as follows:

| | **Euros** | |
|---|---|---|
| | **2012** | **2011** |
| Financial income | | |
| For negotiable securities and other financial instruments | 449 | 7,152 |
| **Total** | **449** | **7,152** |
| | | |
| Financial expenses | | |
| On debts with group and associated companies | (386,441) | (421,230) |
| On debts with credit institutions | (391,095) | (597,798) |
| **Total** | **(777,536)** | **(1,019,028)** |

The financial expenses with credit institutions arise from the financing agreement that Alpha Trains group entered into with UniCredit AG. This has a credit limit of 20,000,000 euros and is due to expire in June 2015 (see Note 8.1).

The financial expenses with group and associated companies arise from the short-term debts with Alpha Trains Group Sarl (see Note 12.2).

**11.5 Other results**

The detail under these headings of the consolidated profit and loss accounts for the 2012 and 2011 financial years is as follows:

| | Euros | |
|---|---|---|
| | **2012** | **2011** |
| Exceptional income | 250,000 | - |
| Other exceptional income | 37,128 | - |
| **Total** | **287,128** | **-** |

The exceptional income of 250,000 euros was for penalties imposed on Vossloh España for noncompliance with the levels of reliability defined in the purchase contract for locomotives owned by Alpha Trains Iberia.

## 12. Related party transactions

### 12.1 Transactions with related parties

The detail of transactions undertaken with related parties during the 2012 and 2011 financial years is as follows (in euros):

2012 financial year:

| | Income from Management Fees (Note 11.1) | Expenditure for debts with group companies | Expenditure for Management Fees (Note 11.3) |
|---|---|---|---|
| Alpha Trains Belgium NV | (140,032) | - | (162,255) |
| Alpha Trains Group S.A.R.L. | - | (386,441) | (668,445) |
| Alpha Trains Luxembourg Sarl | - | - | (15,688) |
| Alpha Trains UK | 70,014 | - | (78,620) |
| Alpha Trains Europe | - | - | (53,812) |
| **Total** | **210,046** | **(386,441)** | **(978,820)** |

2011 financial year:

| | Income from Management Fees (Note 11.1) | Expenditure for debts with group companies | Expenditure for Management Fees (Note 11.3) |
|---|---|---|---|
| Alpha Trains Belgium NV | 146,711 | - | (149,875) |
| Alpha Trains Group S.A.R.L. | | (421,230) | (638,475) |
| Alpha Trains (UK) Limited | 46,752 | - | (162,511) |
| **Total** | **193,463** | **(421,230)** | **(950,861)** |

The transactions carried out during the 2012 and 2011 financial years with group companies on behalf of the Company relate mainly to income and expenditure arising from inter-company debts, as well as expenditure for services provided by group companies.

All the transactions summarized above were carried out in market conditions.

### 12.2 Related party balances

The amount of the related party balances on the balance sheet during the 2012 and 2011 financial years is as follows (in euros):

2012 financial year

| | Short-term receivables | Short-term debts (Note 8.2) | Payable to group companies (Note 8.2) | Total |
|---|---|---|---|---|
| Alpha Trains Group s.a.r.l. (Note 8.2) | - | (7,829,547) | (668,445) | (8,497,992) |
| Alpha Trains (UK) Limited | 70,014 | - | (53,070) | 16,944 |
| Alpha Trains Luxembourg Sarl | - | - | (15,688) | (15,688) |
| Alpha Trains Belgium NV | 140,032 | - | (335,595) | (195,563) |
| Alpha Trains Europa GmbH | | | (53,812) | (53,812) |
| **Total** | **210,046** | **(7,829,547)** | **(1,126,610)** | **(8,746,111)** |

2011 financial year

| | Short-term receivables | Short-term debts (Note 8.2) | Payable to group companies (Note 8.2) | Total |
|---|---|---|---|---|
| Alpha Trains Group S.A.R.L. | - | (7,443,105) | (638,475) | (8,081,580) |
| Alpha Trains (UK) Limited | 46,752 | - | (174,076) | (127,324) |
| Alpha Trains Belgium | 146,711 | - | - | 146,711 |
| Alpha Trains NV | - | - | (317,653) | (317,653) |
| **Total** | **193,463** | **(7,443,105)** | **(1,130,204)** | **(8,379,846)** |

**12.3 Remuneration of the Board of Directors and senior management**

During the 2012 and 2011 financial years, the remuneration received by members of the Company's Board of Directors in wages and salaries was 258,668, euros and 247,393 euros ,respectively (see Note 11.2).

The management of the Company's operations is conducted by the Directors and other individuals who are on the staff of other Grupo Alpha Trains companies.

At the close of the 2012 and 2011 financial years, there are no advances or credits paid to members of the Board of Directors or to the senior management.

During the 2012 and 2011 financial years, monthly contributions were made to the Company administrator's pension plan in the amount of 13,185 euros and 13,162 euros, respectively.

## 13. Environmental and greenhouse gas emissions allowance information

Given the nature of its activities, the Company has no environmental liabilities, expenses, assets or provisions and contingencies that could be considered significant with regards to assets, the financial situation and the results thereof. This report therefore includes no specific breakdowns of the annual accounts in relation to environmental issues.

In compliance with the modifications resulting from the new general accounting plan and from the ministerial order of 28 January 2009 (BOE 10 FEBRUARY 2009) and the Resolution of 6 April 2010 (BOE 84 OF 7 APRIL 2010); with regard to emissions relating to the greenhouse gas emissions allowance, it is specifically stated that there are no items of an environmental nature, and particularly in relation to the greenhouse gas emissions allowance.

## 14. Other information

### 14.1 Average number of employees

In the course of the 2012 and 2011 financial years, the Company has retained one male employee on staff, who was the only employee on 31 December 2012 and 2011.

### 14.2 Guarantee commitments and other contingent liabilities

As at 31 December 2012 and 2011, the Company had no securities granted on the part of financial institutions guaranteeing the fulfillment of the Company's contractual obligations to third parties.

### 14.3 Audit fees

The fees for financial audit services provided to the Company's auditor, Deloitte, S.L., were 19,375 in the 2012 financial year and 22,000 euros in the 2011 financial year. No other additional services were provided either by the auditor or by other companies associated with the auditor.

### 14.4 Detail of investments in companies engaged in similar activities and of the performance, as independent professionals or as employees, of similar activities by the Directors

At the close of the 2012 financial year, the members of the Company's Board of Directors, as well as certain individuals associated with them as defined in the Law on Corporations, held share capital in the following companies engaged in identical, similar or complementary activity to that which constitutes the Company's corporate purpose. The posts held and duties performed in companies with the same, similar or complementary types of activity to that which constitutes the Company's corporate purpose are also included:

| Holder | Associated company | Activity | Investment | Post held |
|---|---|---|---|---|
| Shaun Mills<br>Hedwige van de Wyer<br>Fernando Pérez | Alpha Trains Belgium, N.V. | Leasing of equipment Railway Rolling stock | 0 | Advisor |
| Shaun Mills<br>Hedwige van de Wyer<br>Fernando Pérez | Alpha Trains Polska SP Z.O.O. | Leasing of equipment Railway Rolling stock | 0 | Advisor |
| Shaun Mills<br>Hedwige van de Wyer | Alpha Trains Switzerland, AG | Leasing of equipment Railway Rolling stock | 0 | Advisor |
| Shaun Mills | Alpha Trains (UK) Limited | Leasing of equipment Railway Rolling stock | 0 | Advisor |
| Shaun Mills | Alpha Trains (Locomotives) Ltd | Leasing of equipment Railway Rolling stock | 0 | Advisor |
| Shaun Mills | Alpha Trains Luxembourg S.a.r.l. | Leasing of equipment Railway Rolling stock | 0 | Advisor |
| Shaun Mills | Alpha Trains Europa GmbH | Leasing of equipment Railway Rolling stock | 0 | Advisor |
| Shaun Mills<br>Hedwige van de Wyer | Alpha Trains Italia Srl | Leasing of equipment Railway Rolling stock | 0 | Advisor |
| Shaun Mills<br>Hedwige van de Wyer<br>Fernando Pérez | Alpha Trains (Locomotives) GmbH | Leasing of equipment Railway Rolling stock | 0 | Advisor |
| Shaun Mills | Locomotion Capital (UK) Limited | Leasing of equipment Railway Rolling stock | 0 | Advisor |
| Shaun Mills | Alpha Trains Group Sarl | Leasing of equipment Railway Rolling stock | 0 | Advisor |

## 15. Subsequent events

The Company's Directors do not consider there to be any event subsequent to the close of the financial year that could affect the annual accounts of 31 December 2012.

## Notice of preparation of consolidated annual accounts

The consolidated annual accounts for the 2012 financial year of Alpha Trains Iberia S.A. (Single-member Company) were formulated by the Board of Directors on 23 April 2013, and are identified as being written on 28 pages of plain paper, each of them signed by the Secretary of the Board of Directors, with this final page being signed by all the members of the Board of Directors.

23 April 2013

**SIGNED:**

Audited unconsolidated financial accounts for Alpha Trains Luxembourg S.à r.l. for the period ended 31 December 2012, prepared in accordance with LAS.

# Alpha Trains Luxembourg S.à r.l.

Société à responsabilité limitée

# Annual accounts and Report of the Réviseur d'Entreprises Agréé

as at and for the year ended 31 December 2012

**22, rue Alfred de Musset**
**L-2175 Luxembourg**
**R.C.S. Luxembourg B 140.872**
**Share capital: EUR 100.000**

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Deloitte.

Deloitte Audit
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To the Partners
Alpha Trains Luxembourg S.à r.l.
22, rue Alfred de Musset
L-2175 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying annual accounts of Alpha Trains Luxembourg S.à r.l., which comprise the balance sheet as at December 31, 2012 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Responsibility of the Board of Managers for the annual accounts*

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

*Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

Société à responsabilité limitée au capital de 35 000 €
RCS Luxembourg B 67 895
Autorisation d'établissement : 10022179

Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the annual accounts give a true and fair view of, the financial position of Alpha Trains Luxembourg S.à r.l. as of December 31, 2012, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*

Nick Tabone, *Réviseur d'entreprises agréé*
Partner

April 24, 2013

**Alpha Trains Luxembourg S.à r.l.**
Société à responsabilité limitée

**Balance sheet as at 31 December 2012**

| | Notes | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Tangible fixed assets | 3 | | |
| -Plant and machinery | | 551.746.718 | 577.564.785 |
| -Payments on account and tangible fixed assets under development | | 965.181 | 1.511.001 |
| | | 552.711.899 | 579.075.786 |
| **Current assets** | | | |
| Debtors | | | |
| - becoming payable within one year: | | | |
| Trade receivables | | 481.836 | 391.061 |
| Amounts owed by affiliated undertakings | 4 | 84.177.658 | 76.889.047 |
| Other receivables | 5 | 2.070.776 | 15.501.556 |
| | | 86.730.270 | 92.781.664 |
| Cash at bank, cash in postal cheque accounts and cash in hand | | 31.521.011 | 24.922.917 |
| **Finance lease receivables** | 6 | 50.966.070 | 52.044.455 |
| **Prepayments** | 7 | 1.464.613 | 2.183.766 |
| **Total assets** | | **723.393.863** | **751.008.588** |

The accompanying notes form an integral part of these annual accounts.

Shaun Mills

## Alpha Trains Luxembourg S.à r.l.
Société à responsabilité limitée

**Balance sheet as at 31 December 2012**

| | Notes | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Capital and reserves** | 8 | | |
| Subscribed capital | | 100.000 | 100.000 |
| Profit or loss brought forward | | (11.661.176) | (8.474.170) |
| Profit or loss for the financial year | | (7.404.709) | (3.187.006) |
| | | (18.965.885) | (11.561.176) |
| **Subordinated debts** | 9 | 190.043.024 | 190.307.294 |
| **Provisions** | 10 | 40.624.122 | 36.512.985 |
| **Non subordinated debts** | 11 | | |
| - becoming due and payable within one year: | | | |
| Amounts owed to credit institutions | 12 | 16.743.904 | 16.318.262 |
| Trade creditors | | 3.197.584 | 4.400.201 |
| Amounts owed to affiliated undertakings | | 30.742.711 | 37.112.779 |
| Tax debts | 13 | 1.574.419 | 1.123.701 |
| Other creditors | | 691.328 | 710.438 |
| | | 52.949.946 | 59.665.381 |
| - becoming due and payable after more than one year: | | | |
| Amounts owed to credit institutions | 12 | 455.649.853 | 473.530.022 |
| | | 508.599.799 | 533.195.403 |
| **Deferred income** | 14 | 3.092.803 | 2.554.082 |
| **Total liabilities** | | **723.393.863** | **751.008.588** |

The accompanying notes form an integral part of these annual accounts.

Shaun Mills

## Alpha Trains Luxembourg S.à r.l.
Société à responsabilité limitée

**Profit and loss account for the year ended 31 December 2012**

| | Notes | 2012<br>EUR | 2011<br>EUR |
|---|---|---|---|
| **CHARGES** | | | |
| Other external charges | | 2.745.776 | 4.306.214 |
| Staff costs: | | | |
| - salaries and wages | | 342.783 | 183.172 |
| - other social costs | | 732 | 112.032 |
| Value adjustments on formation expenses and on tangible and intangible assets | 3 | 27.759.748 | 27.725.110 |
| Other operating charges | 15 | 29.808.014 | 27.716.846 |
| Interest payable and similar financial charges: | | | |
| - derived from affiliated undertakings | 11 | 11.020.088 | 4.481.000 |
| - other interest and similar financial charges | | 10.520.497 | 16.076.742 |
| Income tax | | - | 76.662 |
| **Profit for the financial year** | | - | - |
| **Total charges** | | **82.197.638** | **80.677.778** |
| **INCOME** | | | |
| Net turnover | 16 | 66.972.950 | 69.071.758 |
| Other operating income | | - | 484.763 |
| Other interest and other financial income: | | | |
| - derived from affiliated undertakings | | 3.486.093 | 3.458.837 |
| - other interest and similar financial income | 6 | 4.331.875 | 4.475.414 |
| Extraordinary income | | 2.011 | - |
| **Loss for the financial year** | | **7.404.709** | **3.187.006** |
| **Total income** | | **82.197.638** | **80.677.778** |

The accompanying notes form an integral part of these annual accounts.

Shaun Mills

## NOTE 1 - GENERAL INFORMATION

Alpha Trains Luxembourg S.à r.l. (hereafter the "Company") was incorporated on 1 August 2008 and organised under the laws of Luxembourg as a private limited liability company ('société à reponsibilité limité') for an unlimited period of time. The registered office of the Company is established in 22, rue Alfred de Musset, L-2175 Luxembourg and registration number is B 140 872.

The purpose of the Company is:

(a) to buy, sell, take on lease or hire, lease or hire out, otherwise dispose of and generally deal in, and carry on business as proprietors of, plant, machinery, equipment, components, furnishings, parts, tools, accessories, goods and materials, electronic and electrical apparatus and appliances of every kind and description, vehicles and vessels of every kind and description (including, but not limited to, railway rolling stock), on any terms whatsoever; and

(b) to manufacture, install, insure, repair, maintain, replace, modify, test and carry out experiments on any plant, machinery, equipment, apparatus, appliances, vehicles and vessels belonging to the Company or any other person and enter into arrangements with companies, firms and persons for promoting, increasing and facilitating the purchase, sale, lease or hire or other disposition of and manufacture, installation, insurance, upkeep, maintenance, replacement, modification, testing of and carrying out of experiments on the same and to finance, subsidise or assist in any such transactions.

The Company may acquire participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. The Company may in particular acquire by subscription, purchase and exchange or in any other manner any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The Company may borrow in any form, except by way of public offer. It may issue, by way of private placement only, notes, bonds and any kind of debt and equity securities. The Company may lend funds including, without limitation, the proceeds of any borrowings and issues of debtor equity securities to its subsidiaries, affiliated companies and any other companies. The Company may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over all or some of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company shall not carry out any regulated activities of the financial sector.

The Company may generally employ any techniques and instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect itself against credit risk, currency exchange exposure, interest rate risks and other risks.

## NOTE 1 - GENERAL INFORMATION (cont'd)

The Company may generally carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property which directly or indirectly favour or relate to its corporate object.

The accounting year of the Company begins on January 1 and terminates on December 31 of each year.

The Company is included in the consolidated accounts of Alpha Trains (Luxembourg) Holdings group of companies forming the largest body of undertakings of which the Company forms part as a direct subsidiary. The registered address of Alpha Trains (Luxembourg) Holdings is the same as the Company's and the consolidated accounts are available at the same address.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual accounts are set out below. These policies have been consistently applied to all years presented.

### 2.1 Basis of preparation

These annual accounts have been established in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and with generally accepted accounting principles in Luxembourg. These annual accounts have been prepared under the historical cost convention, on a going concern basis.

In accordance with Article 4 of the Law dated December 10, 2011, the Board of Managers of the Company has resolved for the year ended December 31 2012, to implement the changes brought about by this law regarding the content and the presentation of the annual accounts as well as the related accounting principles and valuation policies.

The figures of the year ending December 31, 2011 relating to the profit and loss has been reclassified to ensure the comparability of the figures of the year ending December 31, 2012.

### 2.2 Going Concern

The Company's annual accounts have been prepared under the going concern concept. As at 31 December 2012, the Company has a negative equity amounting to EUR 7.527.993. Management is of the opinion that there is no going concern issue since the directors and shareholders of Alpha Trains (Luxembourg) Holdings, the ultimate parent entity, confirmed their intention to provide the company with the necessary funding in order for the latter to maintain its operations and meet its liabilities in the ordinary course of business for a period of 12 months from the date of the support letter.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Significant accounting policies

**Foreign currency translation**

The Company maintains its books and records in Euro (EUR).

All transactions expressed in currency other than Euro are translated into Euro at the exchange rate prevailing at the date of the transaction.

The formation expenses and the fixed assets other than the long-term loans classified as financial assets and expressed in another currency than Euro are translated in Euro at the exchange rate prevailing at the date of the transaction. At the balance sheet date, these fixed assets are maintained at their historical exchange rate.

Cash are translated at the exchange rate prevailing at the balance sheet date. Exchange gains and losses resulting from this conversion are accounted in the profit and loss account for the period.

Other assets and liabilities are translated separately respectively at the lower assets or at the higher liabilities of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains and losses are recorded in the profit and loss account at the moment of their realisation.

Consequently, only realized foreign exchange gains and losses and unrealized foreign exchange losses are taken into account in the profit and loss account.

**Tangible assets**

Tangible assets are valued at their acquisition cost or at their production cost, reduced by accumulated value adjustments. The tangible assets are depreciated using the straight line method over their estimated useful economic lives.

The rates and methods of depreciation applied are as follows:

| | |
|---|---|
| - Rolling stock | 25 – 30 years |
| - Office fixtures and fittings | 5 years |
| - Computer equipment | 3 years |
| - Computer software | 3 years |

The estimated useful lives and any residual values are reviewed on a previous periodic basis.

**Debtors**

Debtors are valued at their nominal value less provision for any permanent depreciation in value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Significant accounting policies (cont'd)

**Trade Creditors**

Trade creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

**Borrowings**

Borrowings are recognized at nominal value, net of transaction costs incurred. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**Provisions**

Provisions are recognised in a situation where the Company has a (legal or customary) obligation resulting from past events, where it is certain or highly probable that the fulfilment of that obligation will necessitate an outflow of resources embodying economic benefits, and where the amount of the obligation may be reliably estimated.

The Company has set up a reserve which will be used for future maintenance expenditures of the rolling stocks. This reserve is included in other provisions.

**Taxation**

The Company is subject to all the taxes relevant to commercial companies in Luxembourg.

**Revenue recognition**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Maintenance is deferred and held to cover the projected full life cost of running the asset for its economic life.

Sale of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Significant accounting policies (cont'd)

**Revenue recognition (cont'd)**

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

## NOTE 3 – TANGIBLE FIXED ASSETS

Tangible assets are composed of:

| | Plant and machinery EUR | Payments on account and tangible assets in the course of construction EUR | Total EUR |
|---|---|---|---|
| **Gross book value – opening balance** | 634.004.580 | 1.511.001 | 635.515.581 |
| Additions for the year | 193.040 | 1.202.821 | 1.395.861 |
| Transfers for the year | 1.748.641 | (1.748.641) | - |
| Disposals for the year | - | - | - |
| **Gross book value – closing balance** | **635.946.261** | **965.181** | **636.911.442** |
| **Depreciation – opening balance** | 56.439.795 | - | 56.439.795 |
| Depreciation for the year | 27.759.748 | - | 27.759.748 |
| Reversal from disposal | - | - | - |
| **Depreciation – closing balance** | **84.199.543** | **-** | **84.199.543** |
| **Net book value – closing balance** | **551.746.718** | **965.181** | **552.711.899** |
| **Net book value – opening balance** | **577.564.785** | **1.511.001** | **579.075.786** |

Plant and machinery and tangible assets in the course of construction are composed of rolling stocks. The total amortisation for the year is included in cost of sales.

## NOTE 4 – AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

| | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|
| Alpha Trains Group S.à r.l. | 71.567.226 | 61.400.000 |
| Alpha Trains Europa GmbH | 6.916.734 | 6.806.049 |
| Alpha Trains (Locomotive) GmbH | 4.758.701 | 6.417.627 |
| Alpha Trains Belgium NV | 612.645 | 2.000.716 |
| Alpha Trains Iberia S.A. | 15.688 | - |
| Alpha Trains (UK) Limited | 240.655 | 264.655 |
| Alpha Trains (Malta) Holdco 1 Limited | 58.268 | |
| Alpha Trains (Luxembourg) Holdings | 7.311 | |
| Alpha Trains EMIL | 200 | |
| Alpha Trains AST | 230 | |
| | **84.177.658** | **76.889.047** |

Thereof the amount owed to Alpha Trains Group S.à r.l. of EUR 70.605.964 is interest bearing. Accrued interest as of 31 December 2012 amounts to EUR 954.326.

## NOTE 5 – OTHER RECEIVABLES

This item mainly includes VAT receivables.

## NOTE 6 – FINANCE LEASE RECEIVABLES

Finance lease receivables are composed of the following:

| | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|
| Less than one year | 5.382.168 | 5.382.168 |
| More than one year but less than 5 years | 21.528.672 | 21.528.672 |
| More than 5 years | 47.313.667 | 52.695.835 |
| | 74.224.507 | 79.606.675 |
| Unearned finance income | (23.258.437) | (27.562.220) |
| | **50.966.070** | **52.044.455** |

Total interest income recorded during the year on the finance lease amounted to EUR 4.303.783 (2011: EUR 4.378.669).

## NOTE 7 – PREPAYMENTS

The prepayments correspond to:

| | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|
| Accrued income (see note 16) | - | 843.983 |
| Prepayments | 1.464.613 | 1.339.783 |
| | **1.464.613** | **2.183.766** |

## NOTE 8 - CAPITAL AND RESERVES

Movement for the year on capital and reserves is as follows:

| | Subscribed capital EUR | Loss brought forward EUR | Result for the financial year EUR | Total EUR |
|---|---|---|---|---|
| At 1 January 2012 | 100.000 | (8.474.170) | (3.187.006) | (11.561.176) |
| Prior year result allocation | - | (3.187.006) | 3.187.006 | - |
| Result for the financial year | - | - | (7.404.709) | (7.404.709) |
| At 31 December 2012 | 100.000 | (11.661.176) | (7.404.709) | (18.965.885) |

### Subscribed capital

The subscribed capital of the Company is set at EUR 100.000 divided into 100.000 shares having a nominal value of EUR 1 each.

At 31 December 2012 the Company did not hold any of its own shares (2011: nil).

### Legal reserve

In accordance with Luxembourg company law, the Company is required to appropriate a minimum of 5% of its profit after tax for the year to a legal reserve until the balance of such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution to shareholders, except upon the dissolution of the Company.

## NOTE 9 – SUBORDINATED DEBT

The subordinated shareholder loans were contracted with Alpha Trains Group S.à r.l. and is comprised of:

| Loan Type | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|
| Subordinated loan (*) | 190.043.024 | 190.307.294 |

(*) On 22 December 2009, the Company entered into a third subordinated loan agreement (Agreement) with Alpha Trains Group S.à r.l. for the purpose of financing certain costs and expenses which are in part financed by drawings under a Junior Facility Agreement dated 8 June 2008 and as acceded by the Company on 8 April 2009. Under the terms of the Agreement, the aggregate loan amount shall not exceed the maximum loan amount of EUR 190.571.564 and will be subject to a cash contingent interest which is calculated as the greater of:

i. 100% of the net profits of the Company plus the eligible operating expenses and taxes (prepared and audited under practices generally accepted in Luxembourg) in respect of an interest period less an amount equal to EUR 264.270 per annum (pro-rata if less than 12 months).
ii. The available cash on the last day of such interest period which would have been available had no payments been made during the interest period.

Provided however that all interest payments should be approved by the Directors of the Company to the extent that they are also permitted by the Intercreditor Agreement and the interest to be paid shall not exceed the available cash on the expected interest payment date (31 December). To the extent that the Directors of the Company do not approve such interest payment, the cash contingent interest for that interest period shall not be payable, shall not be deferred nor accumulated but shall be cancelled for all further purposes. To the extent that the interest payment is not permitted by the Intercreditor Agreement, the interest shall not fall due for payment but shall be deferred to the next expected interest payment date.

The cash contingent interest for 2012 was EUR 11.020.088 (2011: 4.481.000). At 31 December 2012, the subordinated loan balance decreased by an amount of EUR 264.270 due to a waiver granted by Alpha Trains Group S.à r.l., pursuant to the terms of the cash contingent loan.

The expected maturity date of the subordinated loan is the later of 31 December 2016 and the date falling 6 months after the final expected maturity date of the senior debt (Note 8). Provided that the repayment of the principal loan amount is subject to the approval of the Directors of the Company who have the right to defer the repayment indefinitely including until after the liquidation of the Company or to any other date.

## NOTE 10 – OTHER PROVISIONS

This is maintenance reserve established in accordance with the Company's accounting policy (see note 2.2).

## NOTE 11 – NON SUBORDINATED DEBTS

Non subordinated debts are composed of the following:

| | < 1 year EUR | >1 year but < 5 years EUR | >5 years EUR | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|---|---|---|
| Amounts owed to credit institutions (Note 12) | 16.743.904 | 455.649.853 | - | 472.393.757 | 489.848.284 |
| Amounts owed to affiliated undertakings | 30.742.711 | - | - | 30.742.711 | 37.112.779 |
| Trade creditors | 3.197.584 | - | - | 3.197.584 | 4.400.201 |
| Tax debts | 1.574.419 | - | - | 1.574.419 | 1.123.701 |
| Other creditors | 691.328 | - | - | 691.328 | 710.438 |
| | **52.949.946** | **455.649.853** | **-** | **508.599.799** | **533.195.403** |

## NOTE 12 – AMOUNTS OWED TO CREDIT INSTITUTIONS

The significant terms of the loans are as follows:

| | Currency | Maturity Date | Interest Rate | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|---|---|---|
| Debt Capital Senior A facility | EUR | 30 June 2015 | 1,75% p.a.+EURIBOR | 472.393.757 | 489.848.284 |
| | | | | **472.393.757** | **489.848.284** |

The loans relate to a group wide EUR 552 million (2011: EUR 570 million) debt facility, provided by a consortium of lenders, comprising of three tranches: EUR 507 million Senior A Facility, EUR 15 million VAT Facility and EUR 30 million Revolving Credit Facility; of which the following amounts were drawn group wide at 31 December 2012: Senior A Facility of EUR 506.562.797 (2011: EUR 525.279.839).

## NOTE 13 – TAX AND SOCIAL SECURITY DEBTS

| | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|
| VAT payable | 1.574.419 | 967.870 |
| Income tax payable | - | 155.831 |
| | **1.574.419** | **1.123.701** |

## NOTE 14 – DEFERRED INCOME

| | 31.12.2012 EUR | 31.12.2011 EUR |
|---|---|---|
| Accrued finance lease income | 448.514 | - |
| Accrued insurance receipt | 250.000 | - |
| Accrued - Capex | 571.275 | 550.783 |
| Accrued train costs | 543.049 | 500.816 |
| Accrued legal fees | 40.000 | 248.203 |
| Accrued insurance costs | 839.295 | 229.473 |
| Deferred revenue - Head Lease | 278.639 | 190.000 |
| Accrued - Maintenance | - | 178.000 |
| Accrued - Finance and accounting costs | 32.625 | 114.250 |
| Accrued interest - bank loans | - | 38.548 |
| Other accruals and deferred income | 89.406 | 504.009 |
| | **3.092.803** | **2.554.082** |

## NOTE 15 – OTHER OPERATING CHARGES

Other operating charges are comprised of the following:

| | 2012 EUR | 2011 EUR |
|---|---|---|
| Management fees | 29.693.027 | 27.636.169 |
| Others | 122.331 | 80.677 |
| | **29.808.014** | **27.716.846** |

## NOTE 16 – NET TURNOVER

The Company's net turnover is composed of rental income from operations within Europe.

## NOTE 17 – REMUNERATION PAID TO MEMBERS OF THE ADMINISTRATION AND SUPERVISORY BODIES

The director fees for the year 2012 amounted to EUR 25.762 (2011: EUR 22.625). No other remuneration was paid to members of the administration and supervisory bodies during the year ended 31 December 2012.

## NOTE 18 – STAFF COSTS

The Company employed 7 staff during the year ended 31 December 2012 (2011: 4). The staff costs for the year 2012 amounted to € 343.515 (2011: € 295.204).

## NOTE 19 – RELATED PARTY TRANSACTIONS

The transactions with related parties that occurred during the year are related to the financing activities with other subsidiaries within the Group. These have been concluded at arm's length.

## NOTE 20 - OFF BALANCE SHEET COMMITMENTS

As at 31 December 2012, the Company has the following off-balance sheet commitments:

**Senior Facility Agreement**

- The Company is a guarantor of external loans taken out by members of the Alpha Trains Group S.à r.l. group of companies under the Senior Facility Agreement and substantially all of the Company's assets, including investments, rolling stock, bank accounts, receivables and contracts are used as security.
- As at 31 December 2012, the amount outstanding on the external loans to Alpha Trains Group S.à r.l. group companies under the Senior Facility Agreement was EUR 506.562.796 (31.12.2011: EUR 525.279.839).

**Junior Facility Agreement**

- The Company is a guarantor of external loans taken out by Alpha Trains Holdco S.à r.l. under the Junior Facility Agreement and substantially all of the Company's assets, including investments, bank accounts, receivables and contracts are used as security.
- As at 31 December 2012, the amount outstanding on the external loan to Alpha Trains Group S.à r.l. under the Junior Facility Agreement was EUR 100.000.000 (31.12.2011: EUR 100.000.000).

## NOTE 20 – SUBSEQUENT EVENTS

For the company there were no significant events after balance sheet date.

Audited unconsolidated financial accounts for Alpha Trains Europa GmbH, for the period ended 31 December 2012, prepared in accordance with German accounting standards (**GAS**).

Deloitte

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# Alpha Trains Europa GmbH, **Cologne**

Audit report for the annual financial statement on 31 December, 2012

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1 ANNUAL FINANCIAL STATEMENT AND SITUATION REPORT
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GENERAL ASSIGNMENT CONDITIONS FOR FINANCIAL AUDITORS AND FINANCIAL AUDITING FIRMS

Please be advised that when using rounded amounts and percentages, differences may arise due to financial rounding.

## 1 AUDIT ASSIGNMENT

As per resolution of the shareholders' meeting on October 31, 2012 of the

Alpha Trains Europa GmbH,
Cologne

- hereinafter referred to as "Alpha Trains" or the "Company" -

we were selected as the annual financial statement auditor for the 2012 fiscal year. As per this resolution, the management commissioned us to perform the financial statement audit for the 2nd fiscal year in accordance with §317 HGB (German Commercial Code).

We confirm, in accordance with §321 Para. 4a of the HGB (German Commercial Code), that we have complied with the applicable provisions regarding independence in our audit.

When drafting the audit report, we complied with the German principles of proper reporting for financial statement audits (auditing standard from the Institute of German Financial Auditors - IDW PS 450).

To execute the assignment and our scope of responsibility, including with regard to third parties, the agreements concluded on October 26/November 8, 2012 and, as a supplement, the "General Assignment Conditions for Financial Auditors and Financial Auditing Firms", dated January 1, 2002, are appended.

This audit report was drafted only to document the audits performed for the Company and is not for the purposes of third parties, towards whom we assume no liability in accordance with the applicable legal position within the regulatory scope of §323 HGB.

# 2 GENERAL STATEMENTS

## 2.1 Statement regarding the assessment of the management situation

We would like to emphasise the following aspects resulting from the annual financial statement and the situation report of the management as they are of particular importance for assessing the financial situation of the Company:

- Company relations and group structure

In August 2008, the Royal Bank of Scotland divided its shares in the Alpha Trains Group (formerly: Angel Trains Group) and sold its continental European business sector to four investors. The direct shareholder of Alpha Trains Europa GmbH is the Alpha Trains Group S.a.r.l, Luxembourg. AMP Capital Investors (15.0%), the Public Sector Pension Investment Board (20.1%), the Canadian Government and Arcus Infrastructure Partners LLP (64.9%) hold shares in the controlling company Alpha Trains (Luxembourg) Holdings.

Throughout fiscal year 2009, Alpha Trains Luxembourg S.a.r.l was established as a new central unit in Luxembourg which became the owner of all non-publicly funded rolling stock of the Alpha Trains Group. As the owner of the rolling stock, this Luxembourg company handles the financing and administration. Under a Master Head Lease Agreement, Alpha Trains Europa GmbH rents rolling stock for passenger rail traffic from Alpha Trains Luxembourg S.a.r.l and provides them to rail traffic providers via leasing agreements. In addition, during the reporting year, the Company administered rolling stock of the Royal Bank of Scotland (RBS Warehouse).

- Assets and financial situation

During fiscal year 2009, based on a Master Purchase Agreement dated April 9, 2009, Alpha Trains Europa GmbH sold 42 trains to Alpha Trains Luxembourg S.a.r.l A sales loss of TEUR 1,713 resulted from the sale of the capital asset.

On December 31, 2012, the capital assets of the Alpha Train Europa GmbH continue to include 25 multiple unit trains with a remaining book value of TEUR 22,533 (previous year: TEUR 23,887). The capital assets are financed by bank liabilities amounting to TEUR 16,611 (previous year: TEUR 17,224). The equity capital, taking the losses carried forward and the earnings for fiscal year 2012 into account, amounts to TEUR 708 (previous year: TEUR 707), resulting in an equity capital quota of 1.5 %
(previous year: 1.7 %).

- Earnings situation

The turnover of Alpha Trains Europa GmbH increased during fiscal year 2012 by 2.1% from TEUR 50,182 to TEUR 51,240. The turnover development of Alpha Trains Europa GmbH resulted essentially from increased use of the vehicle fleet.

The turnover was offset by expenses for commissioned services for renting the vehicles amounting to TEUR 47,993 (previous year: TEUR 46,949). Of these, TEUR 24,392 (previous year: (TEUR 24,356) were from Alpha Trains Luxembourg S.a.r.l and TEUR 23,601 (previous year: TEUR 22,593) from the RBS Warehouse. The depreciation on the rental assets amounting to TEUR 1,354 (previous year: TEUR 1,354) remains linear across the standard operational duration of use. The interest expenses amounting to TEUR 467 essentially pertain to bank liabilities amounting to TEUR 370 and 68 in loans within the group of companies.

The personnel expenses increased significantly in comparison to the previous year from TEUR 1,705 to TEUR 3,523. This was due to moving significant central units such as the legal and human resources departments as well as large portions of the accounting department from a subsidiary in London to Alpha Trains Europa GmbH, Cologne. The staff **increased** as a result from 11 to 23 employees**.**

The other operational earnings amounting to TEUR 5,362 (previous year: TEUR 2,942) essentially include offset cost allocations within the group of companies, which increased in comparison to the previous year by TEUR 2,751 to TEUR 4,991. The other operational expenses increased in comparison to the previous year by TEUR 682 to TEUR 2,731. The increase pertains, in particular, to increased expenses for personnel procurement, temporary employees and legal and consultation expenses.

In total, earnings from usual business activities amounted to TEUR 506 (previous year: TEUR 306).

After taxes, the result was an annual surplus amounting to TEUR 155 (previous year: annual deficit TEUR 235). The tax expenses are significantly impacted by the partial addition of commercial tax-related leasing expenses.

- Risks and opportunities for future development

The private railway market relevant for Alpha Trains, which is active in the passenger rail transport sector, has grown continuously in recent years. However, since refinancing options have deteriorated since the financial crisis, no new transactions were concluded in the new construction sector. In fiscal year 2012 and at the beginning of fiscal year 2011, the Alpha Trains Group concluded new contracts with an investment volume exceeding EUR 400 million. The owners of the rolling stock shall be two newly-founded project companies in Luxembourg.

The Company sees opportunities for future development in building on the positive experiences managing third-party fleets (RBS Warehouse), in acquiring and managing additional third-party fleets.

If the high rental occupancy rates continue, the Company expects balanced to slightly positive earnings in the 2013 and 2014 fiscal years.

The risks for future development result from competitors such as Railpool and the continuing difficult refinancing conditions.

In summary, in accordance with §321 Para. 1 Sentence 2 HGB, we deem the assessment of the situation, in particular, the assumption of continued company activities and assessment of future development of the Company, as presented in the annual financial statement and the situation report, to be acceptable.

In addition, we would like to refer to the situation analysis of the reporting in the following Section 2.2.

## 2.2 Circumstances restricting development

In accordance with §321 Para. 1 Sentence 3 HGB, we report on circumstances that might significantly impact the development of the Company.

Due to the low equity capital amounting to TEUR 708 (previous year: TEUR 707), the support of Alpha Trains Europa GmbH, Cologne, from the Alpha Trains Group and the shareholders remains important. During the reporting year, the Company reported balanced earnings after incurring an annual deficit in the previous year amounting to TEUR 235. The improved earnings were due to increased group allocations from sales revenues at the level of the previous year.

### 2.3 Compliance with laws and the Company

**Agreement Irregularities outside the accounting**

Within the scope of our audit, we determined the following facts, which indicate breaches of the law:

The annual financial statement for the fiscal year 2011 was approved by shareholders on October 31, 2012. Regarding this, we refer to §42a GmbHG.

## 3 SUBJECT, TYPE AND SCOPE OF THE AUDIT

**Subject of the audit**

The subject of our audit included

- the accounting
- the annual financial statement (comprising the balance sheet, profit and loss statement and Appendix)
- the situation report

the company.

The accounting and creation of the annual financial statement and situation report in accordance with provisions of German commercial law come within the scope of responsibility of the management of the Company; this also applies to the information we received about these documents. Our assignment is to assess these documents and information within the scope of our conscientious audit.

The audit of compliance with other statutory regulations is only part of the financial statement audit assignment insofar as they generally impact on the annual financial statement or the situation report.

**Type and scope of the audit**

The basis of our audit was the previous year's annual financial statement, audited by us and the unrestricted audit opinion issued on April 25, 2012, which was confirmed on Wednesday, October 31, 2012.

The audit was performed by us, with interruptions, during the month of December 2012 (preliminary audit) and from February to April 2013 (primary audit).

We performed the financial statement audit in accordance with §317 of the HGB and the German principles defined by the Institute of Financial Auditors for proper annual auditing.

The financial statement audit shall be drafted in accordance with §317 HGB, based on problems, so that significant inaccuracies and breaches of accounting regulations can be detected with sufficient certainty. To fulfil these requirements, we apply our risk and process-oriented auditing approach which is implemented using our auditing software, Audit System/2. This supports the planning, execution and documentation of the financial statement audit.

Within the scope of audit planning, we obtained an overview of the business activities and the financial and legal environment of the Company and its accounting system, performed an analytical review of the annual financial statement and the Company Agreement and shareholder resolutions. The audit strategy was defined by us in accordance with the knowledge gained and the expectations regarding potential errors. We examined the Company's internal controlling system insofar as it is significant for proper accounting; the internal controlling system as a whole was not the subject of our financial statement audit.

Our audit was performed in accordance with our audit plan and was not control-oriented. Therefore, taking our risk analysis into account, we performed our analytical audit tasks and sample individual audits of business incidents and inventories in the full scope. For individual audits, we consciously selected samples.

The following focuses of the audit were defined:

- Verification and accrual of sales revenues
- Completeness and evaluation of the accrued liabilities

The Company outsourced parts of its accounting to Osborne Clarke, Cologne and the annual financial statement was drafted using the accounting system DATEV. To assess the compliance of the outsourced parts of accounting, we audited the controlling measures implemented by the Company with regard to the service provider's activities.

Within the scope of the audit of receivables and liabilities and credits with credit institutes and the provision, we obtained samples of balance confirmations from the customer and supplier and Company credit, claim and obligation confirmations from credit institutes and the Company's tax consultant.

We assessed information in the situation report pertaining to the future, with regard to plausibility and agreement with the information obtained during the financial statement audit, based on the annual financial statement information.

The management provided all requested explanations and verification, which included the April 17, 2013 submission of the written standard professional declaration of completeness. It also included particular assurance that the accounting included all accountable transactions and all assets, obligations and demarcations that must be reported on the balance sheet in this annual financial statement as well as all expenses and earnings, that all risks had been taken into account and all required information had been provided.

## 4 STATEMENTS AND EXPLANATIONS REGARDING ACCOUNTING

### 4.1 Compliance of accounting

#### 4.1.1 Accounting and other audited documents

The accounting complies with the statutory regulations, including the principles of proper accounting. Information found in other audited documents results in a compliant presentation in the accounting, annual financial statement and situation report.

### 4.1.2 Annual financial statement

The annual financial statement dated Monday, December 31, 2012 is attached as Appendices 1.2 to 1.4.

The annual financial statement is based on the accounting and other audited documents. The statutory regulations regarding the structure, balancing and assessment and the Appendix were complied with. Information regarding the total income of management was omitted pursuant to the permissible application of §286 Para. 4 HGB.

### 4.1.3 Situation report

The situation report for fiscal year 2012 is attached as Appendix 1.1.

Based on the results of our audit, the situation report corresponds to the annual financial statement and the information gained from the audit and generally conveys a true and fair view of the situation of the Company. The essential opportunities and risks of future development are accurately presented. The information in accordance with §289 Para. 2 HGB is complete and accurate. The situation report thus complies with the statutory regulations.

## 4.2 Overall statement of the annual financial statement

Statements regarding the overall statement of the annual financial statement

In compliance with the principles of proper accounting, the overall annual financial statement, i.e. the interaction of the balance sheet, profit and loss statement and Appendix conveys true and fair view of the actual asset, financial and earnings situation of the Company.

## 4. 3 Information about assets, financial and earnings situation overview of several years

| | | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| Sales revenue | TEUR | 51,240 | 50,182 | 49,617 | 40,305 | 25,020 |
| Change rate | % | 2.1 | 1.1 | 23.1 | 61.1 | 61.0 |
| Capital asset investments | TEUR | 119 | 130 | 13 | 4,215 | 2,651 |
| Capital asset amortisations | TEUR | 1,398 | 1,370 | 1,372 | -2,854 | -5,681 |
| Annual earnings | TEUR | 1 | -235 | 770 | -2,152 | -3,053 |
| Balance sheet sum | TEUR | 45,865 | 40,675 | 44,004 | 55,237 | 140,201 |
| of those | | | | | | |
| Capital assets | TEUR | 22,803 | 24,081 | 25,320 | 26,679 | 125,430 |
| | % | 49.7 | 59.2 | 57.5 | 48.3 | 89.4 |
| Equity capital | TEUR | 708 | 707 | 942 | 171 | 2,323 |

## 5 PRESENTATION OF THE AUDIT OPINION

On Wednesday, April 17, 2013, we issued the following signed, unrestricted audit opinion for Alpha Trains Europa GmbH, Cologne annual financial statement and situation report for fiscal year 2012 in the version attached in Appendix 1:

**"Audit opinion from the auditor**

We have audited the annual financial statement, comprising the balance sheet, profit and the Appendix for the January 1 to Monday, December 31, 2012 fiscal year, including the accounting and situation report for Alpha Trains Europa GmbH, Cologne. The accounting and creation of the annual financial statement and situation report in accordance with regulations under German commercial law fall within the scope of the Company's management. Our assignment is to form an opinion of the annual financial statement, including the accounting and the situation report based on our audit.

We performed our annual financial statement audit in accordance with §317 of the HGB and the German principles defined by the Institute of Financial Auditors for proper annual auditing. Based on this, the audit must be planned and performed so inaccuracies and breaches which significantly influence the picture of the assets, financial and earnings situation presented in the annual financial statement, in accordance with the principles of proper accounting and in the situation report, can be detected with sufficient certainty. When defining the audit tasks, knowledge of the business activities and the economic and legal environment of the Company and expectations of potential errors were taken into account. Within the scope of the audit, the effectiveness of accounting-related, internal control systems and evidence for the information in the accounting, the annual financial statement and situation report were generally assessed based on spot checks. The audit included an assessment of the applied balancing principles, key management estimates and an appraisal of the overall presentation of the annual financial statements and the situation report. We are of the opinion that our audit is a sufficient basis for our assessment.

Our audit did not lead to any objections.

In accordance with our assessment, based on the information gained from the audit, the annual financial statement from Alpha Trains Europa GmbH, Cologne complies with the statutory regulations and, in compliance with the principles of proper accounting, conveys true and fair view of the asset, financial and earnings situation of the Company. The situation report corresponds to the annual financial statement, conveys a true and fair view of the situation of the group and illustrates the opportunities and risks of future development.

## 6 FINAL REMARKS

We issued the above report on our audit of the Alpha Trains Europa GmbH, Cologne annual financial statement and situation report for fiscal year 2012 in compliance with the statutory regulations and the German principles of proper reporting for financial audits (auditing standard from the Institute of Financial Auditors - IDW PS 450).

Regarding the unrestricted audit opinion we issued, we refer to Section 5 “Presentation of the audit opinion”.

Düsseldorf, April 17, 2013

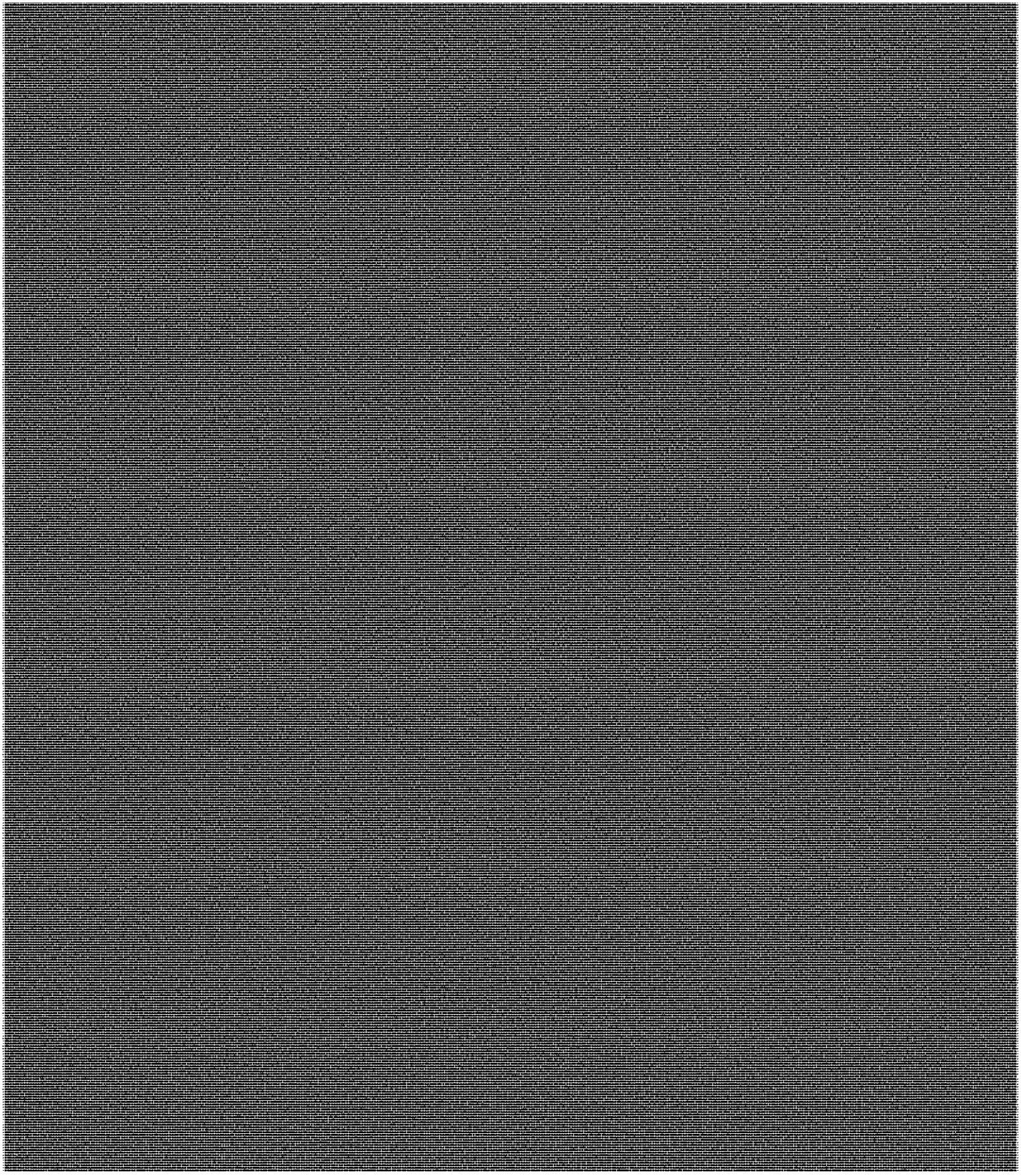
Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Dr. Braun) Financial Auditor

Signature
(per proxy
Scheller)
Financial Auditor

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft WIRTSCHAFTS-PRÜFUNGS-GESELLSCHAFT SIEGEL München Zweigniederlassung Düsseldorf

Publication or transferral of the annual financial statement and/or the situation report in a form deviating from the audited version and in translation into other languages requires a prior statement from us if the audit is cited or reference is made to our annual financial statement audit; in the context, we refer to the provisions of §328 HGB.



# Alpha Trains Europa GmbH, Cologne

Situation report and annual financial statement dated December 31, 2012

Alpha Trains Europa GmbH, Cologne

## Situation report for Alpha Trains Europa GmbH for 2012

On August 5, 2008, the Royal Bank of Scotland (RBS), as the thereto sole shareholder, sold the Angel Trains Group. Following the change in shareholders, the business activities of the group in Great Britain and on continental Europe were separated. Since the Angel Trains Group did not acquire the rights to the name Angel Trains, all Angel Trains companies were renamed as Alpha Trains companies in December 2009.

Alpha Trains Europa GmbH belongs to a consortium of three companies which hold the shares of the continental European activities of Alpha Trains via a holding company in Luxembourg. Following the restructuring, the holding company, Alpha Trains (Luxembourg) Holdings was founded on March 30, 2012. The shareholders include Arcus Infrastructure Partners LLP (Arcus) with a share of 64.9%, the Public Sector Pension Investment Board, the Canadian Government (PSP) with a share of 20.1% and AMP Capital Investors (AMP with a share of 15%).

The direct shareholder of Alpha Trains Europa GmbH is the Alpha Trains Group S.a.r.l in Luxembourg. With the Alpha Trains Group, Alpha Trains Europa GmbH is responsible for passenger rail transport throughout continental Europe.

### 1. Framework conditions

### A. General economic development

In the local passenger rail transport sector in Germany (passenger rail transport including trams), passenger numbers increased by 2.6% in 2012 in comparison to 2011 and the passenger mileage (Pkm) increased by 2.8%. In the long-distance passenger rail transport sector, passenger numbers increased by 4.5% in 2012 in comparison to 2011 and the passenger mileage (Pkm) increased by 5.0%.

The market opening in the local passenger rail transport sector continues to progress with a number of tender bids for both used and new vehicles. The private railway market particularly relevant for private railways active in the passenger rail transport sector has also grown continuously in recent years. The share of private railways in terms of train mileage in the regional sector increased in 2011 to approx. 155 million train kilometres. With regard to train mileage, the market share of private railways increased from 6.4% in 2000 to 18%.

in 2008 and 24.1% in 2011. The market share of private railways also continued to increase during the 2012 calendar year, and stood at approx. 25% at the end of the year. The total market for services in the passenger rail transport sector included services of approximately 642 million train kilometres per year. Due to the expiration of large transportation contracts with the Deutsche Bahn, an increased annual total of approx. 60 to 80 million train kilometres is expected for the upcoming year.

In 2010, services amounting to 61 million train kilometres were awarded by the commissioning parties in various procedures; of which 37% or 23 million train kilometres were awarded to private providers. In 2011, the private operators were awarded 28% of the awarded train kilometres.

The already published and announced tender bids are expected to continue to steadily increase the market share of private railways. The majority of the passenger rail transport services will also be put out for tender for the first time in the coming years, which will successively close the entire market relevant for Alpha Trains. For transport tender bids in the passenger rail transport sector in 2013 to 2015, the need for electrical and diesel-operated passenger rolling stock is expected to emerge, with a vehicle investment volume of approximately EUR 1.5 billion per year. All the transport contracts concluded with DB Regio previously without a tendering process will be put up for tender in a competitive process. In addition to the purely quantitative increase in tender bids, the volumes of the individual tender bids also increased significantly. One example is the Ostwestfalen-Lippe diesel network, which starts operation in December 2013 and will require more than 40 diesel trainsets. Other examples include the Cologne and Southwest (Rhineland Palatinate) with a requirement exceeding 60 vehicles each. The operational launch for both these networks is scheduled for December 2013 or 2014.

In the electrical vehicle sector, in 2012, there were several tender bids ranging from approx. 5 to 9 million train kilometres and a fleet size of approx. 30 to 40 vehicles. Examples include the Mitteldeutsche S-Bahn (Central German Tram System) network, the Emsland / Mittelland express lines or the Saale-Thuringia-Südharz tender bid.

Alpha Trains Europa GmbH, Cologne

## B. Turnover development

Alpha Trains Europa GmbH earns turnover with three vehicle fleets: 1. company-owned vehicles, 2. Alpha Trains Group vehicles and 3rd warehouse vehicles of the Royal Bank of Scotland (RBS). Within the scope of the sale of the Alpha Trains Group, all Alpha Trains Group rolling stock still under construction and not yet delivered was moved to the "RBS Warehouse" and RBS maintained ownership.

Alpha Trains Europa GmbH is responsible for all activities in the passenger rail transport sector. Currently Alpha Trains operates a total of 236 passenger trains, of which 25 are partially funded (funding = 50%) Ems-Senne-Weser trainsets belong to the capital assets of Alpha Trains Europa GmbH, 146 trainsets belong to Alpha Trains Luxembourg S.a.r.l and 65 electrical trainsets are owned by the RBS (RBS Warehouse).

The turnover of Alpha Trains Europa GmbH increased from 2011 to 2012 by approximately 2.1% to TEUR 51,240 (previous year: TEUR 50,182).

On the expense side, the turnover earned was offset by expenses for commissioned services for leasing vehicles from affiliated companies and RBS Warehouse amounting to TEUR 47,993 (previous year TEUR 46,949).

## C. Demand pattern and order situation

The turnover includes turnover from company-owned vehicles (end of 2012 = 25 diesel trainsets) with rented vehicles from Alpha Trains Luxembourg S.a.r.l (end of 2012 = 146 trainsets, of which 19 electrical and 127 diesel-operated trainsets) and with vehicles from the RBS Warehouse (end of 2012 = 65 electrical trainsets).

In 2012, the used fleet was at 99% utilisation on average, which maintained turnover at the same level. Following the conclusion of subsequent rentals for expiring contracts, in 2012, average utilisation exceeding 99% was already secured for the following year.

## D. Developments of capital and refinancing costs

During fiscal years 2008 and 2009, the entire group of companies, including Alpha Trains Europa GmbH in Luxembourg were restructured under a new Alpha Trains Holding company, Alpha Trains Group S.a.r.l. This included the creation of a new company, Alpha Trains Luxembourg S.a.r.l This company thus became the owner of all non-publicly funded rolling stock of the Alpha Trains Group and responsible for financing and managing assets for the same. By creating a central vehicle pool with the majority of the vehicle fleet in Luxembourg, the conditions for financing new transactions and refinancing were significantly improved.

The framework conditions for new construction investments and the connected refinancing remain significantly more complex for all market participants than prior to the financial crisis. On this basis, until 2010, Alpha Trains did not conclude any new projects in the new construction sector, first due to the change in shareholders and later due to the financial crisis. Since mid-2010, Alpha Trains Europa GmbH has been active in passenger rail transport tender bids with a need to construct new vehicles for the local passenger rail transport sector on behalf of the Alpha Trains Group. In the 2012 calendar year and at the start of 2013, the Alpha Trains Group concluded two new contracts, for which two project companies were founded. The total investment volume of both contracts significantly exceeds EUR 400 million.

## E. Legislative amendments

There are concrete ideas regarding the restructuring of the leasing balance of accounts in accordance with the IFRS. Accordingly, no differentiation is now made between operate leasing and finance leasing, meaning the “off-balance sheet” balance sheet component for Alpha Trains Europa GmbH business is not applicable. Alpha Trains expects only minimal effects on the leasing business as a result of the change in methods to balance accounts, as, in general, the risk management aspect and not the financing needs are the priority when concluding agreements with Alpha Trains.

Alpha Trains Europa GmbH, Cologne

**F. Branch-specific aspects**

In the countries also supported by Alpha Trains Europa GmbH, including Denmark, the Netherlands, the Czech Republic, Slovakia, Switzerland and Austria, the demand for operate leasing remains comparatively low. However, the increasing Europe-wide standardisation of vehicle standards, most recently, inter alia, with the TSI PRM, TSI Noise and TSI Crash makes it easier to enter the neighbouring markets of Germany. Within the scope of cross-border acceptance, certification based on partial mutual recognition of certifications has been made easier. Alpha Trains has been able to obtain vehicle-related certification for the Desiro fleet in the Czech Republic. In the meantime, Alpha Trains has concluded an initial lease agreement for two months for Desiro diesel rail cars in the Czech Republic. In Austria and Slovakia, framework conditions to facilitate more competition-based awarding were created so that in future, the Alpha Trains diesel fleet can be marketed and utilised on a more widespread basis throughout the region.

Accordingly, Alpha Trains was able to conclude an agreement with Regio Jet regarding the use of nine diesel rail cars in Slovakia. Since the start of operations in March 2012, these have been running on the Bratislava-Dunajska Streda-Komarno segment and will continue to run until 2020.

The technical focus of the fleet management in 2011 pertained to the return and re-leasing of 11 Talent vehicles. Within the scope of this return, the primary inspection of all 11 vehicles commenced in 2011 and completed in 2012. From mid-2012, the process of overhauling the motors on all 20 Stadler RS1 began and the overhaul of all 20 vehicles is likely to be completed in 2014.

A Slovakian operation permit was obtained for the use of nine Talents in Slovakia starting from March 2012. In addition, 6 Desiro vehicles were equipped with sliding steps, meaning all 21 German Desiros are now equipped with sliding stairs and significantly increasing the remarketing options of this fleet.

In addition to managing the existing fleet, plants of new vehicle providers were visited to determine additional potential partnerships for the planned new business.

## G. Significant financial performance indicators for the asset, financial and earnings situation

Pre-tax earnings in 2012 amounted to TEUR 506 (previous year TEUR 306). After taxes, this resulted in an annual surplus for 2012 of TEUR 1 (previous year's annual deficit TEUR 235). The high tax expenditure was essentially due to the partial commercial tax-related addition of the leasing expenses.

As of 12/31/2012, Alpha Trains Europa GmbH's capital assets remained the same with 25 and a remaining book value of TEUR 22,533 (previous year: TEUR 23,887). Based on the linear depreciation for wear and tear, scheduled amortisations amounting to TEUR 1,354 corresponded with the previous year.

The refinancing amounted to TEUR 16,611 (previous TEUR 17,224) and was executed using a bank loan. In addition, deposits received amounting to TEUR 13,652 were reported under the other liabilities amounting to TEUR 14,591.

The accrued liabilities increased in comparison to the previous year from TEUR 646 to TEUR 1,352. This resulted, in particular, from increased accrued liabilities for employee bonuses due to the staff more than doubling, amounting to TEUR 1,085 (previous year TEUR 353) in comparison to the previous year.

The other operational earnings pertain, essentially, to management fees amounting to TEUR 4,991 (previous year TEUR 2,241) which were generated with respect to affiliated companies.

The personnel expenses increased by TEUR 1,818 to TEUR 3,523 in comparison to the previous year as in 2012, the central positions, e.g. a part of the financial department and the legal and human resources were moved from London to Cologne.

Interest expenses decreased in comparison to the previous year from TEUR 802 to TEUR 467. In addition to the bank loan repayments, the continuously decreasing general interest rate level on variable interest rate loans resulted in a significant decrease in interest expenses.

The subscribed capital amounts to TEUR 11,473 since a capital increased in 2008. Taking the losses carried forward and earnings from fiscal year 2012 into account, this resulted in equity capital amounting to TEUR 708.

## H. Capital resources

Throughout fiscal year 2009, a new Alpha Trains Group company, Alpha Trains Group S.a.r.l, was established in Luxembourg. Their subsidiary, Alpha Trains Group S.a.r.l is the vehicle owner of all Alpha Trains Group rolling stock and responsible for financing and asset management. Only vehicles funded with public resources or those in countries with complicated tax withholding guidelines are excluded from this. As the so-called “hub”, this Company provides the sales branches (“spokes”) financing and leasing services. The “spokes” then, in turn, lease the vehicles directly to the local rail traffic providers. Purchasing and technical management of the rolling stock are also centralised at the hub.

The decision for the “hub & spoke concept” in Luxembourg was made based on the continuously changing regulatory and fiscal environment in the leasing and credit system in Europe.

## I. Personnel measures

In the 2012 fiscal year, the number of staff increased significantly as, due to closing one of the sister companies in London, significant central functions were relocated to Cologne. New hires were primarily in the financial, legal, human resources and company development sectors. At the end of 2012, 23 employees (previous year: 11 employees) were employed in Cologne.

## J. Investments

All vehicle feels are being very successfully utilised, without problems, in the respective regions.

For the two new contracts awarded during the 2012 calendar year and at the beginning of 2013, the Alpha Trains Group will invest in a volume significantly exceeding EUR 400 million in new trains. Two new project companies were founded in Luxembourg for the new contracts and are also the respective owners of the trains. The trains are directly rented to customers by companies headquartered in Luxembourg.

## K. Overall statement regarding the financial situation of the Company

Since the foundation of the Company in 2002, turnover has continued to increase to date. In 2008, the Alpha Trains Group had to completely reorganise itself when Angel Trains UK split off and the shareholders changed; Alpha Trains Europa GmbH emerged from this process stronger. After the completion of the reorganisation, the new shareholders sustainably support the expansive strategy of Alpha Trains Europa GmbH with shareholder resolutions allowing the submission of new vehicle financing proposals for a significant number of passenger rolling stock. The earnings from standard business activities in 2013 amounted to TEUR 506 (previous year TEUR 306), after taxes, which resulted in an annual surplus of TEUR 1 (previous year's annual deficit TEUR 235).

## II. Presentation of risks

The management focus is on successfully implementing the awarded tenders and on developing personnel. With regard to the vehicle fleet, no unsolvable technical problems are known; the rental status of the company-owned fleet at the end of 2012 was 99%. The entire vehicle fleet has been refinanced in the medium-term.

## A. Financial risks

Due to the customer structure of Alpha Trains Europa GmbH, only two customers have no public shareholders and due to the publicly refinanced passenger rail transport market, the risk of an insolvency-related default of a debtor is low. The risk of default on these rental agreements is also secured by guarantees in the form of bonds or cash deposits, which take effect in the event of rental fee default and non-contract-compliant vehicle returns.

Risks for the Company arise in the event that the trains are not released after the contract expires.

However, since the Company only owns 25 funded diesel trainsets, the risk of subsequent rental is limited. For these two trainsets, there is already a declaration of intent from the customer for subsequent rental beyond December 2013.

The tax-related company audit for 2006 to 2009, which commenced in 2011, was completed in 2012 and the resulting additional burden amounts to approx. TEUR 30. Withholding taxes to be discharged on 12/31/2012 amounting to TEUR 256 for 2006 to 2008 are reported in the other liabilities. Since there are corresponding recharging claims towards the original tax debtor, there was no effect on earnings in the 2012 fiscal year.

**B. Environment and branch risks**

Demand for operating leases has been sustained among all current tender bids for locomotive rentals, regardless of the volume of transportation contracts.

Due to the expiration of the original framework agreements concluded directly with DB Regio, without a preceding competitive process, the number and volume of tender bids for transportation contracts continue to increase. The first transportation contracts are now being put up for tender for a second time. In the majority of all tender bids, the public commissioning parties were able to implement savings on behalf of the public in comparison to the previous contract. The significant reduction in public regionalisation funds of previous years is thus no longer relevant. Many Alpha Trains customers are at the capacity threshold with their existing fleets. Alpha Trains was able to react to the increased demand, partly by increasing prices.

In the vehicle financing market, which is still impacted by financial crises, competition for passenger train rentals has changed significantly since 2008 and the banks active in the passenger rail transport sector remain highly risk averse, with the refinancing margin for new vehicles yet to reach pre-crisis levels. Railpool, a joint venture of KFW-IPEX and HSH Nordbank, established itself as an additional locomotive provider on the market that, due to its public ownership structures, has excellent refinancing options. Since the

concluded fiscal year, Railpool has been up for sale, however, the sale had not been concluded by the end of 2012.

The commissioning parties putting up the tender bids are increasingly offering financing assistance in their tender bids in the form of re-use guarantees or publicly-based financing. A few commissioning parties are even prepared to invest in vehicles themselves.

In total Alpha Trains was able to defend its place as the market leader in the highly active used vehicle sector. The fact that, with an overall managed fleet of 236 trainsets, comprising 152 diesel and 84 electrical trainsets, Alpha Trains Europa GmbH regularly has an impressive number of used vehicles available, has contributed to this. In addition, the Alpha Trains Group vehicle fleet will be expanded from 2015 by an additional 63 trainsets as a result of new construction projects.

**III. Forecast report**

The Alpha Trains Europa GmbH is an established market leader in the rental and fleet management sector for passenger rolling stock. The long-term transportation contracts with Alpha Trains customers, alongside long-term lease agreements for rolling stock with Alpha Trains and solid refinancing of the public passenger rail transport market underpin an economically-dependent, long-term, solid turnover generation. Due to the long cycles on the locomotive rental market, the Alpha Trains business model is largely protected against severe fluctuations. Via the existing network and the due to the quality of experienced employees, AT has been able to harness the market potential of the rental market for rail passenger transport. Assuming a successful defence of the majority share of the transportation networks by the current operator (e.g. DB Regio in Germany), there will be sufficient, unexploited growth potential in future in both the used and new vehicle rental sectors.

For the current 2013 fiscal year, Alpha Trains Europa GmbH has already contractually committed all but one of the Alpha Trains Group vehicles available for passenger transport until the schedule change in December, 2013, which means a rental occupancy average of approx. 99% has been secured for 2013. Turnover for 2013 is also expected to be equivalent to 2012. The already palpably lively demand for passenger rail vehicles for 2013 and 2014 is additionally confirmed at a high level

with utilisation for the 2013 fiscal year. Further increases can only be achieved short-term by expanding the vehicle fleet. The existing cost factor degression effect, customer trust in Alpha Trains and multi-layered experience are an additional competitive edge for Alpha Trains and are the basis for gaining additional new construction contracts. The market offers sufficient growth potential, which also allows for success amid intensifying competition. In 2012 and at the beginning of 2013, two new contracts were concluded. After signing the agreements, Alpha Trains Europa GmbH assumed management for the two new projects and will also handle the entire fleet management when the agreement takes effect in December 2015.

Based on positive experiences managing third-party fleets (RBS Warehouse), Alpha Trains Europa GmbH will attempt to acquire additional third-party fleets and manage them for a commission.

In 2013 and 2014, balanced to slightly positive earnings are expected. Confirmation of further support from the shareholders remains valid and is also important for the future of the Company as the capital required for further growth can only be generated in cooperation with shareholders and the association of companies in the ATG.

Upon conclusion of the 2012 fiscal year, there had been no events of particular significance.

On March 25, 2013, Mr. Stefan Stiefel withdrew from the management.

On April 8, 2013, Mr. Thomas Schmidt was appointed to the position of Managing

Director. Cologne, April 2013
The management

TRADE BALANCE

Alpha Trains Europa GmbH
Cologne

dated

BALANCE SHEET

Alpha Trains (Locomotives) GmbH
Cologne

on

31. December 2012

## ASSETS

| | EUR | Fiscal year EUR | Previous year EUR |
|---|---|---|---|
| A. Investment assets | | | |
| Tangible assets | | | |
| 1. Technical facilities and other assets | 2.00 | | 2,00 |
| 2. Other investments, operational and office equipment | 22,802,498.00 | | 24,080,717.00 |
| | | 22,802,500.00 | 24,080,719.00 |
| B. Floating assets | | | |
| Receivables and other assets | | | |
| 1. Receivables from deliveries and services | 1,959,584.08 | | 797,035.79 |
| 2. Receivables due from affiliated companies | 5,922,108.23 | | 2,909,570.86 |
| 3. other assets | 10,627,413.91 | | 7,358,973.35 |
| | | 18,509,104.22 | 11,075,580.00 |
| II. Cash assets, federal bank credit balance, credit balance with credit institutes and checks | | 4,541,233.09 | 5,518,798.35 |
| C. Accruals and deferrals | | 12,584.16 | 0.00 |
| | | 45,855,421.47 | 40,675,097.35 |

| | EUR |
|---|---|
| A. Equity capital | |
| 1. Subscribed capital | |
| II. Losses carried forward | |
| III. Annual deficit | |
| B. Provisions | |
| 1. Tax provisions | 2, |
| 2. Other provisions | 1,349, |
| C. Liabilities | |
| 1. Liabilities toward credit institutes | |
| 2. Liabilities from deliveries and services | 16,6 |
| 3. Liabilities toward affiliated companies | 71 |
| 4. other liabilities | |
| | 11,8 |
| | 14,5 |

PROFIT AND LOSS STATEMENT
for the period from January 1, 2012 to December 31, 2012
Alpha Trains Europa GmbH, Cologne

| | Fiscal year EUR | Previous year EUR |
|---|---|---|
| 1. Sales revenue | 51,240,432.65 | 50,181,524.32 |
| **2. Total performance** | 51,240,432.65 | 50,181,524.32 |
| 3. Other operational earnings | 5,362,498.49 | 2,942,039.63 |
| 4. Material expenses | | |
| Expenses for commissioned services | 47,992,716.92- | 46,949,094.74- |
| 5. Personnel expenses | | |
| a) Wages and salaries | 3,153,014.96- | 1,520,940.66- |
| b) Social security contributions and expenses for pensions and support | 370,249.93- | 183,778.72- |
| | 3,523,264.89- | 1,704,719.38- |
| - of which EUR -45,048.78.39 for pensions (EUR -22,000.54) | | |
| 6. Depreciations on intangible assets of the capital assets and tangible assets and on activated expenses for starting and expanding the business operations | 1,397,704.00- | 1,370,008.54- |
| 7. Other operational expenses | 2,730,640.26- | 2,048,557.56- |
| 8. Other interest and similar earnings | 14,260.26 | 56,982.53 |
| 9. Interest and similar expenses | 466,861.38- | 802,103.29- |
| - of which EUR 68,083.49 (EUR -94,000.05) to affiliated companies | | |
| **10. Earnings from normal business activities** | 506,003.95 | 306,062.97 |
| 11. Taxes from income and earnings | 501,686.02- | 538,807.41- |
| 12. Other taxes | 3,266.00- | 1,810.00- |
| | 504,952.02- | 540,617.41- |
| **13. Annual surplus** | 1,051.93 | 234,554.44- |

Alpha Trains Europa GmbH, Cologne

**Appendix for fiscal year 2012**

**1. General information and explanations**

The annual financial statement dated Monday, December 31, 2012 was drafted in accordance with the provisions of the Commercial Code (HGB) in compliance with the supplemental provisions for capital companies (§§264 ff. HGB) and the GmbH Act (German Corporations Act) assuming the company will continue to exist.

The Company is a large company in accordance with §267 HGB.

All companies directly or indirectly owing a majority of Alpha Trains (Luxembourg) Holdings, Luxembourg are defined as affiliated companies.

**2. Information and explanations regarding items in the balance sheet and profit and loss statement**

a) Accounting and assessment methods

The capital assets were estimated at the procurement costs and, insofar as they are consumable, reduced by scheduled amortisations. The assets shall be amortised linearly across the projected duration of use in accordance with the tax regulations.

Low-value financial goods, the procurement or manufacturing costs of which vary between EUR 150.00 and EUR 1,000.00 were recorded in accordance with the tax regulations in an annual compound item. They will be amortised linearly over five years (pool valuation), whereby, regardless of the time of acquisition, one fifth must be amortised in the year of purchase (§6 Abs. 2a Income Tax Act).

With regard to public contributions, the right to elect to deduct these from the procurement costs has been exercised.

Insofar as the value of capital asset items determined in accordance with the above principles exceeds the value to be attributed on the financial statement date was reflected by unscheduled deductions.

Receivables and other assets were valued at the nominal value, taking all identifiable risks into account.

Liquid assets were estimated at the nominal value.

The accruals and deferrals include expenses prior to the balance sheet date, insofar as they are expenses for a specific period after the balance sheet date.

The right to elect to activate deferred taxes was not exercised.

Accrued liabilities were passivated amounting to the necessary settlement amount in accordance with the commercial assessment.

Liabilities were estimated at the settlement amount.

Foreign currency receivables and liabilities shall be valued at the exchange rates applicable as of the balance sheet date. Profits and losses resulting from the evaluation shall be offset by each other, per currency. Profits shall only be taken into account, insofar as they pertain to receivables and liabilities with a remaining term of up to one year.

b) Explanations regarding the balance sheet

The structure and movement of capital assets can be found in the asset schedule attached to this Appendix.

The receivables from deliveries and services reported in the balance sheet are, as in the previous year, short-term receivables with a remaining term of up to one year.

On the balance sheet date, there are no receivables due to shareholders, as in the previous year.

The other assets pertain essentially amount to TEUR 10,554 (previous year: TEUR 7,206) Claims from the Head Lease Agreements with Alpha Trains Luxembourg S.a.r.l and the Royal Bank of Scotland (RBS) from transferred maintenance reserves. Of these, TEUR 10,157 (previous year: TEUR 6,913) are from affiliated companies. Furthermore, there are sales tax remuneration claims amounting to TEUR 0 (previous year: TEUR 116).

The liquid assets include short-term bank credits.

The subscribed capital remained the same as the previous year at TEUR 11,473.

The other provisions essentially include provisions for bonus payments to employees for 2012 amounting to TEUR 1,085 (previous year: TEUR 353) and corporate and commercial tax claims amounting to TEUR 77 (previous year: TEUR 82).

The remaining terms of the liabilities towards credit institutes amounting to TEUR 589 (previous year: TEUR 557) pertain to liabilities with a remaining term of up to one year, amounting to TEUR 16,022 (previous year: TEUR 16,667) with a remaining maturity of one to five years. There are no liabilities with a remaining term exceeding five years, as in the previous year.

The liabilities towards affiliated companies include liabilities towards shareholders amounting to TEUR 4,055 (previous year: TEUR 3,259). The liabilities towards affiliated companies on the balance sheet date essentially include liabilities towards Alpha Trains Luxembourg S.a.r.l amounting to TEUR 6,917 (previous year: TEUR 6,806) resulting from leasing obligations.

The other liabilities include liabilities with a remaining term of up to one year amounting to TEUR 939 (previous year: TEUR 820). In the amount of TEUR 13,652 (previous year: TEUR 9,765) the other liabilities have a remaining term exceeding one year.

The other liabilities include, primarily, deposits received amounting to TEUR 13,652 (previous year: TEUR 9,765). They pertain to payments from tenants or lessees for securing the maintenance expenses to be paid by the Company with regard to the rented locomotives. The maturity is based on the duration of the corresponding rental and lease agreements. In principle, the first inspections of the rolling stock shall be performed after six to eight years.

Withholding taxes to be discharged on December 31, 2012 amounting to TEUR 256 for 2006 to 2008 are also reported in the other liabilities. Since there are corresponding recharging claims towards the original tax debtor, there was no effect on earnings in the 2012 fiscal year.

**3. Information about the profit and loss statement**

The profit and loss statement was drafted in accordance with the total cost method in accordance with
§275 Para. 2 HGB.

The other operational earnings essentially include management fees amounting to TEUR 4,991 (previous year: TEUR 2,241) generated with respect to affiliated companies.

The expenses for commissioned services include expenses towards affiliated companies amounting to TEUR 24,392 (previous year: TEUR 24,356).

The other interest and similar earnings do not include any earnings from affiliated companies, as in the previous year.

The interest and similar earnings item amounts to TEUR 467 (previous year: TEUR 802). These include expenses for commissioned services towards affiliated companies amounting to TEUR 68 (previous year: TEUR 94).

**4.** Other **entries**

On the balance sheet date, there were contingent liabilities in accordance with §251 HGB in conjunction with §268 Para. 7 HGB from the joint liability for bank liabilities of affiliated companies amounting to EUR 490 million (previous year: EUR 508 million). In addition, there were joint liabilities for SWAP transactions concluded on the group level from 2008 and 2010, which currently have a negative market value of EUR 107 million. The underlying obligations can definitely be fulfilled by the relevant companies based on the available information; utilisation is not expected.

There are transactions and financial obligations in accordance with §285 No. 3 or No. 3a HGB from leasing agreements with affiliated companies with a maximum term until 2020 amounting to EUR 88 million that are not included in the balance sheet (previous year: EUR 159.6 million) as well as further financial obligations from leasing agreements maturing in 2015 and amounting to EUR 246 million (previous year: EUR 271 million).

The managing directors of the Company in 2012 were

Mr. Oliver Christian Feicks, Mönchengladbach - until March 21, 2012
Mr. Stefan Johannes Stiefel, Antwerp/Belgium - until March 25, 2013
Mr. Shaun Michael Mills, Lowton/Cheshire, Great Britain
Mr. Thomas Schmidt, Kerpen, from April 8, 2013

Two directing managers did not receive any income in accordance with §285 No. 9 HGB during the 2012 fiscal year. In accordance with §286 Para. 4 HGB, further information on this was omitted.

In the 2012 fiscal year, the Company had an average of 17 (previous year: 11) employees.

The remuneration for the financial auditor amounted to TEUR 29 (previous year: TEUR 26.5) and was solely allocated to financial auditing services.

Name and seat of the parent company:

The parent company which drafts the consolidated financial statement for the largest and smallest group of companies is Alpha Trains (Luxembourg) Holdings, headquartered in Luxembourg. The consolidated financial statement can be obtained at the offices of Alpha Trains (Luxembourg) Holdings, Luxembourg.

**5. Recommendation for utilising earnings**

The management recommends carrying the annual deficit forward in full to a new account.

Cologne, April 17, 2013

Signature [redacted]

Thomas Schmidt

ASSET SCHEDULE dated December 31, 2012

Alpha Trains Europa GmbH, Cologne

| | Procurement costs 01 01 2012 | Deposits Withdrawals | Accumulated amortisations 12/31/2012 | Amortisations Attributions from 1/1/2012 to 12/31/2012 | Book value 3112.2012 | Book value 31.12 2011 |
|---|---|---|---|---|---|---|
| | EUR | EUR | EUR | EUR | EUR | EUR |
| 1. Tangible assets | | | | | | |
| Technical facilities and machines | 2,171.66 | | 2,172,66 | 0,00 | 2,00 | ,,OO |
| Other investments, operational and office equipment | 33,983,085.5O | 119 485.00 | 11200072.60 | 1397704.00 | 22 802,498.00 | 24 080 717.00 |
| Tangible assets | 33,985,260.26 | 119,485.00 | 11,302,245.26 | 1,397,704.00 | 22,802,500.00 | 24,050,719.00 |

# General Assignment Conditions for Financial Auditors and Financial Auditing Companies dated January 1, 2002

1. Scope of applicability

(1) The assignment conditions apply to the contracts between financial auditors or financial auditing companies (hereinafter referred to collectively as “financial auditors”) and their clients for audits, consultations and other assignments insofar as not otherwise expressly agreed in writing or where mandatory by law.

(2) If, in individual cases, as an exception, contractual relationships are established between the financial auditor and other persons as the client, the provisions in No. 9 below also apply to such third parties.

2. Scope and execution of the order

(1) The object of the assignment is the contracted service, not a specific economic success. The assignment shall be executed in accordance with the principles of proper professional conduct. The financial auditor is authorised to utilise experts to execute the order.

(2) The consideration of foreign law, except for assurance engagements, requires express written consent.

(3) Unless directly applicable for the assignment, the assignment does not include auditing to clarify whether tax law regulations or special regulations such as the laws controlling price fixing and competition restriction and business have been complied with; the same applies when determining whether subsidies, allowances or other benefits can be utilised The execution of an order therefore only includes the auditing tasks, which are directed specifically at discovering fraudulent accounting and other irregularities if grounds arise while performing the audits or this has been expressly agreed in writing.

(4) If the legal situation changes after the final professional opinion has been submitted, the financial auditor need not notify the client of changes or resulting consequences.

3. Client’s obligation to provide information

(1) The client must ensure that the financial auditor receives the necessary documents to execute the assignment promptly and unbidden and provide information about all events and circumstances that might be significant for executing the assignment. This also applies to the documents, processes and circumstances that are not apparent while the financial auditor is performing his/her duties.

(2) Upon request of the financial auditor, the client must confirm the completeness of the submitted documents and information and declarations provided in a written declaration drafted by the financial auditor.

4. Ensuring independence

The client shall ensure that the financial auditor refrains from any actions that might endanger his/her independence. This particularly applies to offers for employment and offers to accept assignments on his/her own behalf.

5. Reporting and verbal information

If the financial auditor is required to record his/her activity in writing, only the written record is binding. For auditing assignments, unless otherwise agreed, the report shall be submitted in writing. Verbal information and declarations made by employees of the financial auditor outside the issued assignment are non-binding.

6. Protection of the auditor’s intellectual property

The client shall ensure that the reports, organisational plans, drafts, drawings, lists and calculations, particularly invoice and costs calculations created by the financial auditor, shall only be used for the client’s own purposes within the framework of the audit.

7. Transmission of a professional statement from the financial auditor

(1) Transmitting professional statements from the financial auditor (reports, assessments, etc.) to a third party requires written consent of the financial auditor unless the content of the order already provides consent to transfer these to a specific third party.

The financial auditor is only liable towards a third party (in the framework of No. 9), provided the requirements of Sentence 1 have been fulfilled.

(2) The utilisation of professional statements from the financial auditor for commercial purposes is prohibited; a breach entitles the financial auditor to immediately cancel all client assignments that remain pending.

8. Rectification of defects

(1) In case of defects, the client is entitled to demand that the financial auditor rework the order. Only if this reworking is unsuccessful can the client also reduce the remuneration or reverse the contract; if the assignment was issued by a salesperson in the framework of his/her trade activities, a legal entity in accordance with public law or a public special entity, may the client demand a reversal of the contract if the service provided is of no interest due to the failure to rework the assignment. If claims for damages exist beyond this scope No. 9 applies.

(2) Claims to rectify defects must be enforced immediately in writing. Claims in accordance with Para. 1, which are not based on intentional action, expire one year from the legal start of the year.

(3) Apparent inaccuracies such as potential spelling errors, calculation errors and form errors in the professional opinion of the financial auditor can be corrected by the financial auditor or a third party at any time. Inaccuracies that might call the professional opinion of the financial auditor into question authorise the financial auditor to retract the statement, including towards third parties. In the aforementioned cases, the client must be informed by the financial auditor beforehand if possible.

9. Liability

*(1) For legally mandatory audits, the limitation of liability in §323 Para. 2 of the HGB applies.*

*(2) Liability in the event of negligence, individual damage case*

If Para. 1 does not take effect and no regulation is specified in an individual case, the liability of the financial auditor for compensatory damage claims of any kind is limited to EUR 4 million, excluding damages resulting from death, injury or harm to health, individual damages caused by negligence in accordance with §54 a Para. 1 No. 2 WPO; this also applies if there is justified liability towards another person than the client. An individual damage case is also constituted with regard to uniform damage resulting from several breaches of duty. The individual damage case encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of equivalent nature are deemed a uniform breach of duty if the matters in question are legally or economically interconnected. In this case, the financial auditor can be sued for up to EUR 5 million. The limitation to five times the minimum insurance sum does not apply to statutory mandatory audits.

*(3) Exclusion periods*

Claims for damages can only be enforced within an exclusion period of one year after the person entitled to the claim has been informed of the event on which the claim is based, however, no later than within 5 years after the event on which the claim is based. The claim expires if no complaint is filed within six months of the written rejection for compensation and the client is informed thereof.

The right to assert the statute of limitations remains unaffected. Sentences 1 to 3 also apply to legally mandatory audits with the statutory limitation of liability.

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10. Supplemental provisions for audit orders

(1) A subsequent modification or abridgment of the financial statement or situation report audited by the financial auditor and furnished with an audit opinion requires the written consent of the auditor, even if unpublished. If the financial auditor has not issued an audit opinion, a reference to the audit performed by the financial auditor may be made in the situation report or other medium intended for the public with the written consent of the financial auditor and in the formulation approved by the auditor.

(2) If the financial auditor withdraws the audit opinion, the audit opinion may not be used. If the client has already used the audit opinion, he/she must notify the financial auditor of the withdrawal upon request.

(3) The client is entitled to make five copes of the report. Further copies shall be invoiced separately.

11. Supplemental provisions for assistance in tax matters

(1) The financial auditor is authorised, in consultation on individual tax matters and in case of ongoing consultation, to consider the facts provided by the client, particularly numbers, as accurate and complete; this also applies to accounting assignments.

The tax consultation assignment does not include the actions required to comply with deadlines, unless the financial auditor has expressly assumed these duties in the assignment. In this case, the client must submit all documents necessary to comply with deadlines to the financial auditor on time, in particular, tax declaration, so they are available to the financial auditor for processing for a reasonable period of time.

(3) In the absence of any other written agreements, the ongoing tax consultation includes the following activities which fall within the duration of the agreement:

a) Preparing the annual tax declarations for income, corporate and commercial tax as well as capital tax declarations, namely based on annual financial statements to be submitted by the client and other lists and evidence required for taxation.

b) Review of all tax declarations for the taxes listed in a).

c) Negotiation with the tax authorities in conjunction with the declarations and notifications specified in a) and b).

d) Participation in operational audits and evaluation of the results thereof with regard to the taxes listed in a).

e) Participation in objection and complaint processes with regard to the taxes listed in a).

The financial auditor takes the significant, published legislation and administrative approach into account when performing the above tasks.

(4) If the financial auditor receives flat rate compensation for ongoing tax consultation, in the absence of any other written agreements, the activities listed in Para. 3 d) and e) shall be separately compensated.

(5) Processing special, individual questions regarding income tax, corporate tax, commercial tax, property evaluation and property taxes as well as all questions pertaining to sales tax, wage taxes, other taxes and fees are handled based on a special order. This also applies to:

a) processing one-time tax matters, e.g. in the field of estate taxes, capital transfer taxes and property transfer taxes

b) participation and representation in court proceedings regarding financial and administrative jurisdiction and criminal tax matters and

c) consulting and auditing activities in conjunction with conversions, mergers, capital increases and decreases, overhauls, new and leaving shareholders, sale of the business, liquidation and similar.

(6) If the preparation of the annual sales tax declaration is deemed a supplemental service, this does not include the review of any special accounting requirements and the question of whether all sales tax-related benefits available have been utilised. The scope of the assignment does not include a guarantee for the complete creation of documents to enforce the pre-tax deduction.

12. Confidentiality towards third parties, data protection

(1) The financial auditor is obligated by law, to maintain confidentiality regarding all facts of which he/she becomes aware in conjunction with his/her activity for the client, regardless of whether this pertains to the client itself or its business contacts, unless the client has released the auditor from this obligation.

(2) The financial auditor may only provide third parties with reports, audits and other written statements concerning the results of his/her activities with the written consent of the client.

(3) The financial auditor is authorised to process personal data entrusted to him/her in the framework of the client's purposes or to have it processed by a third party

13. Delay in approval and lack of cooperation by the client

If the client is in default of approving the services provided by the financial auditor or if the client fails to fulfil its participation in accordance with No. 3, the financial auditor is entitled to cancel the agreement with immediate effect. The financial auditor may claim compensation for the additional expenses incurred due to the delay or lack of participation and damages, even if the financial auditor does not exercise the right to cancel the agreement.

14. Remuneration

(1) In addition to his/her fees and remuneration, the financial auditor is entitled to compensation for his/her own expenses; the sales tax is calculated separately. He/she can demand reasonable advances on the compensation and expense reimbursement and is authorised to make the provision of his/her services dependent upon the satisfaction of his/her claims. Several clients are jointly liable.

(2) Offsetting against claims against the financial auditor for compensation and reimbursement of expenses is only permitted if the claims are undisputed or have been legally confirmed.

15. Storing and publishing documents

(1) The financial auditor shall store the documents provided in conjunction with the execution of an order and those he/she creates and the written correspondence for ten years.

(2) When the financial auditor's claims have been satisfied, he/she must return all documents provided in the framework of the order to the client upon request. This does not apply to the correspondence between the financial auditor and its client and for the written documents these parties both possess as originals and copies. The financial auditor can create and retain copies or photocopies of documents he/she gives back to the client.

16. Applicable law

German law applies to the execution of the assignment and resulting claims.

Audited unconsolidated financial accounts for Alpha Trains (Locomotives) Limited, for the period ended 31 December 2012, prepared in accordance with International Financial Reporting Standards (IFRS).

# Alpha Trains (Locomotives) Limited

## DIRECTORS' REPORT AND ACCOUNTS

## YEAR ENDED 31 DECEMBER 2012

Alpha Trains (Locomotives) Limited
Registered in England and Wales: No. 4020271
Registered Office: 35 Great St Helen's,London, EC3A 6AP

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# Alpha Trains (Locomotives) Limited

## OFFICERS AND PROFESSIONAL ADVISERS

| | |
|---|---|
| **DIRECTORS:** | S. Mills<br>R. Althen – resigned 31.05.2012 |
| **SECRETARY:** | SFM Corporate Services Limited |
| **REGISTERED OFFICE:** | 35 Great St Helen's<br>London EC3A 6AP |
| **AUDITOR:** | Deloitte LLP<br>Chartered Accountants<br>London |

Registered in England and Wales: No. 4020271.

## DIRECTORS' REPORT

The director presents his report and the audited financial statements for the year ended 31 December 2012.

## PRINCIPAL ACTIVITIES

Alpha Trains (Locomotives) Limited ('the Company') is a member of the Alpha Trains (Luxemburg) Holdings S.a.r.l. ('ALH') group of companies ('the Group'). Alpha Trains (Luxemburg) Holdings S.a.r.l. holds 100% of the Alpha Trains (Malta) Holdco 1 Limited from 30th March 2012 which was the previous top group company.

The Company supports the Group in providing railway stock to non United Kingdom train operators under operating leases.

## REVIEW OF THE YEAR

*Business Review*

The Company is a member of the ALH Group. The Group provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of ALH review these matters on a group basis.

The director recommend that no dividend be paid in respect of the year to 31 December 2012 (year ended 31 December 2011: €nil).

*Financial Performance*

The Company's financial performance is presented in the Income Statement on page 7.

The profit after tax for the year was €127,000 (year ended 31 December 2011: profit after tax €247,000). The profit has been transferred to reserves.

At the end of the year, the financial position showed net assets of €4,689,000 (compared to €4,562,000 at 31 December 2011).

## PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

The Company's portfolios of financial instruments principally comprise loans, deposits and payables. All portfolios are considered to be held for non-trading purposes.

The directors are responsible for considering risk management issues that arise across the Company's financial instrument portfolios. Risk management policies are detailed in note 14.

## DIRECTORS' REPORT (Continued)

### GOING CONCERN

The Company's principal activities and a review of the year are set out in sections above. The financial position of the company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 14 to the financial statements includes details of the Company's objectives and approach to capital management, and details of financial instruments and related principal risks and uncertainties. The company is part of the ALH Group and is reliant on funding from other Group companies. The Group's processes manage its capital and liquidity, including drawing on support provided by investors and banks, continue to provide sufficient capital resources and liquidity for the Group and the Company to meet its obligations as they fall due. After making enquiries about the continued availability of Group funding, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors at the date of approval of this report confirms that:

(1) so far as he/she is aware, there is no relevant audit information of which the Company's Auditor is unaware; and

(2) the director has taken all the steps that he/she ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### DIRECTORS' INDEMNITIES

In terms of s234 of The Companies Act 2006, no directors have been granted Qualifying Third Party Indemnity Provisions by ALH.

### POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company follows the policy and practice on payment of creditors determined by ALH:

AMH will adhere to the following payment policy in respect of all suppliers. ALH is committed to maintaining a sound commercial relationship with its suppliers. Consequently, ALH's policy is to negotiate and agree terms and conditions with its suppliers, which include the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as, may be agreed.

### ELECTIVE RESOLUTIONS

The Company has elected to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appoint the auditor annually.

## DIRECTORS' REPORT (Continued)

### AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor. In accordance with section 485 and 487 of the Companies Act 2006, Deloitte LLP are deemed to have been re-appointed as auditor of the Company.

### DONATIONS

There have been no political or charitable donations in the year (year to 31 December 2011: nil)

### DIRECTORS AND SECRETARY

The present directors and secretary are listed on page 1.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by:

S. Mills
Director
18th April 2013

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA TRAINS (LOCOMOTIVES) LIMITED

We have audited the financial statements of Alpha Trains (Locomotives) Ltd for the year ended 31 December 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Lloyd

Michael Lloyd (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

18 April 2013

## Alpha Trains (Locomotives) Limited

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Other income/(expenses) | | 1 | (3) |
| **Operating profit/(loss)** | | 1 | (3) |
| Finance income | 2 | 257 | 250 |
| **Profit before tax** | | 258 | 247 |
| Tax charge | 4 | (131) | - |
| **Profit attributable to equity holders** | | **127** | **247** |

All profit and loss items relate to continuing operations of the Company.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

| | Note | Year Ended 31 December 2012 €'000 | Year ended 31 December 2011 €'000 |
|---|---|---|---|
| Profit for the year | 11 | 127 | 247 |
| Total comprehensive income | | **127** | **247** |

Notes 1 to 14 form an integral part of these financial statements.

## Alpha Trains (Locomotives) Limited

### BALANCE SHEET AT 31 DECEMBER 2012

| | Notes | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|---|
| **Current assets** | | | |
| Loan receivables from group undertaking | 6 | 4,825 | 4,450 |
| Cash and cash equivalents | 7 | 11 | 137 |
| Trade and other receivables | 8 | 2 | 2 |
| | | 4,838 | 4,589 |
| **Total assets** | | 4,838 | 4,589 |
| **Current liabilities** | | | |
| Trade and other payables | 9 | (149) | (27) |
| | | (149) | (27) |
| **Net current assets** | | **4,689** | **4,562** |
| **Total Liabilities** | | (149) | (27) |
| **Net assets** | | **4,689** | **4,562** |
| **Capital and reserves** | | | |
| Called up share capital | 10 | 16,600 | 16,600 |
| Share premium | 10 | 60 | 60 |
| Retained earnings | 11 | (11,971) | (12,098) |
| **Total equity** | | **4,689** | **4,562** |

Notes 1 to 14 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 18th April 2013 and signed on their behalf by:

S.Mills
Director

Registered in England and Wales: No. 4020271

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

| | Share capital €'000 | Share premium €'000 | Retained earnings €'000 | Total €'000 |
|---|---|---|---|---|
| **Balance at 1 January 2011** | **16,600** | **60** | **(12,345)** | **4,315** |
| Profit for the year | - | - | 247 | 247 |
| **Total comprehensive income** | **-** | **-** | **247** | **247** |
| **Balance at 31 December 2011** | **16,600** | **60** | **(12,098)** | **4,562** |
| Profit for the year | - | - | 127 | 127 |
| **Total comprehensive income** | **-** | **-** | **127** | **127** |
| **Balance at 31 December 2012** | **16,600** | **60** | **(11,971)** | **4,689** |

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Year Ended 31 December 2012 €'000 | Year ended 31 December 2011 €'000 |
|---|---|---|---|
| **Operating activities** | | | |
| **Net profit for the year** | | 127 | 247 |
| Movement in working capital | | 122 | (4) |
| **Net cash from operating activities** | | 249 | 243 |
| **Investing activities** | | | |
| Interest received | | - | - |
| Purchase of interest in subsidiary undertakings | | - | - |
| **Net cash used in investing activities** | | - | - |
| **Financing activities** | | | |
| Loans with group companies | | (375) | (425) |
| **Net cash from financing activities** | | (375) | (425) |
| **Net (decrease) / increase in cash and cash equivalents** | | (126) | (182) |
| Cash and cash equivalents at the beginning of the year | | 137 | 319 |
| **Cash and cash equivalents at the end of the year** | | 11 | 137 |

Notes 1 to 14 form an integral part of these financial statements.

## 1. Significant accounting policies

### General

Alpha Trains (Locomotives) Limited is a Company incorporated in Great Britain under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's operations, its principal activities, and going concern expectations are set out in the Directors' report.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations committee of the IASB (together "IFRS") as adopted by the European Union ("EU").

The financial statements are prepared on the historical cost convention, in compliance with the Companies Act 2006. The principal accounting policies adopted are set out below.

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described below, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements are detailed in the notes below.

### Adoption of the new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

**Standards affecting the financial statements**

| | |
|---|---|
| Amendments to IAS 1*Presentation of financial statements (amended June 2011)* | The Group has applied the amendments to IAS 1 titled *Presentation of Items of Other Comprehensive Income* in advance of the effective date (annual periods beginning on or after 1 July 2012). The amendment increases the required level of disclosure within the statement of comprehensive income.<br><br>The impact of this amendment has been to analyse items within the statement of comprehensive income between items that will not be reclassified subsequently to profit or loss and items that will be reclassified subsequently to profit or loss in accordance with the respective IFRS standard to which the item relates. The financial statements have also been amended to analyse income tax on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income has been restated to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 do not result in any impact on profit or loss, comprehensive income and total comprehensive income. |

| | |
|---|---|
| IAS 19 *Employee Benefits (revised June 2011)* | In the current year, the Group has not applied IAS 19 (as revised in June 2011) Employee Benefits and the related consequential amendments in advance of their effective dates. The group has continued to apply the previous version of IAS 19. |
| Amendments to IFRS 7 *Financial instruments:Disclosures* | The Group has applied the amendments to IFRS 7 titled *Disclosures – Transfers of Financial Assets* in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.<br><br>In the current year, the Group transferred some financial assets that are not derecognised. The application of the amendments has resulted in more disclosures regarding the transfer of financial assets. In accordance with the transitional provisions set out in the amendments to IFRS 7, the Group has not provided comparative information for the disclosures required by the amendments for the prior period. |

**Standards not affecting the reported results nor the financial position**

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

| | |
|---|---|
| Amendments to IAS 12 *Income taxes* | The Group has applied the amendments to IAS 12 (December 2010) titled *Deferred tax: Recovery of underlying assets*. The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 Investment Property. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. |

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended) *Government Loans*
IFRS 7 (amended) *Disclosures - Offsetting Financial Assets and Financial Liabilities*
Annual Improvements to IFRSs *(2009 – 2011) Cycle*
IFRS 9 *Financial Instruments*
IFRS 10 *Consolidated Financial Statements*
IFRS 10, IFRS 12 and IAS 27 *Investment entities* (amended)
IFRS 11 *Joint Arrangements*
IFRS 12 *Disclosure of Interests in Other Entities*
IFRS 13 *Fair Value Measurement*
IAS 27 (revised) *Separate Financial Statements*
IAS 28 (revised) *Investments in Associates and Joint Ventures*
IAS 32 (amended) *Offsetting Financial Assets and Financial Liabilities*
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

**1. Significant accounting policies (continued)**

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows:

- IFRS 7 (amended) will increase the disclosure requirements where netting arrangements are in place for financial assets and financial liabilities;
- IFRS 9 will impact both the measurement and disclosures of Financial Instruments;
- IFRS 12 will impact the disclosure of interests Group PLC has in other entities; and
- IFRS 13 will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

**Investment income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**Foreign currencies**

The financial statements of the Company are presented in Euros, which is the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded using month end exchange rates. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary and non-monetary items, and on the retranslation of monetary and non-monetary items, are included in the income statement for the period.

**Transfer pricing**

Goods and services are transferred to group companies at cost plus a mark up.

**Taxation**

Tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

**1. Significant accounting policies (continued)**

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. In the Budget on 22 June 2010, the UK Government proposed, amongst other things, to reduce the UK Corporation Tax rate of 28% in four annual decrements of 1% with effect from 1 April 2011 [and to reduce certain rates of capital allowances]. Two additional 1% decrements were announced by the UK Government in subsequent Budgets on 23 March 2011 and 22 March 2012. The first 1% decrement was enacted on 27 July 2010, the second on 29 March 2011, the third on 5 July 2011 and the fourth on 26 March 2012 bringing the UK Corporation Tax Rate to 24% with effect from 1 April 2012. Existing temporary differences may therefore unwind in periods subject to these reduced tax rates. Accordingly, the closing deferred tax assets and liabilities have been calculated at the rate of 24.5%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

*Cash and cash equivalents*
Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Loan receivables*
Loan receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

*Financial liabilities*
Financial liabilities issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The accounting policies adopted for specific financial liabilities are set out below.

*Borrowings*
Interest-bearing borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (see above).

*Trade payables*
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured as the

**1. Significant accounting policies (continued)**

director's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

**Segmental information**

The company operates as only one segment and therefore no further segmental split is provided.

**Operating profit**

Operating profit is stated before investment income and finance costs.

**2. Finance income**

| | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Interest receivable from group undertakings | 257 | 250 |
| | **257** | **250** |

In 2012 the finance income represents interest receivable on funding loans granted to Alpha Trains Group S.à r.l.

**3. Directors' and employees' emoluments**

None of the directors received any emoluments for their services to the Company during the year (2011: €nil). Another group Company provides accounting and administration services without charge to the Company (2011: €nil). The Company itself has no employees (2011: none).

**4. Tax**

The tax charge based on the profit for the year is based on the blended rate of UK corporation tax of 24.5% (year ended 31 December 2011: 26.5%) and comprises:

| | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Tax charge | 131 | - |
| **Tax charge** | **131** | **-** |

## 4. Tax (continued)

The total charge for the year can be reconciled to the accounting profit as follows:

| | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Profit before taxation | 258 | 247 |
| Expected tax (charge) at 24.5% (2011: 26.5%) | (63) | (64) |
| Prior year adjustments | (68) | - |
| Group relief | - | 64 |
| Current taxation (charge) | (131) | - |

## 5. Profit attributable to equity holders of the parent

Profit attributable to equity holders of the parent has been arrived at after charging auditors' remuneration for audit services of €6,750 (2011: €6,500), for tax services €7,500 (2011: €7,000) and accounting services €nil (2011: €nil).

## 6. Loan receivables

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| **Amounts falling due within one year** | | |
| Amounts owed by group undertakings | 4,825 | 4,450 |
| | **4,825** | **4,450** |

In the year ended 31 December 2009 the Company provided a €10,000,000 unsecured loan facility to Alpha Trains Group S.à r.l with a maturity date of 30 June 2016. This is a revolving facility, which may be repaid at any time and bears interest at the group's weighted average cost of capital plus 5bps. The amount outstanding at 31 December 2012 was €4,825,000 (year ended 31 December 2011: €4,450,000).

The directors consider that the carrying amount of loan receivables approximates their fair value.

## 7. Cash and cash equivalents

Cash and cash equivalents held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

## 8. Other financial assets

**Trade and other receivables**

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| **Amounts falling due within one year** | | |
| Other taxation and social security | 2 | 2 |
| | 2 | 2 |

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

## 9. Trade and other payables

Trade creditors and accruals principally comprise amounts outstanding for trade purchases, ongoing costs and tax liabilities. There was a balance of €149,000 at 31 December 2012 (2011: €27,000).

The directors consider that the carrying amount of trade payables approximates their fair value.

## 10. Share capital

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | € | € |
| **Authorised:** | | |
| 26,600,000 ordinary shares of €1 | 26,600,000 | 26,600,000 |
| **Issued, called up and fully paid:** | | |
| 16,600,000 ordinary shares of €1 | 16,600,000 | 16,600,000 |

The Company has one class of ordinary shares which carry no right to fixed income.

**Share premium account**

| | Share premium |
|---|---|
| | € |
| Balance at 31 December 2011 and 31 December 2012 | 60,000 |

## 11. Retained earnings

| | Retained earnings |
|---|---|
| | €'000 |
| **At 31 December 2010** | **(12,345)** |
| Total comprehensive income for the year 2010 | 247 |
| **At 31 December 2011** | **(12,098)** |
| Total comprehensive income for the year | 127 |
| **At 31 December 2012** | **(11,971)** |

## 12. Parent Companies

The Company's immediate parent company is Alpha Trains Group S.à.r.l.

The Company's ultimate holding company, ultimate controlling party, and the parent of the smallest and largest group into which the Company is consolidated is Alpha Trains (Luxembourg) Holdings S.à.r.l. which is incorporated in Luxembourg. Financial statements for Alpha Trains (Luxembourg) Holdings S.à.r.l. can be obtained from Alpha Trains (Luxembourg) Holdings S.à.r.l., 22 Rue Alfred de Musset, Luxembourg City, Luxembourg,

## 13. Related party transactions

In addition to the parent company listed in note 12, the Company has related party relationships with the following fellow subsidiaries of the Group:

Locomotion Capital (UK) Limited
Alpha Trains Switzerland AG
Alpha Trains Europa GmbH
Alpha Trains Polska Sp z.o.o.
Alpha Trains Italia Srl
Alpha Trains Belgium NV
Alpha Trains (Locomotives) GmbH
Alpha Trains (UK) Limited
Alpha Trains Iberia SA
Alpha Trains Luxembourg S.à r.l.
Alpha Trains Holdco S.à r.l.
Alpha Trains Holdco II S.à r.l.
Alpha Trains (Luxembourg) Holdings Sarl

### Trading transactions

During the year, the Company had the following transactions with related parties:

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Interest receivable | 257 | 250 |

Rental of goods to related parties were made at the group's usual list prices.

## 13. Related party transactions (continued)

The following amounts were outstanding at the balance sheet date:

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Related party creditor | 3 | 3 |
| Loan to related party | 4,825 | 4,450 |

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

**Compensation of key management personnel**

The directors received no emoluments (2011: €nil) in respect to their services to the Company during the year.

## 14. Risk Management

The major risks associated with the Company's business are market risk, credit risk, liquidity risk and operational risk. The Company has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

**Market risk**
Market risk is defined as the risk of loss as a result of adverse changes in risk factors including interest rates.
The Company manages the market risk through its comprehensive framework, which is continually evolving as business activities change.

**Credit risk**
Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations. The Company's principal financial assets are bank balances and cash and amounts owed by other members of the Group. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The company does not hold collateral over these balances. For loan receivables refer to note 6. The credit on group undertakings is not past due.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risk on group undertakings is limited because the undertakings are solvent, under common control and the directors are confident of them continuing as going concerns.

**Liquidity risk**
Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. ALH's policy is to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt.

Liquidity management within the Company focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from the undrawn commitments and other contingent obligations.

**14. Risk Management (continued)**

**Operational risk**
Operational risk is the risk of unexpected losses attributable to human error, systems failure, fraud or inadequate internal financial controls and procedures.
The Company manages this risk through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingent facilities to support operations in the event of disaster.

**Capital risk management**
The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the company consists of debt, which includes the borrowings disclosed in note 6, cash and cash equivalents and equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings as disclosed in notes 10 and 11.

**Gearing ratio**
The Company's capital structure is reviewed on an annual basis as part of a wider funding review.

The debt/equity ratio at the year end is as follows:

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Cash and cash equivalents | 11 | 137 |
| Loans receivable | 4,825 | 4,450 |
| Net debt | (4,836) | (4,587) |
| Equity | 4,689 | 4,562 |
| Net debt to equity ratio: n/a | - | - |

Net debt is defined as long-term and short-term loans payable less cash and short-term loans receivable. Equity includes all capital and reserves of the Company attributable to equity holder of the Company.

There are no loans payable. Therefore, the gearing ratio is not applicable.

**Sensitivity factors**
The major sensitivity factor affecting the Company is movement in interest rates.

A movement of +/- 1% in interest rates, when applied to statistical models, will have the following impact on the profit and equity in the financial statements.

| Risk factor | Variability | 2012 | 2011 |
|---|---|---|---|
| | | €'000 | €'000 |
| Interest rates | +1% | 48 | 45 |
| Interest rates | -1% | (48) | (45) |

**Categories of financial instruments**
All financial instruments are categorised in the financial statements as loans and receivables, in accordance with IFRS 7. Please see Balance Sheet.

Audited unconsolidated financial accounts for Alpha Trains (Locomotives) GmbH, for the period ended 31 December 2012, prepared in accordance with GAS.

Schwannstraße 6
40476 Düsseldorf

Postfach 30 02 26
40402 Düsseldorf
Germany

**Alpha Trains Locomotives GmbH, Cologne**

Report on Audit of Annual Financial Statement

31st December 2012

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GENERAL CONDITIONS OF ASSIGNMENT FOR FINANCIAL AUDITORS AND AUDITING COMPANIES

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It should be noted that the use of rounded figures and percentages, differences may arise on the basis of commercial rounding.

## 1 AUDIT ASSIGNMENT

By resolution of the shareholders' meeting on 31st October 2012 at

Alpha Trains (Locomotives) GmbH,

Cologne

- henceforth referred to as "Alpha Trains" or "the Company" -

we were chosen to be the annual auditor for the financial year 2012. The executive board, as a result of this resolution, have given us the task of carrying out the audit assignment in accordance with § 317 HGB (German Commercial Law) for the financial year 2012.

We confirm in accordance with § 321 Sec. 4a HGB, that we have adhered to the applicable regulations concerning independence.

In compiling this audit report, we have observed the German principles on being compliant with reporting controls as applied to audits (the auditing standard promulgated by the Institut der Wirtschaftsprüfer - IDW PS 450).

In carrying out this assignment and our responsibility, including in relation to third parties, we have adhered to the agreements of 26th October/ 8th November contained in the attached "General Terms of Engagement for German Auditors and Auditing Firms" in the version dated 1st January 2002.

This auditing report has been elaborated using only the documentation of the Company and was not compiled for the purpose of third parties, which as far as we are concerned and by the regulatory area of § 323 HGB assume no legal liability.

## 2 FUNDAMENTAL FINDINGS

### 2.1 Statement of the Situation of the Executive Board

Based on the annual financial statement and progress report of the executive board as well as other documents assessed, we have highlighted the following aspects, which for the assessment of the Company's financial situation are of particular significance:

- Company relations and group structure

In August 2008, the Royal Bank of Scotland sold its shares in the Alpha Trains Group (formerly the Angel Trains-Group) and the European division to four investors. The direct shareholder of Alpha Trains (Locomotives) GmbH is the Alpha Trains Group S. à r.l., Luxembourg. As of the year of this report, the newly-founded parent company Alpha Trains (Luxembourg) Holdings consists of AMP Capital Investors, with a share of 15.0%, the Public Sector Pension Investment Board, Canadian Government, with a share of 20.1%, as well as a share of 64.9% held by Arcus Infrastructure Partners LLP.

In the financial year 2009, a new central unit was established in Alpha Trains Luxembourg S. à r.l., which became the owner of all non-publicly promoted railcars of the Alpha Trains-Group. As the owner, the Luxembourg-based company assumed responsibility for financing and administration of track vehicles and locomotives. Alpha Trains (Locomotives) GmbH hires out rail vehicles as part of a Master Head Lease Agreement from Luxembourg S. à r.l. and makes these available to rail transport providers as part of a leasing agreement. In addition, the Company also administers the track vehicles of the Royal Bank of Scotland (RBS Warehouse).

Within the Alpha Trains group of companies, Alpha Trains (Locomotives) GmbH is primarily responsible for the hiring of locomotives for transport of goods by rail in Germany, Switzerland, Austria and Sweden.

- Financial situation

In the 2009 financial year, Alpha Trains (Locomotives) GmbH, on the basis of a Master Purchase Agreement, sold all its shares in Alpha Trains Luxembourg S. à r.l. By selling its fixed assets, the previous year's degressive depreciations were turned into a capital gain of €13,134,000. The sale proceeds allowed bank loans to be paid back in full.

As of 31st December 2012, the situation remains unchanged in that Alpha Trains (Locomotives) GmbH does not possess any rail vehicles.

Other liabilities include €1,217,000 in outstanding corporation tax for the business years from 2006 to 2008. As Alpha Trains (Locomotives) GmbH activated additional charges with regards to the Group and the Royal Bank of Scotland this has had no impact on the results.

The Company has access to share capital worth €12,525,000. Taking into account loss carried forward and annual net loss for the 2012 financial year, the Company's equity amounted to €9,664,000 (previous year: €9,752,000). The equity ratio as of the balance sheet date was 32.0% (previous year: 35.5%).

- Profit position

In the wake of the global financial crisis and the accompanying recession, the demand for rented locomotives has starkly declined and, since 2011, is again approaching those levels seen before the start of the financial crisis. The share of rail goods transport in transport volume reduced 0.2% versus the previous year to 17.2% in 2012.

The turnover of Alpha Trains (Locomotives) GmbH has reduced 5.8% from €24,752,000 in the previous year to €23,323,000 on account of reduced rental rates. The performance-related turnover profit utilisation amounted to €23,331,000 (previous year: €24,766,000). This amounted to €16,421,000 on leasing agreements with Alpha Trains Luxembourg S. à r. l.

Other operating income has reduced from €985,000 to €555,000 compared with the previous year. The reduction essentially affects internal group charges, as well as additional cost reimbursements within the group, which have reduced from €892,000 to €298,000. Among the temporary entry differences between the extent permissible under German commercial law and annual financial statements are the IFRS consolidated financial statements, which serve as the basis for cost allocations within the group. The process determining of transfer prices should be modified next year, in order to ensure the consistent reporting of earnings.

Personnel expenses amounting to €576,000 (previous year: €515,000), have increased by 11.8% compared with the previous year.

Other operating expenses amounted to €362,000 (previous year: €504,000) largely consisting of legal, consultancy, advertising and travel expenses as well as administration costs.

Other interest and similar income contribute to a loan receivable amounting to €618,000 (previous year: €772,000) to its partner Alpha Trains Group S. à r. l.

In total, it can be concluded that normal business activity produced €215,000 against €1,273,000 in the previous year. After tax, the annual net loss amounts to €87,000 (previous year: annual financial statement €636,000).

For 2013 and 2014, the Company expects solid utilisation and further positive annual results.

- Risks and Opportunities for future development

The framework for new investments and refinancing is difficult in the wake of the financial crisis. Owing to the slow initial consolidated upswing, no new vehicles were ordered for rail freight in the reporting year.

The risks in future development primarily stem from conjectural development and increased competition with other leasing companies. In the sphere of competition, a particularly strong demand for full service offers, which also include availability guarantees and taking over responsibility for maintenance, should be noted.

The financial situation of Alpha Trains (Locomotives) GmbH, owing to the structure of the group, is heavily dependent on the development of the group and additional support from its partners in order to generate its capital requirements for further growth.

In summary, we state that, in accordance with § 321, Section 1, Paragraph 2 HGB, we consider the executive board's assessment of the financial situation to be reasonable, and in particular its acceptance of the continuation of group activity and the assessment of the group's future financial development, as has been expressed in the annual financial statement and progress report.

## 2.2 Observance of the Law and Company Agreements

**Irregularities Outside of Accounting**

In the course of our audit, we have determined the following facts, which indicate an infringement of the law:

The annual financial statement for the 2011 financial year was determined on 31st October 2012. In this regard, we refer to § 42a GmbH.

## 3 SUBJECT, METHOD AND SCOPE OF THE AUDIT

**Subject of Audit**

The subjects of our audit were:

- Accounting
- Annual financial statements (consisting of the balance sheet and the income statement in addition to the notes)
- Progress report

of the Company.

The accounting and preparation of the annual financial statement and progress report in accordance with the regulations of German commercial law are the responsibility of the executive board; this also applies to the information contained in the documents we have used. Our task is to assess these documents and information in accordance with our legally-required audit.



The audit of the compliance with other regulations is among the tasks of this audit only to the extent that these regulations have repercussions on the annual financial statement or progress report.

**Method and Scope of the Audit**

The starting point for our audit was the previous year's financial statement, which was audited and given an unqualified auditor's opinion by us on 25th April 2012; this was determined on 31st October 2012.

The audit was - with interruptions - carried out by us in the months from December 2012 (preliminary audit) to February 2013 (main analysis).

We carried out our audit in accordance with § 317 HGB under the observation of the German principles on auditing standards promulgated by the Institut der Wirtschaftsprüfer.

In accordance with § 317 HGB, we took a problem-orientated approach, allowing material misstatements and infringements of national accounting standards to be detected with a reasonable degree of accuracy. In order to meet these demands, we use our risk- and process-orientated audit approach. To carry this out, we make use of our auditing software, Audit System/2. This supports the planning, implementation and documenting of the audit.

In the course of the audit, we have gained an overview of the Company's productivity and its financial and legal environment in addition to accounting, and carried out an analytical review of the annual financial statement as well as viewing the company statutes and shareholders' resolutions. The audit strategy was determined based on the insights we gained and predictions of possible errors. The internal control system was examined, insofar as it is relevant to the proper financial accounting. The internal control system in its entirety was not the subject of our audit.

Implementation of our audit followed our audit plan in that it was not primarily control-orientated. For this reason, we have used our analytical audit procedures and random samples of business transactions and portfolios, taking our risk assessment into account, selected on a case-by-case basis and to an unreduced extent. Through individual case selection, we deliberately drew a selection of samples.

The following emphases of the audit were laid out:

- Evidence of correct accrual of revenue
- Completeness and valuation of accruals and deferrals

The Company outsourced the production of the annual financial statement to Osborne Clarke, Cologne. In our legal audit of the outsourced parts of the accounts, we have audited the control measures put in place by the Company in relation to the service company's activities.

In the course of auditing the claims and liabilities as well as the credit balance with credit institutes and the provisions by taken samples of clients and suppliers we have obtained balance confirmations in addition to statements from credit institutes and selected legal experts and tax advisers of the Company and their written confirmations regarding the credit balance, entitlements and obligations of the Company.

We have audited future-orientated information contained in the progress report against the background of information from the annual financial statement as to its plausibility and consistency compared with that information obtained during the audit.

The Company has willingly furnished all explanations and records and on 19th April 2013 supplied the declaration of completeness in written form. This will ensure in particular that the accounting process was carried out in accordance with standard accounting procedures and that the annual financial statement contains all fixed assets, obligations and demarcations in addition to all expenses and revenues requiring recognition and furthermore take into account all risks as well as all necessary information.

# 4 FINDINGS AND COMMENTS ON ACCOUNTING POLICIES

## 4.1 Compliance of Accounting Policies

### 4.1.1 Accounting Process and Other Audited Documents

The accounting process corresponds to legal regulations including the principles regarding the compliance of accounting policies. The information gathered from the other documents audited indicates compliance in the accounting process, annual financial statement and progress report.

### 4.1.2 Annual Financial Statement

The annual financial statement dated 31st December 2012 is included in this report as Annexes 1.2 to 1.4.

The annual financial statement is derived from auditing of the accounting policy and other documents. The legal regulations pertaining to classification, accounting and valuation in addition to the Annex were adhered to.

### 4.1.3 Progress Report

The progress report for the 2012 business year is included in this report as Annex 1.1.

In accordance with the findings of our audit, the progress report is consistent with the annual financial statement and the findings gained from the audit and in their entirety provide an accurate representation of the Company's situation. The substantial opportunities and risks of future development are also represented accurately. The information provided in accordance with § 289 Section 2 HGB is complete and correct. The progress report is in keeping with legal regulations.

## 4.2 Findings Regarding the Overall General Statement on the Annual Financial Statement

The entirety of the annual financial statement, including the interaction between the balance sheet, profit and loss statement and notes, in accordance with the required compliance principles of correct accounting, provides a true and fair view of the Company's situation with regards to its fixed assets, finances and revenue.

## 4.3 Data on Fixed Asset, Finance and Revenue



**Multi-Year Overview**

| | | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|
| Sales proceeds | In thousands € | 23,323 | 24,752 | 20,655 | 20,601 | 20,862 |
| Rate of change | % | -5.8 | 19.8 | 0.3 | -1.3 | 17.3 |
| Investments in fixed assets | In thousands € | 0 | 0 | 0 | 3,405 | 13,675 |
| Depreciation of fixed assets | In thousands € | 0 | 0 | 0 | 2,575 | 9,021 |
| Annual result | In thousands € | -87 | 636 | 469 | 8,695 | -5,422 |
| Balance sheet total | In thousands € | 30,198 | 27,509 | 26,513 | 35,359 | 183,957 |
| Of which | | | | | | |
| Fixed assets | In thousands € | 0 | 0 | 0 | 0 | 111,201 |
| | % | 0.0 | 0.0 | 0.0 | 0.0 | 60.4 |
| Equity | In thousands € | 9,664 | 9,752 | 9,116 | 8,647 | -48 |

## 5 REPRODUCTION OF AUDITOR'S OPINION

We have issued, attached to the annual financial statement and progress report for the 2012 financial year for Alpha Trains (Locomotives) GmbH, Cologne, in the 19th April 2013 version of the following Annex, our signed, unqualified audit opinion. 9

**"Auditor's Opinion"**

We have audited the annual financial statement - which consists of the balance sheet and profit and loss statement and notes - taking into account the accounting process and progress report of Alpha Trains (Locomotives) GmbH, Cologne for the financial year 1st January to 31st December 2012. The accounting process and preparation of the annual financial statement and progress report, in accordance with German commercial law, are the responsibility of the Company's executive board. Our assignment is to deliver an assessment, based on the audit we have carried out, of the annual financial statement, taking into account the accounting process, and on the progress report.

We have carried out our audit of the annual financial statement in accordance with § 317 HGB, taking into account the auditing standard promulgated by the Institut der Wirtschaftsprüfer. In accordance with this, the audit has been planned and carried out in such a way that we plan and perform the audit such that misstatements affecting the presentation of the annual financial statement, taking into account observance of the accounting standards, and the progress report, give a reasonable indication of the Company's fixed assets and finances and revenue, and are detected with reasonable certainty. In carrying out this audit, we take into consideration the findings we have made regarding the company's activity and its financial and legal environment as well as the predictions of potential errors. In the course of the audit, the effectiveness of the internal accounting control system in addition to evidence for figures contained in the attached accounts, annual financial statement and progress report, which were made primarily on the basis of random sampling, are assessed. The audit comprises the evaluation of the applied balancing principles and the main estimation of the executive board and the appreciation of the overall display of the annual financial statement and progress report. We are of the opinion that our audit provides a secure basis for our assessment.

There have been no objections to our audit.

In accordance with the findings of our audit, the annual financial statement of Alpha Trains (Locomotives) GmbH, Cologne, complies with the legal regulations and, in accordance with the required compliance principles of correct accounting, provides a true and fair view of the Company's situation with regards to its fixed assets, finances and revenue. The progress report is in keeping with legal regulations and accurately represents the situation of the Company as well as the opportunities and risks of future development."

## 6 CONCLUDING REMARKS

We have submitted the above report on the audit of the annual financial statement and progress report of Alpha Trains (Locomotives) GmbH, Cologne, for the 2012 financial year in compliance with the legal regulations and standard auditing principles on being compliant with reporting controls as applied to audits (the Auditing Standard promulgated by the Institut der Wirtschaftsprüfer - IDW PS 450). 10

We refer to the unqualified, unlimited audit opinion issued by us in Section 5, "Reproduction of Auditor's Opinion".

Dusseldorf, 19th April 2013

**Deloitte & Touche** GmbH

Auditing Company

(Dr Braun) (On behalf of Scheller)

Auditor Auditor

With regard to the publication or transmission of the consolidated financial statements and/or the progress report in a form deviating from the certified version (including translation into other languages), it is first necessary to obtain our opinion again if our certification is quoted or reference is made to our audit; in particular, the reader is referred to § 328 of the German Commercial Code (HGB).

Alpha Trains (Locomotives) GmbH,

Cologne

Progress Report and Annual Financial Statement dated 31st December 2012

**Alpha Trains (Locomotives) GmbH, Progress Report for 2012**

On 5th August 2008, the Royal Bank of Scotland (RBS), sold the Angel Trains Group, of which it had until that point been the sole shareholder. In the course of the change in partners, the Group's commercial activities in the UK and continental Europe were separated from one another. As the Angel Trains Group did not retain the rights to the name Angel Trains, in 2009 all Angel Trains companies were renamed Alpha Trains companies.

Alpha Trains (Locomotives) GmbH belongs to a consortium of three companies, which through a holding in Luxembourg hold shares in Alpha Trains' activities in continental Europe. In the course of internal restructuring, the holding company Alpha Trains (Luxembourg) Holdings was founded. Participating in this company are Arcus Infrastructure Partners LLP (Arcus), with a share of 64.9%, Public Sector Pension Investment Board, Canadian Government (PSP) with a share of 20.1% and AMP Capital Investors (AMP) with a share of 15%.

The immediate partner of Alpha Trains (Locomotives) GmbH is the Alpha Trains Group S à r. l. in Luxembourg. Alpha Trains (Locomotives) GmbH is mainly responsible within the Alpha Trains Group for the renting of locomotives for freight-by-rail in Germany, Austria, Switzerland and Sweden.

## 1. Repercussions

### A. General Economic Development

After the financial crisis hit in 2009, freight-by-rail experienced a strong upturn in 2010 and 2011. The market share of freight trains in Germany went up from 16.5% in 2009 to 17.4% by 2011.

In the 2012 calendar year, unfortunately, the recovery process of the previous few years did not continue. Overall transport volume, including road, rail, inland shipping and air transport, slumped compared with the previous year by 2.2% to 4.3 million tonnes. This cautious economic development also had a negative impact on goods transport. Meanwhile, freight-by-rail's market share dropped 0.2% from 17.4% to 17.2%.

Rail haulage capacity dropped in comparison with the previous year by 3.1%. The reason for this is the sharp decline in the transport of agricultural and forestry-related products (-24.7%). Even the 18.5% increase in the transport of coal, crude oil and natural gas did nothing to reverse this trend. The combined transport barely had an impact on the positive developments of previous years (+0.4%), which was also driven by the weakened macroeconomic situation.

Alpha Trains' relevant market, i.e. non state-owned trains in the freight-by-rail market, has however seen a continuous increase in recent years. The share held by DB (German state rail company) in the freight market has in the meantime dropped to around 75%. The Alpha Trains target Group of non state-owned goods trains has achieved a market share of around 25%.

## B. Sales Development

Alpha Trains (Locomotives) GmbH achieves sales with two fleets of vehicles: 1. vehicles belonging to the Alpha Trains Group and 2. warehouse vehicles belonging to the Royal Bank of Scotland (RBS). In the course of selling the Alpha Trains Group in 2008, all rail vehicles still in the process of being built and as-yet undelivered belonging to the 'RBS Warehouse' branch of Alpha Trains Group were outsourced to and left in the ownership of RBS.

Alpha Trains (Locomotives) GmbH is responsible for the rental of locomotives for freight-by-rail in Germany, Austria, Switzerland and Sweden. Owing to the corresponding demand, locomotives from the Alpha Trains Group S. à r. l. Luxembourg and RBS Warehouse fleets are rented out on the basis of head lease agreements. This amounts to a pool of available vehicles totalling 233 locomotives belonging to the Alpha Trains Group and 137 locomotives belonging to RBS Warehouse.

The sales total for Alpha Trains (Locomotives) GmbH fell roughly 5.8% between 2011 and 2012 to €23,323,000 (previous year: €24,752,000).

On the expenses side, the sales, expenses for services purchased for the hiring of partner companies' vehicles and those of RBS Warehouse totalled €23,292,000 (previous year: €24,756,000).

**Demand Patterns and Order Situation**

The general economic development in the freight-by-rail market led to lower hiring rates in the locomotive division of Alpha Trains compared with the previous year. This economic weakness had a negative impact on the demand for hiring locomotives in 2012. It could not be determined why there was a significant surge in demand in the last quarter of 2012.

Uncertainty in the markets led to a further reduction in the average rental period demanded as well as an increased demand for flexible pricing. Likewise, long-term rents exceeding 24 months are still at a high level.

## D. Development of Capital and Refinancing Costs

During the course of the 2008 and 2009 financial years, the entire Group, including Alpha Trains (Locomotives) GmbH in Luxembourg was restructured into a new holding company called Alpha Trains Group S. à r. l. As part of this, a new company called Alpha Trains Luxembourg S. à r. l. was formed. This company is now the owner of all non publicly-supported rail vehicles belonging to the Alpha Trains Group and is responsible for financing and fixed asset management. By establishing a central vehicle pool with the overwhelming proportion of that vehicle fleet in Luxembourg, the conditions for financing new business and refinancing improved significantly.

The repercussions for investments in new construction and the refinancing linked to these have become far more complex for all market participants than they were prior to the global financial crisis. It is against this backdrop that Alpha Trains, in mid-2008, as a consequence of the change in partners and, later, the global financial crisis, made no orders for new vehicles.

## E. Changes to the Law

There have been concrete changes to the IFRS accounting transactions pertaining to leasing. Accordingly, there will no longer be any differences between operate leasing and finance leasing. The lessee must always prove it has a right of use and liability. Thus the components of the balance sheet of the off-balance sheets for Alpha Trains (Locomotives) GmbH are no longer necessary. Despite the changes to the accounting transactions of leasing companies, Alpha Trains does not expect any significant impact on its rental business given that, as a rule, the risk management aspect and not the financing needs and conclusions of contracts with Alpha Trains are prioritised.

## F. Branch-specific Aspects

The increased activity of competitors offering leasing of rail vehicles in full service, including taking on comprehensive risks became markedly more noticeable in 2012. There has been a clear tendency for consumers to call for availability guarantees and the continual maintenance from

the lessor in the form of 'dry lease' and are prepared to pay (part-time) for the added value. This trend is having a negative impact primarily on 'dry lease' leasing rates in the diesel arena.

Meanwhile, the management set up in 2010 by Alpha Trains for heavy maintenance is well-established. In combination with the provision of replacement parts (transmission systems, engines), this is an important factor in the competition. By signing framework agreements with heavy maintenance firms it has been possible to establish a permanent basis with regards to volume and price.

## G. Key Financial Performance Indicators for Fixed Assets, Finance and Revenue

The sales total of Alpha Trains (Locomotives) dropped by 5.8% between 2011 and 2012 to €23,323,000 (previous year: €24,752,000). Correspondingly, expenditure for services purchased also dropped to €23,292,000 (previous year: €24,766,000).

The Company's results in this financial year have diminished. The principal reason for this is the change in management fees, which caused a temporary offset in the annual results. 2012 was a positive year for pre-tax results with these totalling €215,000 (previous year: €1,273,000). After tax, this led to an annual net loss for 2012 of €87,000 (previous year: €636,000).

As of 31/12/2012, Alpha Trains (Locomotives) GmbH has no locomotives among its fixed assets.

Since the change in partners in 2008, Alpha Trains (Locomotives) GmbH has been responsible for the outsourced locomotives belonging to RBS Warehouse. At the end of 2012, the RBS Warehouse pool consisted of 137 locomotives.

The subscribed capital amounts to €12,525,000. Taking into account loss carried forward, the equity amounts to €9,664,000.

## H. Capital Resources

During the course of the 2009 financial year, a new Alpha Trains Group company was established in Luxembourg alongside Alpha Trains Group S. à r. l. Alpha Trains Luxembourg S. à r. l is the owner of all rail vehicles belonging to the Alpha Trains Group and is responsible for financing and fixed asset management. The only exceptions to this are vehicles which are supported by public funds or vehicles located in countries with complicated tax deduction policies. This company provides the selling arms ('spokes') with finance and leasing services as part of its so-called 'hub' role. Through this, the 'spokes' lease the vehicles directly from their local rail transport provider. The hub is also the central point for the purchase as well as the technical administration of these rail vehicles.

The decision to adopt the 'hub and spoke approach' in Luxembourg came in the wake of a changing regulatory and financial and political environment in Europe's leasing and credit bodies, which is measured against the backdrop of steadily changing fiscal conditions.

General Terms and Conditions

For Auditors and Auditing Firms

From 1 January

1. Application
   (1) These terms and conditions apply to contracts between auditors or auditing firms (henceforth called "auditors") and their clients, which regard auditing, consulting and other services, insofar as alternative conditions are not expressly agreed in writing or legally required.
   (2) In individual exceptional cases, where contractual relations are created between the auditor and persons other than the client, the conditions in paragraph 9, below also apply to any such third parties.
2. Scope and execution of contract
   (1) The subject of the contract is the agreed service and not any particular economic outcome. The contract is to be performed in accordance with professional standards. The auditor is authorised to consult appropriate experts within the framework of carrying out the contracted service.
   (2) Express written agreement is required for a consideration of foreign law – excepting due diligence audits.
   (3) Unless expressly stated, our responsibilities under the contract do not extend to carrying out an investigation of whether the requirements of tax law or special provisions, e.g. requirements of price, competition and business regulation laws are observed; nor whether subsidies, weighting and other benefits can be taken into account. Our responsibilities under the contract only include audit procedures which are specifically focused on uncovering fraud and other irregularities, if such irregularities are discovered in the course of our audit services, or if expressly agreed in writing.
   (4) In the event of a change in legislation which occurs after the issuance of the final professional statement, the auditor is not obliged to inform the client of the change or consequences of the change.
3. Client's duty to provide information
   (1) The client shall ensure that the auditor is provided with all documents which could be relevant to the execution of the service, in good time, and without the auditor having to request them.
   (2) Upon the auditor's request, the client must confirm that the documents, disclosures and declarations provided are true and complete, by acknowledging a document drawn up by the auditor.
4. Ensuring independence
   The client agrees to refrain from any actions which might jeopardise the independence of the auditor's employees. This applies in particular to offers of employment and entering into direct contracts for services.
5. Reporting and oral disclosures
   If the auditor is required to state the outcome of their work in writing, only a written statement is adequate. For auditing contracts, the report is to be delivered in writing unless agreed otherwise. Oral statements made by employees of the auditor outside the scope of the agreed engagement remain non-binding.
6. Protection of auditor's intellectual property
   The client is to ensure that the information, structure charts, assessments, drawings, presentations and calculations, in particular calculations of volumes and costs, prepared pursuant to the contract, are only used for the client's own purposes.
7. Communication of auditor's professional statements
   (1) The communication to third parties of professional statements of the auditor (assessments, reports and similar) requires the written approval of the auditor, where communication of these statements to a specified third party is not already approved in advance in the written contact.
   The auditor only acquires responsibilities towards a third party (in the framework of no. 9) where the condition at paragraph 1 has been met.
   (2) The use of the auditor's professional statements for promotional purposes is not permitted. In the event of infringement of this rule, the auditor has the right to terminate all current contracts with the client without notice.
8. Correction of shortcomings
   (1) Where any shortcomings arise, the client may require supplementary services from the auditor. Only where adequate supplementary services are not forthcoming, may the client require a reduction in the price or cancellation of the contract; if the contract is made with a business person in the course of their commercial business or a legal person under public law or a special fund under public law, the client can only require the cancellation of the contract if the service is without interest for them due to failure to carry

out supplementary services. Where claims for damages exist, paragraph 9 applies.

(2) Requests for corrections of shortcomings must be made by the client immediately and in writing. Claims under sub-paragraph (1) which do not arise from deliberate actions expire after one year from the legal start of the year.

(3) Clear errors such as spelling mistakes, incorrect calculations and formal defects which occur in a professional statement (report, assessment and similar) by the auditor can be corrected by the auditor, including vis-à-vis third parties, at any time. Where errors may call the conclusions of the auditor's professional statement into question, the auditor has the right to withdraw such statements, including statements from third parties. In these cases the auditor should inform the client in advance where possible.

9. Liability

(1) For mandatory audits, the liability limitation provisions of Chapter 323, Section 2 of the German Commercial Code applies.

(2) Liability in the event of negligence, individual case of damages

Whether condition (1) applies or a ruling applies in an individual case, the auditor's liability for damages claims of all kinds – with the exception of claims for damage to life, body and health – which consist of individual cases of damages caused by negligence, is limited, as defined under Chapter 54a Section 1 No.2 WPO, to 4 million EUR; this also applies where a claim may arise on the part of a person other than the client. In instances where the same damage is caused by multiple breaches of duty, such damage is still considered to be an individual case of damage. An individual case of damage includes all consequences of a breach of duty, regardless of whether damages occur in one or in several consecutive years. In this respect, repeated acts or omissions based on the same or a similar error shall be deemed a single breach of duty if the matters in question are legally or economically connected to one another. No claims of a value of more than 5 million EUR can be made against the auditor. The limitation to five times the minimum insurance sum does not apply to mandatory audits required by law.

(3) *Limitation periods*

A claim for damages can only be made within a limitation period of one year after the claimant became aware of the damages, and at the latest within five years after the occurrence of the event which gave rise to the claim. The claim expires if no complaint is made within six months of a written refusal of supplementary services and the client has been informed of this.

The right to assert the deadline remains unaltered. Paragraphs 1 to 3 also apply to mandatory audits with legal liability limitation.

10. Supplementary stipulations for audit contracts

(1) Any subsequent amendment or summary of the conclusions of the auditor's analysis or the auditor's report which has been awarded an audit certificate requires the written agreement of the auditor, even where the document is not intended for publication. If the auditor does not issue an audit certificate, references to the auditor's report in another report or in any other document intended for public circulation is only permissible with the written agreement of the auditor and then only the text approved by the auditor can be published.

(2) If the auditor recalls the audit certificate, the audit certificate may no longer be used. If the client has already used the audit certificate, he must make the recall known at the auditor's request.

(3) The client may request up to five copies of the report. Further copies of the report will be included as an additional item in the invoice.

11. Supplementary situations for assistance in tax matters

(1) The auditor is authorised, both when providing consultation in relation to individual questions and in a long-term consulting arrangement, to assume that the factual information provided by the client, in particular regarding numerical data, is complete and accurate. Nevertheless, the auditor must inform the client of all inaccuracies or inconsistencies discovered by the auditor.

(2)Tax consultancy does not cover procedures required to meet deadlines, unless the auditor has explicitly accepted such a task. In this case, the client must give the auditor all documents which are necessary for carrying out this task including tax assessments, in good time to allow the auditor sufficient time to carry out the task.

(3) In the absence of any other written agreement, the scope of the contract includes the following tasks in relation to tax consulting:

a) Drafting annual tax statements for income tax, corporation tax and trade tax as well as net worth tax statements, on the basis of annual statements provided by the client, and other statements and certificates which are necessary for tax purposes.

b) Checking tax assessments for the taxes listed under a).

c) Interactions with the financial authorities in connection with the statements and assessments listed under a) and b)

d) Conducting company audits and evaluation of results of company audits in relation to the types of taxes named under a)

e) Participation in appeals procedures regarding taxes named under a).

In carrying out the aforementioned tasks, the auditor will take into consideration the prevailing laws and regulations.

(4) If the auditor receives a flat rate fee for the tax consulting in question, then in the absence of written agreements to the contrary, the activities named under Section 3 d) and e) are to be undertaken separately.

(5) Work on particular individual questions regarding income tax, corporation tax, trade tax, tax-related evaluations and net worth tax as well as all questions relating to VAT, capital gains tax, other taxes and duties is covered by a separate agreement. This also applies to:

a) Work on one-off tax matters e.g. in relation to inheritance tax, capital transactions tax, stamp duty;

b) Participation and representation in proceedings before the fiscal and administrative courts including in relation to tax fines;

c) Consulting and reporting activity in connection with restructuring, merger, capital increase and decrease, reorganisation of a company, entry and retirement of a shareholder, commercial statements, liquidation and similar.

(6) To the extent that the preparation of an annual tax return is accepted as additional work, it shall not include the review of any special accounting prerequisites, nor review of whether all potential legal sales tax reductions have been claimed.

12. Confidentiality regarding third parties, data protection

(1) The auditor is required by law to maintain strict confidentiality regarding all facts which they learn in connection with their activity for the client, regardless of whether the information concerns the client themselves or their business associates, unless the client releases them from their duty of confidentiality.

(2) The auditor may only pass reports, assessments, and other written statements regarding their findings to third parties with the client's permission.

(3) The auditor is permitted to process any personal data entrusted to him by the client, within the framework of the contract, or to have third parties process it.

13. Default in acceptance or failure to cooperate on the part of the client

If the client fails to accept services completed by the auditor in the course of the performance of the contract, or fails to co-operate with the auditor in the way specified under paragraph 3, or in the sense of any other obligatory co-operation, then the auditor may terminate the contract without notice. This does not affect the auditor's claim for compensation for any extra expenses incurred as a result of such failures on the part of the client, as well as for damages arising from these, even if the auditor does not exercise their right to terminate the contract.

14. Remuneration

(1) The auditor may claim expenses in addition to their fee or honorarium; VAT is calculated separately. The auditor may request advance payments relating to fee payment and reimbursement of outlays (so long as these are reasonable) and to make completion of their services dependent upon their claims being honoured. Clients are jointly and severally liable.

(2) Offsetting claims against remuneration and reimbursement is permissible only for undisputed or legally established claims.

15. Retention and publication of documents

(1) The auditor retains the documents received in the context of the contract as well as all documents prepared by the auditor and correspondence relating to the contract for ten years.

(2) After their claims arising from the contract have been fulfilled, the auditor must, atthe client's request, return all documents which they have received for or from the client in the context of the auditor's activities under the contract. This does not however apply to correspondence between the auditor and their client or to documents which they have already possessed in original or as a copy. The auditor may create and retain copies or photocopies of documents which he has already returned to the client.

16. Applicable law

This contract, its execution and all claims arising from it, shall be governed by German law.

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Audited unconsolidated financial accounts for Alpha Trains Polska Sp. z o.o. for the period ended 31 December 2012, prepared in accordance with Polish accounting standards

**ALPHA TRAINS POLSKA SP. Z O.O**
**WARSAW, AL. JEROZOLIMSKIE 56C**

**FINANCIAL STATEMENTS**
**FOR THE 2012 FINANCIAL YEAR**

**WITH**
**AUDITOR'S OPINION**
**AND**
**AUDIT REPORT**

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**REPORT ON THE ACTIVITIES OF ALPHA TRAINS POLSKA SP. Z O.O. FOR THE 2012 FINANCIAL YEAR**

# AUDITOR'S OPINION

**To the Shareholder of Alpha Trains Polska Sp. z o.o.**

We have audited the attached financial statements of Alpha Trains Polska Sp. z o.o. with its registered office in Warsaw at Al. Jerozolimskie 56C, including an introduction to the financial statements, balance sheet prepared as of 31 December 2012 and profit and loss account for the financial year from 1 January 2012 to 31 December 2012 and notes.

Preparation of financial statements and a report on the activities in line with the law is the responsibility of the Management Board of the Company.

The Management Board of the Company is obliged to ensure that the financial statements and the report on the activities meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330), hereinafter referred to as the "Accounting Act". Our responsibility was to audit and express an opinion on compliance of the financial statements with the accounting principles (policy) adopted by the Company and whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Company and on the correctness of the underlying accounting records.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act,
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) and material estimates applied by the Company, verification – largely on a test basis – of the accounting evidence and records supporting the amounts and disclosures in the financial statements, as well as overall evaluation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the audited financial statements of Alpha Trains Polska Sp. z o.o.in all material respects:

- present fairly and clearly the information material to evaluate the economic and financial position of the Company as of 31 December 2012 as well as its financial result in the financial year from 1 January 2012 to 31 December 2012,
- have been prepared in accordance with the applicable accounting principles (policy) arising from the Accounting Act and its executory provisions, and based on properly kept accounting records,
- comply with the provisions of law and the articles of association of the Company which affect the contents of the financial statements.

The Report on the activities of the Company for the financial year 2012 is complete within the meaning of Article 49.2 of the Accounting Act and consistent with underlying information disclosed in the audited financial statements.

.....

Jacek Marczak
Key certified auditor
conducting the audit
No. 9750

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

.....

Dariusz Szkaradek – Vice-President of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.)

Warsaw, 19 April 2013

***The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.***

# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF ALPHA TRAINS POLSKA SP. Z O.O. FOR THE 2012 FINANCIAL YEAR

## I. GENERAL INFORMATION

### 1. Details of the audited Company

The Company operates under the business name Alpha Trains Polska Sp. z o.o. The Company's registered office is located in Warsaw at Al. Jerozolimskie 56C.

The Company operates as a limited liability company, established on 18 September 2006 by a notarial deed prepared by the notary public Grzegorz Kuzara in Warsaw (Repertory A No. 4692/2006). The Company was established under the name Sheridan Investments Limited Liability Company. The Founder of the Company was Trinity Shelf Companies Ltd. The Company was registered in the Commercial Register in the District Court of the City of Warsaw, XII Business Registry Department, under the number 0000265250 on 4 October 2006.

By the resolution of the Extraordinary Shareholders Meeting of 4 December 2009, the name of the Company was changed to Alpha Trains Polska Limited Liability Company. The above change was registered in the Commercial Register on 18 December 2009. Currently, the Company is registered in the Register of Entrepreneurs in the District Court of the City of Warsaw, XII Business Registry Department, under the number 0000265250.

The Company's tax identification number NIP assigned by the Governor of the Tax Office Warsaw Wola on 17 November 2006 is: 527-252-29-10.

The REGON number assigned by the Statistical Office is: 140714024.

The Company operates based on the provisions of the Code of Commercial Companies.

Based on the Company's articles of associations its activities include:
- services related to repairs and maintenance of locomotives, trams and a rolling stock;
- financial lease,
- other forms of granting loans,
- other financial advisory, not classified elsewhere,
- lease of other means of on-land transportation,
- lease of other machine and equipment,
- financial advisory on economic activity and management,
- research and technical analyses,
- other commercial activity, not classified elsewhere.

In the audited period, the Company conducted activities in the area of operating lease and rental.

As of 31 December 2012, the Company's share capital amounted to PLN 911,000 and was divided into 1,822 ordinary shares with a face value of PLN 500 each.

As of 26 March 2013 (the date of the last Shareholders' Meeting) the Company's shareholders included:
- Alpha Trains S.a.r.l. with registered office in Luxemburg – 100% shares.

During the financial year there were no changes in the share capital of the Company.

During the audited period, the shareholding structure of the Company's share capital did not undergo any changes.

After the balance-sheet date there were no changes in the Company's share capital.

As of 31 December 2012, the Company's equity amounted to PLN 2,891,562.82.

The Company's financial year is the calendar year.

The Company has the following related parties:
- Alpha Trains Group S.a.r.l. – Holding Company.

In addition, the companies in the Alpha Trains International Capital Group are treated as related parties of Alpha Trains Polska Sp. z o.o.

Composition of the Management Board as of the date of the opinion:
- Hedwige Van De Wyer – Member of the Board,
- Stefan Stiefel – Member of the Board,
- Shoun Mills – Member of the Board.

Changes in the composition of the Management Board during the audited period:
- Shoun Mills was appointed as Member of the Board as of 8 February 2012,
- Stefan Stiefel was recalled from the position of Member of the Board as of 21 March 2013,
- Fernando Perez Serrano was appointed as Member of the Board as of 26 March 2013.

## 2. Information about the financial statements for the prior financial year

The activities of the Company in 2011 resulted in a net profit of PLN 2,666,887.49. The financial statements of the Company for 2011 were audited by a certified auditor. The audit was performed by authorized entity Deloitte Audyt Sp. z o.o. On 29 February 2012 the certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders' Meeting which approved the financial statements for the 2011 financial year was held on 7 May 2012. The General Shareholders' Meeting decided to transfer the net profit for 2011 to cover the losses from previous years.

In accordance with applicable laws, the financial statements for the 2011 financial year were submitted to the National Court Register (KRS) on 7 May 2012.

## 3. Details of the authorized entity and the key certified auditor acting on its behalf

The audit of the financial statements was performed based on the agreement of 1 March 2013 concluded between Alpha Trains Polska Sp. z o.o. and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) with its registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Jacek Marczak, key certified auditor (No. 9750).
The entity authorized to audit the financial statements was appointed by the resolution of the Shareholders' Meeting of 8 February 2013.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) and Jacek Marczak, key certified auditor, confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on statutory auditors and their self-governing body, auditing firms and on public oversight (Journal of Laws of 2009, No. 77, item 649) to express an unbiased and independent opinion on the financial statements of Alpha Trains Polska Sp. z o.o.

## 4. Availability of data and management's representations

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of 19 April 2013.

## II. ECONOMIC AND FINANCIAL POSITION OF THE COMPANY

Presented below are the main items from the profit and loss account as well as financial ratios describing the financial performance of the Company and its economic and financial position compared to the prior years.

| Main items from the profit and loss account (in PLN) | 2012 | 2011 |
|---|---|---|
| Sales revenues | 20,873 | 19,455 |
| Operating expenses | (20,688) | (18,975) |
| Other operating revenues | 102 | 1,913 |
| Other operating expenses | (43) | (1) |
| Financial revenues | 1 | 728 |
| Financial expenses | (649) | (77) |
| Income tax | - | 376 |
| Net profit (loss) | (403) | 2,667 |

| Profitability ratios | 2012 | 2011 |
|---|---|---|
| – gross profit margin | (1.9%) | 15.6% |
| – net profit margin | (1.9%) | 13.7% |
| – net return on equity | (12.2%) | 424.8% |

| Liquidity/Net working capital | | |
|---|---|---|
| – debt ratio | 48% | 65% |
| – equity to assets ratio | 52% | 35% |
| – net working capital (PLN '000) | 1,052 | 4,393 |
| – liquidity ratio | 1.39 | 1.88 |

An analysis of the above figures and ratios indicated the following trends in 2012:

- decrease of gross profit margin from 15.6% in 2011 to (1.9%) in 2012,
- decrease of net profit margin from 13.7% in 2011 to (1.9%) in 2012,
- decrease of net return on equity ratio from 424.8% in 2011 to (12.2%) in 2012,
- decrease of debt ratio from 65% in 2011 to 48% in 2012,
- increase of equity to assets ratio from 35% in 2011 to 52% in 2012,
- decrease of net working capital from PLN 4,393 thousand in 2011 to PLN 1,052 thousand in 2012,
- decrease of liquidity (current and quick) ratio from 1.88 in 2011 to 1.39 in 2012.

# III. DETAILED INFORMATION

## 1. Evaluation of the accounting system

The Company has valid documentation required by Article 10 of the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330), hereinafter referred to as the "Accounting Act", referring in particular to: definition of the financial year and reporting periods thereof, methods of measuring assets and liabilities and determining the financial result, method of keeping the accounting records and the system of data and file protection. The documentation of the accounting policy was developed in line with the Accounting Act and approved for use as of 18 September 2006 by a resolution of the Management Board of 31 August 2007 Changes in the accounting policy arising from amended accounting and tax regulations have been introduced by separate resolutions of the Company's Management Board.

The accounting principles adopted by the Company comply with the Accounting Act. Principal methods of measuring assets, liabilities and the financial result have been presented in the introduction to the financial statements.

Accounting principles selected at the Company's discretion pursuant to Section 4 of the Accounting Act have been selected in a manner that correctly reflects specifics of its business operations, its financial standing and performance. The accounting principles have been applied in a continuous manner and unchanged compared to those applied to the accounting records and financial statements in the preceding financial year.

Accounting services are performed by Trinity Corporate Services Sp. z o.o. with registered offices in Krakow, 27 Karmelicka St. The company uses a computerized accounting system Exact Globe 2003 in which all the business events that take place in the Company are recorded. The system is password protected against unauthorized use and has functional access restrictions. The description of the IT system complies with the requirements of Art. 10 item 3 c) of the Accounting Act.

The opening balance resulting from the approved financial statements for the prior financial year has been properly introduced into the accounting records of the audited period.

In the part we have audited, documentation of business transactions, accounting records and the relationships between accounting entries, documents and financial statements complied with the requirements of section 2 of the Accounting Act.

The accounting records and evidence, the documentation of the accounting system and the approved financial statements of the Company are stored in compliance with section 8 of the Accounting Act.

The Company performed a physical count of assets and liabilities within the scope, timing and frequency required by the Accounting Act. Identified differences have been recorded and settled in the accounting records for the audited period.

## 2. Information about the audited financial statements

The audited financial statements were prepared as of 31 December 2012 and include:

- introduction to the financial statements,
- balance sheet prepared as of 31 December 2012, with total assets and liabilities plus equity of PLN 5,595,111.85,

- profit and loss account for the period from 1 January 2012 to 31 December 2012, disclosing a net loss of PLN 403,134.08,
- notes, comprising a summary of significant accounting policies and other explanatory information.

The Entity did not prepare statement of changes in capitals or statement of cash flows based on the provisions of article 45 point 3 of the accounting act.

The structure of assets and liabilities plus equity as well as items affecting the financial result has been presented in the financial statements.

## 3. Information about selected material items of the financial statements

Receivables structure

The ageing analysis of receivables was correctly presented in the respective explanatory note.

Short term investments

The short term investments comprise cash held on banking accounts.

Liabilities

Time and type structure of liabilities according to payback period was correctly presented in the respective explanatory note.

Prepaid and accrued expenses and reserves

Additional notes and information to prepaid and accrued expenses and reserves correctly present the structure of the positions. Deferred expenses and incomes were correctly recorded in the audited financial year.

Reserves were recorded in reliably estimated amounts.

Items were completely and correctly recorded in all material aspects with respect to the financial statements.

## 4. Completeness and correctness of drawing up the introduction to the financial statements, notes and explanations and the report on the activities of the Company

The introduction to the financial statements includes all information required under Attachment 1 to the Accounting Act. The Company confirmed the validity of the going concern basis in preparation of the financial statements. The introduction gives a correct and complete description of measurement principles regarding assets, liabilities, financial result and principles of preparation of the financial statements.

The Company prepared notes in the form of tables to individual balance sheet and profit and loss account items as well as narrative descriptions. Notes describing long-term investments and provisions correctly present increases and decreases as well as their basis during the financial year. Limitations imposed on individual assets disclosed in the balance sheet arising from security granted to creditors have been described. The notes to the financial statements give a correct and

complete description of the reporting items and clearly present other information required under Attachment 1 to the Accounting Act.

The financial statements have been supplemented with the Management Board's report on the activities of the Company in the 2012 financial year. The report contains information required under Article 49.2 of the Accounting Act. We have audited the report with respect to the disclosed information derived directly from the audited financial statements.

## IV. CLOSING COMMENTS

Management Board's Representation

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) and the key certified auditor received a representation letter from the Company's Management Board, in which the Board stated that the Company complied with the laws in force.

.....
Jacek Marczak
Key certified auditor
conducting the audit
No. 9750

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

.....
Dariusz Szkaradek – Vice-President of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.)

Warsaw, 19 April 2013

# ALPHA TRAINS POLSKA SP. Z O.O.

## FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01.01.2012 TO 31.12.2012

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## ALPHA TRAINS POLSKA SP. Z O.O.
**Statement of the Board of Directors**

In accordance with the Accounting Act of 29 September 1994 (Revised Text, Journal of Laws from 2013, pos. 330), the Board of Directors is obliged to present the financial statements, which truly and fairly present the financial position at year end and the financial result for the reporting period. For the preparation of the financial statements, accounting principles suitable for Company's operation were adopted and have consistently been applied by the Company. The valuation of assets and liabilities and the financial result calculation were performed under the assumption that the Company will continue to operate as a going concern for the foreseeable future, without limiting its operations and without opening a liquidation or bankruptcy process.

The presented financial statements were prepared in accordance with the Accounting Act and consist of:

1) Introduction to the financial statements;

2) Balance sheet as at 31.12.2012 with total assets and total liabilities and equity of PLN 5 595 110,85;

3) Profit and loss account for the period from 01.01.2012 to 31.12.2012 with a net loss of PLN 403 134,08;

4) Supplementary information and explanations.

Hedwige Van De Wyer
*Member of the Board of Directors*

Shaun Michael Mills
*Member of the Board of Directors*

Fernando Perez Serrano
*Member of the Board of Directors*

*Cracow, 19.04.2013*

*Financial result*

The net financial result includes:

1. operating result, including the result on other operating income and expenses (related indirectly with the Company's operations),
2. result on financial transactions,
3. result on extraordinary items (arising from events hard to predict, beyond the Company's perations and unrelated with the general operating risk),
4. statutory appropriations of the financial result including income tax the Company is a payer of and similar payments required under separate regulations.

## *2. 3 Long - term investment*

Investments include assets owned to attain economic benefits arising from an increase in their value, from income generated in the form of interest or dividends, or other benefits.

*Loans granted*

Loans granted are stated in the amounts due, taking into account the prudence principle. Initially financial receivables from loans are valued in the amount paid to borrowers. In later periods the receivables are valued according to the amortised cost method. Amortised cost is the initial amount of receivables increased by the income calculated according to the method of effective interest rate and reduced by payments made and write offs. The Company recognises receivables at the amounts due i.e. applying amortised cost calculated according to the straight-line interest rate if the difference between the straight-line interest rate and effective interest rate values do not affect the financial statements significantly.

## *2. 4 Short - term receivables and payables*

*Short - term receivables*

As at the balance sheet date, receivables are measured at the amount due, taking into consideration the prudence concept, and disclosed in the net value (reduced by write-downs).

Debtors are adjusted by an allowance for doubtful receivables taking into consideration the likelihood of future collection. The allowance is charged either to operating expenses or to financial expenses dependent on the type of receivable to which it relates.

*Short - term payables*

Creditors are stated at the amounts due. Financial liabilities which contractually are to be settled by transfer of financial assets other than cash or to be exchanged for financial instruments are stated at fair value.

As at the balance sheet date, receivables and payables were measured using an average exchange rate determined by the National Bank of Poland.

### *2. 5 Prepayments and accruals*

Prepayments include:

- long-term settlements pertaining to future reporting periods, with time to complete exceeding 12 months from the balance sheet date,
- short-term settlements pertaining to future reporting periods, with time to complete not exceeding 12 months from the balance sheet date.

Prepayments are recognised based on elapsed time or amounts paid.

Accruals include provisions which directly relate to the operating activity, namely production, sale, post-sale activities, and general administration.

The timing and method of settlement, are justified by the nature of settled expenses, taking into consideration the prudence principle.

### *2. 6 Deferred income*

The Company's deferred income includes in particular the equivalent of funds received or receivable from suppliers, arising from benefits to be provided in future reporting periods.

### *2. 7 Short-term investments*

*Cash and cash equivalents*

Cash in domestic currency is recognised at nominal value.

As at the balance sheet date, cash denominated in foreign currencies is translated into Polish zloty at the average exchange rate determined by the National Bank of Poland.

### *2. 8 Taxation*

Corporate income tax, as presented in the profit and loss account, comprises current and deferred income tax.

Current tax liabilities are calculated based on Polish tax regulations.

Deferred tax presented in the profit and loss account comprises the difference between deferred tax liabilities and deferred tax assets as at the beginning and the end of the financial period.

Deferred tax assets and liabilities relating to equity transactions are charged or credited to equity.

A deferred tax asset is recognised for all deductible temporary differences arising from differences between the tax base and the carrying amount of particular assets and liabilities and tax losses. A deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

A deferred tax liability is recognised for all taxable temporary differences arising from differences between the tax base and the carrying amount of particular assets and liabilities.

Deferred tax liabilities and assets are determined based on the tax rate binding for the year in which the related timing differences are expected to reverse.

Deferred tax liabilities and assets are presented separately in the balance sheet.

### *2. 9 Equity*

As at the balance sheet date, equity is carried at the amount defined in the Articles of Association and registered in the National Court Register.

The Company's supplementary capital is created in accordance with the Commercial Companies Code.

The Company's capital was fully paid.

### *2. 10 Foreign exchange differences*

Foreign exchange differences resulting from remeasurement and settlement of monetary assets and liabilities denominated in foreign currencies, excluding long-term investments, and from the sale of foreign currencies are recorded as financial revenue or expenses. Certain eligible foreign exchange differences are capitalised to finished goods and merchandise inventory, tangible fixed assets, construction in progress or intangible fixed assets.

### *2. 11 Financial instruments*

In the current year, the Company does not have any other financial instruments except for trading receivables and liabilities. These are receivables and liabilities of short maturity for which the discounting effect is insignificant. They are measured at the amount due. Short-term receivables are measured taking into account impairment, i.e. the value of receivables is reduced for impairment in accordance with the probability of settlement.

*Recognition of hedging derivatives*

The Company does not apply hedge accounting.

### *2. 12 Foreign exchange rates taken to asset and liability measurement*

The following exchange rates (the average currency exchange rates of the National Bank of Poland) were used for the valuation of monetary items denominated in foreign currencies at the respective year end:

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1 EUR | 4,0882 | 4,4168 |

Business transactions denominated in foreign currencies are recognised on the date they are entered into at the exchange rate published for the given currency as at the date preceding the transaction.

## ALPHA TRAINS POLSKA SP. Z O.O.
## Balance Sheet
(All amounts are stated in PLN)

| ASSETS | Note | 31.12.2012 | 31.12.2011 |
|---|---|---|---|
| **Non current assets** | | **1 845 417,73** | **35 969,57** |
| **Intangible fixed assets** | | - | - |
| **Tangible fixed assets** | | - | - |
| **Long-term receivables** | | - | - |
| **Long-term investments** | 1. | | |
| Long-term financial assets | | 1 839 690,00 | - |
| in related parties | 1.2 | 1 839 690,00 | - |
| | | 1 839 690,00 | - |
| **Long-term prepayments and deferred expenses** | | | |
| Deferred tax asset | 15.3 | 5 727,73 | 35 969,57 |
| | | 5 727,73 | 35 969,57 |
| **Current assets** | | **3 749 693,12** | **9 387 181,79** |
| **Inventory** | | - | - |
| **Short-term receivables** | 2. | | |
| Receivables from related parties | | 845 293,76 | 700 636,99 |
| trade debtors, maturing: | 2.2 | 845 293,76 | 700 636,99 |
| within 12 months | | 845 293,76 | 700 636,99 |
| Receivables from other parties | | 1 830 706,77 | 3 373 371,90 |
| trade debtors, maturing: | 2.2 | 1 830 706,77 | 3 373 371,90 |
| within 12 months | | 1 830 706,77 | 3 373 371,90 |
| | | 2 676 000,53 | 4 074 008,89 |
| **Short-term investments** | | | |
| Short-term financial assets | | 1 057 517,68 | 4 460 598,31 |
| cash and cash equivalents | 3. | 1 057 517,68 | 4 460 598,31 |
| | | 1 057 517,68 | 4 460 598,31 |
| **Short-term prepayments and deferred expenses** | 4. | 16 174,91 | 852 574,59 |
| TOTAL ASSETS | | **5 595 110,85** | **9 423 151,36** |

## ALPHA TRAINS POLSKA SP. Z O.O.
## Balance Sheet

(All amounts are stated in PLN)

| EQUITY AND LIABILITIES | Note | 31.12.2012 | 31.12.2011 |
|---|---|---|---|
| **Equity** | | **2 891 562,82** | **3 294 696,90** |
| Share capital | 5.1 | 911 000,00 | 911 000,00 |
| Supplementary capital | | 2 583 000,00 | 2 583 000,00 |
| Accumulated profit/(loss) from previous years | | (199 303,10) | (2 866 190,59) |
| Net profit / (loss) | 5.3 | (403 134,08) | 2 666 887,49 |
| | | 2 891 562,82 | 3 294 696,90 |
| **Liabilities and provisions for liabilities** | | **2 703 548,03** | **6 128 454,46** |
| **Provisions for liabilities** | | | |
| Deferred tax liability | 15.3 | 5 727,73 | 35 969,57 |
| Other provisions | | 91 723,73 | 68 473,82 |
| short-term | 6. | 91 723,73 | 68 473,82 |
| | | 97 451,46 | 104 443,39 |
| **Long-term liabilities** | | | |
| Related party liabilities | | - | 1 098 434,70 |
| | | - | 1 098 434,70 |
| **Short-term liabilities** | 7. | | |
| Related party liabilities | | 509 055,97 | - |
| trade creditors, maturing: | 7.2 | 263 581,51 | - |
| up to 12 months | | 263 581,51 | - |
| other | 7.1 | 245 474,46 | - |
| Liabilities due to other parties | | 891 314,08 | 2 718 935,40 |
| trade creditors, maturing: | 7.2 | 85 224,83 | 1 514 356,36 |
| up to 12 months | | 85 224,83 | 1 514 356,36 |
| taxation, custom duties and social security | | 793 161,26 | 1 191 176,05 |
| payroll creditors | | 12 262,11 | 12 434,05 |
| other | | 665,88 | 968,94 |
| | | 1 400 370,05 | 2 718 935,40 |

## ALPHA TRAINS POLSKA SP. Z O.O.
## Balance Sheet

(All amounts are stated in PLN)

| | Note | 31.12.2012 | 31.12.2011 |
|---|---|---|---|
| **Accruals** | | | |
| Other accruals | | 1 205 726,52 | 2 206 640,97 |
| short - term | 8. | 1 205 726,52 | 2 206 640,97 |
| | | 1 205 726,52 | 2 206 640,97 |
| **TOTAL EQUITY AND LIABILITIES** | | **5 595 110,85** | **9 423 151,36** |

Hedwige Van De Wyer
*Member of the Board of Directors*

Trinity Corporate Services Sp. z o.o.
*Entity responsible for maintaining the accounting records*

Shaun Michael Mills
*Member of the Board of Directors*

Fernando Pérez Serrano
*Member of the Board of Directors*

Cracow, 19.04.2013

## ALPHA TRAINS POLSKA SP. Z O.O.
## Profit and Loss Account

(All amounts are stated in PLN)

| | Note | 01.01.2012 - 31.12.2012 | 01.01.2011 - 31.12.2011 |
|---|---|---|---|
| **Net sale revenue and net sale revenue equivalents including:** | 9. | | |
| Net revenue from sale of products and services, including: | | 20 873 069,86 | 19 455 061,25 |
| - from related parties | | 770 711,45 | 700 636,99 |
| | | 20 873 069,86 | 19 455 061,25 |
| **Operating expenses** | 11. | | |
| Materials and energy | | 183,47 | 787,99 |
| External services | | 20 252 916,14 | 18 565 547,01 |
| Taxes and charges | | 1 074,59 | 2 651,52 |
| Payroll | | 298 561,63 | 249 575,55 |
| Social security and other benefits | | 30 643,32 | 24 698,70 |
| Other expenditures by kind | | 104 683,01 | 131 774,19 |
| | | 20 688 062,16 | 18 975 034,96 |
| **Gross profit/(loss)** | | 185 007,70 | 480 026,29 |
| **Other operating revenue** | 10. | | |
| Other operating revenue | | 102 455,59 | 1 913 007,01 |
| | | 102 455,59 | 1 913 007,01 |
| **Other operating expenses** | 12. | | |
| Other operating costs | | 42 655,94 | 1 193,92 |
| | | 42 655,94 | 1 193,92 |
| **Operating profit/(loss)** | | 244 807,35 | 2 391 839,38 |
| **Financial revenue** | | | |
| Interest | 13.1 | 1 256,17 | 1 310,97 |
| Other | 13.2 | - | 726 399,72 |
| | | 1 256,17 | 727 710,69 |
| **Financial expenses** | | | |
| Interest, including: | 14.1 | 47 718,58 | 77 062,58 |
| - from related parties | | 47 438,60 | 76 953,89 |
| Other | 14.2 | 601 479,02 | - |
| | | 649 197,60 | 77 062,58 |
| **Gross profit/(loss) on business activities** | | (403 134,08) | 3 042 487,49 |

## ALPHA TRAINS POLSKA SP. Z O.O.
## Profit and Loss Account

(All amounts are stated in PLN)

| | Note | 01.01.2012 - 31.12.2012 | 01.01.2011 - 31.12.2011 |
|---|---|---|---|
| **Results on extraordinary events** | | - | - |
| **Profit/(loss) before taxation** | | (403 134,08) | 3 042 487,49 |
| **Corporate income tax** | 15. | - | 375 600,00 |
| **Other obligatory charges decreasing the profit/increasing the loss** | | - | - |
| **Net profit/(loss)** | | **(403 134,08)** | **2 666 887,49** |

Hedwige Van De Wyer
*Member of the Board of Directors*

Trinity Corporate Services Sp. z o.o.
*Entity responsible for maintaining the accounting records*

Shaun Michael Mills
*Member of the Board of Directors*

Fernando Pérez Serrano
*Member of the Board of Directors*

Cracow, 19.04.2013

## 1. Long - term investment

### *1. 1 Changes in long - term investment*

| | Long - term financial assets |
|---|---|
| **Gross book value** | |
| **As at 01.01.2012** | - |
| **Additions** | 1 839 690,00 |
| loan granting | 1 839 690,00 |
| **Decreases** | - |
| **As at 31.12.2012** | 1 839 690,00 |
| **Impairment write-offs** | |
| **As at 01.01.2012** | - |
| **As at 31.12.2012** | - |
| **Net book value** | |
| **As at 01.01.2012** | - |
| **As at 31.12.2012** | **1 839 690,00** |

### *1. 2 Long - term financial assets in related parties*

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Loans granted by the Company | 1 839 690,00 | - |
| | **1 839 690,00** | - |

### *1. 3 Specification of agreements for loans granted*

| Name of the borrower | Contractual amount | Value of receivables 31.12.2012 | Short-term portion | Long-term portion | Interest rate as at the balance sheet date |
|---|---|---|---|---|---|
| Alpha Trains Group S.a.r.l | 450 000 EUR | 1 839 690,00 | - | 1 839 690,00 | weighted average of group loans cost plus 0,05% |
| | | **1 839 690,00** | - | **1 839 690,00** | x |

On December 22, 2009, the Company signed an agreement for an open line of credit under which Alpha Trains Group Sarl can borrow the maximum amont of 10 000 000 euro, with the final repayment term untill June 30, 2016.

## 2. Short - term receivables

### *2. 1 Specification of short - term receivables*

| Item | As at 31.12.2012 | | | As at 31.12.2011 | | |
|---|---|---|---|---|---|---|
| | gross value | impairment write-downs | net value | gross value | impairment write-downs | net value |
| **Receivables from related parties, including:** | 845 293,76 | - | 845 293,76 | 700 636,99 | - | 700 636,99 |
| trade receivables, maturing: | 845 293,76 | - | 845 293,76 | 700 636,99 | - | 700 636,99 |
| - up to 12 months | 845 293,76 | - | 845 293,76 | 700 636,99 | - | 700 636,99 |
| **Receivables from other entities, including:** | 1 830 706,77 | - | 1 830 706,77 | 3 373 371,90 | - | 3 373 371,90 |
| trade receivables, maturing: | 1 830 706,77 | - | 1 830 706,77 | 3 373 371,90 | - | 3 373 371,90 |
| - up to 12 months | 1 830 706,77 | - | 1 830 706,77 | 3 373 371,90 | - | 3 373 371,90 |
| | **2 676 000,53** | - | **2 676 000,53** | **4 074 008,89** | - | **4 074 008,89** |

## 2. 2 *Ageing analysis of gross trade receivables*

| Age in days: | gross value | impairment write-downs | net value |
|---|---|---|---|
| **from related parties, including:** | 845 293,76 | - | 845 293,76 |
| current | 188 764,46 | - | 188 764,46 |
| *Alpha Trains (UK) Limited* | *117 498,96* | - | *117 498,96* |
| *Alpha Trains Luxembourg S.A.R.L.* | *71 265,50* | - | *71 265,50* |
| overdue, including: | 656 529,30 | - | 656 529,30 |
| *up to 90 days* | *625 784,86* | - | *625 784,86* |
| *Alpha Trains (UK) Limited* | *217 197,89* | - | *217 197,89* |
| *Alpha Trains Luxembourg S.A.R.L.* | *408 586,97* | - | *408 586,97* |
| *180-360 days* | *30 744,44* | - | *30 744,44* |
| *Alpha Trains Luxembourg S.A.R.L.* | *30 744,44* | - | *30 744,44* |
| **from other entities, including:** | 1 830 706,77 | - | 1 830 706,77 |
| current | 1 777 027,59 | - | 1 777 027,59 |
| overdue, including: | 53 679,18 | - | 53 679,18 |
| *180-360 days* | *7 258,65* | - | *7 258,65* |
| *RBS Assets Finance Europe* | *7 258,65* | - | *7 258,65* |
| *above 360 days* | *46 420,53* | - | *46 420,53* |
| *RBS Assets Finance Europe* | *46 420,53* | - | *46 420,53* |
| | **2 676 000,53** | - | **2 676 000,53** |

Receivables overdue 180-360 days amounting to PLN 30 744,44 were paid by Alpha Trains Luxembourg S.A.R.L on 27.03.2013.

## 3. Short - term investment

*Cash and cash equivalents*

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Cash in banks (PLN) | 637 830,34 | 36 894,01 |
| Cash in banks (EUR) | 419 687,34 | 4 423 704,30 |
| | **1 057 517,68** | **4 460 598,31** |

## 4. Short - term prepayments and deferred expenses

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Input VAT carried forward to next periods | 9 652,83 | 1 747,95 |
| Leasing of locomotives | - | 749 241,90 |
| Maintenence reserves | - | 92 494,59 |
| Costs of company car leasing | 4 007,69 | 6 764,70 |
| Other | 2 514,39 | 2 325,45 |
| | **16 174,91** | **852 574,59** |

## 5. Equity

### *5. 1 Ownership structure of share capital*

| Shareholders | Number of shares held | Value of shares | Percentage share in capital | Percentage share in total number of votes |
|---|---|---|---|---|
| Alpha Trains Group S.A.R.L. | 1 822,00 | 911 000,00 | 100,0% | 100,0% |
| | 1 822,00 | 911 000,00 | 100,0% | 100,0% |

### *5. 2 Capital movements*

| | Share capital | Supplementary capital | Accumulated profit/loss from previous year | Net profit/loss | Total |
|---|---|---|---|---|---|
| **As at 01.01.2012** | **911 000,00** | **2 583 000,00** | **(2 866 190,59)** | **2 666 887,49** | **3 294 696,90** |
| **Additions** | - | - | 2 666 887,49 | (403 134,08) | 2 263 753,41 |
| **Decreases** | - | - | - | 2 666 887,49 | 2 666 887,49 |
| **As at 31.12.2012** | **911 000,00** | **2 583 000,00** | **(199 303,10)** | **(403 134,08)** | **2 891 562,82** |

### *5. 3 Proposed distribution of the financial result*

The Board of Directors proposes to cover the loss for the financial year as follows:

- from profits generated in future periods (403 134,08) PLN

## 6. Provisions

### *Changes in other short - term provisions*

| | *Provision for external services rendered* | *Provision for employee bonus* | Total |
|---|---|---|---|
| As at 01.01.2012 | 39 693,95 | 28 779,87 | 68 473,82 |
| Provisions created | 51 005,25 | 40 718,48 | 91 723,73 |
| Provisions applied | (29 851,98) | (27 001,13) | (56 853,11) |
| Provisions released | (9 841,97) | (1 778,74) | (11 620,71) |
| As at 31.12.2012 | **51 005,25** | **40 718,48** | **91 723,73** |

## 7. Short - term liabilities

### 7. 1 *Aged structure of loan liabilities due to related parties*

| | Credits and loans | Arising from issuance of debt securities | Other financial liabilities, including financial lease liabilities | Other | Total |
|---|---|---|---|---|---|
| up to 1 year | 245 474,46 | - | - | - | 245 474,46 |
| | **245 474,46** | - | - | - | **245 474,46** |

The loan agreement which guarantees the credit limit in the Euro amount of 10 000 000 dated 22nd December 2009, was concluded between Alpha Trains Polska Sp. z o.o. (Borrower) and Alpha Trains Group S.a.r.l (Lender).

The repayment of the loan according to the agreement should take place on 30 June 2016 or at any other date agreed between the parties. In December 2012, the loan principal was repaid in total. The balance remaining as of 31.12.2012 comprises of the loan interest accrued up to 31.12.2012, which will be repaid in 2013.

The interest is calculated on each tranche in the amount of the weighted average of loan costs in the group plus 0,05% margin per annum.

### 7. 2 *Aged structure of short - term liabilities*

| Age in days | 31.12.2012 | 31.12.2011 |
|---|---|---|
| **to related parties, including:** | 263 581,51 | - |
| current | 263 581,51 | - |
| **to other entities, including:** | 85 224,83 | 1 514 356,36 |
| current | 54 265,29 | 1 333 329,47 |
| overdue, including: | 30 959,54 | 181 026,89 |
| *up to 90 days* | *14 253,26* | *181 026,89* |
| *180-360 days* | *16 706,28* | - |
| | **348 806,34** | **1 514 356,36** |

## 7. 3 *Specification of short - term liabilities*

| Item | 31.12.2012 | 31.12.2011 |
|---|---|---|
| **Liabilities to related parties, including:** | | |
| trade liabilities, maturing up to 12 months: | 263 581,51 | - |
| *-Alpha Trains Belgium N.V.* | *25 765,27* | - |
| *-other non invoiced liabilities* | *237 816,24* | - |
| other: | 245 474,46 | - |
| *-loan interest* | *245 474,46* | - |
| **Liabilities to other entities, including:** | | |
| trade liabilities, maturing up to 12 months: | 85 224,83 | 1 514 356,36 |
| *- Allen & Overy A.Pędzich sp.k* | *40 044,86* | - |
| *- Trinity Corporate Services* | *25 830,09* | *9 347,73* |
| *- Betten Burkhardt P.Daszkowski sp.k* | *16 706,28* | |
| *- LeasePlanFleet Management* | *2 371,35* | *2 638,58* |
| *- PKPCargo* | *272,25* | - |
| *- RBS Assets Finance* | - | *1 344 087,47* |
| *- White & Case* | - | *17 305,02* |
| *- Polska Telefonia Cyfrowa* | - | *325,89* |
| *-other non invoiced liabilities* | - | *140 651,67* |
| taxation, custom duties and social security: | 793 161,26 | 1 191 176,05 |
| *-VAT* | *404 068,00* | *427 657,00* |
| *-VAT carried forward to the next periods* | *333 923,42* | *634 332,09* |
| *-ZUS* | *10 394,84* | *10 481,96* |
| *-personal income tax* | *6 131,00* | *5 982,00* |
| *-corporate income tax* | - | *102 823,00* |
| *-withholding tax* | *38 644,00* | *9 900,00* |
| payroll and other benefits | 12 262,11 | 12 434,05 |
| other: | 665,88 | 968,94 |
| *-other liabilities with employees* | *665,88* | *968,94* |
| | **1 400 370,05** | **2 718 935,40** |

## 8. Accruals

### *Short-term accruals*

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Deffered revenue capital rent | 983 229,68 | 1 925 827,81 |
| Maintenance reserves | 206 013,22 | 280 813,16 |
| Deffered revenue Insurance | 16 483,62 | - |
| | **1 205 726,52** | **2 206 640,97** |

## 9. Structure of revenue from sales

### *9. 1 Structure by type*

| | 01.01.2012 - 31.12.2012 | 01.01.2011 - 31.12.2011 |
|---|---|---|
| **Net revenue from sales of services by type of activity, including:** | | |
| **From related parties:** | **770 711,45** | **700 636,99** |
| Management services | 770 711,45 | 700 636,99 |
| **From other parties:** | **20 102 358,41** | **18 754 424,26** |
| Leasing of locomotives | 17 437 709,65 | 16 028 191,22 |
| Maintenance reserves | 2 598 712,16 | 2 678 688,46 |
| Insurance | 65 936,60 | - |
| Re-invoices of legal services | - | 47 544,58 |
| | **20 873 069,86** | **19 455 061,25** |

### *9. 2 Territorial structure*

| | 01.01.2012 - 31.12.2012 | 01.01.2011 - 31.12.2011 |
|---|---|---|
| **Revenue from the sale of services** | | |
| Domestic | 20 102 358,41 | 18 706 879,68 |
| Export | 770 711,45 | 748 181,57 |
| | **20 873 069,86** | **19 455 061,25** |

## 10. Other operating revenue

| | 01.01.2012 - 31.12.2012 | 01.01.2011 - 31.12.2011 |
|---|---|---|
| **Other, including:** | | |
| release of other provisions | 60 801,05 | 93 353,58 |
| re-charges | 41 649,82 | - |
| roundings | 4,72 | 8,27 |
| inflow of VAT paid abroad | - | 1 819 645,16 |
| | **102 455,59** | **1 913 007,01** |

## 11. Operating expenses

| | 01.01.2012 - 31.12.2012 | 01.01.2011 - 31.12.2011 |
|---|---|---|
| **Operating expenses, including:** | | |
| Materials and energy | 183,47 | 787,99 |
| External services | 20 252 916,14 | 18 565 547,01 |
| *operating lease* | *19 905 310,72* | *18 261 304,06* |
| *accounting services, HR, administrative* | *172 516,67* | *124 315,53* |
| *legal and management services* | *65 967,74* | *69 958,68* |
| *audit services* | *56 699,01* | *56 500,35* |
| *car leasing* | *31 176,18* | *34 136,78* |
| *domiciliary* | *9 348,00* | *8 940,00* |
| *bank charges* | *6 325,50* | *5 252,37* |
| *telecommunication services* | *5 514,03* | *4 333,26* |
| *other* | *58,29* | *805,98* |
| Taxes and charges | 1 074,59 | 2 651,52 |
| Payroll | 298 561,63 | 249 575,55 |
| Social security and other benefits | 30 643,32 | 24 698,70 |
| Other expenditures by kind | 104 683,01 | 131 774,19 |
| | **20 688 062,16** | **18 975 034,96** |

## 12. Other operating expenses

| | 01.01.2012 - 31.12.2012 | 01.01.2011 - 31.12.2011 |
|---|---|---|
| **Other, including:** | | |
| recharges | 41 649,82 | - |
| other | 1 000,00 | 1 187,65 |
| roundings | 6,12 | 6,27 |
| | **42 655,94** | **1 193,92** |

## 13. Financial revenue

### *13. 1 Interest revenue*

| Type of asset | 01.01.2012-31.12.2012 | | 01.01.2011-31.12.2011 | |
|---|---|---|---|---|
| | Accrued and realised interest | Accrued but unrealised interest | Accrued and realised interest | Accrued but unrealised interest |
| Cash | 1 245,17 | - | 593,83 | - |
| Other assets: | 11,00 | - | 717,14 | - |
| *- statutory interest* | 11,00 | - | - | - |
| *- interest on delayed reimbursement of VAT paid abroad* | - | - | 717,14 | - |
| | **1 256,17** | - | **1 310,97** | - |

### *13. 2 Other financial revenue*

| Item | 01.01.2012 - 31.12.2012 | 01.01.2011 - 31.12.2011 |
|---|---|---|
| **Other, including:** | | |
| surplus of exchange gains over exchange losses, including: | - | (726 399,72) |
| *exchange gains realised in current year* | - | (1 791 546,37) |
| *exchange losses realised in current year* | - | 1 265 540,77 |
| *unrealised valuation exchange losses* | - | (160 720,67) |
| *unrealised valuation exchange gains* | - | (39 673,45) |
| **Total other financial revenue** | - | **(726 399,72)** |

## 14. Financial expenses

### *14. 1 Interest expenses*

| Type of liability | Interest expenses in the financial year | | | |
|---|---|---|---|---|
| | Interest accrued and paid | Interest accrued but unpaid, maturing: | | |
| | | up to 3 months | from 3 to 12 months | above 12 months |
| Other short-term liabilities, including: | 7,73 | 272,25 | - | - |
| *trade liabilities* | 7,73 | 272,25 | - | - |
| Long-term financial liabilities | - | - | 47 438,60 | - |
| *credits and loans* | - | - | 47 438,60 | - |
| | **7,73** | **272,25** | **47 438,60** | - |

### *14. 2 Other financial expenses*

| Item | 01.01.2012 - 31.12.2012 | 01.01.2011 - 31.12.2011 |
|---|---|---|
| **Other, including:** | | |
| surplus of exchange losses over exchange gains, including: | 601 479,02 | - |
| *exchange gains realised in current year* | (689 474,80) | - |
| *exchange losses realised in current year* | 1 263 702,54 | - |
| *unrealised valuation exchange gains* | 157 745,42 | - |
| *unrealised valuation exchange losses* | (130 494,14) | - |
| **Total other financial expenses** | **601 479,02** | - |

## 15. Corporate income tax

### *15. 1 Structure of corporate income tax*

| | 01.01.2012 - 31.12.2012 | 01.01.2011 - 31.12.2011 |
|---|---|---|
| Current tax | - | 375 600,00 |
| Deferred tax change | - | - |
| | - | **375 600,00** |

### *15. 2 Calculation of corporate income tax*

| | 01.01.2012 - 31.12.2012 | 01.01.2011 - 31.12.2011 |
|---|---|---|
| **Profit/(loss) before tax** | (403 134,08) | 3 042 487,49 |
| **I. Costs not classified as tax-deductible expenses** | | |
| **Operating expenses** | | |
| release of provisions for employee bonuses | (22 774,44) | (36 326,87) |
| release of provisions for social security related with employee bonuses | (4 226,69) | (4 448,39) |
| unpaid social security | 4 364,09 | 4 297,16 |
| provisions for bonus and social security | 41 635,29 | 27 001,14 |
| provisions for financial year expenses | 51 076,31 | 33 799,92 |
| costs of business trips | 8 656,97 | 60 517,85 |
| other operating costs | (19 723,79) | 2 592,61 |
| **Financial expenses** | | |
| exchange losses realised non-tax | 96 698,10 | 109 958,16 |
| exchange valuation losses | (130 494,14) | (160 720,67) |
| accrued credit and loan interest | 47 438,60 | 76 953,89 |
| accrued liability interest | 272,25 | - |
| accrued tax liability interest | - | 104,00 |
| **Total** | **72 922,55** | **113 728,80** |
| **II. revenue not classified as taxable income** | | |
| **Other operating revenue** | | |
| other | (11,00) | - |
| released other provisions | (33 799,92) | (52 578,32) |
| **Financial revenue** | | |
| exchange gains realised non-tax | (38 376,89) | (26 425,52) |
| exchange gains on valuation | 157 745,42 | (39 673,45) |
| **Total** | **85 557,61** | **(118 677,29)** |
| **III. Other changes in taxable base** | | |
| paid ZUS premium from salaries input last year | 4 297,16 | 3 245,48 |
| **Total** | **4 297,16** | **3 245,48** |
| Tax base | (248 951,08) | 3 034 293,52 |
| Losses from prior years | - | (1 057 452,87) |
| Taxable loss | (248 951,08) | 1 976 840,65 |
| Current tax (19%) | - | 375 600,00 |

## *15. 3 Deferred tax*

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| **Negative temporary differences - charged to financial result:** | | |
| exchange valuation losses | 11 545,09 | 123 283,30 |
| loan interest | 245 474,46 | 215 074,70 |
| provision for trade and other employees liabilities | 91 723,72 | 28 779,87 |
| unpaid employees benefits and social security | 4 364,09 | 4 297,16 |
| | 353 107,36 | 371 435,03 |
| **Negative temporary differences - charged to equity:** | - | - |
| **Total negative temporary differences** | 353 107,36 | 371 435,03 |
| **Total sum of tax losses to be utilised** | - | - |
| **Total taxable temporary differences:** | 353 107,36 | 371 435,03 |
| Deferred tax asset (19%) | 67 090,40 | 70 572,66 |
| Revaluation write-down on assets | (61 362,67) | (34 603,09) |
| **Net deferred tax asset** | **5 727,73** | **35 969,57** |

| **Positive temporary differences - charged to financial result:** | **31.12.2012** | **31.12.2011** |
|---|---|---|
| Positive forex differences from revaluation | 30 145,97 | 189 313,54 |
| | 30 145,97 | 189 313,54 |
| **Positive temporary differences - charged to equity:** | - | - |
| **Total positive temporary differences** | 30 145,97 | 189 313,54 |
| **Deferred tax liability (19%)** | **5 727,73** | **35 969,57** |

The amount recognised in the P&L in respect of the calculation of deferred tax amounts to PLN (negative value - decrease of net result) 0,00

The deferred tax asset is recognised in the balance sheet in the amount of the deferred tax liability.

## *15. 4 Tax regulations in Poland*

In Poland there are numerous regulations regarding value added tax, corporate tax as well as social security premiums. Tax laws are regularly being updated and changed which may result in some discrepancies and differing interpretations within the tax authority offices and between government bodies and tax payers, which in turn may result in uncertainty and disputes.

Tax settlements and other areas subject to statutory compliance, such as customs, or foreign currency controls, can result in audits by the relevant authorities who have the right to impose penalties together with statutory interest.

Consequently, the tax risk in Poland can be higher than in more developed tax jurisdictions. Tax settlements can be subject to audits for a period of up to five years from the end of the calendar year in which the tax payment elapsed.

## 16. Fixed assets - required disclosures

The Company does not have non depreciated fixed assets used based on operating leases or contracts of a similar nature. The Company has no liabilities to the state or municipalities arising from the acquisition of ownership rights to buildings and constructions. It has not produced fixed assets for internal use.

The Company has not invested and does not plan to invest in non - financial fixed assets in the next financial year.

## 17. Information on unconsolidated joint ventures

During the financial year the Company did not take part in any joint ventures.

## 18. Subsequent events not included in the financial statements

After year end no events which should be accounted for in the current financial statements took place.

## 19. Information about events related to previous years and accounted for in the current year

There were no events related to previous years which should be accounted for in the current financial statements.

## 20. Contracts not included in the balance sheet

All contracts, which have a significant impact on the financial position and the financial result of the entity, are included in the balance sheet.

## 21. Auditor remuneration

The remuneration of the Auditor paid or payable for the year includes:
- annual audit of the financial statements for the year 2012, amounts to PLN 28 067,
- annual audit of the financial statements for the year 2011 in the amount of EUR 5 750 (paid in 2012, included in the cost of the year 2011 as an accrual).

## 22. Employment

Average level of employment during the year:

| | Women | Men | Total |
|---|---|---|---|
| Administrative and general | - | 1,00 | 1,00 |
| Production | - | - | - |
| | - | 1,00 | 1,00 |

## 23. Salaries, loans and related benefits paid to members of the management, supervisory and administration boards

The Company did not pay any remuneration and did not grant loans to members of the Management Board.
The Company does not have a Supervisory Board.

## 24. Related parties transactions

| Company | Income | Cost | Liabilities | Receivables |
|---|---|---|---|---|
| Alpha Trains (UK) Limited | 300 267,15 | (28 617,40) | - | 334 696,85 |
| Alpha Trains Belgium NV | - | 32 035,51 | 25 765,27 | - |
| Alpha Trains Group S.a.r.l. | - | 47 438,60 | 245 474,46 | 1 839 690,00 |
| Alpha Trains Luxembourg S.A.R.L. | 452 374,75 | 10 263 152,72 | 237 816,24 | 510 596,91 |
| Alpha Trains Switzerland AG | - | - | - | - |
| | **752 641,90** | **10 314 009,43** | **509 055,97** | **2 684 983,76** |

## 25. Transactions with related parties conducted on non arm's length principles

The Company does not conduct transactions with related parties on terms other than arm's length principles.

## 26. Information about the consolidated financial statements

The Company is not a holding entity for any capital group, so it does not prepare consolidated financial statements.

The entity preparing financial statements at the highest level of the capital group in which the company is a subsidiary, is:

Alpha Trains (Malta) Holdco 1 Limited
171 Old Bakery Street
Valetta, VLT 1455

The entity preparing consolidated financial statements at the lowest level of the capital group in which the company is a subsidiary , is:

Alpha Trains Group S.A.R.L.
22, rue Alfred de Musset
L-2175 Luxembourg

## 27. Contingent liabilities

There were no contingent liabilities as at the balance sheet date.

## 28. Discontinued operations

The Company did not discontinue any operations in the financial period and does not plan to do so in the next year.

## 29. Business combinations

No merger took place in the financial period.

## 30. Changes in accounting principles (policy)

There were no changes in accounting principles in the financial period.

## 31. Going concern

The Board does not foresee any threats to the continuation of the Company's activities. The Company plans to develop its activities and its income will be attained in later periods. In the Board's opinion, the anticipated profits which the investment will bring, will cover the losses from previous years.

Hedwige Van De Wyer
*Member of the Board of Directors*

Trinity Corporate Services Sp. z o.o.
*Entity responsible for maintaining the accounting records*

Shaun Michael Mills
*Member of the Board of Directors*

Fernando Perez Serrano
*Member of the Board of Directors*

Cracow, 19.04.2013

**MANAGEMENT ACTIVITY REPORT OF**
**ALPHA TRAINS POLSKA**
**SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ ("THE COMPANY")**
**FOR THE FINANCIAL YEAR**
**COMMENCING JANUARY 1ST, 2012 AND ENDING DECEMBER 31ST, 2012**
**("FINANCIAL YEAR")**

## 1. General Company information

### *a) Registration details*

| | |
|---|---|
| *Company name:* | Alpha Trains Polska Sp. z o.o. |
| *Registered address:* | Al. Jerozolimskie 56 C |
| | 00-803 Warsaw |
| *KRS number:* | 0000265250 |
| *REGON number:* | 140714024 |

### *b) Incorporation and registration of the Company in the KRS system*

The Company was established on the basis of a notary deed dated September 18th, 2006 (Rep. A – 4692/2006) under the name Sheridan Investments Sp. z o.o.

On October 4th, 2006, the Company was entered into the entrepreneurs register held by the District Court in Warsaw, XII Commercial Department of the Polish National Court Register, under the KRS no. 0000265250.

### *c) Company's activity*

The Company's main activity is: maintenance of railway, tram, locomotives and rolling stock, financial leasing, other forms of granting credits, other financial intermediary services, not classified elsewhere, lease of other land transport equipment, lease of other machines and equipment, management and business activity advisory services, technical analysis, other commercial activities, not classified elsewhere.

## 2. Company's results for the Financial Year

### *a) Financial results*

In the Financial Year ended December 31st, 2012, the Company recorded a net loss in the amount of PLN 403,134.08 which the Management Board has proposed to cover against profits generated in future periods.

### *b) Sales revenues and operational costs*

In the period under review, the Company had sales revenues in the amount of PLN 20,873,069.86.

Operational costs in the Financial Year under review amounted to PLN 20,688,062.16 of which the most significant were costs arising from external services in the amount of PLN 20,252,916.14.

### *c) Assets*

As at December 31st, 2012 total assets amounted to PLN 5,595,110.85. At the end of the Financial Year the value of the Company's fixed assets amounted to PLN 1,845,417.73 and consisted in 99.69 % of long-term investments related parties in the amount of PLN 1,839,690.00.

At the end of the Financial Year the Company had current assets amounting to PLN 3,749,693.12. The highest amount making up the current assets were short-term receivables amounting to PLN 2,676,000.53.

At the end of the Financial Year under review, the Company had short-term receivables in the amount of PLN 2,676,000.53 of which the most significant were receivables from other parties trade debtors in the amount of PLN 1,830,706.77.

As at the end of the Financial Year, the Company had no long-term receivables.

As at December 31st, 2012, the funds on the Company's bank accounts and in cash amounted to PLN 1,057,517.68.

***d) Liabilities***

At the end of the Financial Year under review the Company's short-term liabilities amounted to PLN 1,400,370.05 which constituted 25.03 % of the total assets of the Company of which the majority arose from liabilities due to other parties from taxation, custom duties and social security debtors in the amount of PLN 793,161.26.

As at December 31st, 2012, the Company had no long-term liabilities.

***e) Review of the results of the Financial Year***

The Management Board of the Company considers the Company's results for the Financial Year to be in accordance with their expectations, however is working on remedying the situation in future periods.

***f) Own shares purchasing information***

During the Financial Year the Company did not acquire its own shares.

***g) Branches and enterprises***

During the Financial Year the Company had no branches or enterprises.

## 3. Significant events during the Financial Year

***a) Employment***

The Company employed 1 employee in the Financial Year under review.

***b) Shareholders***

As at December 31st, 2012, the share capital of the Company in the amount of PLN 911,000.00 comprised 1,822 shares, with a nominal value of PLN 500.00 each.

As at the end of the Financial Year, the Company's shareholders were:

| Shareholder | Number of held shares | Value of Shares | % held |
|---|---|---|---|
| Alpha Trains Group S.á r.l. | 1,822 | PLN 911,000.00 | 100% |

***c) Accounting records and financial instruments of the Company***

The accounting records of the Company during the Financial Year and currently were maintained by Trinity Corporate Services Sp. z o.o. and held at the office in Krakow of Trinity Corporate Services Sp. z o.o. at Karmelicka 27, 31-131 Krakow.

As at the balance sheet date, the Company had no other financial instruments except for trading receivables and liabilities. These are receivables and liabilities of short maturing for which discounting effect is insignificant. The Company does not apply hedge accounting.

***d) Research & Development***

During the Financial Year the Company was not involved in any particular research and development activities.

***e) Other significant events in the Financial Year***

On February 8, 2012, on the basis of the resolution of the Extraordinary Shareholders Meeting, Mr. Shaun Michael Mills was appointed to the Management Board of the Company with immediate effect. The above change was registered in the National Court Register on February 17, 2012.

On January 11, 2012 on the basis of the resolution of the Management Board, Mrs. Niamh Ann McBreen was dismissed from the function of the commercial proxy with immediate effect, which was registered in the National Court Register on February 17, 2012.

On April 26, 2012 on the basis of the resolution of the Management Board, Mr. Oliver Feicks was dismissed from the function of the commercial proxy with immediate effect, which was registered in the National Court Register on May 31, 2012.

On June 21, 2012 on the basis of the resolution of the Management Board, Mr. Rolf Althen was dismissed from the function of the commercial proxy with immediate effect, which was registered in the National Court Register on July 24, 2012.

## 4. Significant events after the end of the Financial Year

On March 21, 2013, on the basis of the resolution of the Shareholder Meeting, Mr. Stefan Stiefel was dismissed from the Management Board of the Company with immediate effect.

On March 25, 2013 on the basis of the resolution of the Management Board Mr. Fernando Pérez Serrano was dismissed from the function of the commercial proxy and Mrs. Hilde Van de Heuvel and Mrs. Izabela Katarzyna Witkowska were appointed in this place and they were granted with the joint-power commercial proxy.

On March 26, 2013, on the basis of the resolution of the Shareholder Meeting Mr. Fernando Pérez Serrano was appointed to the Management Board of the Company with immediate effect and he was granted with the function of the Management Board Member.

Until the date of preparation of this Activity Report the above changes were not registered in the National Court Register.

## 5. Future situation of the Company

### *a) Risk factors to the functioning of the Company*

Despite the loss generated by the Company in the Financial Year, the Management Board does not predict any areas of risk to the functioning of the Company in the nearest future.

### *b) Predicted development of the Company*

The Management Board predicts further growth of the Company without any significant problems.

### *c) Predicted financial situation*

The Management Board intends to increase the Company's activity and is investigating possible business opportunities.

**Management Board:**

Hedwige Van De Wyer
Member of the Management Board

Fernando Pérez Serrano
Member of the Management Board

Shaun Michael Mills
Member of the Management Board

Warsaw, April 19, 2013

Audited unconsolidated financial accounts for Alpha Trains Belgium NV, for the period ended 31 December 2012, prepared in accordance Belgian accounting standards.

**"ALHPA TRAINS BELGIUM"**
Limited Liability Company
Jan van Gentstraat 7, bus 201
B-2000 Antwerpen

*Company registration number: 0477.136.268 (Register of legal entities Antwerp)*
*VAT number: BE 0477.136.26*

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**ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

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We have the honour to report, in compliance with Article 96 of the Companies Code, on the state of the company for the fiscal year ended December 31, 2012.

This annual report as well as the annual account are hereby made available to you.

## 1. DEVELOPMENTS, RESULTS AND COMPANY RISKS

### 1.1 Comments on the annual account

The company reorganised its corporate structure in 2009, when it sold its portfolio of locomotives to affiliated companies. Since then, the company has rented locomotives, which they have then leased to transport operators in the form of operating leases. Furthermore, the assets and liabilities related to its affiliated companies were restructured during the fiscal year ended December 31, 2009.

The company's fiscal year ended December 31, 2012 with a profit amounting to € 913,497.

Operating income for this fiscal year amounted to € 50,623,151. This is a decrease of € 385,461 compared to the revenue realised for the fiscal year ended December 31, 2001, which amounted to € 51,008,612.

The decrease in operating income was primarily due to a decrease in sales (e.g. credit note on the settlement of disputes involving technology), but was also due to a reclassification of 'other operating income'.

On the other hand, the operating expenses for the fiscal year ended December 31, 2012 amounted to € 50,215,363. This is a decrease of € 330,987 compared to operating expenses for the fiscal year ended December 31, 2011, which amounted to € 50,546,350. This decrease is mainly attributable to the purchases (e.g. the renting of locomotives by the owners) amounting to € 1,601,835. The decrease is also due to the effects of lower turnover which results in reduced hiring of locomotives amounting to € 862k, however, is also due to an amendment of the rent amounting to € 682k. Personnel expenses increased by € 323,843 due to an increase in the average workforce, from 23.8 in 2011 to 27.4 in 2012.
As a precautionary measure, an allowance for doubtful debt was recorded in the books for the amount of € 685,500.

The company's financial income for the fiscal year ended December 31, 2012 amounted to € 526,136. This is a drop of € 143,040 compared to the revenue realised for the fiscal year ended December 31, 2011, which amounted to € 669,176. This decrease is mainly attributable to lower interest income, due to a reduction in amounts receivable from affiliated companies.

The financial costs of the company for the fiscal year ended December 31, 2012 amounted to € 20,427. This is a decrease of € 62,713 compared to the financial costs realised for the fiscal year ended December 31, 2011, which amounted to € 83,140. This decrease is mainly attributable to lowered interest rates.

No extraordinary items have been recorded for the company for the fiscal year ended December 31, 2012, just as in the previous year.
Income tax on profits for the fiscal year amounted to € 0 due to the accumulated losses.

The Board of Directors hereby state that the fiscal year ended December 31, 2012 closed with a profit amounting to € 913,497.

### 1.2. Description of the main risks facing the company

Below, the board of directors, in accordance with article 96, 1° of the Companies Code, provide a description of the main risks and uncertainties the company are faced with, or at the very least the extent to which such risks exist.

The company reorganised its corporate structure in 2009, following the sale of its portfolio of locomotives to affiliated companies. Since then, the company has rented locomotives which they have then leased to transport operators in the form of operating leases, where the credit risk is borne by the owners of the locomotives.
The transport operators consist of both state-owned companies as well as private companies. The company also has a mixed portfolio with respect to the maturity of the various operating leases.
The risks associated with each operating lease shall be borne by the owners of the locomotives so that the company runs few risks. The company is actively undertaking steps to manage other expected risks.

## 2. ALLOCATION OF INCOME

| | |
|---|---|
| - Allocated profit from the fiscal year 2012: | 913.497 EUR |
| - Losses carried over from the previous fiscal year: | <5,437,425> EUR |
| - Losses carried over to the next fiscal year: | <4,523,928> EUR |

The company's equity on December 31, 2012 is as follows:

| | |
|---|---|
| - Issued capital: | 12,600,000 EUR |
| - Reserves: | 0 EUR |
| - Losses carried over: | <4,523,928> EUR |
| Equity | 8,076,072 EUR |

The Board notes that Article 96, 6° of the Company Code applies as the balance to be carried over is a loss.
The board of directors believes that the company's continuity plan has not been compromised due to the fact the company:

- can meet its short-term obligations; and
- has shown a financial recovery due to the restructuring carried out in 2009.

The Board of Directors, pursuant to article 96, 6° of the Company Code, therefore believe that the valuation may be retained under the assumption of continuity.

## 3. SIGNIFICANT EVENTS FOLLOWING THE END OF THE FISCAL YEAR

Resignation of Mr. Stefan Stiefel as a Director on 20/03/2013.
Appointment of Mr. Fernando Perez as Director on 20/03/2013.

## 4. CIRCUMSTANCES THAT COULD SIGINICANTLY AFFECT THE COMPANY'S DEVELOPMENT, AS LONG AS THEY ARE NOT MALICIOUS IN NATURE AND POSE A SERIOUS RISK TO THE COMPANY

There is no information to be communicated regarding this matter.

## 5. RESEARCH & DEVELOPMENT ACTIVITES

No activities were developed in the area of research and development.

## 6. EXCEPTIONAL SERVICES PROVIDED BY THE AUDITOR AND FEES FOR SERVICES PROVIDED BY PERSONS WITH A PROFESSIONAL RELATIONSHIP WITH THE AUDITOR

No exceptional services or special assignments were performed by the auditor during the fiscal year. The company has not used the services of those who have a professional relationship with the auditor.

## 7. CAPITAL INCREASES OR ISSUES OF CONVERTIBLE BONDS OR BONDS WITH PRIORITY REGARDING THE AUTHORISED CAPITAL

There is no information to be communicated regarding this matter.

## 8. ACQUISITION OF OWN SHARES

The company hasn't acquired any shares during the last fiscal year.

## 9. CONFLICT OF INTERESTS

The Board of Directors did not make any decisions in the last fiscal year, which give rise to the application of the conflict of interest rules within the meaning of Article 523 of the Companies Code.

## 10. BRANCHES

The company has no branches.

## 11. USE OF FINANCIAL INSTRUMENTS

In accordance with Article 96, 8° of the Companies Code, the board announced that during the fiscal year ended December 31, 2012, no financial instruments were used that were relevant to the valuation of assets or liabilities with no bearing on financial performance and results.

We hereby submit for your approval the annual account, detailing an honest, complete and fair representation of all activities that have taken place during the fiscal year ended December 31, 2012.

Date: 23rd of April, 2013

Signatures:

Mr. Shaun Michael Mills
Delegated Director

Mr. Fernando Perez
Delegated Director

Ms. Hedwige Van de Wyer
Delegated Director

Deloitte.

Deloitte Bedrijfsrevisoren
Lange Lozanastraat 270
2018 Antwerp
Belgium
Tel: +32 3 800 88 00
Fax: +32 3 800 88 01

# Alpha Trains Belgium NV

## Auditor report for the fiscal year ended December 31, 2012

To the shareholders

In accordance with legal and statutory requirements, we are pleased to report on the performance of the audit mandate which you have entrusted to us. This report includes our opinion on the consolidated financial statements and the required additional disclosures.

## Unqualified opinion on the financial statements, along with an additional comment paragraph

We have audited the financial statements of Alpha Trains Belgium NV for the year ended December 31, 2012, prepared in accordance with accounting principles generally accepted in Belgium, which show a balance sheet total of 22,634,973 EUR and a profit of 913,497 EUR.

The preparation of the financial statements is the responsibility of the board of directors. This includes, among other things, the implementation and maintenance of internal control procedures related to the preparation and the fair presentation of the financial statements free from material misstatement resulting from fraud or error; the application of adequate accounting principles and sound accounting estimates.

It is our responsibility to form an opinion on the financial statements and to report our opinion to you. We conducted our audit in accordance with Belgian legal requirements and auditing standards, as issued by the Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren. We planned and performed our work so as to obtain sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements as a result of fraud or error.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of December 31, 2012, and of its results and its cash flows for the year then ended, in accordance with international Financial Reporting standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

In spite of the losses in the profit and loss account during the fiscal year, the financial statement has been drawn up on the assumption of continuity of the activities. This assumption is only justifiable to the extent that the company can further rely on the financial support of the shareholders or other financial sources. Without prejudice to the unqualified opinion above, we draw your attention to the Directors' report in which the Board of Directors, according to Belgian requirements, justifies the application of the valuation rules in going concern. No adjustments were made with respect to valuation or classification of balance sheet items that would be required in the event of the company discontinuing its activities.

## Additional comments

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comments, which do not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained and the financial statements have been prepared in accordance with the applicable Belgian legal and regulatory requirements.
- No transactions have been undertaken or decisions taken in violation of the company's articles of association or company law which we would have to report to you. The appropriation of the result proposed to the Annual General Meeting complies with the legal and statutory provisions.

Antwerp, April 24, 2013

**The auditor,**

**DELOITTE Bedrijfsrevisoren**

BV o.v.v.e. CVBA

Represented by Dirk Cleymans

Deloitte Bedrijfsrevisoren/ Reviseurs d'Entreprises
Civil company in the form of a cooperative company with limited liability
Registered office: Berkenlaan 8b, B-1831 Diegem
VAT BE 0429.053.863 – Register of legal entities Brussels – IBAN BE 17 2300 0465 6121 – BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

| | | | | | | |
|---|---|---|---|---|---|---|
| **40** | | | | 1 | **EUR** | |
| NAT. | Date of deposit | Nr. | Pg. | E. | D. | VOL 1.1 |

## ANNUAL ACOUNT IN EUROS

Name: *Alpha Trains Belgium*
Legal Form: *Limited liability company*
Address: *Jan van Gentstraat* Nr.: *7* Bus: *201*
Postcode: *2000* Municipality: *Antwerp*
Country: *Belgium*
Register of legal entities (RPR) – Commercial Court of: *Antwerp*
Website*:

Company registration number BE 0477.136.268

DATE – 10/12/2009 – deposit of the memorandum of association OR of the most recent document mentioning the date of the memorandum of association and of the act amending the articles of association.

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ANNUAL ACCOUNTS approved by the general meeting on 03/06/2013

regarding the period from 01/01/2012 until 31/12/2012

and the preceding period from 01/01/2011 until 31/12/2011

The amounts for the previous year are / are not identical** to the ones previously published.

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COMPLETE LIST with surnames, first names, profession, address (street, number, postcode and municipality) and position within the company, of the DIRECTORS, BUSINESS MANAGERS AND AUDITORS.

| | | |
|---|---|---|
| *Hedwige Van de Wyer* | *Mechelsestweenweg, 194, 2018 Antwerp, Belgium* | *Director 02/06/2009 - 01/06/2015* |
| *Shaun Michael Mills* | *Grove Cottage, Beardsmore Drive 0, WA3 2JH Lowton, Cheshire United Kingdom* | *Director 09/09/2010 – 01/06/2016* |
| *Fernando Perez Serrano* | *Rafael Bergamin 5-E 8-A, 28043 Madrid, Spain* | *Director 20/03/2013 - 03/06/2019* |
| *Stefan Stiefel* | *Maarschalk Gerardstraat 13, 2000 Antwerp, Belgium* | *Director 02/06/2009 – 20/03/2013* |
| *Deloitte Bedrijfsrevisoren Nr.: BE 0429.053.863 Membership number: 025 Represented by:* | *Berkenlaan 8b, 1831 Diegem, Belgium* | *Auditor 01/06/2011 – 02/06/2014* |

Are attached to these annual accounts:

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Total number of pages deposited: 29. Numbers of sections of the standard form not deposited because they are not relevant: 5.1, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.3.1, 5.3.4, 5.3.6, 5.4.1, 5.4.2, 5.5.1, 5.5.2, 5.6, 5.8, 5:13, 5:16, 5.17.2, 8, 9.

| | |
|---|---|
| Signature<br>(Name and function) | Signature<br>(Name and function) |
| Shaun Mills<br>Director | Fernando Perez<br>Director |

*Optional information
** Underline the relevant one



LIST OF THE DIRECTORS, BUSINESS MANAGERS AND AUDITORS (continued)

| | |
|---|---|
| Dirk Cleymans<br>(Auditor) | Lange Lozanastraat 270, 1018 Antwerp<br>Belgium |

**DECLARATION REGARDING A COMPLIMENTARY REVIEW OR CORRECTION ASSIGNMENT**

The managing board declares that no audit or correction assignment has been given to a person who was not authorised to do so by law, pursuant to articles 34 and 37 of the Law of April 22, 1999 regarding accounting and tax professions.

The annual accounts were/ were not * audited or corrected by an external accountant or by a company auditor who is not the statutory auditor.

If affirmative, mention hereafter: surname, first name, profession and address of each external accountant or company auditor and his membership number with his Institute as well as the nature his assignments:

A. Bookkeeping of the enterprise **
B. Preparing the annual accounts **
C. Auditing the annual accounts and /or
D. Correcting the annual accounts.

If the tasks mentioned under A. or B. are executed by certified accountants or certified bookkeepers–tax specialists, you can mention hereafter: surname, first name, occupation and address of each certified accountant or certified bookkeeper-tax specialist and the nature of his assignment.

| Surnames, First names, Profession and address | Membership number | Nature of the assignment (A, B, C and/or D) |
|---|---|---|
| | | |

| | | |
|---|---|---|
| | | |

*Underline the relevant one
** Optional mentioning



## BALANCE SHEET AFTER APPROPRIATION

| | Note. | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Fixed assets** | | 20/28 | 261,931 | 279,493 |
| **Formation expenses** | 5.1 | 20 | | |
| **Intangible fixed assets** | 5.2 | 21 | | |
| **Tangible fixed assets** | 5.3 | 22/27 | 124,544 | 145,953 |
| Land and buildings | | 22 | | |
| Plant, machinery and equipment | | 23 | 24,130 | 17,581 |
| Furniture and vehicles | | 24 | 21,835 | 23,344 |
| Leasing and other similar rights | | 25 | | |
| Other tangible assets | | 26 | | |
| Assets under construction and advance payments | | 27 | 78,579 | 105,028 |
| **Financial fixed assets** | 5.4/ 5.5.1 | 28 | 137,387 | 133,540 |
| Affiliated enterprises | 5.14 | 280/1 | | |
| Participating interests | | 280 | | |
| Amounts receivable | | 281 | | |
| Other enterprises linked by participating interests | 5.14 | 282/3 | | |
| Participating interests | | 282 | | |
| Amounts receivable | | 283 | | |
| Other financial assets | | 284/8 | 137,387 | 133,540 |

| | | | | | |
|---|---|---|---|---|---|
| Shares | | 284 | | | |
| Amounts receivable and cash guarantees | | 285/8 | | 137,387 | 133,540 |
| **CURRENT ASSETS** | | | 29/58 | 22, 373,042 | 23,693,431 |
| **Amounts receivable after one year** | | 29 | | | |
| Trade debtors | | 290 | | | |
| Other amounts receivable | | 291 | | | |
| **Stocks and contracts in progress** | | 3 | | | |
| Stock | | 30/36 | | | |
| Raw materials and consumables | | 30/31 | | | |
| Work in progress | | 32 | | | |
| Finished goods | | 33 | | | |
| Goods purchased for resale | | 34 | | | |
| Immovable property intended for sale | | 35 | | | |
| Advance payments | | 36 | | | |
| Contracts in progress | | 37 | | | |
| **Amounts receivable within one year** | | 40/41 | | 21,759,382 | 22,580,464 |
| Trade debtors | | 40 | | 14,219,257 | 14,158.345 |
| Other amounts receivable | | 41 | | 7,540, 125 | 8, 422, 119 |
| **Current investments** | 5.5.1/ 5.6 | 50.53 | | | |
| Own shares | | 50 | | | |
| Own investments | | 51/53 | | | |
| **Cash at bank and in hand** | | 54/58 | | 613,660 | 1,112,967 |
| **Deferred charges and accrued income** | | 5.6 | 490/1 | | |
| **TOTAL ASSETS** | | 20/58 | | 22,634,973 | 23,972,924 |

| | Note. | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | (+)(-) | 10/15 | 8,076,072 | 7,162,575 |
| **Capital** | 5.7 | 10 | 12,600,000 | 12,600,000 |
| Issued capital | | 100 | 12,600,000 | 12,600,000 |
| Uncalled capital | | 101 | | |
| **Share premium account** | | 11 | | |
| **Revaluation surpluses** | | 12 | | |
| **Reserves** | | 13 | | |
| Legal reserves | 130 | | | |
| Reserves not available for distribution | | 131 | | |
| In respect of own shares held | | 1310 | | |
| Other | | 1311 | | |
| Untaxed reserves | | 132 | | |
| Reserves available for distribution | | 133 | | |
| **Accumulated profits (losses)** | (+)(-) | 14 | -4,523,928 | -5,437,425 |
| **Investment grants** | | 15 | | |
| **Advance to associates on the distribution of the assets** | | 19 | | |
| **PROVISIONS AND DEFERRED TAXES** | | 16 | | |
| **Provisions for liabilities and expenses** | | 160/5 | | |
| Pensions and similar obligations | | 160 | | |

| | | | | |
|---|---|---|---|---|
| Taxation | | 161 | | |
| Major repairs and maintenance | | 162 | | |
| Other liabilities and charges | 5.8 | 163/5 | | |
| **Deferred taxes** | | 168 | | |
| **LIABILITIES** | | 17/49 | | |
| **Amounts payable after more than one year** | 5.9 | 17 | | |
| Financial debts | | 170/04 | | |
| Subordinated loans | | 170 | | |
| Un-subordinated debentures | | 171 | | |
| Leasing and other similar obligations | | 172 | | |
| Credit institutions | | 173 | | |
| Other loans | | 174 | | |
| Trade debts | | 175 | | |
| Suppliers | | 1750 | | |
| Bills of exchange payable | | 1751 | | |
| Advances received on contracts in progress | | 176 | | |
| Other amounts payable | | 178/9 | | |
| **Amounts payable within one year** | | 42/48 | 8,807,809 | 10,493,368 |
| Current portion of amounts payable after more than one year falling due within one year | 5.9 | 42 | | |
| Financial debts | | 43 | | |
| Credit institutions | | 430/8 | | |
| Other loans | | 439 | | |
| Trade debts | | 44 | 5,287,944 | 8,137,737 |
| Suppliers | | 440/4 | 5,287,944 | 8,137,737 |
| Bills of exchange payable | | 441 | | |
| Advances received on contracts in progress | | 46 | | |
| Taxes, remuneration and social security | | 5.9 45 | 831,709 | 753,173 |
| Taxes | | 450/3 | | |
| Remuneration and social security | | 454/9 | 831,709 | 753,173 |
| Other amounts payable | | 47/48 | 2,688,156 | 1,602,458 |
| **Accruals and deferred income** | 5.9 | 492/3 | 5,751,092 | 6,316,981 |
| **TOTAL LIABILITIES** | | 10/49 | 22,634,973 | 23,972,924 |

## PROFIT AND LOSS ACCOUNT

| | | Note. | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|---|---|
| **Operating Income** | | | 70/74 | 50,623,151 | 51,008,612 |
| Turnover | | 5.10 | 70 | 44,574,500 | 45,888,831 |
| Increase (Decrease) in stocks of finished goods, work in progress and contracts in progress | (+)(-) | | 71 | | |
| Fixed assets – own construction | | | 72 | | |
| Other operating income | | 5.10 | 74 | 6,048,651 | 5,119,781 |
| **Operating charges** | (+)(-) | | 60/64 | 50,215,363 | 50,546,350 |
| Raw materials, consumables and goods for resale | | | 60 | 44,725,471 | 46,327,306 |
| Purchases | | | 600/8 | 44,725,471 | 46,327,306 |
| Decrease (increase) in stocks | (+)(-) | | 609 | | |
| Services and other goods | (+)(-) | | 61 | 1,418,485 | 1,137,587 |
| Remuneration, social security costs and pensions | (+)(-) | 5.10 | 62 | 3,191,579 | 2,867,736 |
| Depreciation of and other amounts written off formation expenses and intangible and tangible fixed assets | | | 630 | 56,962 | 53,567 |
| Amounts written off stocks, contracts in progress and trade debtors: increase (decrease) | (+)(-) | | 631/4 | 685,500 | |
| Provisions for risks and charges - Appropriations (Utilisation and write-back) | (+)(-) | 5.10 | 635/7 | | |
| Other operating charges | | 5.10 | 640/08 | 137.366 | 160.154 |
| Operating charges capitalised | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| as restructuring costs | ...(-) | | 649 | | |
| **Operating profit (loss)** | (+)(-) | | 9901 | 407,788 | 462,262 |
| **Financial income** | | | 75 | 526.136 | 669,175 |
| Income from financial fixed assets | | | 750 | | |
| Income from current assets | | | 751 | 504,615 | 666,874 |
| Other financial income | | 5.11 | 752/9 | 21.521 | 2,301 |
| **Financial charges** | (+)(-) | 5.11 | 65 | 20,427 | 83,140 |
| Interest and other debt charges | | | 650 | 11,944 | 54,293 |
| Amount written of current assets other than stocks, contracts in progress and trade debtors: | (+)(-) | | 651 | | |
| Other financial charges | (+)(-) | | 652/9 | 8,483 | 28,847 |
| **Profit (loss) on ordinary activities before taxes** | (+)(-) | | 9902 | 913,497 | 1,048,297 |

| | Note. | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|---|
| **Extraordinary income** | | 76 | | |
| Write-back of depreciation and of other amounts written off intangible and tangible fixed assets | | 760 | | |
| Write-back of amounts written off financial fixed assets | | 761 | | |
| Write-back of provisions for extraordinary liabilities and charges | | 762 | | |
| Gain on disposal of fixed assets | | 763 | | |
| Other extraordinary income | 5.11 | 764/9 | | |
| **Extraordinary charges** (+)(-) | | 66 | | |
| Extraordinary depreciation and amounts written off formation expenses, intangible and tangible fixed assets | | 660 | | |
| Amounts written off financial current assets | | 661 | | |
| Provisions for extraordinary liabilities and charges. Increases (decreases) (+)(-) | | 662 | | |
| Loss on disposal of fixed assets | | 663 | | |
| Other extraordinary charges | 5.11 | 664/8 | | |
| Extraordinary charges carried to assets as restructuring costs | ...(-) | 669 | | |
| **Profit (loss) of the fiscal year before tax (+)(-)** | | 9903 | 913,497 | 1,048,297 |
| **Transfer from deferred tax** | | 780 | | |
| **Transfer to deferred tax** | | 680 | | |

| | | | | | |
|---|---|---|---|---|---|
| **Income taxes** | (+)(-) | 5.12 | 66/77 | | |
| Taxes | | | 670/3 | | |
| Adjustment of income taxes and write-back of tax provisions | | | 77 | | |
| **Profit (loss) for the fiscal year** | | | 9904 | 913,497 | 1,048,297 |
| **Transfer from reserves** | | | 789 | | |
| **Transfer to reserves** | | | 689 | | |
| **Profit (loss) for the year available for appropriation** | (+)(-) | | 9905 | 913,497 | 1,048,297 |



## APPROPRIATION ACCOUNT

| | | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|---|
| **Profit (loss) to be appropriated** | (+)(-) | 9906 | -4,523,928 | -5,437,425 |
| Profit (loss) for the year available for appropriation | (+)(-) | (9905) | 913,497 | 1,048,297 |
| Profit (loss) brought forward | (+)(-) | 14P | -5,437,425 | -6,485,722 |
| **Transfers from capital and reserves** | | 791/2 | | |
| from capital and share premium account | | 791 | | |
| from reserves | | 792 | | |
| **Transfers to capital and reserves** | | 691/2 | | |
| to capital and share premium accounts | | 691 | | |
| to the legal reserve | | 6920 | | |
| to other reserves | | 6921 | | |
| **Profit (loss) to be carried forward** | (+)(-) | (14) | | |
| **Shareholders' contribution in respect of losses** | | 794 | | |
| **Profit to be distributed** | | 694/6 | | |
| Dividends | | 694 | | |
| Directors' or Managers' entitlements | | 695 | | |
| Other beneficiaries | | 695 | | |

## PLANT, MACHINERY AND EQUIPMENT

| | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|
| **Acquisition value at the end of the preceding fiscal year** | 8192P | xxxxxxxxxx | 200,063 |
| **s during the fiscal year** | 22,290 | | |
| Acquisitions, including produced fixed assets, | 8162 | | |
| Sales and disposals | 8172 | | |
| Transferred from one heading to another (+)(-) | 8182 | | |
| **Acquisition value at the end of the fiscal year** | 8192 | 222,353 | |
| **Revaluation surpluses at the end of the fiscal year** | 8252P | xxxxxxxxxx | |
| **Movements during the fiscal year** | | | |
| Recorded | 8212 | | |
| Acquisitions from third parties | 8222 | | |
| Cancelled | 8232 | | |
| Transferred from one heading to another (+)(-) | 8242 | | |
| **Revaluation surpluses at the end of the fiscal year** | 8252 | | |
| **Depreciation and amounts written down as at the end of the fiscal year** | 8322P | xxxxxxxxxx | 182,482 |

| | | | |
|---|---|---|---|
| **Movements during the fiscal year** | | | |
| Recorded | | 8272 | 15,741 |
| Written back | | 8282 | |
| Acquisitions from third parties | | 8292 | |
| Cancelled owing to sales and disposals | | 8302 | |
| Transferred from one heading to another | (+)(-) | 8312 | |
| **Depreciation and amounts written down at the end of the fiscal year** | | 8322 | 198,223 |
| **NET BOOK VALUE AT THE END OF THE FISCAL YEAR** | | (23) | 24,130 |



**FURNITURE AND VEHICLES**

| | | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|---|
| **Acquisition value at the end of the preceding fiscal year** | | 8193P | xxxxxxxxxx | 175,356 |
| **Movements during the fiscal year** | | | | |
| Acquisitions, including produced fixed assets, | | 8163 | 10,788 | |
| Sales and disposals | | 8173 | | |
| Transferred from one heading to another | (+)(-) | 8183 | | |
| **Acquisition value at the end of the preceding fiscal year** | | 8193 | 186,144 | |
| **Revaluation surpluses at the end of the fiscal year** | | 8253P | xxxxxxxxxx | |
| **Movements during the fiscal year** | | | | |
| Recorded | | 8213 | | |
| Acquisitions from third parties | | 8223 | | |
| Cancelled | | 8233 | | |
| Transferred from one heading to another | (+)(-) | 8243 | | |
| **Revaluation surpluses at the end of the fiscal year** | | 8253 | | |
| **Depreciation and amounts written down at the end of the fiscal year** | | 8323P | xxxxxxxxxx | 152,012 |

| | | | |
|---|---|---|---|
| **Movements during the fiscal year** | | | |
| Recorded | | 8273 | 12,297 |
| Written back | | 8283 | |
| Acquisitions from third parties | | 8293 | |
| Cancelled owing to sales and disposals | | 8303 | |
| Transferred from one heading to another | (+)(-) | 8313 | |
| **Depreciation and amounts written down at the end of the fiscal year** | | 8323 | 164,309 |
| **NET BOOK VALUE AT THE END OF THE FISCAL YEAR** | | (24) | 21,835 |



**OTHER TANGIBLE FIXED ASSETS**

| | | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|---|
| **Acquisition value at the end of the fiscal year** | | 8195P | xxxxxxxxxx | 211,450 |
| **Movements during the fiscal year** | | | | |
| Acquisitions, including produced fixed assets, | | 8165 | 2,475 | |
| Sales and disposals | | 8175 | | |
| Transferred from one heading to another | (+)(-) | 8185 | | |
| **Acquisition value at the end of the fiscal year** | | 8195 | 213,925 | |
| **Revaluation surpluses at the end of the fiscal year** | | 8253P | xxxxxxxxxx | |
| **Movements during the fiscal year** | | | | |
| Recorded | | 8215 | | |
| Acquisitions from third parties | | 8225 | | |
| Cancelled | | 8235 | | |
| Transfer from one heading to another | (+)(-) | 8245 | | |
| **Revaluation surpluses at the end of the fiscal year** | | 8255 | | |
| **Depreciation and amounts written down at the end of the fiscal year** | | 8325P | xxxxxxxxxx | 106,422 |

| | | | |
|---|---|---|---|
| **Movements during the fiscal year** | | | |
| Recorded | | 8275 | 28,924 |
| Written back | | 8285 | |
| Acquisitions from third parties | | 8295 | |
| Cancelled owing to sales and disposals | | 8305 | |
| Transferred from one heading to another | (+)(-) | 8315 | |
| **Depreciation and amounts written down at the end of the fiscal year** | | 8325 | 135,346 |
| **NET BOOK VALUE AT THE END OF THE FISCAL YEAR** | | (26) | 78,579 |



**OTHER ENTERPRISES, PARTICIPATING INTERESTS AND SHARES**

| | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|
| **Acquisition value at the end of the fiscal year** | 8393P | xxxxxxxxxx | |
| **Movements during the fiscal year** | | | |
| Acquisitions | 8363 | | |
| Sales and disposals | 8373 | | |
| Transferred from one heading to another (+)(-) | 8383 | | |
| **Acquisition value at the end of the fiscal year** | 8393 | | |
| **Revaluation surpluses at the end of the fiscal year** | 8453 | xxxxxxxxxx | |
| **Movements during the fiscal year** | | | |
| Recorded | 8413 | | |
| Acquisitions from third parties | 8423 | | |
| Cancelled | 8433 | | |
| Transferred from one heading to another (+)(-) | 8443 | | |
| **Revaluation surpluses at the end of the fiscal year** | 8453 | | |
| **Depreciation and amounts written down at the end of the fiscal year** | 8523P | | |

| | | | | |
|---|---|---|---|---|
| **Movements during the fiscal year** | | | | |
| Recorded | | 8473 | | |
| Written back | | 8483 | | |
| Acquisitions from third parties | | 8493 | | |
| Cancelled owing to sales and disposals | | 8503 | | |
| Transferred from one heading to another | (+)(-) | 8513 | | |
| **Depreciation and amounts written down at the end of the fiscal year** | | 8523 | | |
| **Uncalled amounts at the end of the fiscal year** | | 8553P | xxxxxxxxxx | |
| **Movements during the fiscal year** | (+)(-) | 8543 | | |
| **Uncalled amounts at the end of the fiscal year** | | 8553 | | |
| **NET BOOK VALUE AT THE END OF THE FISCAL YEAR** | | (284) | | |
| **OTHER ENTERPRISES – AMOUNTS RECEIVABLE** | | | | |
| **NET BOOK VALUE AT THE END OF THE FISCAL YEAR** | | 285/8P | xxxxxxxxxx | 133,540 |
| **Movements during the fiscal year** | | | | |
| Additions | | 8583 | 8,787 | |
| Repayments | | 8593 | 4,490 | |
| Amounts written down | | 8603 | | |
| Amounts written back | | 8613 | | |
| Exchange rate differences | (+)(-) | 8623 | | |
| Other movements | | 8633 | | |
| **NET BOOK VALUE AT THE END OF THE FISCAL YEAR** | | (285/8) | 137,387 | |
| **ACCUMULATED AMOUNTS WRITTEN OFF AMOUNTS RECEIVABLE AT THE END OF THE FISCAL YEAR** | | 8653 | | |

## STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE

### STATEMENT OF CAPITAL

| | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|
| **Social capital** | | | |
| Issued capital at the end of the fiscal year | 100P | xxxxxxxxxx | 12,600,000 |
| Issued capital at the end of the fiscal year | (100) | 12,600,000 | |

| | Codes | Amounts | Number of shares |
|---|---|---|---|
| Changes during the fiscal year | | | |
| Structure of the capital | | | |
| Different categories of shares | | | |
| Shares without par value | | 12,600,000 | 126,000 |
| Registered shares | 8702 | xxxxxxxxxx | 126,000 |
| Bearer shares and/or dematerialised shares | 8703 | xxxxxxxxxx | |

| | Codes | Uncalled capital | Called and unpaid capital |
|---|---|---|---|
| **Unpaid capital** | | | |

| | | | |
|---|---|---|---|
| Uncalled capital | (101) | | xxxxxxxxxx |
| Called up capital, unpaid | | | |
| Shareholders having yet to pay in full | 8712 | xxxxxxxxxx | |

| | Codes | Fiscal year |
|---|---|---|
| **Own shares held by** | | |
| The company itself | | |
| Amount of capital held | 8721 | |
| Number of shares held | 8722 | |
| It's subsidiaries | | |
| Amount of capital held | 8731 | |
| Number of shares held | 8732 | |
| **Commitment to issue shares** | | |
| Owning to the exercising of conversion rights | | |
| Amount of outstanding convertible loans | 8740 | |
| Amount of subscribed capital 8741 | | |
| Corresponding maximum number of shares to be issued | 8742 | |
| Owing to the exercise of subscription rights | | |
| Number of outstanding subscription rights | 8745 | |
| Amount of capital to be subscribed | 8746 | |
| Corresponding maximum number of shares to be issued | 8747 | |
| **Authorised capital not issued** | 8751 | |

**Shares issued, non representing capital**

| | |
|---|---|
| Distribution | |
| Number of shares | 8761 |
| Number of voting rights attached thereto | 8762 |

| | |
|---|---|
| Allocation by shareholder | |
| Number of shares held by the company | 8771 |
| Number of shares held by its subsidiaries | 8781 |

**STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE AT YEAR-END CLOSING DATE, AS IT APPEARS ON THE STATEMENTS RECEIVED BY THE ENTERPRISE**

Alpha Trains Group sarl – Luxembourg B137614: 99%
Alpha Trains UK Limited – 4067217: 1%

## STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFFERED INCOME

| | Codes | Fiscal year |
|---|---|---|
| BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL MATURITY PERIOD OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL TERM | | |
| **Current portion of amounts payable after more than one year falling due within one year** | | |
| Financial debts | 8801 | |
| Subordinated loans | 8811 | |
| Un-subordinated debentures | 8821 | |
| Leasing and other similar obligations | 8831 | |
| Credit institutions | 8841 | |
| Other loans | 8851 | |
| Trade debts | 8861 | |
| Suppliers | 8871 | |
| Bills of exchange payable | 8881 | |
| Advances received on contracts in progress | 8891 | |
| Other amounts payable | 8901 | |
| **Total current portion of amounts payable after more than one year falling due within one year** | (42) | |
| **Amounts payable with a remaining term of more than one but not more than five years** | | |
| Financial debts | 8802 | |
| Subordinated loans | 8812 | |
| Un-subordinated debentures | 8822 | |
| Leasing and other similar obligations | 8832 | |
| Credit institutions | 8842 | |
| Other loans | 8852 | |
| Trade debts | 8862 | |
| Suppliers | 8872 | |
| Bills of exchange payable | 8882 | |
| Advances received on contracts in progress | 8892 | |

| | |
|---|---|
| Other amounts payable | 8902 |
| **Total amounts payable with a remaining term of more than one but not more than five years** | 8912 |
| **Amounts payable with a remaining term of more than 5 years** | |
| Financial debts | 8803 |
| Subordinated loans | 8813 |
| Un-subordinated debentures | 8823 |
| Leasing and other similar obligations | 8833 |
| Credit institutions | 8843 |
| Other loans | 8853 |
| Trade debts | 8863 |
| Suppliers | 8873 |
| Bills of exchange payable | 8883 |
| Advances received on contracts in progress | 8893 |
| Other amounts payable | 8903 |
| **Total amounts payable with a remaining term of more than than 5 years** | 8913 |

| | Codes | Fiscal year |
|---|---|---|
| **GUARANTEED AMOUNTS PAYABLE (included in headings 17 and 42/48 of the liabilities)** | | |
| **Amounts payable guaranteed by the Belgian Public Authorities** | | |
| Financial debts | 8921 | |
| Subordinated loans | 8931 | |
| Un-subordinated debentures | 8941 | |
| Leasing and other similar obligations | 8951 | |
| Credit institutions | 8961 | |
| Other loans | 8971 | |
| Trade debts | 8981 | |
| Suppliers | 8991 | |
| Bills of exchange payable | 9001 | |
| Advances received on contracts in progress | 9011 | |
| Remuneration and social security | 9021 | |
| Other amounts payable | 9051 | |
| **Total amounts payable guaranteed by the Belgian Public Authorities** | 9061 | |
| **Amounts payable guaranteed by real securities or irrevocably promised by the enterprise on own assets** | | |
| Financial debts | 8922 | |
| Subordinated loans | 8932 | |
| Un-subordinated debentures | 8942 | |
| Leasing and other similar obligations | 8952 | |
| Credit institutions | 8962 | |
| Other loans | 8972 | |

| | | |
|---|---|---|
| Trade debts | 8982 | |
| Suppliers | 8992 | |
| Bills of exchange payable | 9002 | |
| Advances received on contracts in progress | 9012 | |
| Taxes, remuneration and social security | 9022 | |
| Taxes | 9032 | |
| Remuneration and social security | 9042 | |
| Other amounts payable | 9052 | |
| **Total amounts payable guaranteed by real securities or irrevocably promised by the enterprise on own assets** | 9062 | |

| | Codes | Fiscal year |
|---|---|---|

## TAXES, REMUNERATION AND SOCIAL SECURITY

| | | |
|---|---|---|
| **Taxes** (heading 450/3 of the liabilities) | | |
| Outstanding tax debts | 9072 | |
| Accruing taxes payable | 9073 | |
| Estimated taxes payable | 450 | |
| **Remuneration and social security** (heading 454/9 of the liabilities) | | |
| Amounts due to the National Social Security Office | 9076 | |
| Other amounts payable in respect of remuneration and social security | 9077 | 831,709 |

## ACCRUALS AND DEFERRED INCOME

| | Period |
|---|---|
| **Allocation of heading 492/3 of liabilities if the amount is significant** | |
| Various accrued expenses | 5,297,786 |
| Currency translation differences | 453,306 |

## OPERATING RESULTS

| | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|
| **OPERATING INCOME** | | | |
| **Net turnover** | | | |
| Allocation by categories of activity | | | |
| Allocation into geographical markets | | | |
| **Other operating income** | | | |
| Operating subsidies and compensatory amounts received from public authorities | 740 | | |
| **OPERATING CHARGES** | | | |
| **Employees for whom the enterprise submitted a DMINOA declaration or who are recorded in the general personnel register** | | | |
| Total number at the closing date | 9086 | 29 | 27 |
| Average number of employees calculated in full-time equivalents | 9087 | 27.4 | 23.8 |
| Number of actual worked hours | 9088 | 44,800 | 39,399 |

| | | | | |
|---|---|---|---|---|
| **Personnel costs** | | | | |
| Remuneration and direct social benefits | | 620 | 2,357,150 | 1,984,551 |
| Employer's contribution for social security | | 621 | 558,172 | 515,367 |
| Employer's premiums for extra statutory insurance | | 622 | 185,863 | 277,924 |
| Other personnel costs | (+)(-) | 623 | 90,394 | 89,894 |
| Retirement and survivor's pensions | | 624 | | |
| **Provisions for pensions and similar rights** | | | | |
| Appropriations (uses and write-backs) | (+)(-) | 635 | | |
| **Amounts written off** | | | | |
| Stocks and contracts in progress | | | | |
| Recorded | | 9110 | | |
| Written back | | 9111 | | |
| Trade debts | | | | |
| Recorded | | 9112 | 685,500 | |
| Written back | | 9113 | | |
| **Provisions for liabilities and charges** | | | | |
| Additions | | 9115 | | |
| Uses and write-backs | | 9116 | | |
| **Other operating charges** | | | | |
| Taxes related to operation | | 640 | 1,632 | 13,443 |
| Other costs | | 641/8 | 135,734 | 146,711 |
| **Hired temporary staff and personnel placed at the enterprise's disposal** | | | | |
| Total number at the closing date | | 9096 | 2 | |
| Average number calculated in full-time equivalents | | 9097 | 2.3 | |
| Number of actual worked hours | | 9098 | 4,091 | |
| Costs to the enterprise | | 617 | 136,637 | |

## FINANCIAL AND EXTRAORDINARY RESULTS

| | Codes | Fiscal | Preceding fiscal year |
|---|---|---|---|
| **FINANCIAL RESULTS** | | | |
| **Other financial income** | | | |
| Subsidies granted by public authorities and recorded as income for the period | | | |
| Capital subsidies | 9125 | | |
| Interest subsidies | 9126 | | |
| Allocation of other financial income | | | |
| *Discount gains* | | 20,589 | 0 |
| *Other* | | 932 | 0 |
| **Depreciation of loan issue expenses and reimbursement premiums** | 6501 | | |
| **Capitalised interests** | 6503 | | |
| **Amounts written of current assets** | | | |
| Recorded | 6510 | | |
| Written back | 6511 | | |
| **Other financial charges** | | | |
| Amounts of the discount borne by the enterprise, as a result of negotiating amounts receivable | 653 | | |

| | | | | |
|---|---|---|---|---|
| **Provisions of a financial nature** | | | | |
| Appropriations | | 6560 | | |
| Uses and write-backs | | 6561 | | |
| **Allocation of other financial charges** | | | | |
| Bank charges | (+)(-) | | 7,019 | 25,709 |
| Exchange differences | (+)(-) | | 1,464 | 3,138 |

Fiscal year

**EXTRAORDINARY RESULTS**

Allocation of other extraordinary income

Allocation of other extraordinary charges



**INCOME TAXES AND OTHER TAXES**

| | Codes | Fiscal year |
|---|---|---|
| **INCOME TAXES** | | |
| **Income taxes on the result of the fiscal year** | 9134 | |
| Income taxes paid and withholding taxes due or paid | 9135 | 211 |
| Excess of income tax prepayments and withholding taxes paid recorded under assets | 9136 | 211 |
| Estimated additional taxes | 9137 | |
| **Income taxes on the results of prior fiscal years** | 9138 | |
| Additional income taxes due or paid | 9139 | |
| Additional income taxes estimated or provided for | 9140 | |
| **In so far as taxes of the period are materially affected by differences between the profit before taxes as stated in annual accounts and the estimated taxable profit** | | |
| *Disallowed expenses excluding prepayments and tax provision* (+)(-) | | 112,839 |
| *Advance payments and tax provision* (+)(-) | | -214,878 |
| *Deduction for risk* (+)(-) | | -811,458 |

**Impact of extraordinary results on the amount of income taxes relating to the current period**

| | Codes | Fiscal year |
|---|---|---|
| **Status of deferred taxes** | | |
| Deferred taxes representing assets | 9141 | 4,337,658 |
| Accumulated tax losses deductible from future taxable profits | 9142 | 4,310,358 |
| Other deferred taxes representing assets | | |
| *Tax deduction* | | |
| Deferred taxes representing liabilities | 9144 | |
| Allocation of deferred taxes representing liabilities | | |

| | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|
| **VALUE ADDED TAXES AND OTHER TAXES BORN BYTHIRD PARTIES** | | | |
| **Value added taxes charged** | | | |
| To the enterprise (deductible) | 9145 | 204,566 | 113,813 |
| By the enterprise | 9146 | 4,948,785 | 5,044,170 |
| **Amounts withheld on behalf of third party** | | | |
| For payroll withholding taxes | 9147 | 725,619 | 693,346 |
| For withholding taxes on investment income | 9148 | | |

## RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED TO PARTICIPATING INTERESTS

| | Codes | Fiscal year | Preceding fiscal year |
|---|---|---|---|
| **AFFILIATED ENTERPRISES** | | | |
| **Financial fixed assets** | (280/1) | | |
| Participating interests | (280) | | |
| Subordinated amounts receivable | 9271 | | |
| Other amounts receivable | 9281 | | |
| **Amounts receivable from affiliated enterprises** | 9291 | 11,589,297 | 13,767,990 |
| Over one year | 9301 | | |
| Within one year | 9311 | 11,589,297 | 13,767,990 |
| **Current investments** | 9321 | | |
| Shares | 9331 | | |
| Amounts receivable | 9341 | | |
| **Amounts payable** | 9351 | 2,852,678 | 3,175,631 |
| Over one year | 9361 | | |
| Within one year | 9371 | 2,852,678 | 3,175,631 |
| **Personal and real guarantees** | | | |
| Provided or irrevocably promised by the enterprise as security for debts or commitments of affiliated | | | |

| | | | |
|---|---|---|---|
| enterprises | 9381 | | |
| Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprises | 9391 | | |
| **Other significant financial commitments** | 9401 | | |
| **Financial results** | | | |
| Income from financial fixed assets | 9421 | | |
| Income from current assets | 9431 | 503,547 | 640,861 |
| Other financial income | 9441 | | |
| Debt charges | 9461 | | |
| Other financial charges | 9471 | | |
| **Disposal of fixed assets** | | | |
| Capital gains obtained | 9481 | | |
| Capital losses suffered | 9491 | | |

**ENTERPRISES LINKED BY PARTICIPATING INTERESTS**

| | |
|---|---|
| **Financial fixed assets** | (282/3) |
| Participating interests | (282) |
| Subordinated amounts receivable | 9272 |
| Other amounts receivable | 9282 |
| **Amounts receivable** | 9292 |
| Over one year | 9302 |
| Within one year | 9312 |
| **Amounts payable** | 9352 |
| Over one year | 9362 |
| Within one year | 9372 |

**TRANSACTIONS WITH ENTERPRISES LINKED BY PARTICIPATING INTERESTS OUT OF MARKET CONDITIONS**

| | Fiscal year |
|---|---|
| **Mention of these transactions if they are significant, including the value of the transaction, nature of the link, and all information about the transaction which should be necessary to get a better understanding of the situation of the company** | |
| *Nil* | 0 |

## FINANCIAL RELATIONSHIPS WITH

### DIRECTORS, MANAGERS, INDIVIDUALS OR CORPORATE BODIES WHO CONTROL THE ENTERPRISE WITHOUT BEING ASSOCIATED THEREWITH OR OTHER ENTERPRISES CONTROLLED BY THESE PERSONS

| | Codes | Fiscal year |
|---|---|---|
| **Amounts receivable from these persons** | 9500 | |
| Conditions on amounts receivable | | |
| **Guarantees provided in their favour** | 9501 | |
| Main conditions of these guarantees | | |
| **Other significant commitments undertaken in their favour** | 9502 | |
| Main conditions of other commitments | | |
| **Amount of direct and indirect remunerations and pensions included in the income statement, as long as this disclosure does not exclusively or primarily concern the situation of a single, identifiable person** | | |
| To directors and managers | 9503 | |
| To former directors and former managers | 9404 | |

| | Codes | Fiscal year |
|---|---|---|

### AUDITORS OR PEOPLE THEY ARE LINKED TO

| | | | |
|---|---|---|---|
| **Auditor's fees** | | 9505 | 26,300 |
| **Fees for exceptional services or special missions executed in the company by the auditor** | | | |
| | Other attestation missions | 95061 | |
| | Tax consultancy | 95062 | |
| | Other missions external to the audit | 95063 | |
| **Fees for exceptional services or special missions executed in the company by persons they are linked to** | | | |
| | Other attestation missions | 95081 | |
| | Tax consultancy | 95082 | 4,970 |
| | Other missions external to the audit | 95083 | |

**Mentions related to article 133, paragraph 6 from the Companies Code**



## STATEMENT ON CONSOLIDATED ACCOUNTS

### INFORMATION TO DISCLOSE BY THE REPORTING ENTERPRISE BEING A SUBSIDIARY OR A JOINT SUBSIDIARY

Name, full address of the registered address and, for an enterprise governed by Belgian Law, the V.A.T. or national number of the parent company preparing and publishing the consolidated accounts required.

| | |
|---|---|
| *1. Alpha Trains Group sarl*<br>*B137614*<br>*Rue Alfred de Musset 22, 2175*<br>*Luxembourg, Luxembourg* | *Consolidated parent company – smallest number* |

If the parent company(-ies) is (are) (an) enterprise(s) governed by foreign law, disclose where the consolidated accounts can be obtained*:

| | |
|---|---|
| *1. Alpha Tains Group sarl* | *Alpha Trains Group Sarl*<br>*Rue Alfred de Musset 22, 2175 Luxembourg, Luxembourg* |

* Where the accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated accounts are prepared and published.

**SOCIAL BALANCE SHEET**

Number of joint industrial committees: 218

**STATEMENT OF THE PERSONS EMPLOYED**

**EMPLOYEES FOR WHOM THE ENTERPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER**

| During the fiscal year | Codes | Total | 1. Men | 2. Women |
|---|---|---|---|---|
| **Number of employees** | | | | |
| Full-time | 1001 | 22.7 | 11.9 | 10.8 |
| Part-time | 1002 | 6.0 | | 6.0 |
| Total in full-time equivalents | 1003 | 27.4 | 11.9 | 15.5 |
| **Number of hours actually worked** | | | | |
| Full-time | 1011 | 36,770 | 19,360 | 17,410 |
| Part-time | 1012 | 8,030 | | 8,030 |
| Total in full-time equivalents | 1013 | 44,800 | 19,360 | 25,440 |
| **Personnel costs** | | | | |
| Full-time | 1021 | 2,654,084 | 1,431,217 | 1,222,867 |
| Part-time | 1022 | 537,495 | | 537,495 |

| | | | | |
|---|---|---|---|---|
| Total in full-time equivalents | 1023 | 3,191,579 | 1,431,217 | 1,760,362 |
| **Advantages in addition to wages** | 1033 | | | |

| **As at the closing date of the preceding fiscal year** | Codes | P. Total | 1P. Men | 2P. Women |
|---|---|---|---|---|
| Number of employees | 1003 | 23.8 | 10.3 | 13.5 |
| Numbers of hours actually worked | 1013 | 39,399 | 17,026 | 22,373 |
| Personnel costs Advantages in addition to wages | 1023 | 2,876,736 | 1,285,994 | 1,581,742 |



**EMPLOYEES FOR WHOM THE ENTERPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER (continued)**

**At the closing date of the fiscal year**

| | Codes | 1. Full-time | 2. Part-time | 3. Total in full-time equivalents |
|---|---|---|---|---|
| **Number of employees** | 105 | 24 | 5 | 28.0 |
| **By nature of the employment contract** | | | | |
| Contract for an indefinite period | 110 | 24 | 5 | 28.0 |
| Contract for a definite period | 111 | | | |
| Contract for the execution of specifically assigned work | 112 | | | |
| Replacement contract | 113 | | | |
| **According to gender and level of study** | | | | |
| Men | 120 | 12 | | 12.0 |
| primary education | 1200 | | | |
| secondary education | 1201 | | | |
| higher university | | | | |

| | | | | |
|---|---|---|---|---|
| education | 1202 | | | |
| University education | 1203 | 12 | | 12.0 |
| Women | 121 | 12 | 5 | 16.0 |
| primary education | 1210 | | | |
| secondary education | 1211 | | | |
| higher university education | 1212 | | | |
| University education | 1213 | 12 | 5 | 16.0 |
| **By professional category** | | | | |
| Management staff | 130 | | | |
| Employees | 134 | 24 | 5 | 28.0 |
| Workers | 132 | | | |
| Others | 133 | | | |

**HIRED TEMPORARY STAFF AND PERSONAL PLACED AT THE ENTERPRISE'S DISPOSAL**

| **During the fiscal year** | Codes | 1. Hired temporary staff | 2. Persons placed at the enterprise's disposal |
|---|---|---|---|
| Average number of persons employed | 150 | 2.3 | |
| Number of hours actually worked | 151 | 4,091 | |
| Costs for the enterprise | 152 | 136,637 | |

## INFORMATION ON PERSONEL MOVEMENTS DURING THE FISCAL PERIOD

### ENTRIES

| | Codes | 1. Full-time | 2. Part-time | 3. Total in full-time equivalents |
|---|---|---|---|---|
| **Number of employees for whom the enterprise submitted a DIMONA declaration or who have been recorded in the general personnel register during the fiscal year** | 205 | 5 | | 5.0 |
| **By nature of employment contract** | | | | |
| Contract for an indefinite period | 210 | 5 | | 5.0 |
| Contract for a definite period | 211 | | | |
| Contract for the execution of specifically assigned work | 212 | | | |
| Replacement contract | 213 | | | |

| | Codes | 1. Full-time | 2. Part-time | 3. Total in full-time equivalents |
|---|---|---|---|---|
| DEPARTURES | | | | |

| | | | |
|---|---|---|---|
| **Number of employees whose contract-termination date has been entered in DIMONA declaration or in the general personnel register during the fiscal year** | 305 | 3 | 3.0 |
| **By nature of employment contract** | | | |
| Contract for an indefinite period | 310 | 3 | 3.0 |
| Contract for a definite period | 311 | | |
| Contract for the execution of specifically assigned work | 312 | | |
| Replacement contract | 313 | | |
| **By reason of termination of contract** | | | |
| Retirement | 340 | | |
| Early retirement | 341 | | |
| Dismissal | 342 | 1 | 1.0 |
| Other reason | 343 | 2 | 2.0 |
| The number of persons who continue to render services to the enterprise at least part-time on a self-employed basis | 350 | | |

## INFORMATION ON TRAINING PROVIDED TO EMPLOYEES DURING THE FISCAL YEAR

| | Codes | Men | Codes | Women |
|---|---|---|---|---|
| **Total initiatives for formal professional training at the expense of the employer** | | | | |
| Number of employees involved | 5801 | 12 | 5811 | 17 |
| Number of actual training hours | 5802 | 272 | 5812 | 437 |
| Net costs for the enterprise | 5803 | 6,889 | 5813 | 10,133 |
| of which gross costs are directly linked to training | 58031 | 6,516 | 58131 | 9,656 |
| of which fees paid and payments to collective funds | 58032 | 373 | 58132 | 477 |
| of which grants and other financial advantages received (to deduct) | 58033 | | 58133 | |
| **Total informal or less formal professional training initiatives at the expense of the employer** | | | | |
| Number of employees involved | 5821 | | 5831 | |
| Number of actual training hours | 5822 | | 5832 | |
| Net costs for the enterprise | 5823 | | 5833 | |
| **Total initial professional training initiatives at the expense of the employer** | | | | |
| Number of employees involved | 5841 | | 5851 | |
| Number of actual training hours | 5842 | | 5852 | |
| Net costs for the enterprise | 5843 | | 5853 | |

**VALUATION RULES**

I. PRINCIPLES

The valuation rules have been prepared in agreement with the requirements of chapter II, title I of part II of the Belgian Royal Decree of January,30 2001 on the enforcement of the Commercial Code.

II. SPECIFIC RULES

1. Company formation expenses

Formation expenses are booked as assets and depreciated linearly over 5 years on a pro rata temporis basis.

2. Tangible fixed assets

The tangible fixed assets are valued at acquisition costs. The straight-line depreciation is applied over the estimated useful life on a pro rata temporis basis against the following percentages:

- Locomotives 6%
- Furniture, plant and equipment 20%
- IT equipment 33%

Tangible fixed assets under construction and advance payments on locomotives. They will not be depreciated until the assets are available for use.

Amounts receivable within one year

Receivables are valued at their nominal value. Devaluation of amounts receivable are recorded if the actual value at the closing date of the fiscal year is lower than the nominal value. Amounts receivable in foreign currency are valued at the closing exchange rate at year-end. The exchange rate differences are totalled by the currency. Exchange rate losses are recognised in the results. Exchange rate gains are entered under deferred charges and accrued income.

Debts payable within one year

These debts are accounted for at their nominal value. Debts in foreign currencies will be valued at the closing exchange rate at year-end. Exchange rate losses are recognised in the results. Exchange rate gains are entered under deferred charges and accrued income.

Audited unconsolidated financial accounts for Alpha Trains Italia S.r.l. for the period ended 31 December 2012, prepared in accordance with Italian accounting standards.

ALPHA TRAINS ITALIA SRL

a single-shareholder company

Registered office: Via Birmania 81, Rome

Share capital €1,000,000 fully paid in

Registered at R.E.A., Ordinary Section of Rome, at no. 1165285

Fiscal code and Companies' Registrar of Rome no. 09473231000

**REPORT OF THE BOARD OF STATUTORY AUDITORS**

**ON THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2012**

To the whole owner of Alpha Trains Italia Srl.

In conformity with the provisions of the Italian Civil Code, we were assigned both the activity of oversight, as per article 2403 of the Italian Civil Code, and the function of statutory audit as per article 2409-bis of the Italian Civil Code. This report was prepared pursuant to and for the purposes established by article 2429 of the Civil Code and article 14 by D.Lgs. 39/2010 (yet article 2429-ter of the Civil Code).

**OVERSIGHT**

During the year 2012:

- we monitored the Company's compliance with the law and the Bylaws, its adherence to the principles of proper administration and in particular the adequacy and concrete operation of its organizational and accounting systems;
- we participated at the Quotaholder's and Board of Directors's meetings, which were held in compliance with the Bylaws and laws governing the operation and for which we can reasonably ensure that the deliberated actions are complied to law and to Bylaws and that they are not imprudent, risky nor such as to compromise the integrity of corporate assets.

During the year we carried out the periodic checks provided by the law, during which:

- we obtained information from the Directors on the general course and outlook of the Company's business and on its major transactions, in terms of size or characteris-

tics, and we can reasonably assure that, to the best of our knowledge, its actions comply with the law and the Bylaws and do not conflict with any shareholder resolutions nor do they compromise the integrity of corporate assets;

- we gained knowledge of and monitored the adequacy of the Company's operational system, in part by gathering information from the Directors, and in this regard we have no particular observations to report to you;
- we assessed and oversaw the adequacy of the Company's management and accounting system as well as the reliability of the latter in correctly reporting the facts of Company operations, by obtaining information from the department heads and examining the Company's records and, in this regard, we have no particular observations to report to you.

No complaints were filed under art. 2408 of the Civil Code.

During the year this Board issued no opinions required by the law.

No significant facts as to require mention in this report emerged during the oversight activity described above.

We examined the financial statements for the year ended December 31, 2012 and, as part of our oversight activity, we reviewed the general layout of the financial statements and the conformity of their drafting and format to the law.

In this respect we observed that equity as at December 31, 2012 is equal to Euro 890,903.42 including legal reserve for Euro 4,628.19, accumulated losses for a total of Euro 219,973.49, profit of the year for Euro 106,248.72.

To the best of our knowledge, the Directors, in preparing the financial statements, made no derogations from the legal regulations pursuant to art. 2423, paragraph 4, of the Italian Civil Code.

**STATUTORY AUDIT**

We performed the statutory audit of the Company's financial statements at December 31, 2012. The Directors are responsible for preparing the financial statements while we

are responsible for the professional opinion on them which is based on our own auditor controls.

In performing our control activity, we applied the prescribed auditing standards whenever we judged it necessary or expedient to do so. In conformity with these standards, we planned and performed our checks in order to acquire all the data necessary to ascertain whether the financial statements are affected by significant errors and whether they are reliable on the whole.

The statutory audit procedure was carried out considering the company's size. It included an examination, on a sample basis, of the data used to support the balances and the information reported in the financial statements, as well as an assessment of the adequacy and validity of the accounting standards applied by the Directors and the reasonableness of their estimates. We believe that the work we performed provides a reasonable basis for our professional opinion.

The balance sheet and the income statement show a comparison with and the values recorded in the prior year. Our opinion of the financial statements for 2011 was made on March 8, 2012.

In our opinion, the financial statements of Alpha Trains Italia Srl as at December 31, 2012, comply with the rules governing their preparation; they are therefore clear and give a true and fair view of the Company’s net worth and financial position and of the economic result of the year ended at that date.

**CONCLUSIONS**

Based on all of the foregoing, we recommend that you approve the financial statements for the year ended December 31, 2012, as prepared by the Directors, and their proposal as regards to the profit of the year.

Rome, April 19, 2013

THE STATUTORY AUDITORS

ALPHA TRAINS ITALY SRL

Sole Shareholder Company

Registered Capital EUR 100,000,000 Fully Paid

Registered in the Economic and Administrative Business Register - Ordinary Section of Rome, No. 1165285

Tax code and registration with the Register of Companies of Rome

No. 09473231000

**FINANCIAL STATEMENT AS OF DECEMBER 31, 2012**

(Euros)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| **BALANCE SHEET** | | |
| **ASSETS** | | |
| RECEIVABLES FROM SHAREHOLDERS | | |
| FOR OUTSTANDING CAPITAL | - | - |
| FIXED ASSETS | | |
| Intangible assets | 18,637 | 18,637 |
| Amortisation Fund | (18,141) | (14,413) |
| | 496 | 4,224 |
| Tangible assets | - | - |
| Amortisation Fund | - | - |
| | - | - |

| | | |
|---|---|---|
| Financial assets | - | - |
| Total ASSETS | 496 | 4,224 |
| CURRENT ASSETS | | |
| Inventories | - | - |
| Account | | |
| - Trade receivables | 2,250.106 | 1,862.263 |
| - From parent companies | 1,750.000 | 2,050,000 |
| - Tax | 33,600 | 14,316 |
| - Prepaid taxes | - | - |
| - To other entities: | | |
| • Due within the following financial year | 102 | 492,029 |
| • Due after the following financial year | 2,028,708 | 1,111,401 |
| Financial assets not constituting fixed assets | - | - |
| Cash and cash equivalents | 178,273 | 399,229 |
| Total CURRENT ASSETS | 6,240,789 | 5,929,238 |
| ACCRUED CHARGES AND DEFERRED INCOME | 1,553 | - |

| | | |
|---|---|---|
| Total ASSETS | 6,242,838 | 5,933,462 |
| **LIABILITIES** | | |
| NET ASSETS | | |
| Share capital | 1,000,000 | 1,000,000 |
| Payment for loss coverage | - | 350,000 |
| Legal reserve | 4,628 | - |
| Retained earnings | (219,973) | (657,909) |
| Profit (Loss) for the year | 106,249 | 92,564 |
| Total NET ASSETS | 890,904 | 784,655 |
| PROVISIONS FOR RISKS AND CHARGES | - | - |
| PROVISIONS FOR SEVERANCE INDEMNITIES OF EMPLOYEES | 2,405 | 2,353 |
| PAYABLES | | |
| - To banks | - | 18 |
| - To suppliers | 2,669,365 | 3,111,811 |
| - Tax | 2,629 | 44,504 |
| - To social security institutions | 3,951 | 4,248 |
| - To other entities: | | |

- due within the following

| | | |
|---|---|---|
| financial year | 79,732 | 647,364 |
| - due after the following | | |
| financial year | 2,101,257 | 968,754 |
| Total PAYABLES | 4,856,934 | 4,776,699 |
| ACCRUED CHARGES AND DEFERRED INCOME | 492,595 | 369,755 |
| Total LIABILITIES | 6,242,838 | 5,933,462 |

**PROFIT AND LOSS STATEMENT**

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| VALUE OF PRODUCTION | | |
| - Revenues from sales and services | 4,841,685 | 5,045,273 |
| - Changes in inventories of products in progress, semi-finished and finished goods | - | - |
| - Changes in contract work in progress | - | - |
| - Increase of provisions for internal work | - | - |
| - Other income | 366,821 | 996,110 |
| Total VALUE OF PRODUC | | |

| | | |
|---|---|---|
| TION | 5,208,506 | 6,041,383 |
| COSTS OF PRODUCTION | | |
| - For raw and ancillary materials, consumables and goods | - | - |
| - For services | 237,046 | 302,600 |
| - For use of property of third parties | 4,821,190 | 5,015,976 |
| - For staff: | | |
| • Wages and salaries | 64,773 | 54,661 |
| • Social security | 20,130 | 17,217 |
| • Severance fund | 5,653 | 5,239 |
| • Pensions and similar | - | - |
| • Other costs | 25 | 519 |
| - Amortization and depreciation: | | |
| • Depr. of intang. assets | 3,727 | 3,727 |
| • Depr. of tang. assets | - | - |
| • Other depreciations of fixed assets | - | - |
| • Write-down of receivables included in current assets and cash and cash equivalents | - | - |
| - Changes in inventories of raw and ancillary materials, | | |

| | | |
|---|---|---|
| consumables and goods | - | - |
| - Provisions for risks | - | - |
| - Other provisions | - | - |
| - Other operating costs | 11,052 | 587,737 |
| Total COSTS OF PRODUCTION | 5,163,596 | 5,987,676 |
| Difference between VALUE and COSTS of PRODUCTION | 44,910 | 53,707 |
| NET FINANCIAL INCOME AND EXPENSES | | |
| - Income from investments | - | - |
| - Other financial income: | | |
| • From receivables entered as fixed assets | - | - |
| • From securities entered as fixed assets other than investments | - | - |
| • From securities entered as current assets other than investments | - | - |
| • Other income: | | |
| Bank interest | 31 | 1,482 |
| Other interest income | - | 553 |
| Interest on loans | | |

| | | |
|---|---|---|
| to a parent company | 116,365 | 127,233 |
| - Interest and other financial charges | (98) | (11) |
| - Exchange gains and losses | 54 | (1,295) |
| Total FINANCIAL INCOME AND CHARGES | 116,352 | 127,962 |
| ADJUSTMENTS TO THE VALUE OF FINANCIAL ACTIVITIES | - | - |
| EXTRAORDINARY INCOME AND CHARGES | | |
| Income | - | - |
| Extraordinary charges: | | |
| Prior years' taxes | - | (10) |
| Total EXTRAORDINARY INCOME AND CHARGES | - | (10) |
| Result before taxes | 161,262 | 181,659 |
| Taxes on the year's income: | | |
| - Current taxes | (55,013) | (89,095) |
| - Use of prepaid taxes | - | - |
| Profit (Loss) for the year | 106,249 | 92,564 |

+ + +

## NOTES TO THE FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2012, which is subjected to the approval of the Sole Shareholder, closed with a profit of EUR 106,249 net of provisions for current taxes of EUR 55,013. During the year, the Company has continued its rental business of rolling stock to Rail companies, and increased it by signing 7 new contracts.

The financial statements have been prepared in abbreviated form, in accordance with Art. 2435-bis of the Italian Civil Code. These notes were also prepared by including in the same the required information pursuant to numbers 3 and 4 of Art. 2428 of the Civil Code, as applicable.

The purpose of the Notes is to illustrate, analyse and in some cases integrate the data in the Financial Statements. In addition, they contain the information required by Art. 2427 of the Civil Code. Items not specifically indicated in the Financial Statements are intended at zero balance, both for the current and previous financial years.

From the end of the year to date there have been no significant events to be signaled in accordance with the third paragraph of Art. 2428 of the Civil Code. The Financial Statements were prepared in accordance with the provisions of the Italian Civil Code, and in accordance with the accounting principles, applicable to a company in operation, developed by the National Board of Professional Accountants and Auditors and by the Documents issued by the Italian Accounting Board (OIC).

Next to the amount of each item in the balance sheet and income statement the corresponding amount from the previous year is reported..

**EVALUATION CRITERIA ADOPTED**

The assessment of individual items has been performed based on general criteria of prudence and accrual, in the perspective of a continuing activity and taking into account the economic function of each active and passive element under consideration.

Applying the principle of prudence involved the sole indication of profits made at the date of the financial statements and all losses for the year, even if known after the closure. In accordance with the principle of competence, the effect of transactions and other events has been recognised and allocated to the year to which such transactions or events refer and not to the year in which the cash movements.

As for the economic function of the active or passive element considered in preparing the financial statements, priority has been given to the substance of the transactions rather than their legal form.

The evaluation criteria adopted in the preparation of the financial statements in accordance with the provisions of Art. 2426 of the Civil Code, consistent with those applied in the previous year, were as follows:

**Fixed assets**

Intangible assets are recorded at the original acquisition cost, net of accumulated depreciation. The amortisation of intangible assets, consisting of incorporation expenses, capital increase expenses

and expenses for changing the corporate denomination, has been calculated as a fifth of the cost.

**Current receivables**

These are stated at their nominal value, which is believed to correspond to the estimated realisable value.

**Cash and cash equivalents**

Cash and cash equivalents are stated at nominal value.

**Payables**

Payables are recorded at nominal value.

**Provisions for termination benefits**

The item includes the provision calculated in accordance with Art. 2120 of the Civil Code and is pursuant to the provisions of the contractual agreements in relation to labour law.

**Accrued charges and deferred income**

Accruals and deferrals are determined in accordance with the temporal accrual and only refer to the portion of income components common to several years variable over time.

**Net assets**

It represents the difference between total assets and liabilities determined according to the principles outlined above.

**Revenues and costs**

Revenues and costs have been determined according to the principles of prudence and accrual, net of returns, discounts, allowances and bonuses.

**Accounting of income taxes**

Income taxes have been accrued and calculated according to current rates

and regulations in force, based on a realistic estimate.

In relation to the provisions of Accounting Standard No. 25, issued by the National Board of Professional Accountants and Auditors on the accounting of income tax, it should be noted that the conditions to assess liabilities or assets related to deferred taxation are not determined.

**CHANGES IN THE BALANCE OF ASSETS AND LIABILITIES**

We will now illustrate the content of individual items of the balance sheet.

**Intangible assets**

Intangible assets, amounting to EUR 496, net of depreciation and amortisation of EUR 18,141, include incorporation expenses, increase of the share capital and expenses for the change of corporate denomination. There is a decrease of EUR 3,727 compared to the previous financial year.

**Current receivables**

The receivables recorded under current assets amount to EUR 6,062,516 with an increase of EUR 532, 507 from the previous financial year. They consist of:

- Loans to customers for EUR 2,250,106 thus divided: invoices issued amounting to EUR 2,179,312, with an increase of EUR 883, 086 compared to the previous financial year; invoices to be issued amounting to EUR 70,794, with a decrease of EUR 495,243 compared to the previous financial year;

- Receivables from parent companies amounting to EUR 1,750,000, relating to the

loan granted to the member Alpha Trains Group Sàrl, with a decrease of EUR 300,000 compared to the previous financial year;

- Tax credits amounting to EUR 33,600, with an increase of EUR 19, 284 compared to the previous financial year. These consist of overpayment for IRAP amounting to EUR 26, 227, for IRES amounting to EUR 7,250, for VAT amounting to EUR 117 and withholding taxes amounting to EUR 6;

- Other receivables amounting to EUR 2,028,810, with an increase of EUR 425,380 compared to the previous financial year. These relate mainly to provisions for future maintenance costs of hired locomotives, of which EUR 2,028,708 due after the following financial year.

**Cash and cash equivalents**

As of the date of the Financial Statement, these amount to EUR 178, 273, with a decrease of EUR 220,956 compared to the previous financial year. They consist of the balance in the bank at the end of the financial year.

**Accrued charges and deferred income**

These amount to EUR 1,553 with an increase of the same value compared to the previous financial year. They consist of the rental fee of the car used by the employee, pertaining to the following financial year.

**Net assets**

The assets resulting from the financial year ended 31 December 2012 amounts to EUR 890, 904 and they consist of the share capital of EUR 1,000,000, increased by the legal reserve for EUR 4,628, minus the residual losses accumulated in previous years amounting to EUR 219, 973 and increased by the profit for the year under review amounting to EUR 106,249.

**Changes in net assets**

| Balance as of 31.12.11 | Dest. of Profit/Loss | Increases/decrease of capital | Other movements | Balance as of 31.12.12 |
|---|---|---|---|---|
| **I - Capital** | | | | |
| 1,000,000 | 0 | 0 | 0 | 1,000,000 |
| **IV - Legal reserve** | | | | |
| 0 | 4,628 | 0 | 0 | 4,628 |
| **VII - Other reserves** | | | | |
| 350,000 | 0 | (350,000) | 0 | 0 |
| **VIII - Retained earnings (accumulated losses)** | | | | |
| (657,909) | 87,936 | 350,000 | | (219,973) |
| **IX - Profit (loss) for the year** | | | | |
| 92,564 | (92,564) | 0 | 106,249 | 106,249 |
| **Total** | | | | |
| 784,655 | 0 | 0 | 106,249 | 890,904 |

**Diagram of the quality of equity items**

| Description of the equity items | Amount | Possible utilisation | Available share | Summary of uses in the three previous years | |
|---|---|---|---|---|---|
| | | | | To cover losses | For other reasons |
| **Capital** | 1,000,000 | | | | |
| **Legal** | 4,628 | B | | | |

| | | | | | |
|---|---|---|---|---|---|
| **reserve** | | | | | |
| **Profit reserves** | | | | | |
| **Capital reserves: payment for covering losses** | 0 | | | 400,000 | |
| **Total** | **1,004,628** | | | 400,000 | - |
| **Non-distributable portion** | | | | 4,628 | - |
| **Remaining distributable portion** | | | | - | - |

Legend:

A: For capital increase

B: To cover losses

C: For distribution to shareholders

**Provisions for termination benefits.**

This item amounts to EUR 2,405, with a net increase of EUR 52 from the previous financial year, and this is adequate to cover the amounts accrued by employees working with the Company as of December 31, 2012.

**Payables**

These amount to EUR 4,856,934, with an increase of EUR 80,235 compared to the previous financial year. They consist of:

- Payables to banks. The item is reduced to zero with a decrease of EUR 18

compared to the previous year;

Payables to suppliers amounting to EUR 2,669,365, thus divided: for invoices received EUR 2,614,537, of which EUR 2,395,147 for payables to other Group companies, with an increase of EUR 105 774 compared to the previous financial year; for invoices to be received EUR 54,828, with a decrease of EUR 548,220 compared to the previous financial year;

- Taxes payable amounting to EUR 2,629, with a decrease of EUR 41,875 from the previous year. These are related to the debt towards tax authorities for withholding tax on income from employment;

- Payables to Social Security institutions amounting to EUR 3,951, with a decrease of EUR 297 compared to the previous financial year;

- Other receivables amounting to EUR 2,180,989, with an increase of EUR 564,871 compared to the previous financial year. These consist primarily of amounts due to staff for fourteen-month salary, holidays and leave, bonuses, expenses and deposits for future maintenance costs of sub-let locomotives, of which EUR 2,101,257 payable after the following financial year.

**Accrued charges and deferred income**

These amount to EUR 492,595, with an increase of EUR 122,840 compared to the previous financial year. They consist of revenues invoiced during the year but pertaining to the following financial year.

**INFORMATION ON THE INCOME STATEMENT**

The income statement for the year ended 31, December 2012 shows a profit of EUR 106,249 and formed by the following items:

| | |
|---|---|
| Value of production | 5,208,506 |
| Costs of production | (5,163,596) |

| | |
|---|---|
| Production margin | 44,910 |
| Net financial income and expenses | 116,352 |
| Result before taxes | 161,262 |
| Taxes for the year: | |
| - Current | (55,013) |
| Profit for the year | 106,249 |

**INFORMATION PURSUANT TO ART. 2427 OF THE CIVIL CODE**

In accordance with the provisions of Art. 2427, No. 6) of the Civil Code, we report that in the year ended December 31, 2012, there are no receivables or payables due after more than 5 years.

In accordance with the provisions of Art. 2427, No. 6-ter) of the Civil Code, we report that in the year ended December 31, 2012 there are no receivables or payables related to speculative transactions requiring reconveyance by the buyer.

In accordance with the provisions of Art. 2427, No. 8) of the Civil Code, it should be noted that in the year ended December 31, 2012, no capitalisation of financial costs occurred.

In accordance with the provisions of Art. 2427, No. 16) of the Civil Code, it should be noted that during the financial year the fees due of the Board of Auditors amounted to a total of EUR 29,766.

In accordance with the provisions of Art. 2427, No. 19-bis) of the Civil Code, we report that in the year ended December 31, 2012 there are no loans from shareholders.

In accordance with the provisions of Art. 2427, No. 22) of the Civil Code, we report that in the year ended December 31, 2012 no leasing transactions occurred involving the transfer to the lessee of the prevalent portion of the risks and benefits inherent to the assets concerned.

**INFORMATION PURSUANT TO ART. 2428 OF THE CIVIL CODE**

The Company does not hold treasury shares, does not own shares in the capital of parent companies, nor has it executed transactions for the purchase or sale of shares of parent companies.

The Company does not hold investments in subsidiaries or associates. It should also be noted that, during the financial year, your Company had commercial relationships with companies belonging to the same group of your company, regarding:

- Rental of rolling stock from companies of the Group;
- Services rendered to companies of the Group;
- Financing of cash surplus granted to the partner Alpha Trains Group Sàrl.

These relations occurred at market conditions.

The Company has not made use of derivative financial instruments and did not sustain any research and development costs that can be capitalised.

In conclusion, we invite you to approve the financial statements as of December 31, 2012, and to allocate the profit for the year amounting to EUR 106,248.72, as follows:

- As to EUR 5,312.44 to the legal reserve in accordance with Art. 2430 of the Civil Code

- As to EUR 100,936.28 to be carried forward.

For the Board of Directors

Shaun Michael Mills

The undersigned Shaun Michael Mills, in his capacity of Chairman of the Board of Directors, declares that the electronic document in XBRL format containing the Balance Sheet and the Income Statement and these Notes to the Financial Statements in pdf/a format are in conformity with the corresponding original documents registered at the company.

The Chairman

of the Board of Directors

Shaun Michael Mills

Audited unconsolidated financial accounts for Alpha Trains (UK) Limited for the period ended 31 December 2012, prepared in accordance with IFRS.

# Alpha Trains (UK) Limited

## DIRECTORS' REPORT AND ACCOUNTS

## YEAR ENDED 31 DECEMBER 2012

Alpha Trains (UK) Limited
Registered in England and Wales: No. 4067217
Registered Office: 35 Great St Helen's,London, EC3A 6AP

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# Alpha Trains (UK) Limited

## OFFICERS AND PROFESSIONAL ADVISERS

| | |
|---|---|
| **DIRECTORS:** | S. Mills<br>R. Althen – resigned 31/05/2012 |
| **SECRETARY:** | SFM Corporate Services Limited |
| **REGISTERED OFFICE:** | 35 Great St Helen's<br>London EC3A 6AP |
| **AUDITOR:** | Deloitte LLP<br>Chartered Accountants<br>London |

Registered in England and Wales: No. 4067217.

## DIRECTORS' REPORT

The director presents their report and the audited financial statements for the year ended 31 December 2012.

## PRINCIPAL ACTIVITIES

Alpha Trains (UK) Limited ('the Company') is a member of the Alpha Trains (Luxembourg) Holdings ('ALH') group of companies ('the Group'). Alpha Trains (Luxembourg) Holdings holds 100% of the Alpha Trains (Malta) Holdco 1 Limited from 30th March 2012 which was the previous top group company.

The Group provides railway stock to non United Kingdom train operators under operating leases. The Company provides management services to third parties and other group companies. The Company sold its rolling stock to another Group company in 2008.

## REVIEW OF THE YEAR

*Business Review*

The Company is a member of the ALH Group. The Group provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of ALH review these matters on a group basis.

During 2012 the Group has continued to reorganise its structure in order to create efficiencies and optimise financial performance. As part of the reorganisation the London office was closed, company functions were transferred to the Luxembourg, Cologne and Antwerp offices.

The directors are satisfied with the Company's performance for the financial year under review. The Company will be guided by its ultimate parent company in seeking further opportunities for growth.

The directors recommend that no dividend be paid in respect of the year to 31 December 2012 (year ended 31 December 2011: €nil).

*Financial Performance*

The Company's financial performance is presented in the Income Statement on page 7.

The profit after tax for the year was €608,000 (year ended 31 December 2011: profit after tax €1,495,000). The profit has been transferred to reserves.

At the end of the year, the financial position showed total assets of €15,394,000 (compared to €15,037,000 at 31 December 2011).

## PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

The Company's portfolios of financial instruments principally comprise loans, deposits and payables. All portfolios are considered to be held for non-trading purposes.

The directors are responsible for considering risk management issues that arise across the Company's financial instrument portfolios. Risk management policies are detailed in note 19.

## DIRECTORS' REPORT (Continued)

### GOING CONCERN

The Company's principal activities and a review of the year are set out in sections above. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 19 to the financial statements includes details of the Company's objectives and approach to capital management, and details of financial instruments and related principal risks and uncertainties. The Company is part of the ALH Group and is reliant on funding from other Group companies. The Group's processes manage its capital and liquidity, including drawing on support provided by investors and banks, continue to provide sufficient capital resources and liquidity for the Group and the Company to meet its obligations as they fall due. After making enquiries about the continued availability of Group funding, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### DISCLOSURE OF INFORMATION TO AUDITOR

The director of the of the Company holding office at the date of approval of this report confirms that:

(1) so far as each of the directors are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
(2) so far as each of the directors are aware they have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### DIRECTORS AND SECRETARY

The present director and secretary are listed on page 1.

### DIRECTORS' INDEMNITIES

In terms of s234 of The Companies Act 2006, the director have not been granted any Qualifying Third Party Indemnity Provisions by ALH.

### POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company follows the policy and practice on payment of creditors determined by ALH and outlined below.

ALH adheres to the following payment policy in respect of all suppliers. ALH is committed to maintaining a sound commercial relationship with its suppliers. Consequently, ALH's policy is to negotiate and agree terms and conditions with its suppliers, which include the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed.

## DIRECTORS' REPORT (Continued)

### ELECTIVE RESOLUTIONS

The Company has elected to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appoint the auditor annually.

### AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor. In accordance with section 485 and 487 of the Companies Act 2006, Deloitte LLP is deemed to have been re-appointed as auditor of the Company.

### DONATIONS

The Company matches employees charitable donations through a "Give as you earn scheme". In 2012 this amounted to €1,000 (year to 31 December 2011: €3,000).

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors;

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors
and signed on behalf of the Board

**S. Mills**
**Director**
18th April 2013

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA TRAINS (UK) LIMITED

We have audited the financial statements of Alpha Trains (UK) Limited for the year ended 31 December 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Lloyd

Michael Lloyd (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
18 April 2013

# Alpha Trains (UK) Limited

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

| Continuing operations | Notes | Year ended 31 December 2012 €'000 | Year ended 31 December 2011 €'000 |
|---|---|---|---|
| Revenue | 2 | 13,220 | 13,772 |
| Cost of sales | | (3,065) | (3,035) |
| **Gross profit** | | 10,155 | 10,737 |
| Other operating income | | - | 199 |
| Administrative expenses | | (10,263) | (8,995) |
| Administrative expenses (London office closure) | | 254 | (1,935) |
| **Operating profit/(loss)** | | 146 | 6 |
| Finance income | 3 | 806 | 1,584 |
| Other losses | 4 | (32) | (100) |
| **Profit before tax** | | 920 | 1,490 |
| Tax (charge)/credit | 6 | (312) | 5 |
| **Profit attributable to equity holders** | 7 | **608** | **1,495** |

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Year ended 31 December 2012 €'000 | Year ended 31 December 2011 €'000 |
|---|---|---|---|
| Profit for the year | 7 | 608 | 1,495 |
| Actuarial (losses)/gains on defined benefit plans | 13 | (131) | 708 |
| Charge re effect of the pension asset ceiling | 13 | (120) | (1,897) |
| Deferred tax on actuarial losses on defined benefit plans | | - | (178) |
| FX movement on GBP actuarial losses | | - | 20 |
| **Total comprehensive income** | | **357** | **148** |

Notes 1 to 20 form an integral part of these financial statements.

# Alpha Trains (UK) Limited

## BALANCE SHEET AT 31 DECEMBER 2012

| | Notes | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | 14 | 140 |
| | | 14 | 140 |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 497 | 695 |
| Loans receivable | 10 | 15,241 | 15,500 |
| Trade and other receivables | 11 | 11,109 | 12,313 |
| Current tax assets | | 229 | - |
| | | 27,076 | 28,508 |
| **Total assets** | | 27,090 | 28,648 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | (11,696) | (13,611) |
| | | (11,696) | (13,611) |
| **Net current assets** | | 15,380 | 15,037 |
| **Total Liabilities** | | (11,696) | (13,611) |
| **Net Assets** | | **15,394** | **15,037** |
| **Equity** | | | |
| Called up share capital | 14 | 85,244 | 85,244 |
| Other reserves | | (2,377) | (2,126) |
| Retained earnings | 15 | (67,473) | (68,081) |
| **Total equity** | | **15,394** | **15,037** |

Notes 1 to 20 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 18th April 2013 and signed on their behalf by:

S.Mills
Director

Registered in England and Wales: No. 4067217

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

| | Share capital | Hedging Translation and other reserves | Retained earnings | Total |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| **Balance at 1 January 2010** | **147,994** | **(1,702)** | **(74,899)** | **71,393** |
| Profit for the year | - | - | 5,323 | 5,323 |
| Actuarial gains on defined benefit plans | - | 973 | - | 973 |
| FX on GBP actuarial losses | - | (50) | - | (50) |
| **Total comprehensive income** | **-** | **923** | **5,323** | **6,246** |
| **Balance at 31 December 2010** | **147,994** | **(779)** | **(69,576)** | **77,639** |
| Profit for the year | - | - | 1,495 | 1,495 |
| Actuarial gains on defined benefit plans | - | 708 | - | 708 |
| Charge re effect of the pension asset ceiling | - | (1,897) | - | (1,897) |
| Deferred tax on actuarial losses on defined pension plans | - | (178) | - | (178) |
| FX on GBP actuarial losses | - | 20 | - | 20 |
| **Total comprehensive income** | **-** | **(1,347)** | **1,495** | **148** |
| Capital reduction | (62,750) | - | - | (62,750) |
| **Balance at 31 December 2011** | **85,244** | **(2,126)** | **(68,081)** | **15,037** |
| Profit for the year | - | - | 608 | 608 |
| Actuarial (losses)/gains on defined benefit plans | - | (131) | - | (131) |
| Charge re effect of the pension asset ceiling | - | (120) | - | (120) |
| Deferred tax on actuarial losses on defined pension plans | - | - | - | - |
| FX on GBP actuarial losses | - | - | - | - |
| **Total comprehensive income** | **-** | **(251)** | **608** | **357** |
| **Balance at 31 December 2012** | **85,244** | **(2,377)** | **(67,473)** | **15,394** |

Notes 1 to 20 form an integral part of these financial statements.

# Alpha Trains (UK) Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

| | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| **Profit for the year** | 608 | 1,495 |
| Adjustment for non-cash items: | | |
| Depreciation | 126 | 236 |
| Deferred tax | - | 172 |
| Actuarial (losses)/gains | (251) | (1,347) |
| Movement in working capital | (940) | 1,799 |
| **Net cash flow from/(used in) operating activities** | (457) | 2,355 |
| **Investing activities** | | |
| Purchase of property, plant and equipment | - | (29) |
| Interest received | - | - |
| **Net cash used in investing activities** | - | (29) |
| **Financing activities** | | |
| Share capital reduction | - | (62,750) |
| Repayment of loans | - | - |
| Loans with group companies | 259 | 57,984 |
| **Net cash (used in)/from financing activities** | (259) | (4,766) |
| **Net (decrease)/increase in cash and cash equivalents** | (198) | (2,440) |
| **Cash and cash equivalents at beginning of year** | 695 | 3,135 |
| **Cash and cash equivalents at end of year** | 497 | 695 |

Notes 1 to 20 form an integral part of these financial statements.

## 1. Significant accounting policies

### General

Alpha Trains (UK) Limited is a Company incorporated in Great Britain under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's operations, its principal activities, and going concern expectations are set out in the Directors' report.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations committee of the IASB (together "IFRS") as adopted by the European Union ("EU").

The financial statements are prepared on the historical cost convention, in compliance with the Companies Act 2006, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below.

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described below, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements are detailed in the maintenance income note below.

### Adoption of the new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

**Standards affecting the financial statements**

| | |
|---|---|
| Amendments to IAS 1*Presentation of financial statements (amended June 2011)* | The Group has applied the amendments to IAS 1 titled *Presentation of Items of Other Comprehensive Income* in advance of the effective date (annual periods beginning on or after 1 July 2012). The amendment increases the required level of disclosure within the statement of comprehensive income.<br><br>The impact of this amendment has been to analyse items within the statement of comprehensive income between items that will not be reclassified subsequently to profit or loss and items that will be reclassified subsequently to profit or loss in accordance with the respective IFRS standard to which the item relates. The financial statements have also been amended to analyse income tax on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income have been restated to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 do not result in any impact on profit or loss, comprehensive income and total |

| | |
|---|---|
| | comprehensive income. |
| IAS 19 *Employee Benefits (revised June 2011)* | In the current year, the Group has not applied IAS 19 (as revised in June 2011) Employee Benefits and the related consequential amendments in advance of their effective dates. The group has continued to apply the previous version of IAS 19.<br><br>The company has assessed the impact of the new standard. The impact on the reported financial position of the company is immaterial. The defined benefit obligation under the revised standard (as revised June 2011) increases by €6,000). |
| Amendments to IFRS 7 *Financial Instruments:Disclosures* | The Group has applied the amendments to IFRS 7 titled *Disclosures – Transfers of Financial Assets* in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.<br><br>In the current year, the Group transferred some financial assets that are not derecognised. The application of the amendments has resulted in more disclosures regarding the transfer of financial assets (see note 28). In accordance with the transitional provisions set out in the amendments to IFRS 7, the Group has not provided comparative information for the disclosures required by the amendments for the prior period. |

**Standards not affecting the reported results nor the financial position**

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

| | |
|---|---|
| Amendments to IAS 12 *Income taxes* | The Group has applied the amendments to IAS 12 (December 2010) titled *Deferred tax: Recovery of underlying assets*. The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 Investment Property. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. |

**1. Significant accounting policies (continued)**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended) *Government Loans*
IFRS 7 (amended) *Disclosures - Offsetting Financial Assets and Financial Liabilities*
Annual Improvements to IFRSs *(2009 – 2011) Cycle*
IFRS 9 *Financial Instruments*
IFRS 10 *Consolidated Financial Statements*
IFRS 10, IFRS 12 and IAS 27 *Investment entities* (amended)
IFRS 11 *Joint Arrangements*
IFRS 12 *Disclosure of Interests in Other Entities*
IFRS 13 *Fair Value Measurement*
IAS 27 (revised) *Separate Financial Statements*
IAS 28 (revised) *Investments in Associates and Joint Ventures*
IAS 32 (amended) *Offsetting Financial Assets and Financial Liabilities*
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows:

- IFRS 7 (amended) will increase the disclosure requirements where netting arrangements are in place for financial assets and financial liabilities;
- IFRS 9 will impact both the measurement and disclosures of Financial Instruments;
- IFRS 12 will impact the disclosure of interests Group PLC has in other entities; and
- IFRS 13 will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales-related taxes and rebates. In the normal course of business administrative services are provided to various group companies. These services incur a management fee, which is recognised on an annual basis. Sales of goods are recognised when goods are delivered and title has passed. Revenue recognition encompasses all other forms of the Company's income.

**1. Significant accounting policies (continued)**

**Revenue recognition (continued)**

*Maintenance income*
A proportion of turnover is identified as relating to the current estimates of costs for the maintenance of trains, 'maintenance income'. To the extent that maintenance income exceeds the related costs in any year, then it is deferred in order to match it with expected future costs. To the extent that it is less than the related costs in any period, then the difference will be recognised as income for the period.

*Investment income*
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

*Leasing income - The Company as lessor*
The Company has no leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Accordingly, all leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**Foreign currencies**

The financial statements of the Company are presented in Euros, which is the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded using month end exchange rates. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary and non-monetary items, and on the retranslation of monetary and non-monetary items, are included in the income statement for the period.

**Transfer pricing**

Goods and services are transferred to group companies at cost plus a mark up.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

**1. Significant accounting policies (continued)**

**Taxation**

Tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. In the Budget on 22 June 2010, the UK Government proposed, amongst other things, to reduce the UK Corporation Tax rate of 28% in four annual decrements of 1% with effect from 1 April 2011 [and to reduce certain rates of capital allowances]. Two additional 1% decrements were announced by the UK Government in subsequent Budgets on 23 March 2011 and 22 March 2012. The first 1% decrement was enacted on 27 July 2010, the second on 29 March 2011, the third on 5 July 2011 and the fourth on 26 March 2012 bringing the UK Corporation Tax Rate to 24% with effect from 1 April 2012. Existing temporary differences may therefore unwind in periods subject to these reduced tax rates. Accordingly, the closing deferred tax assets and liabilities have been calculated at the rate of 24.5%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Property, plant and equipment**

Property, plant and equipment are shown at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation of these assets is charged to costs.

Depreciation is charged so as to write off the cost or valuation of these assets over their estimated useful lives, using the straight-line method.

The following rates are used for the depreciation of property, plant and equipment:

| | Years |
|---|---|
| Office fixtures and fittings | 5 |
| Computer equipment | 3 |
| Computer software | 3 |

**1. Significant accounting policies (continued)**

**Property, plant and equipment (continued)**

Rolling stock in the course of construction for rental purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other rolling stock, commences when the assets are ready for their intended use.

The useful economical lives and residual values are reviewed on a periodic basis. The residual value exposure is the net book value of leased assets at the end of the lease term. This exposure is monitored periodically with any corrections required being made through depreciation.

**Impairment of tangible fixed assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Inventories**

Inventories represent spares used in rolling stock maintenance and are stated at the lower of cost and net realisable value. Cost represents the purchase price of the spares. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

*Trade and other receivables*
Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

**1. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Loan receivables*
Loan receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

*Investments*
Investments are initially measured at fair value, plus directly attributable transaction costs. At subsequent reporting dates, debt securities that the Company has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

*Cash and cash equivalents*
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Financial liabilities*
Financial liabilities issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The accounting policies adopted for specific financial liabilities are set out below.

*Derivative financial instruments*
The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

*Borrowings*
Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (see above).

*Trade payables*
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**1. Significant accounting policies (continued)**

**Pensions**

Alpha Trains (UK) Limited holds a final salary pension scheme. The Alpha Trains Section is part of the Railway's Pension Scheme, but its assets and liabilities are separately identified from the remainder of the Scheme. Employer contributions for the year ended 31 December 2012 are 17% of Section pay. The section is closed to new members. Under the projected unit method, the current service cost will increase as members of the Section approach retirement.

The costs of providing pensions are charged to the income statement in accordance with IAS 19 over the period during which the benefit is derived from the employee's services. The costs are assessed on the basis of assumptions selected by management and applied by independent valuation experts.

**Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

**Segmental Information**

The company operates as only one segment and therefore no further segmental split is provided.

**2. Revenue**

Revenue includes rentals, operating lease rentals and management fees received from other group companies. In the 12 months ended 31 December 2012 operating lease rentals net of rebates were €3,050,000 (year ended December 2011: €3,050,000).

**3. Finance Income**

| | Year Ended 31 December 2012 €'000 | Year ended 31 December 2011 €'000 |
|---|---|---|
| Interest receivable from group undertakings | 806 | 1,584 |
| | **806** | **1,584** |

The interest receivable from group undertakings represents interest receivable from loans granted to Alpha Trains Group S.à r.l.

**4. Other losses**

| | Year Ended 31 December 2012 €'000 | Year ended 31 December 2011 €'000 |
|---|---|---|
| Currency translation | (32) | (100) |
| | **(32)** | **(100)** |

## 5. Directors' and employee emoluments

None of the directors received any emoluments for their services to the Company during the 12 months ended 31 December 2012(year ended 31 December 2011: €nil).

The Company had an average of 6 employees during the 12 months ended 31 December 2012 (year ended 31 December 2011: 22 employees).

| | Year Ended 31 December 2012 €'000 | Year ended 31 December 2011 €'000 |
|---|---|---|
| Wages and salaries | 1,237 | 5,592 |
| Other staff costs | 827 | 827 |
| Other pension (income)/costs | (172) | (132) |
| | **1,892** | **6,287** |

## 6. Tax

The credit/(expense) for taxation based on the profit for the year is based on the blended rate of UK corporation tax of 24.5% (year ended 31 December 2011: 26.5%) and comprises:

| | Year ended 31 December 2012 €'000 | Year ended 31 December 2011 €'000 |
|---|---|---|
| Current tax (expense)/credit | (312) | 5 |
| **Tax (expense)/credit** | **(312)** | **5** |

## 6. Tax (continued)

The total credit/(expense) for the year can be reconciled to the accounting profit as follows:

| | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Profit before taxation | 920 | 1,490 |
| Expected tax charge @ 24.5% (2011: 26.5%) | (225) | (395) |
| Brought forward losses | - | 400 |
| Pension allowable adjustments | 122 | - |
| Prior year adjustments | (209) | - |
| **Current taxation (charge)/credit** | **(312)** | **5** |
| **Deferred taxation:** | | |
| Origination and reversal of timing differences | - | - |
| **Deferred tax expense** | - | - |
| **Total tax (charge)/credit** | **(312)** | **5** |

## 7. Profit attributable to equity holders

Profit attributable to equity holders of the company has been arrived at after charging:

| | Year Ended 31 December 2012 €'000 | Year ended 31 December 2011 €'000 |
|---|---|---|
| Depreciation – other | 126 | 236 |
| Total depreciation expense | **126** | **236** |

Auditor's remuneration for audit services of €9,750 (year ended 31 December 2011: €10,000), for tax services €7,000 (2011: €10,000) and accounting services €10,000 (2011: €10,000).

## 8. Property, plant and equipment

| | Fixtures, Fittings & Computer Equipment | Total |
|---|---|---|
| | €'000 | €'000 |
| **Cost** | | |
| **At 31 December 2011** | 874 | 874 |
| Additions | - | - |
| **At 31 December 2012** | 874 | 874 |
| **Depreciation** | | |
| **At 31 December 2011** | 734 | 734 |
| Charge for the period | 126 | 126 |
| Disposals | - | - |
| **At 31 December 2012** | 860 | 860 |
| **Net book value** | | |
| **At 31 December 2012** | 14 | 14 |
| **At 31 December 2011** | 140 | 140 |

The Company has reviewed the residual values used for the purposes of depreciation calculations. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods.

## 9. Cash and cash equivalents

Cash and cash equivalents held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| Cash and cash equivalents | 497 | 695 |
| | **497** | **695** |

## 10. Loans receivable

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| **Amounts falling due within one year** | **€'000** | **€'000** |
| Loans to group undertakings | 15,241 | 15,500 |
| | **15,241** | **15,500** |

The above figure includes the following loan facilities:

In 2009 a €100,000,000 loan facility with Alpha Trains Group S.à r.l was put in place with a maturity date of 30 June 2016. This is a revolving facility, which may be repaid at any time and bears interest at the group's weighted average cost of capital plus 5bps. The amount outstanding at 31 December 2012 is €15,241,000 (year ended 31 Dec 2011: €15,500,000).

The directors consider that the carrying amounts of loan receivables approximate their fair value.

## 11. Trade and other receivables

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| **Amounts falling due within one year** | **€'000** | **€'000** |
| Amounts receivable from the sale of goods and operating leases | 267 | 59 |
| Amounts owed by group undertakings | 8,507 | 9,290 |
| Other trade debtors and other receivables | 2,335 | 2,964 |
| | **11,109** | **12,313** |

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

## 12. Trade and other payables

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | **€'000** | **€'000** |
| Trade creditors and other payables | 1,025 | 2,399 |
| Amounts owed to group undertaking | 10,013 | 9,060 |
| Accruals and deferred income | 214 | 262 |
| Accruals (London office closure) | 444 | 1,890 |
| | **11,696** | **13,611** |

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.
The directors consider that the carrying amount of trade payables approximates their fair value.

## 13. Pensions

Pension costs of the Final Salary Pension Scheme for accounting purposes have been calculated using the projected unit method. A formal, independent, actuarial valuation was undertaken in 2012. Actuarial movements in the year are recognised through the statement of comprehensive income. In calculating pension asset/(liability) IFRIC 14 was considered.

The group has applied the following assumptions in assessing the defined benefit liability:

| | 31 December 2012 % per annum | 31 December 2011 % per annum |
|---|---|---|
| Increases in pensionable salaries | n/a | 3.3% |
| Increases in pensions | 2.1% | 2.3% |
| Discount rate | 4.7% | 5.0% |
| Future price inflation | 3.1% | 3.3% |
| **Expected rates of return:** | | |
| Equities | 7.1% | 7.4% |
| Bonds | n/a | 4.7% |
| Property | n/a | 6.9% |
| Cash | 2.6% | 3.0% |

**13. Pensions (continued)**

The amounts recorded in the financial statements in relation to the defined benefit pension were as follows:

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| **Amounts charged to operating profit:** | | |
| Current service cost | 36 | 204 |
| Past service cost | - | - |
| Expected return on pension scheme assets | (489) | (540) |
| Interest on scheme liabilities | 250 | 348 |
| Settlements and curtailments | - | (252) |
| | **(203)** | **(240)** |

The actual gain on plan assets was €561,000 (2011 loss € 72,000).

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| **Amounts included in the Balance sheet:** | | |
| Opening pension scheme liability | - | 776 |
| Employer's share of pension (cost)/income | 203 | 240 |
| Employer contributions | 48 | 144 |
| Total (gain)/loss recognised in equity | (251) | (1,188) |
| Foreign Exchange movement on GBP balance | - | 28 |
| | - | - |

Actuarial (gains)/losses recognised in equity:

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| Gain/(loss) on liabilities | 203 | (1,320) |
| (Gain)/(loss) on assets | (72) | 612 |
| Charge re effect of the asset ceiling | 120 | 1,897 |
| | **251** | **1,189** |

**13. Pensions (continued)**

The fair values of assets and liabilities of the defined benefit scheme:

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| Equities | 5,620 | 6,531 |
| Defensive pooled funds | 2,012 | - |
| Bonds | | 384 |
| Other assets | 49 | 24 |
| Fair value of scheme assets | 7,681 | 6,939 |
| Present value of obligations | (5,620) | (5,042) |
| Effect of asset ceiling | (2,061) | (1,897) |
| Recognised in balance sheet | - | - |

**Movement in defined benefit obligations**

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| Opening defined benefit obligation | 5,042 | 5,875 |
| Service costs including member contributions | 36 | 240 |
| Interest costs | 250 | 348 |
| Gain on liabilities | 203 | (1,321) |
| Settlement/curtailment | - | (252) |
| Benefit paid | (48) | (60) |
| Foreign exchange on GBP | 137 | 212 |
| Closing defined benefit obligation | **5,620** | **5,042** |

**Movement in value of assets**

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| Opening | 6,939 | 6,652 |
| Expected return on assets | 489 | 540 |
| (Loss)/profit on assets | 72 | (612) |
| Employer contributions | 47 | 144 |
| Employee contributions | 12 | 36 |
| Actual benefit payments | (47) | (60) |
| Settlement/curtailment | - | - |
| Foreign exchange on GBP | 169 | 239 |
| Closing | **7,681** | **6,939** |

The Company does not expect any contribution to be made in 2013.

## 14. Share capital

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| **Authorised:** | € | € |
| Ordinary shares of €1 each | 200,000,000 | 200,000,000 |
| **Issued, called up and fully paid:** | | |
| Ordinary shares of €1 each | 85,244,398 | 85,244,398 |

The Company has one class of ordinary shares which carry no right to fixed income.

## 15. Retained earnings

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| At start of period | (68,081) | (69,576) |
| Total profit attributable to equity holders for the year | 608 | 1,495 |
| | (67,473) | (68,081) |

## 16. Contingent liabilities

The Company is guarantor in respect of Alpha Trains Switzerland AG to a maximum of €500,000 covering obligations of Alpha Trains Switzerland AG to the Danish Tax Authorities in favour of the VAT agent Alpha Trains Switzerland has appointed in Denmark.

## 17. Parent companies

The Company's immediate parent company is Alpha Trains Group S.à r.l..

The Company's ultimate holding company, ultimate controlling party, and the parent of the smallest and largest group into which the Company is consolidated is Alpha Trains (Luxembourg) Holdings S.a.r.l which is incorporated in Luxembourg. Financial statements for Alpha Trains (Luxembourg) Holdings S.a.r.l can be obtained from Alpha Trains (Luxembourg) Holdings S.a.r.l, 22 Rue Alfred de Musset, Luxembourg City, Luxembourg.

## 18. Related party transactions

In addition to the parent company listed in Note 17 above, the Company has related party relationships with the following fellow subsidiaries of the Group:

Alpha Trains (Locomotives) Limited
Alpha Trains Switzerland AG
Alpha Trains Europa GmbH
Alpha Trains Polska Sp z.o.o.
Alpha Trains Italia Srl
Alpha Trains Belgium NV
Alpha Trains (Locomotives) GmbH
Locomotion Capital (UK) Limited
Alpha Trains Iberia SA
Alpha Trains Luxembourg S.à r.l.
Alpha Trains Group S.à r.l.
Alpha Trains Holdco S.à r.l.
Alpha Trains Holdco II S.à r.l.

A new holding company called Alpha Trains (Luxembourg) Holdings S.a.r.l. holds 100% of the Alpha Trains (Malta) Holdco 1 Limited from 30th March 2012.

### Trading transactions

During the year, the Company had the following transactions with related parties:

| | At 31 December 2012 €'000 | At 31 December 2011 €'000 |
|---|---|---|
| Rentals paid | 3,065 | 3,035 |
| Interest received | 806 | 1,584 |
| Management fees received | 5,481 | 5,953 |
| Management fees paid | 3,951 | 2,873 |

The following amounts were outstanding at the balance sheet date:

| | At 31 December 2012 €'000 | At 31 December 2011 €'000 |
|---|---|---|
| Related party debtors | 8,507 | 9,290 |
| Related party creditors | 10,013 | 9,060 |
| Loans to other related parties | 15,241 | 15,500 |

The amounts outstanding are unsecured and will be settled in cash

## 19. Risk management

The major risks associated with the Company's business are market risk, credit risk, liquidity risk and operational risk. The Company has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

### Market risk

Market risk is defined as the risk of loss as a result of adverse changes in risk factors including interest rates.
The Company manages the market risk through its comprehensive framework, which is continually evolving as business activities change.

### Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

The Company's principal financial assets are bank balances and cash, trade and other receivables and amounts owed by other members of the group. For trade and other receivables, refer to note 11 and for loans receivable refer to note 10.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. As at 31 December 2012, and 31 December 2011, all trade and other receivables were not past due.

The credit risk on group undertakings is limited because the undertakings are solvent, under common control and the directors are confident of them continuing as going concerns. The credit on group undertakings is not past due.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company does not hold collateral over these balances.

### Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. For trade and other payables refer to note 12.

Alpha Trains (UK) Limited policy is to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt.
Liquidity management within the Company focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from the undrawn commitments and other contingent obligations.

**19. Risk management (continued)**

**Liquidity risk (continued)**

The following table detail the Company's remaining maturity for its financial liabilities.

| | Within one year | Between one and two years | Between two and five years | Over five years | Total |
|---|---|---|---|---|---|
| **December 2012** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| Loans from group undertakings | - | - | - | - | - |
| Trade and other payables | (11,696) | - | - | - | (11,696) |
| | **(11,696)** | - | - | - | **(11,696)** |
| **December 2011** | | | | | |
| Loans from group undertakings | - | - | - | - | - |
| Trade and other payables | (13,611) | - | - | - | (13,611) |
| | **(13,611)** | - | - | - | **(13,611)** |

**Operational risk**

Operational risk is the risk of unexpected losses attributable to human error, systems failure, fraud or inadequate internal financial controls and procedures. The Company manages this risk through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingent facilities to support operations in the event of disaster.

**Capital risk management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of cash and cash equivalents, disclosed in note 9 and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in notes 14 and 15.

## 19. Risk management (continued)

### Gearing ratio

The Company's capital structure is reviewed on an annual basis as part of a wider funding review.

The debt/equity ratio at the year end is as follows:

| | Notes | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|---|
| Loans receivable | 10 | 15,241 | 15,500 |
| Cash and cash equivalents | 9 | 497 | 695 |
| Net debt (+ve figure is opposite of debt) | | 15,936 | 16,195 |
| Equity | | 15,394 | 15,037 |
| Net debt to equity ratio: n/a | | - | - |

Net debt is defined as long-term and short-term loans payable less cash and short-term loans receivable. Equity includes all capital and reserves of the Company attributable to equity holder of the Company.

There is no net debt for the years 2012 or 2011. Therefore, the gearing ratio is not applicable.

### Sensitivity factors

The major sensitivity factor affecting the Company is movement in interest rates.

A movement of +/- 1% in interest rates, when applied to statistical models, will have the following impact on the profit and equity in the financial statements.

| | Variability | December 2012 €'000 | December 2011 €'000 |
|---|---|---|---|
| Interest rates | +1% | 152 | 155 |
| Interest rates | -1% | (152) | (155) |

### Categories of financial instruments

All financial instruments are categorised in the financial statements as loans and receivables, in accordance with IFRS 7.

## 20. Events after the balance sheet date

The Company is a claimant (together with other group entities in Luxembourg, Switzerland, Germany, Belgium and England) in proceedings against a manufacturer in relation to defective rolling stock by virtue of being the main signatory under an agreement with the manufacturer. No exposure is anticipated as the Company does not own any of the assets affected.

Audited unconsolidated financial accounts for Locomotion Capital (UK) Limited for the period ended 31 December 2012, prepared in accordance with IFRS.

# Locomotion Capital (UK) Limited

## DIRECTORS' REPORT AND ACCOUNTS

## YEAR ENDED 31 DECEMBER 2012

Locomotion Capital (UK) Limited
Registered in England and Wales: No. 4020256
Registered Office: 35 Great St Helen's,London, EC3A 6AP

# Locomotion Capital (UK) Limited

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# Locomotion Capital (UK) Limited

## OFFICERS AND PROFESSIONAL ADVISERS

| | |
|---|---|
| **DIRECTORS:** | S Mills<br>R. Althen – resigned 31.05.12 |
| **SECRETARY:** | SFM Corporate Services Limited |
| **REGISTERED OFFICE:** | 35 Great St Helen's<br>London EC3A 6AP |
| **AUDITOR:** | Deloitte LLP<br>Chartered Accountants<br>London |

Registered in England and Wales: No. 4020256.

## DIRECTORS' REPORT

The director presents his report and the audited financial statements for the year ended 31 December 2012.

## PRINCIPAL ACTIVITIES

Locomotion Capital (UK) Limited ("the Company") is a member of the Alpha Trains (Luxembourg) Holdings S.a r.l. ("ALH") group of companies ("the Group"). Alpha Trains (Luxemburg) Holdings S.a.r.l. holds 100% of the share capital of Alpha Trains (Malta) Holdco 1 Limited, as of 30th March 2012, which was the previous top group company.

The Group provides railway stock to non United Kingdom train operators under operating leases. The Company provides management services to third parties and other group companies.

## REVIEW OF THE YEAR

*Business Review*

The Company is a member of the ALH Group. The Group provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of ALH review these matters on a group basis.

The director is satisfied with the Company's performance for the financial year under review. The Company will be guided by its ultimate parent Company in seeking further opportunities.

The director recommends that no dividend be paid in respect of the year to 31 December 2012 (year ended 31 December 2011: €nil).

*Financial Performance*

The Company's financial performance is presented in the Income Statement on page 7.

The profit after tax for the year was €53,000 (year ended 31 December 2011: profit after tax €89,000). The profit has been transferred to reserves.

At the end of the year, the financial position showed net assets of €1,657,000 (year ended 31 December 2011 €1,604,000).

The director does not anticipate any material change in either the type or level of activities of the Company.

## PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

The Company's portfolios of financial instruments principally comprise loans, deposits and payables. All portfolios are considered to be held for non-trading purposes.

The directors are responsible for considering risk management issues that arise across the Company's financial instrument portfolios. Risk management policies are detailed in note 15.

## DIRECTORS' REPORT (Continued)

### GOING CONCERN

The Company's principal activities and a review of the year are set out in sections above. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 15 to the financial statements includes details of the Company's objectives and approach to capital management, and details of financial instruments and related principal risks and uncertainties. The Company is part of the ALH Group and is reliant on funding from other Group companies. The Group's processes to manage its capital and liquidity, including drawing on support provided by investors and banks, continue to provide sufficient capital resources and liquidity for the Group and the Company to meet its obligations as they fall due. After making enquiries about the continued availability of Group funding, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors of the Company holding office at the date of approval of this report confirms that:

(1) so far as each of the directors are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
(2) so far as each of the directors are aware they have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### DIRECTORS AND SECRETARY

The present director and secretary are listed on page 1.

### DIRECTORS' INDEMNITIES

In terms of s234 of The Companies Act 2006, no directors have been granted Qualifying Third Party Indemnity Provisions by ALH.

### POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company follows the policy and practice on payment of creditors determined by ALH, as outlined below.

ALH will adhere to the following payment policy in respect of all suppliers. ALH is committed to maintaining a sound commercial relationship with its suppliers. Consequently, ALH's policy is to negotiate and agree terms and conditions with its suppliers, which include the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as, may be agreed.

## DIRECTORS' REPORT (Continued)

## ELECTIVE RESOLUTIONS

The Company has elected to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appoint the auditor annually.

## AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor. In accordance with section 485 and 487 of the Companies Act 2006, Deloitte LLP are deemed to have been re-appointed as auditor of the Company.

## DONATIONS

There have been no political or charitable donations in the year (year to 31 December 2011: nil).

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors
and signed on behalf of the Board

**S. Mills**
**Director**
18th April 2013

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCOMOTION CAPITAL (UK) LIMITED

We have audited the financial statements of Locomotion Capital (UK) Limited for the year ended 31 December 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Lloyd (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
18 April 2013

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Year ended 31 December 2012 €'000 | Year ended 31 December 2011 €'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 2 | - | 16 |
| Cost of sales | | - | - |
| **Gross profit** | | - | 16 |
| Other operating income | | 19 | 4 |
| Administrative expenses | 4 | (4) | (16) |
| **Operating profit** | | 15 | 4 |
| Finance income | 3 | 88 | 86 |
| Other losses | | - | (1) |
| **Profit before tax** | | 103 | 89 |
| Tax expense | 5 | (50) | - |
| **Profit attributable to equity holders** | | **53** | **89** |

All profit and loss items relate to continuing operations of the Company.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

| | Year Ended 31 December 2012 €'000 | Year ended 31 December 2011 €'000 |
|---|---|---|
| Profit for the year | 53 | 89 |
| **Total comprehensive income for the year** | **53** | **89** |

Notes 1 to 16 form an integral part of these financial statements.

# Locomotion Capital (UK) Limited

## BALANCE SHEET AT 31 DECEMBER 2012

| | Notes | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|---|
| **Current assets** | | | |
| Trade and other receivables | 7 | 781 | 879 |
| Loans receivable | 8 | 1,600 | 1,550 |
| Cash and cash equivalents | 9 | 13 | 72 |
| | | 2,394 | 2,501 |
| **Current liabilities** | | | |
| Trade and other payables | 10 | (737) | (897) |
| Current tax liabilities | | - | - |
| | | (737) | (897) |
| **Net current assets** | | **1,657** | **1,604** |
| **Net assets** | | **1,657** | **1,604** |
| **Equity** | | | |
| Share capital | 11 | 500 | 500 |
| Retained earnings | 12 | 1,157 | 1,104 |
| **Total equity** | | **1,657** | **1,604** |

Notes 1 to 16 form an integral part of these financial statements.

The financial statements were approved by the Board of Director and authorised for issue on 18th April 2013 and signed on their behalf by:

S.Mills
Director

Registered in England and Wales: No. 4020256

# Locomotion Capital (UK) Limited

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| **Balance at 1 January 2010** | 500 | 776 | 1,276 |
| Profit for the year | - | 239 | 239 |
| **Total comprehensive income** | - | 239 | 239 |
| **Balance at 31 December 2010** | 500 | 1,015 | 1,515 |
| Profit for the year | - | 89 | 89 |
| **Total comprehensive income** | - | 89 | 89 |
| **Balance at 31 December 2011** | 500 | 1,104 | 1,604 |
| Profit for the year | - | 53 | 53 |
| **Total comprehensive income** | - | 53 | 53 |
| **Balance at 31 December 2012** | 500 | 1,157 | 1,657 |

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

| | Year Ended 31 December 2012 | Year ended 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| **Operating activities** | | |
| **Profit for the year** | 53 | 89 |
| Adjustment for non-cash items: | | |
| Depreciation | - | - |
| Movement in working capital | (62) | 120 |
| **Net cash flow (used in)/from operating activities** | (9) | 209 |
| **Financing activities** | | |
| Change in loans to group companies | (50) | (170) |
| **Net cash used in financing activities** | (50) | (170) |
| **Net (decrease)/increase in cash and cash equivalents** | (59) | 39 |
| Cash and cash equivalents at the beginning of the year | 72 | 33 |
| **Cash and cash equivalents at the end of the year** | 13 | 72 |

Notes 1 to 16 form an integral part of these financial statements.

## 1. Significant accounting policies

### General

Locomotion Capital (UK) Limited is a Company incorporated in Great Britain under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's operations, its principal activities, and going concern expectations are set out in the Directors' report.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations committee of the IASB (together "IFRS") as adopted by the European Union ("EU").

The financial statements are prepared on the historical cost convention, in compliance with the Companies Act 2006. The principal accounting policies adopted are set out below.

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described below, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements are detailed in the notes below.

### Adoption of the new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

**Standards affecting the financial statements**

| | |
|---|---|
| Amendments to IAS 1*Presentation of financial statements (amended June 2011)* | The Group has applied the amendments to IAS 1 titled *Presentation of Items of Other Comprehensive Income* in advance of the effective date (annual periods beginning on or after 1 July 2012). The amendment increases the required level of disclosure within the statement of comprehensive income.<br><br>The impact of this amendment has been to analyse items within the statement of comprehensive income between items that will not be reclassified subsequently to profit or loss and items that will be reclassified subsequently to profit or loss in accordance with the respective IFRS standard to which the item relates. The financial statements have also been amended to analyse income tax on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income have been restated to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 do not result in any impact on profit or loss, comprehensive income and total comprehensive income. |
| IAS 19 *Employee Benefits (revised June* | In the current year, the Group has not applied IAS 19 (as revised in June 2011) Employee Benefits and the related consequential |

| | |
|---|---|
| *2011)* | amendments in advance of their effective dates. The group has continued to apply the previous version of IAS 19. |
| Amendments to IFRS 7 *Financial instruments:Disclosures* | The Group has applied the amendments to IFRS 7 titled *Disclosures – Transfers of Financial Assets* in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.<br><br>In the current year, the Group transferred some financial assets that are not derecognised. The application of the amendments has resulted in more disclosures regarding the transfer of financial assets. In accordance with the transitional provisions set out in the amendments to IFRS 7, the Group has not provided comparative information for the disclosures required by the amendments for the prior period. |

**Standards not affecting the reported results nor the financial position**

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

| | |
|---|---|
| Amendments to IAS 12 *Income taxes* | The Group has applied the amendments to IAS 12 (December 2010) titled *Deferred tax: Recovery of underlying assets*. The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 Investment Property. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. |

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended) *Government Loans*
IFRS 7 (amended) *Disclosures - Offsetting Financial Assets and Financial Liabilities*
Annual Improvements to IFRSs *(2009 – 2011) Cycle*
IFRS 9 *Financial Instruments*
IFRS 10 *Consolidated Financial Statements*
IFRS 10, IFRS 12 and IAS 27 *Investment entities* (amended)
IFRS 11 *Joint Arrangements*
IFRS 12 *Disclosure of Interests in Other Entities*
IFRS 13 *Fair Value Measurement*
IAS 27 (revised) *Separate Financial Statements*
IAS 28 (revised) *Investments in Associates and Joint Ventures*
IAS 32 (amended) *Offsetting Financial Assets and Financial Liabilities*
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows:

- IFRS 7 (amended) will increase the disclosure requirements where netting arrangements are in place for financial assets and financial liabilities;
- IFRS 9 will impact both the measurement and disclosures of Financial Instruments;
- IFRS 12 will impact the disclosure of interests Group PLC has in other entities; and

1. **Significant accounting policies (continued)**

- IFRS 13 will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales-related taxes. Sales of goods are recognised when goods are delivered and title has passed. Revenue recognition encompasses all other forms of the Company's income.

*Maintenance income*
A proportion of turnover is identified as relating to the current estimates of costs for the maintenance of trains, 'maintenance income'. To the extent that maintenance income exceeds the related costs in any year, then it is deferred in order to match it with expected future costs. To the extent that it is less than the related costs in any period, then the difference will be recognised as income for the period.

*Investment income*
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

*Leasing income - The Company as lessor*
The Company has no leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Accordingly, all leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**Foreign currencies**

The financial statements of the Company are presented in Euros, which is the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded using month-end exchange rates. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary and non-monetary items, and on the retranslation of monetary and non-monetary items, are included in the income statement for the period.

**Transfer pricing**

Goods and services are transferred to group companies at cost plus a mark up.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

**1. Significant accounting policies (continued)**

**Taxation**

Tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. In the Budget on 22 June 2010, the UK Government proposed, amongst other things, to reduce the UK Corporation Tax rate of 28% in four annual decrements of 1% with effect from 1 April 2011 [and to reduce certain rates of capital allowances]. Two additional 1% decrements were announced by the UK Government in subsequent Budgets on 23 March 2011 and 22 March 2012. The first 1% decrement was enacted on 27 July 2010, the second on 29 March 2011, the third on 5 July 2011 and the fourth on 26 March 2012 bringing the UK Corporation Tax Rate to 24% with effect from 1 April 2012. Existing temporary differences may therefore unwind in periods subject to these reduced tax rates. Accordingly, the closing deferred tax assets and liabilities have been calculated at the rate of 24.5%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

*Trade receivables*
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

*Cash and cash equivalents*
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**1. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Financial liabilities*
Financial liabilities issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The accounting policies adopted for specific financial liabilities are set out below.

*Trade payables*
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**Operating profit**

Operating profit is stated before investment income and finance costs.

**Segmental information**

The company operates as only one segment and therefore no further segmental split is provided.

**2. Revenue**

Revenue includes management fees received from other group companies.

**3. Finance income**

| | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Interest receivable | 88 | 86 |
| | **88** | **86** |

**4. Directors' and employees' emoluments**

None of the directors received any emoluments for their services to the Company during the year (year ended 31 December 2011: £nil). The Company itself has no employees (year ended 31 December 2011: none).

**5. Tax**

The tax charge, based on the profit for the year, is based on the blended rate of UK corporation tax of 24.5% (year ended 31 December 2010: 26.5%) and comprises:

| | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Current tax charge | 50 | - |
| Tax | **50** | **-** |

**5. Tax (continued)**

The total charge for the period can be reconciled to the accounting profit as follows:

| | Year Ended 31 December 2012 | Year Ended 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Profit before taxation | 103 | 89 |
| Expected tax charge at 24.5% (2011: 26.5%) | (25) | (24) |
| Prior year adjustments | (25) | 24 |
| Current taxation credit for the year | **(50)** | - |

**6. Profit attributable to equity holders**

Auditor's remuneration for audit services for the year ended 31 December 2012 was €5,865 (2011: €5,100), and for tax services €1,000 (2011 €1,000).

**7. Other financial assets**

**Trade and other receivables**

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| **Amounts falling due within one year** | | |
| Trade debtor | 322 | 376 |
| Other taxation and social security | 51 | 228 |
| Amounts owed by group undertakings | 409 | 275 |
| | **781** | **879** |

The director considers that the carrying amount of trade and other receivables approximates their fair value.

**8. Loans receivable**

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| **Amounts falling due within one year** | | |
| Loans to group undertakings | 1,600 | 1,550 |
| | **1,600** | **1,550** |

**8. Loans receivable (continued)**

The above figure includes the following loan facilities:

In 2012 the company has a €10,000,000 (2010: €10,000,000) loan facility with Alpha Trains Group S.à r.l. This is a revolving facility and bears interest at the Group's weighted average cost of capital plus 5 basis points. The amount outstanding at 31 December 2012 is €1,600,000 (year ended 31 December 2011: €1,550,000).

**9. Cash and cash equivalents**

Cash and cash equivalents held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| Cash and cash equivalents | 13 | 72 |
| | **13** | **72** |

**10. Trade and other payables**

| | 31 December 2012 €'000 | 31 December 2011 €'000 |
|---|---|---|
| Trade creditors | 215 | 382 |
| Amounts owed to group undertaking | 456 | 266 |
| Other taxation and social security | 52 | 238 |
| Accruals and deferred income | 14 | 11 |
| | **737** | **897** |

The directors consider that the carrying amount of trade payables approximates their fair value.

## 11. Share capital

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | € | € |
| **Authorised:** | | |
| 500,001 ordinary shares of €1 | 500,001 | 500,001 |
| **Issued, called up and fully paid:** | | |
| 500,001 ordinary shares of €1 | 500,001 | 500,001 |

The Company has one class of ordinary shares which carry no right to fixed income.

## 12. Retained earnings

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| At start of year | 1,104 | 1,015 |
| Total recognised income for the year | 53 | 89 |
| **At 31 December 2011** | 1,157 | 1,104 |

## 13. Parent companies

The Company's immediate parent Company is Alpha Trains Group S.à r.l.

The Company's ultimate holding Company, ultimate controlling party, and the parent of the smallest and largest group into which the Company is consolidated is Alpha Trains (Luxembourg) Holdings S.a r.l. which is incorporated in Luxembourg. Financial statements for Alpha Trains (Luxembourg) Holdings S.a r.l. can be obtained from Alpha Trains (Luxembourg) Holdings S.a. r.l., 22 Rue Alfred de Musset, Luxembourg City, Luxembourg.

## 14. Related party transactions

In addition to the parent Company listed in Note 13 above, the Company has related party relationships with the following fellow subsidiaries of the Group:

Alpha Trains (Locomotives) Limited
Alpha Trains Switzerland AG
Alpha Trains Europa GmbH
Alpha Trains Polska Sp z.o.o.
Alpha Trains Italia Srl
Alpha Trains Belgium NV
Alpha Trains (Locomotives) GmbH
Alpha Trains (UK) Limited
Alpha Trains Iberia SA
Alpha Trains Luxembourg S.à r.l.
Alpha Trains Group S.à r.l.
Alpha Trains Holdco II S.à r.l.
Alpha Trains (Luxembourg) Holdings

**Trading transactions**

During the period, the Company had the following transactions with related parties:

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Interest received | 88 | 86 |
| Management fees received | - | 16 |

The following amounts were outstanding at the balance sheet date:

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Related party debtors | 400 | 275 |
| Related party creditors | 456 | 266 |
| Loans to other related parties | 1,600 | 1,550 |

**Compensation of key management personnel**

The directors received no emoluments (year ended 31 December 2011: €nil) in respect to their services to the Company during the period.

## 15. Risk Management

The major risks associated with the Company's business are market risk, credit risk, liquidity risk and operational risk. The Company has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

**Market risk**
Market risk is defined as the risk of loss as a result of adverse changes in risk factors including interest rates.

The Company manages the market risk through its comprehensive framework, which is continually evolving as business activities change.

**Credit risk**
Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

The Company's principal financial assets are bank balances and cash, loan receivables and trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risk on group undertakings is limited because the undertakings are solvent, under common control and the directors are confident of them continuing as going concerns. The credit on group undertakings is not past due.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company does not hold collateral over these balances.

**Liquidity risk**
Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. For trade and other payables refer to note 10. ALH's policy is to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt.

Liquidity management within the Company focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from the undrawn commitments and other contingent obligations.

**Operational risk**
Operational risk is the risk of unexpected losses attributable to human error, systems failure, fraud or inadequate internal financial controls and procedures.

The Company manages this risk through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingent facilities to support operations in the event of disaster.

**Capital risk management**
The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of loans receivable disclosed in note 8, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in notes 11 and 12.

**15. Risk management (continued)**

**Gearing ratio**
The Company's capital structure is reviewed on an annual basis as part of a wider funding review.

The debt/equity ratio at the period end is as follows:

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | €'000 | €'000 |
| Loans receivable | 1,600 | 1,550 |
| Cash and cash equivalents | 13 | 72 |
| Net debt | (1,613) | (1,622) |
| Equity | 1,657 | 1,604 |
| Net debt to equity ratio: n/a | - | - |

Net debt is defined as long-term and short-term loans payable less cash and short term loans receivable. Equity includes all capital and reserves of the Company attributable to equity holder of the Company.

There are no loans payable. Therefore, the gearing ratio is not applicable.

**Sensitivity factors**
The major sensitivity factor affecting the Company is movement in interest rates.

A movement of +/- 1% in interest rates, when applied to statistical models, will have the following impact on the profit and equity in the financial statements.

| Risk factor | Variability | 31 December 2012 | 31 December 2011 |
|---|---|---|---|
| | | €'000 | €'000 |
| Interest rates | +1% | 16 | 16 |
| Interest rates | -1% | (16) | (16) |

**Categories of financial instruments**
All financial instruments are categorised in the financial statements as loans and receivables, in accordance with IFRS 7.

**16. Events after the balance sheet date**

The Company is a claimant (together with other group entities in Luxembourg, Switzerland, Germany, Belgium and England) in proceedings against a manufacturer in relation to defective rolling stock by virtue of being the main signatory under an agreement with the manufacturer. No exposure is anticipated as the Company does not own any of the assets affected.

Audited unconsolidated financial accounts for Alpha Trains Holdco II S.à r.l. for the period ended 31 December 2013, prepared in accordance with LAS.

# Alpha Trains Holdco II S.à r.l.

Société à responsabilité limitée

# Annual accounts and Report of the Réviseur d'Entreprises Agréé

as at and for the year ended 31 December 2013

**22, rue Alfred de Musset**
**L-2175 Luxembourg**
**R.C.S. Luxembourg B 137.594**
**Share capital: EUR 100,000**

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L-2175 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying annual accounts of Alpha Trains Holdco II S.à r.l., which comprise the balance sheet as at 31 December 2013 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Responsibility of the Board of Managers for the annual accounts*

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

*Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

Société à responsabilité limitée au capital de 35.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement : 10022179

Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the annual accounts give a true and fair view of, the financial position of Alpha Trains Holdco II S.à r.l. as of 31 December 2013, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*

Nick Tabone, *Réviseur d'entreprises agréé*
Partner

28 April 2014

# Alpha Trains Holdco II S.à r.l.

Société à responsabilité limitée

## Balance sheet as at 31 December 2013

| | Notes | 31.12.2013<br>EUR | 31.12.2012<br>EUR |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed Assets** | | | |
| Financial assets | | | |
| - Shares in affiliated undertakings | 3 | 100,000 | 100,000 |
| - Loans to affiliated undertakings | 4 | 232,989,423 | 233,253,693 |
| | | 233,089,423 | 233,353,693 |
| **Current assets** | | | |
| Debtors | | | |
| - Amounts owed by affiliated undertakings | 4 | | |
| becoming due and payable after less than one year | | 42,235,997 | 12,311,419 |
| - Other debtors | | | |
| becoming due and payable after less than one year | | 488 | 487 |
| | | 42,236,485 | 12,311,906 |
| Cash at bank and in hand | | 28,620 | 13,913 |
| **TOTAL ASSETS** | | **275,354,528** | **245,679,512** |
| **LIABILITIES** | | | |
| **Capital and reserves** | 5 | | |
| Subscribed capital | | 100,000 | 100,000 |
| - Legal reserve | | 2,668 | - |
| Profit / Loss brought forward | | 6,897 | (42,346) |
| Result for the financial year | | 43,786 | 49,606 |
| | | 153,351 | 107,260 |
| **Non subordinated debts** | 6 | | |
| Amounts owed to affiliated undertakings with which the company is linked by virtue of participating interest | | | |
| becoming due and payable after less than one year | | 42,192,754 | 12,299,659 |
| becoming due and payable after more than one year | | 232,989,423 | 233,253,693 |
| Other Creditors | | | |
| becoming due and payable after less than one year | | - | 6,900 |
| | | 275,182,177 | 245,560,252 |
| **Accruals and deferred Income** | | 19,000 | 12,000 |
| **TOTAL LIABILITIES** | | **275,354,528** | **245,679,512** |

The accompanying notes form an integral part of these annual accounts.

# Alpha Trains Holdco II S.à r.l.
Société à responsabilité limitée

## Profit and loss account for the year ended 31 December 2013

| | Notes | 2013<br>EUR | 2012<br>EUR |
|---|---|---|---|
| **CHARGES** | | | |
| Other external charges | | 14,307 | 23,511 |
| Other operating charges | 8 | 1,572 | 3,450 |
| Interest payable and similar charges | | | |
| - concerning affiliated undertakings | 6 | 46,127,698 | 16,882,700 |
| - other interest payable and similar charges | | 1,889 | 1,447 |
| Tax on profit or loss | | 3,235 | - |
| Other taxes not included in the previous caption | | - | 2,655 |
| Profit for the financial year | | 46,091 | 49,606 |
| **TOTAL CHARGES** | | **46,194,792** | **16,963,369** |
| **INCOME** | | | |
| Income from financial fixed assets | | | |
| -derived from affiliated undertakings | 4 | 46,194,792 | 16,963,369 |
| **TOTAL INCOME** | | **46,194,792** | **16,963,369** |

The accompanying notes form an integral part of these annual accounts.

# Alpha Trains Holdco II S.à r.l.
Société à responsabilité limitée

**Notes to the annual accounts for the year ended 31 December 2013**

## NOTE 1 - GENERAL INFORMATION

Alpha Trains Holdco II S.à r.l. (hereafter the "Company") was incorporated on 20 March 2008 and organised under the laws of Luxembourg as a private limited company for an unlimited period of time. The registered number of the Company is B 137.594.

The purpose of the Company is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. The Company may in particular acquire by subscription, purchase and exchange or in any other manner any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The Company may borrow in any form, except by way of public offer. It may issue, by way of private placement only, notes, bonds and any kind of debt and equity securities. The Company may lend funds including, without limitation, the proceeds of any borrowings and issues of debtor equity securities to its subsidiaries, affiliated companies and any other companies. The Company may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over all or some of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company shall not carry out any regulated activities of the financial sector.

The Company may generally employ any techniques and instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect itself against credit risk, currency exchange exposure, interest rate risks and other risks.

The Company may generally carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property which directly or indirectly favour or relate to its corporate object.

The registered office of the Company is established at 22, rue Alfred de Musset, L-2175 in Luxembourg.

The accounting year of the Company begins on 1 January and terminates on 31 December of each year.

In accordance with article 315 of the Law of August 10, 1915, the Company will not present consolidated financial statements.

The Company is included in the consolidated accounts of Alpha Trains (Luxembourg) Holdings S.à r.l., which is the largest body of undertakings of which the Company forms part as a direct subsidiary. The registered address of Alpha Trains (Luxembourg) Holdings S.à r.l. is the same as the Company's and the consolidated accounts are available at the same address.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual accounts are set out below. These policies have been consistently applied to all years presented.

### 2.1 Basis of preparation

These annual accounts have been established in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and with generally accepted accounting principles in Luxembourg. These annual accounts have been prepared under the historical cost convention, on a going concern basis.

### 2.2 Significant accounting policies

**Foreign currency translation**

The Company maintains its books and records in Euro (EUR).

All transactions expressed in currency other than Euro are translated into Euro at the exchange rate prevailing at the date of the transaction.

The formation expenses and the fixed assets other than the long-term loans classified as financial assets and expressed in another currency than Euro are translated in Euro at the exchange rate prevailing at the date of the transaction. At the balance sheet date, these fixed assets are maintained at their historical exchange rate.

Cash are translated at the exchange rate prevailing at the balance sheet date. Exchange gains and losses resulting from this conversion are accounted in the profit and loss account for the period.

Other assets and liabilities are translated separately respectively at the lower assets or at the higher liabilities of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains and losses are recorded in the profit and loss account at the moment of their realisation.

Consequently, only realized foreign exchange gains and losses and unrealized foreign exchange losses are taken into account in the profit and loss account.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Financial fixed assets

Financial fixed assets such as shares in affiliated undertakings and loans to these undertakings are valued at their historical acquisition cost. Loans granted to affiliated undertakings or other companies and defined as financial fixed assets are valued at their nominal value.

If the Board of Managers determines that a durable impairment has occurred in the value of a financial asset, a value adjustment is made in order to reflect that loss. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

### Debtors

Debtors are valued at their nominal value less provision for any permanent depreciation in value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

### Trade creditors

Trade creditors are recorded at the reimbursement value. Where the amount payable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

### Revenue recognition

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

## NOTE 3 – SHARES IN AFFILIATED UNDERTAKINGS

| | 31.12.2013<br>EUR | 31.12.2012<br>EUR |
|---|---|---|
| Opening balance | 100,000 | 100,000 |
| Closing balance | 100,000 | 100,000 |

Shares in affiliated undertakings are summarized as follows:

| | Country | Ownership | 31.12.2013<br>EUR | 31.12.2012<br>EUR |
|---|---|---|---|---|
| Alpha Trains Group S.à r.l. | Luxembourg | 100.00% | 100,000 | 100,000 |
| | | | 100,000 | 100,000 |

The net equity of the affiliated undertakings as at 31 December 2013 and result (loss) for the financial year ended 31 December 2013 is summarized below:

| | Last balance sheet date | Position held by the Company | |
|---|---|---|---|
| | | Net equity | Result for the financial year |
| | | EUR | EUR |
| Alpha Trains Group S.à r.l. | 31.12.2013 | (44,676,401) | (11,012,176) |
| | | (44,676,401) | (11,012,176) |

The Managers do not believe that there is permanent diminution in value of this investment and hence no value adjustment is being proposed at 31 December 2013.

**NOTE 4 – AMOUNTS OWED BY AFFILIATED UNDERTAKINGS**

The amounts owed by affiliated undertakings are composed of:

| | Currency | Maturity | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|---|---|
| Loans: | | | | |
| Cash Contingent Loan [(a)] | EUR | 31.12.2016 | 132,989,423 | 133,253,693 |
| Advance from Junior Facility Debt [(b)] | EUR | 30.06.2016 | 100,000,000 | 100,000,000 |
| | | | **232,989,423** | **233,253,693** |
| Accrued Interest | | | | |
| Junior Facility Debt | | | 1,235,997 | 1,291,331 |
| CCL interest receivable | | | 41,000,000 | 11,020,088 |
| | | | **42,235,997** | **12,311,419** |
| | | | **275,225,420** | **245,565,112** |

**NOTE 4 – AMOUNTS OWED BY AFFILIATED UNDERTAKINGS)**

(a) The Company granted in July 2008 a Cash Contingent Loan (CCL) to its wholly owned subsidiary Alpha Trains Group S.à r.l. for total amount of EUR 133,892,399. In 2013, the contingent loan balance has decreased by EUR 264,270 (2012: 264,270) to EUR 132,989,423 due to a waiver granted to Alpha Trains Holdco S.à r.l., pursuant to the terms of the cash contingent loan agreement.

(b) The Company also pushed down to its wholly owned subsidiary Alpha Trains Group S.à r.l the advance received from Alpha Trains Holdco S.à r.l. The loan bears interest of EURIOBOR – 6 months plus margin of 4.5%. Income amounted to EUR 4,930,522 and EUR 5,679,011 for the period ended 31 December 2013 and 2012, respectively.

## NOTE 5 - CAPITAL AND RESERVES

Movement for the year on capital and reserves is as follows:

| | Subscribed Capital EUR | Profit/loss brought forward EUR | Result for the financial year EUR | Total EUR |
|---|---|---|---|---|
| At 1 January 2013 | 100,000 | (42,346) | 49,606 | 107,260 |
| Prior year result allocation | - | 49,606 | (49,606) | - |
| Result for the financial year | - | - | 46,091 | 46,091 |
| At 31 December 2013 | 100,000 | 7,260 | 46,091 | 153,351 |

### Subscribed capital

The subscribed capital of the Company is set at EUR 100,000 divided into 100,000 shares with a nominal value of EUR 1 each.

At 31 December 2013 the Company did not hold any of its own shares (2012: nil).

### Legal reserve

In accordance with Luxembourg company law, the Company is required to appropriate a minimum of 5% of its profit after tax for the year to a legal reserve until the balance of such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution to shareholders, except upon the dissolution of the Company.

The following amount of EUR 2,668 will be allocated to the legal reserve during the next Annual General Board Meeting.

## NOTE 6 – NON SUBORDINATED DEBTS

Non subordinated debts balances are composed of the following:

| | > 1 year EUR | >1 year but < 5 years EUR | > 5 years EUR | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|---|---|---|
| Amounts owed to affiliated undertakings | 42,192,754 | 232,989,423 | - | 275,182,177 | 245,553,352 |
| Tax and social security debts | - | - | - | - | - |
| Other creditor | - | - | - | - | 6,900 |
| | **42,192,754** | **232,989,423** | **-** | **275,182,177** | **245,560,252** |

The amount owed to affiliated undertakings of EUR 232,989,423 (2012: EUR 233,253,693) mainly relates to the cash contingent loan and 100,000,000 (2012: EUR 100,000,000) is an advance from the Junior Facility Debt pushed down from Alpha Trains Holdco S.à r.l., as detailed in Note 4. EUR 40,932,403 (2012: EUR 10,940,000) corresponds to CCL interest payable to Alpha Trains Holdco S.à r.l. while EUR 1,236,122 (2012: EUR 1,291,456) corresponds to the accrued interest on the Junior Facility debt.

Interest expense amounted to EUR 46,127,698 and EUR 16,882,700 for the period ended 31 December 2013 and 2012, respectively.

## NOTE 7 – TAXATION

The Company is subject to the Luxembourg tax system applicable to all fully taxable companies.

The Company is also included in the tax consolidation granted by the Luxembourg tax authority to Alpha Trains Holdco S.à r.l. and Alpha Trains (Malta) Holdco I Limited Luxembourg Branch.

## NOTE 8 – OTHER OPERATING CHARGES

| | 2013 EUR | 2012 EUR |
|---|---|---|
| Directors Fee | 1,572 | 3,450 |
| | **1,572** | **3,450** |

No other remuneration was paid to members of the administration, managerial and supervisory bodies during the year ended 31 December 2013. The Company granted no advances and loans to the members of the administrative, managerial and supervisory bodies.

## NOTE 9 – STAFF COSTS

The Company did not employ any staff during the year ended 31 December 2013 (2012: nil).

## NOTE 10 – RELATED PARTY TRANSACTIONS

The transactions with related parties that occurred during the year are related to the financing activities with other subsidiaries within the Group. These have been concluded at arm's length.

## NOTE 11 - OFF BALANCE SHEET COMMITMENTS

As at 31 December 2013, the Company has the following off-balance sheet commitments:

**Senior Facility Agreement**

- The Company is a guarantor of external loans taken out by members of the Alpha Trains Group S.à r.l. group of companies under the Senior Facility Agreement and substantially all of the Company's assets, including investments, rolling stock, bank accounts, receivables and contracts are used as security.
- As at 31 December 2013, the amount outstanding on the external loans to Alpha Trains Group S.à r.l. group companies under the Senior Facility Agreement was EUR 488,607,778 (31 December 2012: EUR 506,562,796).

**Junior Facility Agreement**

- The Company is a guarantor of external loans taken out by Alpha Trains Holdco S.à r.l. under the Junior Facility Agreement and substantially all of the Company's assets, including investments, bank accounts, receivables and contracts are used as security.
- As at 31 December 2013, the amount outstanding on the external loan to Alpha Trains Group S.à r.l. under the Junior Facility Agreement was EUR 100,000,000 (31 December 2012: EUR 100,000,000).

## NOTE 12 - SUBSEQUENT EVENTS

No matters or circumstances of importance have arisen since the end of the accounting year (31 December 2013) which have significantly affected or may significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

Audited consolidated financial accounts for Alpha Trains Group S.à r.l. for the period ended 31 December 2013, prepared in accordance with LAS.

# Alpha Trains Group S.à r.l.

## CONSOLIDATED FINANCIAL STATEMENTS

## As at and for the year ended 31 December 2013

Alpha Trains Group S.à r.l.
Registered in Luxembourg: B 137.614
Registered Office: 22, rue Alfred de Musset, L-2175 Luxembourg

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# Alpha Trains Group S.à r.l.

**OFFICERS AND AUDITOR (Réviseur d'entreprises agréé)**

**MANAGERS:**

Jean-Bastien Auger
Jack Colbourne
Claude Elsen
Jan VanHoutte
Shaun Mills
David Rees

**REGISTERED OFFICE:**

22, rue Alfred de Musset
L-2175 Luxembourg
Luxembourg
Registered in Luxembourg: B137.614

**AUDITOR:**

Deloitte Audit S.à r.l.
560, rue de Neudorf
L-2220 Luxembourg
Grand-Duchy of Luxembourg

## MANAGERS' REPORT

The Managers present their report together with the audited consolidated financial statements and auditor's report for the year ended 31 December 2013.

## PRINCIPAL ACTIVITIES

The principal activity of the Group (Alpha Trains Group S.à r.l. and its subsidiaries) is the provision of rolling stock to train operators under operating and finance leases across Europe, which provides operators with the flexibility to respond dynamically and commercially to opportunities presented by the rail transport market, independent of long-term investment considerations.

The Company is a member of Alpha Trains (Luxembourg) Holdings Group of companies ('ALH') which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources and environment. The Managers have set out in the financial statements those performance indicators specific to the Group that assist in the understanding of the development, performance or position of the business.

## REVIEW OF THE YEAR

ALH is Europe's largest specialist train operating leasing company providing in excess of €1.8 billion in new-build rolling stock to both public and private operators in twelve European countries. In 2012, the ALH companies managed a fleet of approximately 400 locomotives and 240 passenger trains across Europe serving customers which operate passenger and cargo rail transportation services. Trains are either owned by ALH or managed on behalf of third party owners.

The passenger fleet continues to be nearly fully utilised while the cargo business has a slightly lower, yet satisfactory utilisation reflecting the higher cyclicality of this business.

The Group is well positioned in the marketplace and will be guided by its managers in identifying and managing growth and development of the business. Furthermore, the shareholders are continuing to support the Group in seeking further opportunities for growth.

*Financial Performance*

These consolidated financial statements are for a full year to 31 December 2013, with comparatives for the full year to 31 December 2012. The Group's financial performance is presented in the consolidated statement of profit or loss (P&L) on page 8. The profit after tax for the year was € 33.7 million (2012: loss € 7.0 million). At the end of the year, the consolidated financial position showed total assets of € 745.9 million (2012 € 750.6 million).

## MANAGERS' REPORT (continued)

## PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

There are a number of potential risks and uncertainties, which could impact the Group's long term performance and cause results to differ from expected and historic results and the key risks are discussed below.

Leasing income is sensitive to market rates, the utilisation of assets and the financial stability of lessees. The Group manages these risks by planning ahead and aiming to achieve an optimal balance of rates achieved, lease duration, fleet utilisation and lessee quality. For existing leases, the Group actively manages any lease arrears and appropriate security is sought for new leases or extensions. Maintenance costs, including heavy maintenance are generally borne by the lessees. Where maintenance costs exceed planned levels, in some circumstances, these may not be fully recoverable from the lessees or from other third parties.

Safety is of paramount concern and the Group takes a vigilant approach to safety matters. This requires its assets to be maintained to a high standard and properly insured and this is monitored to ensure compliance. The rail industry is highly regulated and all rail operators, including those who lease assets through Alpha Trains, are bound by law to observe high safety standards.

The Managers are responsible for considering risk management issues that arise across the Company's financial instrument portfolios. Risk management policies are detailed in note 25. The Company's portfolios of financial instruments principally comprise loans, deposits and payables. Applying International Financial Reporting Standards, all portfolios are considered to be held for non-trading purposes.

Research and Development: There is no significant expenditure on research and development within this Group.

## CORPORATE RESPONSIBILITY

### *Environmental, health and safety*

The managers have identified and assessed the significant risks to the Company's value arising from, social, environmental, and ethical matters and the enhanced value that can arise from an appropriate response to these issues. The Group has an environmental as well as a health and safety policy and these are reviewed regularly and communicated through our internal reference and document storage system. The Group aims to apply good social, environmental and ethical practice in its business operations and meets the relevant statutory requirements.

### *Key employment policies*

The Group has a policy of equal opportunities, which applies in relation to recruitment of all new employees and to the management of existing personnel. We offer our staff training relevant to their roles and we believe that this has contributed to an increase in employee motivation and retention.

## MANAGERS' REPORT (continued)

## GOING CONCERN

The Group's principal activities are defined in significant accounting policies in note 1 and a review of the year are set out in sections above. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 25 to the financial statements includes details of the Alpha Train Group S.à r.l.'s objectives and approach to capital management, and details of financial instruments and related principal risks and uncertainties. The Group's processes to manage its capital and liquidity, including drawing on support provided by investors and banks, continue to provide sufficient capital resources and liquidity for the Group and the Company to meet its obligations as they fall due. After making enquiries about the continued availability of Group funding, the Managers have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## DISCLOSURE OF INFORMATION TO AUDITOR

Each of the Managers of the Company holding office at the date of approval of this report confirms that:

(1) so far as each of the Managers are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
(2) so far as each of the Managers are aware they have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the laws and regulations in force in the Grand Duchy of Luxembourg.

## MANAGERS AND SECRETARY

The present Managers are listed on page 1.

## MANAGERS' INDEMNITIES

In terms of the laws and regulations in force in the Grand Duchy of Luxembourg, no Managers have been granted Qualifying Third Party Indemnity Provisions as Managers of Alpha Trains Group S.à r.l.

## POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company follows the policy and practice on payment of creditors as follows:

(a) to settle the terms of payment when agreeing the terms with each new supplier
(b) to ensure suppliers are aware of the terms of payment, and
(c) to abide by the terms of payment and to notify the supplier in the event of a dispute.

During the year ended 31 December 2013, Alpha Trains Group S.à r.l. adhered to the following payment policy in respect of all suppliers. Alpha Trains Group S.à r.l. is committed to maintaining a sound commercial relationship with its suppliers.

## MANAGERS' REPORT (continued)

## POLICY AND PRACTICE ON PAYMENT OF CREDITORS (continued)

Consequently, Alpha Trains Group S.à r.l.'s policy is to negotiate and agree terms and conditions with its suppliers, which include the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as, may be agreed.

## ELECTIVE RESOLUTIONS

The Company holds annual general meetings to lay accounts before a general meeting and re-appoint the auditor annually.

## AUDITOR

Deloitte Audit S.à r.l. have expressed their willingness to continue in office as auditor.

## STATEMENT OF MANAGERS' RESPONSIBILITIES

The Managers are responsible for preparing the Managers' report and the financial statements in accordance with applicable law and regulations. Company law requires the Managers to prepare financial statements for each financial year. The financial statements are required by law to be prepared in accordance with IFRSs as adopted by the European Union and the laws and regulations in force in the Grand Duchy of Luxembourg.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, Managers are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Managers are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the laws and regulations in force in the Grand Duchy of Luxembourg. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Managers on 23 April 2014 and signed on its behalf on 25 April 2014 by:

**Manager**

Deloitte.

Deloitte Audit
Société à responsabilité limitée

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To the Partners of
Alpha Trains Group S.à r.l.
22, rue Alfred de Musset
L-2175 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### Report on the consolidated financial statements

We have audited the accompanying annual accounts of Alpha Trains Group S.à r.l., which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Responsibility of the Board of managers for the consolidated financial statements*

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

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Autorisation d'établissement : 10022179

Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements give a true and fair view of, the consolidated financial position of Alpha Trains Group S.à r.l. as of 31 December 2013, and its financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

**Report on other legal and regulatory requirements**

The consolidated management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

For Deloitte Audit, *Cabinet de révision agréé*

Nick Tabone, *Réviseur d'entreprises agréé*
Partner

28 April 2014

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

| | Notes | 1st January to 31st December 2013 €'000 | 1st January to 31st December 2012 €'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 2 | 83,312 | 83,128 |
| Cost of sales | | (30,086) | (33,988) |
| **Gross Profit** | | **53,226** | **49,140** |
| Other operating income, net | 2,6 | 35,222 | 589 |
| Administrative expenses | 4 | (19,371) | (18,793) |
| **Operating profit** | | **69,077** | **30,936** |
| Finance Income | 2,7 | 86 | 66 |
| Finance costs | 7 | (38,126) | (36,674) |
| **Profit / (loss) before taxation** | | **31,037** | **(5,672)** |
| Tax | 8 | 2,637 | (1,306) |
| **Profit / (loss) for the year** | | **33,673** | **(6,978)** |
| **Earnings / (loss) per share (EPS) (€/share)** | 9 | **336.73** | - **(69.78)** |

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

| | Notes | 1st January to 31st December 2013 €'000 | 1st January to 31st December 2012 €'000 |
|---|---|---|---|
| Profit / (loss) for the year | | 33,673 | (6,978) |
| Actuarial gains / (losses) on defined benefit plans | 15 | 24 | (250) |
| Gain / (Loss) on cash flow hedges, net of taxes | 17 | 28,413 | (24,928) |
| **Total comprehensive income** | | **62,110** | **(32,156)** |

The items included in OCI will not be recycled through the consolidated statement of profit or loss (P&L).

Notes 1 to 26 form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

| | Notes | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | 571,584 | 597,186 |
| Finance lease receivable | 11 | 44,591 | 45,776 |
| | | **616,176** | **642,962** |
| **Current assets** | | | |
| Trade receivables | 12 | 19,924 | 23,510 |
| Finance lease receivable | 11 | 5,190 | 5,190 |
| Other receivables | 12 | 7,782 | 6,701 |
| Cash and cash equivalents | 13 | 96,783 | 72,191 |
| | | **129,679** | **107,592** |
| **Total assets** | | **745,854** | **750,554** |
| **Equity** | | | |
| Ordinary share capital | 18 | 100 | 100 |
| Hedging, translation and other reserves | 19 | 53,040 | 24,603 |
| Retained earnings | | (57,592) | (80,245) |
| **Total equity** | | **(4,453)** | **(55,542)** |
| **Current liabilities** | | | |
| Trade payables | 14 | 6,732 | 10,071 |
| Financial instruments | 17 | 79,035 | 107,447 |
| Other liabilities and accruals | 14 | 77,551 | 85,500 |
| Borrowings | 16 | 17,459 | 14,470 |
| | | **180,777** | **217,488** |
| **Non-current liabilities** | | | |
| Borrowings | 16 | 569,530 | 588,608 |
| | | **569,530** | **588,608** |
| **Total liabilities** | | **750,307** | **806,096** |
| **Total equity and liabilities** | | **745,854** | **750,554** |

Notes 1 to 26 form an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Managers and authorised for issue on 23 April 2014.

They were signed on its behalf by:

Manager

Registered in Luxembourg: B137.603

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

| | Notes | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | 571,584 | 597,186 |
| Finance lease receivable | 11 | 44,591 | 45,776 |
| | | **616,176** | **642,962** |
| **Current assets** | | | |
| Trade receivables | 12 | 19,924 | 23,510 |
| Finance lease receivable | 11 | 5,190 | 5,190 |
| Other receivables | 12 | 7,782 | 6,701 |
| Cash and cash equivalents | 13 | 96,783 | 72,191 |
| | | **129,679** | **107,592** |
| **Total assets** | | **745,854** | **750,554** |
| **Equity** | | | |
| Ordinary share capital | 18 | 100 | 100 |
| Hedging, translation and other reserves | 19 | 53,040 | 24,603 |
| Retained earnings | | (57,592) | (80,245) |
| **Total equity** | | **(4,453)** | **(55,542)** |
| **Current liabilities** | | | |
| Trade payables | 14 | 6,732 | 10,071 |
| Financial instruments | 17 | 79,035 | 107,447 |
| Other liabilities and accruals | 14 | 77,551 | 85,500 |
| Borrowings | 16 | 17,459 | 14,470 |
| | | **180,777** | **217,488** |
| **Non-current liabilities** | | | |
| Borrowings | 16 | 569,530 | 588,608 |
| | | **569,530** | **588,608** |
| **Total liabilities** | | **750,307** | **806,096** |
| **Total equity and liabilities** | | **745,854** | **750,554** |

Notes 1 to 26 form an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Managers and authorised for issue on 23 April 2014.

They were signed on its behalf by:

Manager

Registered in Luxembourg: B137.603

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

| | Share capital | Hedging, Translation & other reserves | Retained earnings | Total |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| **Balance at 31 December 2011** | **100** | **49,781** | **(68,786)** | **(18,905)** |
| Profit / (loss) for the year | - | - | (6,978) | (6,978) |
| Equity transaction | - | - | (4,481) | (4,481) |
| Other comprehensive income | - | (25,178) | - | (25,178) |
| **Balance at 31 December 2012** | **100** | **24,603** | **(80,245)** | **(55,542)** |
| Profit / (loss) for the year | | | 33,673 | 33,673 |
| Dividend paid | | | (11,020) | (11,020) |
| Other comprehensive income | | 28,437 | | 28,437 |
| **Balance at 31 December 2013** | **100** | **53,040** | **(57,592)** | **(4,453)** |

Notes 1 to 26 form an integral part of these consolidated financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

| | 1st January to 31st December 2013 €'000 | 1st January to 31st December 2012 €'000 |
|---|---|---|
| Operating profit (loss) for the period | 33,673 | (6,978) |
| **Adjustments for non-cash items** | | |
| - depreciation | 23,374 | 32,180 |
| - corporation tax | (2,637) | 1,306 |
| - finance costs | 36,202 | 34,721 |
| - finance income | (85) | (66) |
| - fair value adjustment on property, plant and equipment | 3,251 | - |
| - actuarial losses (gains) on defined benefit pension plan | 24 | (250) |
| - reduction in capitalised loan fees | 1,923 | 1,923 |
| - other | 640 | 82 |
| **Changes in working capital:** | | |
| (Increase) / Decrease in trade receivables | 3,586 | (3,138) |
| (Increase) / Decrease in other receivables | (127) | 16,420 |
| Increase / (Decrease) in trade payables | (3,339) | (8,591) |
| Increase / (Decrease) in other liabilities and accruals | (3,064) | 6,888 |
| **Cash flow from operating activities** | **93,421** | **74,497** |
| Corporation tax paid | (3,202) | (1,450) |
| **Net cash flow from operating activities** | **90,219** | **73,047** |
| **Investing activities** | | |
| Interest received | 85 | 66 |
| Purchase of Fixed Assets | (1,596) | (1,825) |
| Investments in Loans | - | (15) |
| **Net cash used in investing activities** | **(1,511)** | **(1,774)** |
| **Financing activities** | | |
| Dividend paid | (11,020) | - |
| Finance lease capital repayments | 1,185 | 1,078 |
| Repayment of Loans | (17,955) | (18,716) |
| Interest paid on loan | (14,969) | (22,272) |
| Interest paid on interest rate Swaps | (21,357) | (17,240) |
| **Net cash from financing activities** | **(64,116)** | **(57,150)** |
| **Net increase/(decrease) in cash during the year** | **24,592** | **14,123** |
| **Cash and cash equivalents at beginning of year** | **72,191** | **58,068** |
| **Cash and cash equivalents at end of the year** | **96,783** | **72,191** |

Notes 1 to 26 form an integral part of these consolidated financial statements.

## 1. Significant accounting policies

### General information

Alpha Trains Group S.à r.l. (the 'Company') and its subsidiaries (together the 'Group') provide financial solutions and deliver high quality assets for the diverse requirements of our customers, who include public and privately owned operators. Whilst some of our clients require a complete fleet of locomotives specialist users may be operating single units at freight terminals, ports and industrial sites. We manage a growing fleet of modern, well-maintained passenger trains and freight locomotives and offer a range of leasing packages that can be tailored to meet the needs of the rail operators. Our locomotives are sourced from a variety of manufacturers to give us the optimum product range for the marketplace, with diesel and electric traction and a wide selection of power outputs.

The Company was incorporated on 20 March 2008 in Luxembourg and organised under the laws of Luxembourg as a private limited company for an unlimited period of time. The address of the registered office is on page 1. The nature of the Company's operations, its principal activities, and going concern expectations are set out in the Managers' report.

### Adoption of the new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements as follows:

**Standards affecting the financial statements**

| | |
|---|---|
| Amendments to IAS 1 Presentation of financial statements (amended June 2011) | The Group has applied the amendments to IAS 1 titled Presentation of Items of Other Comprehensive Income in advance of the effective date (annual periods beginning on or after 1 July 2012). The amendment increases the required level of disclosure within the statement of comprehensive income.<br><br>The impact of this amendment has been to analyse items within the statement of comprehensive income between items that will not be reclassified subsequently to profit or loss and items that will be reclassified subsequently to profit or loss in accordance with the respective IFRS standard to which the item relates. The financial statements have also been amended to analyse income tax on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income have been restated to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 do not result in any impact on profit or loss, comprehensive income and total comprehensive income. |
| IAS 19 Employee Benefits (revised June 2011) | In the current year, the Group has applied IAS 19 (as revised in June 2011) Employee Benefits and the related consequential amendments. |
| Amendments to IFRS 13 Fai Value Measurement | The Group has applied the IFRS 13 in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements. |

No significant impact resulted from the first-time adoption of these Standards and Interpretations.

## 1. Significant accounting policies (continued)

**Standards not affecting the reported results nor the financial position**

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

| | |
|---|---|
| Amendments to IFRS 7 *Financial instruments: Disclosures* | The Group has applied the amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.<br><br>As the Group does not have any offsetting arrangements in place, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the financial statements. |

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

| | |
|---|---|
| IFRS 9 | *Financial Instruments* |
| IFRS 10, IFRS 12 and IAS 27 | *Investment entities* (amended) |
| IAS 27 (amendments) | *Separate Financial Statements* |
| IAS 36 (amendments) | *Recoverable Amount Disclosures for Non-Financial Assets* |
| IAS 39 (amendments) | *Novation of Derivatives and Continuation of Hedge Accounting* |
| IFRIC 21 | *Levies* |

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows:

- IFRS 7 (amended) will increase the disclosure requirements where netting arrangements are in place for financial assets and financial liabilities;
- IFRS 9 will impact both the measurement and disclosures of Financial Instruments;
- IFRS 12 will impact the disclosure of interests the Group has in other entities; and

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

## 1. Significant accounting policies (continued)

### Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations committee of the IASB (together "IFRS") as adopted by the European Union ("EU"). They have been prepared under the historical cost convention, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below. The consolidated financial statements are for the full year to 31 December 2013, with comparatives for the year to 31 December 2012.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss (P&L) from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

### Going concern

The Managers have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements. Further detail is contained in the Managers report on page 2.

### Business combinations

The acquisition of subsidiaries was accounted for using the purchase method in 2008. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

### Reporting currency

Since the Euro forms the main currency in which the Company's business is transacted, the Company continues to use the Euro as its functional and reporting currency.

**1. Significant accounting policies (continued)**

**Foreign currencies**

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in euros (EUR or €), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see note 17 on financial instruments / hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

No exceptions as describe above occurred in the current period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the month end exchange rates of the date of record of the transaction. None of the foreign subsidiaries and associates report in the currency of a hyperinflationary economy.

**Property, plant and equipment**

Property, plant and equipment are shown at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation of these assets is charged to costs.

Depreciation is charged so as to write off the cost or valuation of these assets over their estimated useful lives, using the straight-line method.

The following rates are used for the depreciation of property, plant and equipment:

| | Years |
|---|---|
| Rolling stock | 25 to 30 |
| Office fixtures and fittings | 5 |
| Computer equipment | 3 |
| Computer software | 3 |

In case of acquiring used assets, the aging of the assets is taking into account when determining the depreciation period.

**1. Significant accounting policies (continued)**

**Property, plant and equipment (continued)**

Rolling stock in the course of construction for rental purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other rolling stock, commences when the assets are ready for their intended use.

The useful economical lives and residual values are reviewed on a periodic basis. The residual value exposure is the net book value of leased assets at the end of the lease term. This exposure is monitored periodically with any corrections required being made through depreciation.

**Impairment of property, plant and equipment**

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss (P&L), unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss (P&L), unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the consolidated statement of profit or loss (P&L) in the period in which they are incurred.

**Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

**1. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Trade and other receivables*

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the consolidated statement of profit or loss (P&L) when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition if the time value of money has a material effect on the amounts to be received.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Loan receivables*

Loan receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method; if the time value of money has a material effect on the amounts to be received.

Irrecoverable amounts are recognised in the consolidated statement of profit or loss (P&L) when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

*Financial liabilities*

Financial liabilities issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The accounting policies adopted for specific financial liabilities are set out below.

*Derivative financial instruments and hedge accounting*

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re measured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

**1. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Fair value of financial instruments*

The fair values of financial assets and financial liabilities are determined as follows.

- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
- Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

*Fair value measurement*

The fair value of non-financial assets and non-financial liabilities is determined in accordance with IFRS 13. Exceptions from the measurement of fair value in accordance with IFRS 13 are leasing transactions within the scope of IAS 17, Leases, measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36, Impairment of Assets and assets for which the recoverable amount is fair value less costs of disposal in accordance with IAS 36. Accordingly, the financial instruments of the Group are the only assets/liabilities covered by IFRS 13.

The Group's Financial Instruments' fair value is measured based on quoted prices in active markets on a six-month basis. Hence, these instruments can be categorized as level 2. As of Dec-13, the mark-to-market of the Financial instruments (i.e. Swaps) amounts to negative €79,035k, recognized as a liability on the Group's balance sheet.

*Hedge accounting*

The Group designates certain hedging instruments as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item. Note 17 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in note 19.

*Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss (P&L). Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of profit or loss (P&L) as the recognised hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

**1. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Hedging reserve*

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

*Borrowings*

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method; if the time value of money has a material effect on the amounts to be paid. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

*Trade payables*

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method; if the time value of money has a material effect on the amounts to be paid.

**Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Managers' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

**Retirement benefit costs**

Payments to defined contribution retirement benefit schemes are charged as they fall due. For defined benefit schemes, the cost of providing benefits is determined using actuarial valuations at each balance sheet date. Actuarial gains and losses are recognised in the period in which they occur. They are recognised outside profit or loss and presented in the Statement of Comprehensive Income.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The defined benefit obligations are detailed in note 15. In 2008 there were no defined benefit retirement obligations recognised in the balance sheet as the new section for the employees transferred from the Railways Pension Scheme currently has no past service credit from the Angel Trains Limited Section.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss (P&L) because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the

**1. Significant accounting policies (continued)**

**Taxation (continued)**

computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated statement of profit or loss (P&L), except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Goodwill**

Any goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill reviewed across on a Group basis. Where goodwill exists it is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets pro-rata on the basis of the carrying amount of each asset. An impairment loss recognised for goodwill is not reversed in a subsequent period.

At the balance sheet date, the Group had no goodwill. During the year ended 31 December 2008, the company acquired Angel Trains International Limited (which was renamed Alpha Trains (UK) Limited) during the year ended 31 December 2009, and its related companies, the purchase price paid resulted in a fair value adjustment to the rolling stock on consolidation. This adjustment will be subject to the impairment test on an annual basis.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Maintenance is deferred and held to cover the projected full life cost of running the asset for its economic life. Sales of goods are recognised when goods are delivered and title has passed. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**1. Significant accounting policies (continued)**

**Leasing (continued)**

**Leasing**
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*(a) The Group as lessor*
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

*(b) The Group as lessee*

Rentals payable under operating leases are charged to the consolidated statement of profit or loss (P&L) on a straight-line basis over the term of the relevant lease. Benefits received and receivables as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

**Operating profit**

Operating profit is stated before finance income and finance costs.

**Intra-Group charging**

The Group identifies costs to be borne in another Group entity and recharges them between entities with an appropriate mark-up on an arm's length basis. Where assets are transferred between Group companies, including rolling stock assets, the fair value is used On consolidation intra-company recharges are eliminated.

**Risk management**

The major risks associated with the Company's business are market risk, credit risk, liquidity risk and operational risk. The Company has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

This framework is implemented by the completion of risk registers by the risk owners which are analysed and challenged in order to produce a key risk report for submission to the board. For the intervening months, the risks in the key risk report are updated and new risks are added as identified through the normal course of business. Any feedback given by the board is passed back to the risk owners for information and action as appropriate. This is recorded in our internal document management system, and includes key performance indicators for the Group's performance and its associated risks. Identification and management of risk is an integral part of the day to day activities of the Group. There are a number of potential risk factors which could have a material adverse financial effect on the business some of which have been identified below although the list may not be exhaustive. Where reasonably possible the Company or the Group as applicable has taken steps to mitigate these risks but they cannot be entirely safeguarded against them all.

Delivery schedules of leased assets could be delayed as a result of acceptance issues and could have a negative effect on the Groups cash flow and timing of revenue. The Group tries to avoid such delays by working closely with the customer and manufacturer in assessing the requirements prior to contracting and continuing the dialogue throughout the delivery process.

**1. Significant accounting policies (continued)**

**Risk management (continued)**

As the Group operates internationally it is subject to the tax laws and regulations of several countries. Although the Group takes careful steps to comply with applicable international tax legislation, a tax audit in any of the countries in which it operates could expose it to a challenge to its transfer pricing policies or other treatment of revenues, costs or capital expenditure and there is a possibility that the same profits could be taxed in more than one jurisdiction.

The cost of compliance by the Group with changes in laws and regulations by governments and other regulatory authorities in countries in which it does business could have an adverse financial effect on the business as could prosecution of the Group for any breaches of such laws due to the potential resulting defence costs and penalties involved. The Group endeavours to comply with any such changes with the help of its financial and legal advisors where necessary.

Changes to financial reporting rules and accounting standards could affect the reported assets, liabilities or profits of the Group for future periods as well as periods already reported. The Group's portfolios of financial instruments principally comprise loans, deposits and payables. Applying International Financial Reporting Standards, all portfolios are considered to be held for non-trading purposes.

The Managers are responsible for considering risk management issues that arise across the Group's financial instrument portfolios. Risk management policies are detailed in note 25.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described above, the Managers are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Managers have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

*Revenue recognition*

In making its judgement on Revenue, management considered the detailed criteria for the recognition of revenue set out in IAS 18 Revenue. The Managers are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the maintenance costs.

*Capitalisation of borrowing costs*

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying rolling stock assets.

## 1. Significant accounting policies (continued)

### Critical judgements (continued)

*Pensions*

The costs of providing pensions are charged to the consolidated statement of profit or loss (P&L) in accordance with IAS 19 over the period during which the benefit is derived from the employee's services. The costs are assessed on the basis of assumptions selected by management and applied by independent valuers and are disclosed in note 15.

*Book value of rolling stock assets*

Property plant and equipment is valued based on the cost model acc IAS 16. The option to use the Revaluation model is not adopted. In the nature of the business book values of rolling stock assets and depreciation methods used have the greatest impact on balance sheet and profit loss statement of the group. Therefore the group reviews at each balance sheet date the value of rolling stock assets as described in section "impairment of property, plant and equipment". However such tests rely on estimates of future lease rentals. The Group estimates the capital rentals by asset classes taking into account all value driving elements as specification, homologation. Estimates for capital rentals, and discount rates are challenged by independent experts.

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

*Fair value of derivatives and other financial instruments*

The Managers use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Sensitivity analysis has been performed at a subsidiary level, At a Group level the interest rate risk and foreign exchange risk is managed by hedging activities.

## 2. Revenue

| | 1st January to 31st December 2013 | 1st January to 31st December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Revenue | 83,312 | 83,128 |
| Finance income | 86 | 66 |
| Other operating income, net | 35,222 | 589 |
| | **118,620** | **83,783** |

## 3. Profit for the year

Profit for the year has been arrived at after charging / (crediting):

| | 1st January to 31st December 2013 | 1st January to 31st December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Net foreign exchange (losses)/gains | (42) | 107 |
| Depreciation of property plant & equipment | 26,625 | 32,180 |
| Staff costs (see note 5) | 11,903 | 11,445 |
| | **38,486** | **43,732** |

The Company has reviewed the residual values used for the purposes of depreciation calculations. The residual values were adjusted for the impairment (€ 3,251k) identified in relation to rolling stock assets. The amount is included in depreciation expenses.

## 4. Administrative expenses

| | 1st January to 31st December 2013 | 1st January to 31st December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Staff costs (see note 5) | 11,903 | 11,445 |
| Office costs | 610 | 924 |
| IT and telecommunications costs | 1,298 | 1,625 |
| Corporate costs | 2,688 | 978 |
| Legal costs | 2,344 | 3,561 |
| Statutory fees and charges | 528 | 260 |
| | **19,371** | **18,793** |

### Auditors' remuneration

| | 1st January to 31st December 2013 | 1st January to 31st December 2012 |
|---|---|---|
| | €'000 | €'000 |
| **Total audit fees** | **265** | **200** |
| Tax services | 373 | 51 |
| Other services | 382 | 78 |
| **Total non-audit fees** | **756** | **129** |

## 5. Staff costs

The average monthly number of employees (including executive Managers) was:

| | 1st January to 31st December 2013 | 1st January to 31st December 2012 |
|---|---|---|
| Passenger | 10 | 11 |
| Cargo | 33 | 30 |
| Corporate | 27 | 24 |
| | **70** | **65** |

Their aggregate remuneration comprised:

| | 1st January to 31st December 2013 | 1st January to 31st December 2012 |
|---|---|---|
| | **€'000** | **€'000** |
| Wages and salaries | 8,612 | 8,358 |
| Wages and salaries managers | 1,027 | 1,106 |
| Other pension costs | 331 | 72 |
| Depreciation Cars | 12 | 4 |
| Other staff costs and travel costs | 1,921 | 1,905 |
| | **11,903** | **11,445** |

## 6. Other operating income, net

In 2013, a litigation case with a supplier has been settled in favor of the Group. The position “other” includes the settlement proceeds and income from the release of provisions, predominantly in relation to restructuring provisions. In 2012, other operating income consists primarily of net income for liquidated damages for assets delivered late or not to specification and access fee to spare parts held ready to use.

| | 1st January to 31st December 2013 | 1st January to 31st December 2012 |
|---|---|---|
| | **€'000** | **€'000** |
| Liquidated damages | - | 246 |
| Other | 35,222 | 343 |
| | **35,222** | **589** |

## 7. Finance income and costs

| | 1st January to 31st December 2013 | 1st January to 31st December 2012 |
|---|---|---|
| **Finance income** | **€'000** | **€'000** |
| Interest income from third parties | 85 | 66 |
| Interest income affilitead undertakings | (1) | - |
| Foreign exchange gains, net | - | - |
| | **85** | **66** |

| | 1st January to 31st December 2013 | 1st January to 31st December 2012 |
|---|---|---|
| **Finance costs** | **€'000** | **€'000** |
| Interest expense - Swaps | 21,357 | 17,198 |
| Interest on bank overdrafts and loans | 9,538 | 11,283 |
| Interest expense affiliated undertakings | 4,931 | 5,679 |
| Agency and commitment fees | 335 | 483 |
| Amortisation of loan fees capitalised | 1,923 | 1,924 |
| Foreign exchange losses net | 42 | 107 |
| | **38,126** | **36,674** |

## 8. Taxation

The Group entities are taxable. All entities amortize and depreciate their historical property cost according to applicable tax regulations. Such amortization and depreciation is not reflected in these accounts, except to the extent that current taxable income has been reduced.

Summary of taxation rates:

| | 1st January to 31st December 2013 | 1st January to 31st December 2012 |
|---|---|---|
| UK | 23.25% | 24.50% |
| Germany | 32.45% | 32.45% |
| Belgium | 34.00% | 34.00% |
| Poland | 19.00% | 19.00% |
| Italy | 32.30% | 32.30% |
| Spain | 30.00% | 30.00% |
| Switzerland | 26.00% | 26.00% |
| Luxembourg | 29.29% | 28.80% |

The major components of income tax expense are:

| | At 31 December 2013 | At 31 December 2012 |
|---|---|---|
| | **€'000** | **€'000** |
| Corporation tax: | | |
| Current year | (3,089) | 1,055 |
| Adjustment in respect of prior years | 453 | 251 |
| Tax charge/(credit) | **(2,637)** | **1,306** |

## 8. Taxation (continued)

The charge for the year can be reconciled to the profit per the consolidated statement of profit or loss (P&L) as follows:

| | 1st January to 31st December 2013 €'000 | 1st January to 31st December 2012 €'000 |
|---|---|---|
| **Profit before taxation (prior year: loss)** | **31,037** | **5,672** |
| Less : interest expense bfwd | (230) | 262 |
| **Adjusted loss/(profit) before taxation** | **30,807** | **5,934** |
| Weighted average Group rate | 29.30% | 28.84% |
| **Tax credit on loss at weighted average Group rate** | **9,026** | **(1,711)** |
| Tax adjustments relating to prior periods | 453 | 251 |
| Group entities not able to utilise tax credit | 3,226 | 3,386 |
| Permanent differences | (15,077) | 34 |
| Timing differences relating to utilisation of losses | (648) | (258) |
| Deferred tax - originating and reversal of timing | | - |
| Other timing differences | 829 | - |
| Jurisdictional tax rate differences | (445) | (396) |
| **Total current tax charge/(credit)** | **(2,637)** | **1,306** |

In addition to the amount charged to the consolidated statement of profit or loss (P&L), the following amounts relating to tax have been recognised directly in equity:

| | 2013 €'000 | 2012 €'000 |
|---|---|---|
| Actuarial losses on defined benefit plans | - | (34) |
| | **-** | **(34)** |

## 9. Earnings per share

The calculation of earnings per share is based on the following data:

| | 1st January to 31st December 2013 €'000 | 1st January to 31st December 2012 €'000 |
|---|---|---|
| Earnings: | | |
| Profit / (loss) for the year | 33,673 | (6,978) |
| Number of shares ('000): | | |
| Weighted average number of ordinary shares | 100 | 100 |
| EPS (€ per share) (prior year: LPS) | **336.73** | **(69.78)** |

## 10. Property, plant and equipment

| | Rolling Stock | Asset ins the course of construction | Other | Total |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| **Cost or revaluation** | | | | |
| **At 31 December 2011** | **720,667** | **1,511** | **1,891** | **724,070** |
| Additions | 0 | 1,463 | 362 | 1,825 |
| Transfers | 1,747 | (1,747) | - | - |
| **At 31 December 2012** | **722,414** | **1,227** | 2,253 | **725,894** |
| Additions | 551 | 832 | 212 | 1,596 |
| Disposals | - | - | - | - |
| Transfers | 394 | (965) | - | (571) |
| **At 31 December 2013** | **723,359** | **1,094** | **2,465** | **726,918** |
| | | | | |
| **Depreciation** | | | | |
| **At 31 December 2011** | **(95,220)** | **0** | **(1,309)** | **(96,529)** |
| Charge for the period | (31,932) | 0 | (248) | (32,180) |
| **At 31 December 2012** | **(127,152)** | - | **(1,557)** | **(128,709)** |
| Charge for the period | (23,219) | - | (155) | (23,374) |
| Impairment | (3,251) | - | - | (3,251) |
| **At 31 December 2013** | **(153,622)** | - | **(1,712)** | **(155,334)** |
| | | | | |
| **Carrying amount** | | | | |
| **At 31 December 2013** | 569,737 | 1,094 | 754 | 571,584 |
| At 31 December 2012 | 595,262 | 1,227 | 696 | 597,185 |

In FY13, an impairment of fixed assets of € 3,251k was identified in relation to locomotives homologated for Italy. The change of the signalling system in Italy resulted in the need to re-install the receiving system in the trains. These measures had resulted in considerable costs to be incurred. The impairment of these assets was based on Management's assessment.
The impairment amount is included in depreciation in cost of sales.

## 11. Finance lease receivables

| | At 31 December 2013 | At 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| **Minimum Lease payments** | | |
| Within one year | 5,382 | 5,382 |
| In the second to fifth year | 63,460 | 21,529 |
| After five years | - | 47,314 |
| **Total minimum Lease payments** | 68,842 | 74,225 |
| Unearned finance income | (19,062) | (23,259) |
| **Present value of minimum lease payments** | 49,781 | 50,966 |
| **Present value of minimum lease payments** | | |
| Within one year | 5,190 | 5,190 |
| In the second to fifth year | 17,045 | 17,045 |
| After five years | 27,546 | 28,731 |
| | 49,781 | 50,966 |
| | | |
| **Analysed as:** | | |
| Current finance lease receivables | 5,190 | 5,190 |
| Non– current finance lease receivables | 44,591 | 45,776 |
| | 49,781 | 50,966 |

In 2009 the Group entered into a finance leasing arrangement for rolling stock. The remaining term of the finance lease is six years. Based on contractual arrangements, the residual value will be zero.

## 11. Finance lease receivables (continued)

The interest rate inherent in the lease is fixed at the contract date for all of the lease term. The interest rate contracted approximates to 8.4 per cent per annum. The fair value of the finance lease receivables as at 31 December 2013 approximates to the carrying value.

## Other financial assets

## 12. Trade and other receivables

| | At 31 December 2013 €'000 | At 31 December 2012 €'000 |
|---|---|---|
| **Trade receivables** | | |
| Trade receivables - own assets | 11,049 | 13,667 |
| Trade receivables - managed assets | 8,875 | 9,485 |
| Trade receivables - affiliate undertakings | - | 358 |
| | **19,924** | **23,510** |
| **Other receivables** | | |
| Vat receivable, net | 3,050 | 3,329 |
| Other receivables - external | 3,090 | 3,333 |
| Other receivables - affiliate undertakings | 687 | 39 |
| Other receivables - tax-related | 954 | - |
| | **7,782** | **6,701** |
| **Total trade and other receivables** | **27,706** | **30,211** |

The Managers consider that the carrying amount of trade and other receivables approximates their fair value. All trade and other receivables are pledged as security.

The following table provides an overview of the ageing of total trade and other receivables. Overdue receivables are not considered to be impaired.

| | At 31 December2013 | | | | | |
|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| | Total | Current | between 0 and 30 days | between 31 and 60 days | between 61 and 90 days | > 90 days |
| Trade receivables - own assets | 11,049 | 9,008 | 1,860 | 34 | 109 | 38 |
| Trade receivables - managed assets | 8,875 | 8,326 | 419 | 47 | 5 | 79 |
| Vat receivable, net | 3,050 | 3,050 | - | - | - | - |
| Other receivables - extern | 3,090 | 3,090 | - | - | - | - |
| Other receivables - affiliate undertakings | 687 | 687 | - | - | - | - |
| Other receivables - tax related | 954 | 954 | - | - | - | - |
| **Total** | **27,706** | **25,116** | **2,278** | **81** | **114** | **117** |
| *in % of total* | | *91%* | *8%* | *0%* | *0%* | *0%* |

## 13. Cash and cash equivalents

Cash and cash equivalents held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. All cash accounts are pledged as security.

| | At 31 December 2013 €'000 | At 31 December 2012 €'000 |
|---|---|---|
| Cash and cash equivalent | **96,783** | **72,191** |

## 14. Trade payables and other liabilities and accruals

| | At 31 December 2013 €'000 | At 31 December 2012 €'000 |
|---|---|---|
| Trade payables | 6,732 | 10,071 |
| Other liabilities | 14,322 | 11,851 |
| Maintenance Reserve | 48,939 | 47,276 |
| Other accruals | 5,435 | 11,087 |
| Receipts in advance | 6,355 | 7,914 |
| Corporation tax | 2,500 | 7,372 |
| Other liabilities and accruals | 77,551 | 85,500 |
| **Total trade payables, other liabilities & accruals** | **84,282** | **95,571** |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Other liabilities and accruals include prepayments for maintenance work and other sundry receipts. The Managers consider that the carrying amount of trade payables approximated their fair value.

## 15. Pensions

Pension costs of the Final Salary Pension Scheme for accounting purposes have been calculated using the projected unit method. A formal, independent, actuarial valuation was undertaken in 2013. Actuarial movements in the year are recognised through the consolidated statement of comprehensive income. In calculating pension asset/(liability) IFRIC 14 was considered.

The Group has applied for the following assumptions in assessing the defined benefit liability:

Pension costs of the Final Salary Pension Scheme for accounting purposes have been calculated using the projected unit credit method. A formal, independent, actuarial valuation was undertaken in 2013.

Actuarial movements in the year are recognised through the consolidated statement of comprehensive income. In calculating pension asset/(liability) IFRIC 14 was considered.

With the closing of the London office all plan participants left the company. As of 31 December 2013 there are no active plan participants remaining.

The Group has applied the following assumptions in assessing the defined benefit liability. (Please note that the prior year column shows the values calculated on the same basis as in 2013 (i.e. based on the

## 15. Pensions (continued)

actual rate of return instead of the expected rate of return) in accordance with the change of IAS 19. Accordingly, these values are not directly reconcilable to prior year movements in OCI):

| **Summary of assumptions** | **per annum 2013** | **per annum 2012** |
|---|---|---|
| Discount rate | 4.5% | 4.7% |
| Price inflation (RPI measure) | 3.6% | 3.1% |
| Increase to deferred pensions (CPI measures) | 2.6% | 2.1% |
| Pension increases (CPI measure) | 2.6% | 2.1% |

| **Defined Benefit (Liability/Asset at the end of the year** | **31 December 2013 €'000** | **31 December 2012 €'000** |
|---|---|---|
| Defined Benefit Obligation at end of year | | |
| i. Active members | - | - |
| ii. Deferred members | (5,502) | (4,663) |
| iii. Pensioner members (incl. dependents) | (953) | (896) |
| iv. Total | (6,455) | (5,558) |
| Value of assets at end of the year | 7,813 | 7,681 |
| Funded Status at end of the year | 1,358 | 2,123 |
| Effect of Asset Ceiling | (1,358) | (2,123) |
| **Net Defined Benefit (Liability)/Asset at end of year** | - | - |

| **Reconciliation of Net Defined Benefit Liability** | **31 December 2013 €'000** | **31 December 2012 €'000** |
|---|---|---|
| Opening Net Defined Benefit (Liability) | - | - |
| Employers share of pension (expense)/income | (24) | (49) |
| Employer contributions | - | 49 |
| Total Gain/(Loss) recognised in OCI | 24 | - |
| **Closing Net Defined Benefit (Liability)/Asset** | - | - |

| **Pension Expense** | **31 December 2013 €'000** | **31 December 2012 €'000** |
|---|---|---|
| Employer's share of Service Cost | - | 37 |
| Employer share of administration costs | 24 | 12 |
| Past Service Cost Adjustment (including curtailments) | - | - |
| Settlement | - | - |
| Total employer's share of service cost | 24 | 49 |
| Employer's share of net interest on net defined benefit liability/(asset) | - | - |
| **Employer's share of pension expense/(income)** | 23.82 | 49 |

| **Other comprehensive income (OCI)** | **31 December 2013 €'000** | **31 December 2012 €'000** |
|---|---|---|
| Loss/(Gain) due to liability experience | - | 98 |
| Loss/(Gain) due to liability assumption changes | 846 | 110 |
| Return on plan assets (greater)/less than discount rate | (71) | (221) |
| Change in effect of the asset ceiling | (798) | 12 |
| **Total (gain)/loss recognised in the OCI** | **(24)** | **0** |

| **Reconciliation of Defined Benefit Obligation (DBO)** | **31 December 2013 €'000** | **31 December 2012 €'000** |
|---|---|---|
| Opening Defined Benefit Obligation | 5,558 | 5,080 |
| FX on retranslation | (163) | - |
| Service Cost | - | 49 |
| Interest Cost on DBO | 250 | 258 |
| Section amendment | - | - |
| (Gain)/Loss on DBO - experience | - | 98 |
| (Gain)/Loss on DBO - demographic assumptions | - | - |
| (Gain)/Loss on DBO - financial assumptions | 846 | 110 |
| Actual benefit payments | (36) | (37) |
| Settlement | - | - |
| Curtailment | - | - |
| **Closing Defined Benefit Obligation** | **6,455** | **5,558** |

## 15. Pensions (continued)

| Reconciliation of value of assets | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Opening value of Section assets | 7,681 | 7,092 |
| FX on retranslation | (225) | - |
| Interest income on assets | 345 | 356 |
| Return on plan assets greater/(less) than discount rate | 71 | 221 |
| Employer contributions | - | 49 |
| Employee contributions | - | 12 |
| Actual benefit payments | (36) | (37) |
| Administration costs | (24) | (12) |
| Settlement | - | - |
| Curtailment | - | - |
| **Closing value of Section assets** | **7,813** | **7,681** |

| Reconciliation of effect of asset ceiling | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Opening effect of asset ceiling | 2,123 | 2,012 |
| FX on retranslation | (62) | - |
| Interest on asset ceiling | 95 | 98 |
| Change in asset ceiling over the period | (798) | 12 |
| **Closing effect of asset ceiling** | **1,358** | **2,123** |

| DBO sensitivity to significant actuarial assumptions | Sensitivity | DBO €'000 |
|---|---|---|
| 1. Discount rate | -1.0% p.a. | 7,896 |
| 2. Price inflation (CPI measure) | +1.0% p.a. | 7,896 |
| 3. Life expectancy | + 1 year | 6,610 |

| Value of asset by pooled fund type | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Growth pooled fund | 4,002 | 5,075 |
| Defensive pooled fund | 3,219 | 2,012 |
| Private equity pooled funds | 429 | 387 |
| Infrastructure pooled fund | 163 | 158 |
| Cash pooled fund | 0 | 49 |
| **Closing value of Section assets** | **7,813** | **7,681** |

## 16. Borrowings

The Senior Term Loan Facility which is secured, relates to a € 551,562,797 amortising debt facility, provided by a consortium of lenders, maturing in June 2015. The term of the loan is at variable rates (Euribor plus 1.75%).

This Senior Term Loan Facility comprises three tranches; a € 506,562,797 Senior A Facility, € 15,000,000 VAT Facility and € 20,000,000 Revolving Credit Facility of which the following amounts were drawn at 31 December 2013: Senior A Facility € 488,607,778 (2012: € 506,562,797), VAT Facility € Nil (2012: €Nil) & Revolving Credit Facility € Nil (2012: € Nil).

The Junior Term Loan Facility relates to a €100,000,000 loan facility with a consortium of lenders, maturing in June 2016. The term of the loan is at variable rates (Euribor plus margin).Lender of the Junior Loan is Alpha Trains Holdco S.à r.l., who is not part of the Alpha Trains Group S.à r.l. Group. However the outstanding balance at 31 December 2013 of Junior Facility of €100,000,000 (2012: €100,000,000) is completely pushed down in form of a shareholder loan note. The Junior Term loan is collateral/guarantee-free.

## 16. Borrowings (continued)

### Senior Term Loan A

| | At 31 December 2013 €'000 | At 31 December 2012 €'000 |
|---|---|---|
| **Alpha Trains Luxembourg S.à r.l.** | | |
| < 1 year | 17,749 | 16,744 |
| 1 to 5 years | 437,901 | 455,650 |
| > 5 years | - | - |
| Total borrowings outstanding | 455,650 | 472,394 |
| Accrued interest | | - |
| Total borrowing including accrued interest | **455,650** | **472,394** |

| | At 31 December 2013 €'000 | At 31 December 2012 €'000 |
|---|---|---|
| **Alpha Trains Europa GmbH** | | |
| < 1 year | 624 | 589 |
| 1 to 5 years | 15,398 | 16,022 |
| > 5 years | - | - |
| Total borrowings outstanding | 16,022 | 16,611 |
| Accrued interest | | - |
| Total borrowing including accrued interest | **16,022** | **16,611** |

| | At 31 December 2013 €'000 | At 31 December 2012 €'000 |
|---|---|---|
| **Alpha Trains Iberia, S.A.** | | |
| < 1 year | 660 | 622 |
| 1 to 5 years | 16,276 | 16,936 |
| > 5 years | - | - |
| Total borrowings outstanding | 16,936 | 17,558 |
| Accrued interest | | - |
| Total borrowing including accrued interest | **16,936** | **17,558** |

### Junior Loan

| | At 31 December 2013 €'000 | At 31 December 2012 €'000 |
|---|---|---|
| **Alpha Trains Group S.à r.l.** | | |
| < 1 year | - | - |
| 1 to 5 years | 100,000 | 100,000 |
| > 5 years | - | - |
| Total borrowings outstanding | 100,000 | 100,000 |
| Accrued interest | 1,308 | 1,291 |
| Total borrowing including accrued interest | **101,308** | **101,291** |

## 16. Borrowings (continued)

### Total Borrowings

| | At 31 December 2013 €'000 | At 31 December 2012 €'000 |
|---|---|---|
| **Total Borrowings** | | |
| < 1 year | 19,032 | 17,955 |
| 1 to 5 years | 569,575 | 588,608 |
| > 5 years | - | - |
| Total borrowings outstanding | 588,608 | 606,563 |
| Accrued interest | 1,308 | 1,291 |
| Capitalised loan fees | (2,881) | (4,776) |
| Total borrowing including accrued interest | **587,035** | **603,078** |

## 17. Financial instruments

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk and indices. The types of derivatives used by the Group are set out below. All derivatives are designated and effective as cash flow hedges and subsequently measured at fair value (with all effective portions of changes in fair value being recognised within reserves).

| **Interest rate swaps** | At 31 December 2013 Notional €'000 | At 31 December 2012 Notional €'000 |
|---|---|---|
| < 1 year | 33,492 | 21,672 |
| 1 to 5 years | 112,082 | 77,197 |
| > 5 years | 344,931 | 413,308 |
| Hedged Debt (%) | 83% | 84% |
| Fix rate (average) | **4.03%** | **4.31%** |

| **Interest rate swaps** | At 31 December 2013 €'000 | At 31 December 2012 €'000 |
|---|---|---|
| | 79,035 | 107,447 |

## 18. Share capital

| Ordinary shares of €1 each | At 31 December 2013 | At 31 December 2013 €000 |
|---|---|---|
| Authorised | 100 | 100 |
| Issued and fully paid | 100 | 100 |

## 18. Share capital (continued)

In accordance with Luxembourg company law, Luxemburg Companies are required to allocate a minimum of 5% of the net profit after tax for the year to a legal reserve until such time as the balance of this reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution to shareholders, except upon the dissolution of the respective Company.
Due to the Luxemburg companies not being profitable, no legal reserve is currently disclosed.

## 19. Hedging, translation and other reserves

| | Hedging reserve €'000 | Other €'000 | Total €'000 |
|---|---|---|---|
| **Balance at 31 December 2011** | **(82,519)** | **(1,610)** | **(84,129)** |
| Loss recognised on cash flow hedges | (30,343) | - | (30,343) |
| Actuarial losses on defined benefit plans | - | (250) | (250) |
| **Balance at 31 December 2012** | **(112,862)** | **(112,862)** | **(112,862)** |
| Gain recognised on cash flow hedges | 28,413 | - | 28,413 |
| Actuarial gains on defined benefit plans | - | 24 | 24 |
| Exchange differences on translation of foreign operations | - | - | - |
| **Balance at 31 December 2013** | **(84,449)** | **(112,838)** | **(84,425)** |

## 20. Contingent liabilities

As at the year end, the Group does not have any contingent liabilities.

## 21. Commitments

As at the year end, the Group does not have any commitments.

## 22. Operating lease arrangements

*(the Group as lessee)*

| | At 31 December 2013 €'000 | At 31 December 2012 €'000 |
|---|---|---|
| Within one year | 275 | 134 |
| In the second to fifth years inclusive | 613 | 324 |
| After five years | - | 161 |
| | 888 | 619 |

## 23. Events after the balance sheet date

None.

## 24 Related party transactions

The following entities were identified as related parties not consolidated in Alpha Trains Group S.à r.l.:

| | Place of Incorporation (or Registration) and Operation |
|---|---|
| AMP Capital Investors (Angel Trains EU No.2) S.a.r.l. | Luxembourg |
| AEIF LH SUB05 S.a.r.l. | Luxembourg |
| AEIF European Trains S.a.r.l. | Luxembourg |
| Arcus European Trains SCSp | Luxembourg |
| Infra-PSP Canada Inc. | Canada |
| Alpha Trains HoldCo II S.à r.l. | Luxembourg |
| Alpha Trains HoldCo S.à r.l. | Luxembourg |
| Woldhurst Properties Limited | Gibraltar |
| Alpha Trains (Malta) Holdco 1 Limited Luxembourg Branch | Luxembourg |
| Alpha Trains (Malta) Holdco 1 Limited | Malta |

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The following amounts were outstanding at the balance sheet date:

| | At 31 December 2013 €'000 | At 31 December 2012 €'000 |
|---|---|---|
| Related party debtors | 446 | 358 |
| Related party creditors and accruals | 1,236 | 1,291 |
| Loans to related parties | 104 | 39 |
| Loans from related parties | 100,000 | 100,000 |

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. The Managers consider that the carrying amount of the Company borrowings approximates their fair value.

The Managers receive no emoluments in respect to their services to the Company during the period.

## 25. Risk management

The major risks associated with the Group's business are market risk, credit risk, liquidity risk and operational risk. The Group has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

**Market risk**
Market risk is defined as the risk of loss as a result of adverse changes in risk factors including interest rates and foreign exchange. For derivative financial instruments refer to note 17.

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

It is the policy of the Group to enter into forward foreign exchange contracts to cover foreign currency payments and receipts to manage its exposure to foreign exchange risk.

## 25. Risk management (continued)

### Market risk (continued)

The Company manages the market risk through its comprehensive framework, which is continually evolving as business activities change. Sensitivity analysis is performed in the subsidiary accounts, however most of the risk for the Group is hedged and it is therefore not felt to be appropriate.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

**Credit risk**
Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

The Company's principal financial assets are bank balances and cash, trade and other receivables and amounts owed by other members of the Group. For trade and other receivables, refer to note 12. For loans receivable from other members of the Group refer to note 24.

The credit risk on liquid funds is limited as counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risk on Group companies is limited because the undertakings are under common control and the Managers are confident of them continuing as going concerns. The credit on Group undertakings is not past due.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

**Liquidity risk**
Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. For trade and other liabilities and accruals, refer to note 14 and for loans payable refer to note 16. Group's policy is to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt of the invoice. Liquidity risk for the Group and its individual companies is managed centrally by the Group's treasury department. The Group has a rolling credit facility that can be called upon and also a VAT credit facility for VAT payments (see also comment in note 24).

Liquidity management within the Company focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from the undrawn commitments and other contingent obligations. Management of external funding covenant compliance is reviewed on a semi-annual basis. There were no breaches in the present or prior year.

## 25. Risk management (continued)

### Liquidity risk (continued)

The following tables detail the Company's remaining maturity at year end for its interest bearing financial liabilities:

| 31st December 2013 | Within one year €'000 | Between one and five years €'000 | Over five years €'000 | Total €'000 |
|---|---|---|---|---|
| Loans | 19,032 | 569,575 | - | 588,608 |
| Accrued interest on loans | 1,308 | - | - | 1,308 |
| Undiscounted future interest | 19,829 | 59,118 | 13,457 | 92,404 |
| Trade and other payables | 84,282 | - | - | 84,282 |
| | **124,452** | **628,693** | **13,457** | **766,602** |

| 31st December 2012 | Within one year €'000 | Between one and five years €'000 | Over five years €'000 | Total €'000 |
|---|---|---|---|---|
| Loans | 17,955 | 588,608 | - | 606,563 |
| Accrued interest on loans | 1,291 | - | - | 1,291 |
| Undiscounted future interest | 16,896 | 79,550 | 19,541 | 115,987 |
| Trade and other payables | 95,571 | - | - | 95,571 |
| | **131,713** | **668,158** | **19,541** | **819,412** |

### Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failure, fraud or inadequate internal financial controls and procedures. The Company manages this risk through systems and procedures to monitor transactions and positions. The Company also maintains contingent facilities to support operations in the event of disaster.

### Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consist of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in notes 20 and the Statement of Equity.

### Debt / Equity ratio

The Company's capital structure is reviewed on an annual basis as part of a wider funding review. According to IFRS the MTM value of the SWAP is included in the equity although the SWAP is part of the long term financing.

### Categories of financial instruments

All financial instruments are categorised in the financial statements, in accordance with IFRS 7, except for financial derivatives which are classified as fair value trough profit and loss. These financial derivatives are currently designated to hedge accounting.

## 26. Consolidation scope and parent companies

This is the parent Company of the companies listed below. The financial statements of the companies listed have been consolidated with those of the parent Alpha Trains Group S.à r.l. Alpha Trains Holdco S.à r.l is a member of the Alpha Trains (Luxembourg) Holdings S.à r.l. Group. Alpha Trains (Luxembourg) Holdings S.à r.l. is the ultimate parent for the Group. Consolidated accounts are prepared separately for the Alpha Trains (Luxembourg) Holdings S.à r.l. Group. Consolidated Financial Statements for the Group can be obtained from Alpha Trains (Luxembourg) Holdings S.à r.l. 22, rue Alfred de Musset, L-2175 Luxembourg.

Details of the Company's subsidiaries at 31 December 2013 are as follows:

| Name | Place of incorporation (or registration) and operation | Proportion of ownership interest % | Proportion of voting power held % |
|---|---|---|---|
| Alpha Trains (UK) Limited | England | 100 | 100 |
| Alpha Trains (Locomotives) Limited | England | 100 | 100 |
| Alpha Trains Switzerland AG | Switzerland | 100 | 100 |
| Alpha Trains Europa GmbH | Germany | 100 | 100 |
| Alpha Trains Polska Sp z.o.o. | Poland | 100 | 100 |
| Alpha Trains Italia Srl | Italy | 100 | 100 |
| Alpha Trains Belgium NV | Belgium | 100 | 100 |
| Alpha Trains (Locomotives) GmbH | Germany | 100 | 100 |
| Locomotion Capital (UK) Limited | England | 100 | 100 |
| Alpha Trains Iberia SA | Spain | 100 | 100 |
| Alpha Trains Luxembourg S.à r.l. | Luxembourg | 100 | 100 |
| Alpha Trains Group S.à r.l. | Luxembourg | Parent company | Parent company |

Audited unconsolidated financial accounts for Alpha Trains Iberia S.A.U. for the period ended 31 December 2013, prepared in accordance with Spanish accounting standards.

# Alpha Trains Iberia, S.A.U.
# (Single Shareholder Company)

Abbreviated Financial Statements for the
year ended 31 December 2013, in conjunction
with the Independent Auditor's Report

(In the event of discrepancy, the Spanish-language version prevails)

Deloitte.

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# AUDITOR'S REPORT ON THE ABBREVIATED FINANCIAL STATEMENTS

To the Sole Shareholder of
Alpha Trains Iberia, S.A.U. (Single Shareholder Company):

We have audited the financial statements of Alpha Trains Iberia, S.A.U. (Single Shareholder Company), which comprise the abbreviated balance sheet at 31 December 2013 and the profit and loss account, statement of changes in equity and the abbreviated notes thereto for the financial year then ended. The Directors are responsible for the preparation of the abbreviated financial statements of the Company, in accordance with the regulatory framework governing financial information applicable to the entity (as indicated in Note 2.1 of the accompanying notes) and, in particular, in accordance with the accounting principles and criteria contained therein. Our responsibility is to express an opinion on the aforementioned abbreviated financial statements taken as a whole, based upon work performed in accordance with prevailing audit regulations in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the abbreviated financial statements, and the evaluation of whether their presentation, the accounting principles and criteria applied and the estimates made are in agreement with the applicable regulatory framework for financial information.

In our opinion, the accompanying 2013 abbreviated financial statements give a true and fair view, in all material respects, of the equity and financial position of Alpha Trains Iberia, S.A.U. (Single Shareholder Company) at December 31, 2013, and the results of operations for the financial year then ended, in conformity with the applicable regulatory framework for financial information and, in particular, the accounting principles and criteria contained therein.

Without affecting our audit opinion, we wish to draw attention to Note 12 of the accompanying notes to the abbreviated financial statements, which states that the Company performs a significant portion of its transactions and holds material balances with group companies. Thus, any interpretation or analysis of the accompanying abbreviated financial statements must be carried out taking such circumstance into consideration.

DELOITTE, S.L.
Registered in the R.O.A.C. (Official Registry of Auditors) under number S0692.

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Jesús Mª García Callejo
25 April 2014

Deloitte, S.L. is registered in the Commercial Register of Madrid in volume 13,650, section 8, folio 188, sheet M-54414, entry nº 96, Company Tax Code: B-79104469.
Registered office: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

[stamp: ‘Auditores’ Spanish Institute of Auditors]

Practising member:
DELOITTE, S.L.

Year: 2014 N$^{o}$: 01/14/08981
CORPORATE STAMP: EUR 96.00

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## Alpha Trains Iberia, S.A.U.
## ABBREVIATED BALANCE SHEET AT 31 DECEMBER 2013
## (Euros)

| ASSETS | Note to the abbreviated financial statements | Year 2013 | Year 2012 | EQUITY AND LIABILITIES |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | **Note 5** | **32,474,455** | **33,558,001** | **EQUITY** |
| **Property, plant and equipment-** | | **32,474,455** | **33,558,001** | ***SHAREHOLDERS' EQUITY:*** |
| Other property, plant and equipment | | 32,474,455 | 33,558,001 | **Capital-**<br>Authorised capital<br>**Reserves**<br>**Retained earnings-**<br>Accumulated losses<br>**Profit/(loss) for the year**<br><br>**LONG-TERM LIABILITIES**<br>**Long-term accounts payable-**<br>Accounts payable to credit entities<br>**Long-term provisions** |
| | | | | **CURRENT LIABILITIES** |
| **CURRENT ASSETS** | | **5,768,553** | **4,793,974** | **Short-term accounts payable-** |
| **Trade and other receivables-** | | **1,566,585** | **878,694** | Accounts payable to credit entities |
| Trade receivables for sales and services and other receivables | Note 7 | 1,413,637 | 660,239 | **Current accounts payable to group companies & associates** |
| Sundry debtors | Note 7 | 4,632 | 8,409 | **Trade and other payables-** |
| Receivables from group companies | Note 7 & 12.2 | 148,316 | 210,046 | Trade creditors |
| **Short-term accruals** | | **99,005** | **65,565** | Sundry creditors |
| **Cash and cash equivalents** | **Note 7** | **4,102,963** | **3,849,715** | Creditors, group companies |
| **Cash in hand and at banks** | | **4,102,963** | **3,849,715** | Receivables, prepayments<br><br>Personnel<br><br>Other accounts payable to Public Authorities<br>Short-term accruals |
| **TOTAL ASSETS** | | **38,243,008** | **38,351,975** | **TOTAL EQUITY AND LIABILITIES** |

The accompanying notes 1 to 15 to the abbreviated financial statements are an integral part of the abbreviated ba

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## Alpha Trains Iberia, S.A.U.
## ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2013
## (Euros)

| | Note to the abbreviated financial statements | Year 2013 | Year 2012 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| **Turnover-** | **Notes 6.2 & 11.1** | **4,824,917** | **3,848,061** |
| Provision of services | | 4,824,917 | 3,848,061 |
| **Other operating income-** | | **393,436** | **210,046** |
| Other operating income | **Notes 11.1 & 12.1** | 393,436 | 210,046 |
| **Personnel expenses-** | **Note 11.2** | **(293,349)** | **(258,668)** |
| Wages and salaries | | (258,671) | (228,944) |
| Social security contributions | | (34,678) | (29,724) |
| **Other operating expenses-** | **Note 11.3** | **(3,013,661)** | **(2,002,669)** |
| External services | | (3,013,661) | (2,002,669) |
| **Depreciation and amortisation** | **Note 5** | **(1,285,840)** | **(1,284,269)** |
| **Profit/(loss) on disposals and others** | | **-** | **287,128** |
| **PROFIT FROM OPERATIONS** | | **625,503** | **799,629** |
| **Finance income-** | **Note 11.4** | **4** | **449** |
| Marketable securities and other third party financial instruments | | 4 | 449 |
| **Finance costs-** | | **(740,303)** | **(777,536)** |
| Interest on payables to Group companies and associates | **Notes 11.4 & 12.1** | (409,674) | (386,441) |
| Interest on payables to credit entities | **Note 11.4** | (330,629) | (391,095) |
| **Net exchange losses** | | **()** | **(1,458)** |
| **NET FINANCE COST** | | **(740,299)** | **(778,545)** |
| **LOSS BEFORE TAX** | | **(114,796)** | **21,085** |
| Income tax expense | **Note 10.1** | - | - |
| **PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS** | | **(114,796)** | **21,085** |
| Profit/(loss) after tax for the year from discontinued operations | | - | - |
| **PROFIT/(LOSS) FOR THE YEAR** | | **(114,796)** | **21,085** |

The accompanying notes 1 to 15 to the abbreviated financial statements are an integral part of the abbreviated profit and loss account for the year 2013.

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Hedwige Van de Wyer [illegible signature]

Fernando Pèrez Serrano [illegible signature]

## Alpha Trains Iberia, S.A.U.

## ABBREVIATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 2013

## A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

**(Euros)**

| | Year 2013 | Year 2012 |
|---|---|---|
| **PROFIT/(LOSS) FOR THE YEAR (from abbreviated profit and loss account) (I)** | **(114,796)** | **21,084** |
| **TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)** | **-** | **-** |
| **TOTAL AMOUNTS TRANSFERRED TO THE ABBREVIATED PROFIT AND LOSS ACCOUNT (III)** | **-** | **-** |
| **TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)** | **(114,796)** | **21,084** |

The accompanying notes 1 to 15 to the abbreviated financial statements are an integral part of the abbreviated statement of recognised income and expense for the year 2013.

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Hedwige Van de Wyer [illegible signature]

Fernando Pèrez Serrano [illegible signature]

**Alpha Trains Iberia, S.A.U.**

**ABBREVIATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR**

**B) STATEMENT OF TOTAL CHANGES IN EQUITY**

**(Euros)**

| | Capital | Reserves | Prior years' profit and loss |
|---|---|---|---|
| | | | |
| **FINAL BALANCE AT YEAR-END 2011** | **10,000,000** | **9,697** | **(822,9520)** |
| **Total recognised income and expense** | **-** | **-** | **-** |
| - Distribution of losses for the year 2011 | - | - | (280,653) |
| **FINAL BALANCE AT YEAR-END 2012** | **10,000,000** | **9,697** | **(1,103,605)** |
| **Total recognised income and expense** | **-** | **-** | **-** |
| - Distribution of profit for the year 2012 | - | - | 21,084 |
| **FINAL BALANCE AT YEAR-END 2013** | **10,000,000** | **9,697** | **(1,082,521)** |

The accompanying notes 1 to 15 to the abbreviated financial statements are an integral part of the abbreviated statemer

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## 1. Activity of the company

Alpha Trains, S.A.U. was incorporated as a corporation on 12 November 2007 under the corporate name Angel Trains España, S.A.U. (Single Shareholder Company). Subsequently, the corporate name was changed to the current name and was registered as such, according to the notarised document, on 16 December 2009.

The Company is registered in the Commercial Register of Madrid in volume 25,051, folio 137, section 8, sheet M451126 under the first notation. The Company's tax identification number is A-85300838.

The Company's registered office is in Madrid, at calle López de Hoyos 35, 1ª planta, 28002, Madrid.

The purpose of the Company ALPHA TRAINS IBERA, S.A.U. is to lease locomotives and rolling stock and to provide financial advisory services for the acquisition and use of locomotives and rolling stock; purchase and sell locomotives and rolling stock and related goods and services; maintain, repair and modify locomotives and rolling stock; provide general consultancy services relating to locomotives and rolling stock, engineering services and any other activities that may benefit or be supplementary to its statutory activity.

On 12 November 2007, the Company registered its status as a Single Shareholder Company in the Commercial Register.

The Company is part of the Alpha Trains Group, the parent company of which is Alpha Trains (Luxembourg) Holding S.á.r.l., which has its registered office at 22 rue Alfred de Musset, 2175 Luxembourg. Alpha Trains (Luxembourg) Holding S.á.r.l., prepares the consolidated financial statements.
It is expected that the 2013 consolidated financial statements will be signed on 23 April 2014.

Given the Company's activity, it has no environmental liabilities, expenses, assets, provisions or contingencies that may be significant in relation to the equity, financial position or earnings of the same. For this reason, no specific breakdowns of environmental information are included in these notes to the abbreviated financial statements.

## 2. Basis of presentation of the abbreviated financial statements

### 2.1 Regulatory framework governing financial information applicable to the Company

These abbreviated financial statements have been prepared by the Directors in accordance with the regulatory framework governing financial information applicable to the Company, as provided for in:

a) The Commercial Code and all other commercial legislation.

b) The General Chart of Accounts approved by Royal Decree 1514/2007 and Industry Adaptations.

c) The mandatory regulations approved by the Accounting and Audit Institute in developing the General Chart of Accounts and additional regulations.

d) All other applicable Spanish accounting regulations.

## 2.2 True and fair view

The 2013 abbreviated financial statements have been obtained from the Company's accounting records and are presented in accordance with the applicable regulatory framework governing financial information and, in particular, the accounting principles and standards contained therein for the purpose of demonstrating a true and fair view of the Company's financial position and earnings during the corresponding financial year. These abbreviated financial statements, which have been prepared by the Directors of the Company, shall be submitted to the Sole Shareholder for approval and it is expected that they shall be approved with no modifications. The Sole Shareholder 2012 approved the abbreviated financial statements on 28 June 2013.

## 2.3 Accounting principles

The Directors of the Company have prepared these 2013 abbreviated financial statements taking into consideration all the mandatory and applicable accounting principles and standards that have a material effect on said abbreviated financial statements. That is, all mandatory accounting principles have been applied.

## 2.4 Critical aspects of measuring and estimating uncertainty

These abbreviated financial statements have been compiled using the estimates prepared by the Directors of the Company in order to measure certain assets, liabilities, income, expenses and commitments recorded therein. Basically, these estimates refer to:

- The assessment of potential impairment losses on certain assets (see Notes 4.2 and 4.4).
- The useful life of material assets (see Note 4.1).
- The development of leasing agreement conditions (see Note 6).
- The calculation of provisions and contingencies (see Note 4.8).

## 2.5 Financial and equity position

At 31 December 2013, the current liabilities stated on the accompanying abbreviated balance sheet are higher than current assets by Euros 4,813,106 (Euros 5,676,543 in 2012). This gap must be assessed, given that current accounts payable to group companies totals Euros 8,239,221 (Euros 7829,547 in 2012) (see Note 12.2) and that the Sole Shareholder provides express financial support. The Directors of the Company estimate that the capital generated by operations, in conjunction with the availability of cash and financial support from other Group entities will suffice to meet short-term payment commitments.

## 2.6 Comparison of information

The information contained in these abbreviated financial statements for the year ended 31 December 2012 are presented for comparison purposes with the information for the year ended 31 December 2013.

## 2.7 Grouping of items

Certain abbreviated balance sheet, abbreviated profit and loss account and abbreviated statement of changes in equity items are presented together so they may be better understood. However, where necessary for material purposes, information is itemised in the corresponding notes to the abbreviated financial statements.

## 2.8 Changes to accounting criteria

No significant changes to accounting criteria occurred during 2013 compared to 2012.

## 2.9 Error correction

No material errors were identified during the preparation of the accompanying abbreviated financial statements that may result in the amounts included in the 2013 abbreviated financial statements being restated.

## 3. Distribution of losses

The proposal for the distribution of the year's losses, which was prepared by the Directors of the Company and shall be submitted to the Sole Shareholder for approval, is as follows:

| Basis of distribution | Amount | Distribution | Amount |
|---|---|---|---|
| Loss for the year | (114,796) | Accumulated losses | (114,796) |
| **Total Euros** | **(114,796)** | **Total Euros** | **(114,796)** |

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## 4. Recognition and measurement criteria

The main recognition and measurement criteria used by the Company in preparing the 2013 abbreviated financial statements, in accordance with the General Chart of Accounts, were as follows:

### 4.1 Property, plant and equipment

Property, plant and equipment are initially recognised at cost of acquisition and subsequently reduced by any accumulated depreciation and impairment losses.

The cost of retaining and maintaining the different elements that comprise property, plant and equipment is recognised under the abbreviated profit and loss account for the year in which it occurs. Amounts invested in improvements that contribute to increasing the capacity or efficiency or extending the useful life of said assets are recorded as an increase in the cost of the same.

For any fixed assets that require more than one year to enter into a condition in which they can be used, capitalised costs include any finance costs accrued prior to the asset becoming operational that have been transferred by the trade creditor or that correspond to loans or other types of external, specific or generic financing that are directly attributable to the acquisition or production of the same.

Work performed by the Company on its own fixed assets is recorded at the accumulated cost resulting from adding external costs to internal costs, which are determined based on the Company's own consumption of materials, the workforce directly involved and general manufacturing costs calculated using absorption rates similar to those applied to measure inventories.

The Company depreciates property, plant and material following the straight-line method and applies a percentage of annual depreciation that is calculated based on the estimated useful life of the assets in question, as per the following breakdown:

| | Depreciation percentage |
|---|---|
| Machinery | 3.33% |

The residual value and useful life of assets is reviewed and adjusted, if necessary, at each balance sheet date.

If an asset's book value is greater than its estimated recoverable amount, its value shall be immediately reduced to the recoverable amount.

Earnings on the sale of property, plant and equipment are calculated by comparing the income generated on the sale with the book value and are recognised in the abbreviated profit and loss account.

### 4.2 Impairment of property, plant and equipment

The Company estimates the recoverable value of its fixed assets, provided there is evidence of impairment, in order to compare said value with the book cost and determine whether or not impairment has occurred.



The recoverable amount is calculated as the greater of fair value less sales costs and the value in use. The latter is calculated using the estimated cash flows included in the business plan prepared by Management, which have been adjusted using a rate that represents the cost of capital and take into account the cost of liabilities and business risks.

In the event an impairment loss must be recognised, the value of the asset in question shall be reduced to the greater of the following: its fair value less sales costs, its value in use and zero.

If an impairment loss is subsequently reversed, the revised estimate of an asset's recoverable amount shall show an increase in its book value. This shall be done in such a way that the increased book value does not exceed the book value as it would have been calculated if no impairment loss had been recognised in prior years.

The Directors of the Company do not consider that there is any evidence of impairment to the Company's property, plant and equipment at 31 December 2013.

## 4.3 Leases

Leases are classified as finance leases provided it is considered that the risks and rewards of owning the asset subject to the leasing contract have been materially transferred to the lessee. All other leases are classified as operating leases. At 31 December 2013, the Company has operating leases only.

Expenses arising from operating lease agreements are taken to the abbreviated profit and loss account in the year in which they accrue.

The Company generates income on the lease of certain assets. Based on the conditions established in the corresponding contracts, these leases have been classified as operating leases as neither the rights or risks of owning the asset subject to the lease are transferred via the leasing activity.

Income generated on operating lease agreements is recognised in the profit and loss account in the year in which it is generated.

Thus, the acquisition cost of the leased asset is presented on the balance sheet in accordance with its nature.

Any charge or payment that may arise from an operating lease shall be treated as an advance charge or prepayment and shall be recognised under profit/(loss) throughout the leasing period as the benefits of the leased asset are transferred or received.

## 4.4 Financial instruments

*4.4.1 Financial assets*

The Company's financial assets are as follows:

Loans and receivables: these are financial assets deriving from the provision of services due to the entity's business transactions, or those that, being neither equity instruments or derivatives as they have no commercial origin, involve a fixed or ascertainable charge and are not traded on an open market.

*Initial measurement –*

Financial assets are initially recognised at the fair value of the consideration paid, which generally coincides with the acquisition price or par value of the amount paid, plus any directly attributable transaction costs.

*Subsequent measurement –*

Loans and receivables, which include any sureties provided, are measured at par value, which does not differ significantly to the amortised cost.

At year-end (at least), the Company performs an impairment test on any financial assets that are not recognised at fair value. Objective evidence or impairment is considered to exist if the recoverable value of the financial asset is lower than its book value. If this impairment occurs, it is recognised in the abbreviated profit and loss account.

In particular and with respect to any trade and other receivables valuation adjustments, the criteria the Company uses to calculate valuation adjustments (if there are any) is based on a specific review of accounts receivable. Thereafter, an impairment loss is recognised when there is evidence that the recoverable amount is lower than book value.

The Company derecognises financial assets when they expire or when the rights to the cash flows from the financial asset have been transferred and the risks and rewards of ownership have been substantially transferred.

*4.4.2 Financial liabilities*

Financial liabilities are the Company's liabilities and payables that arise from the purchase of goods and services due to its business operations or from capital borrowing transactions.

*Initial measurement –*

Liabilities and payables are initially measured at the fair value of the consideration received, which generally coincides with the acquisition price or amount received, less any directly attributable transaction costs.

*Subsequent measurement –*

Subsequently, said liabilities are measured according to their amortised cost.

The Company derecognises financial liabilities when the related obligations are extinguished.

## 4.5 Income tax

Income tax income or expense corresponds to current income tax expense or income and deferred income tax expense or income.

Current income tax is the amount of income tax the Company pays per year, which is reduced by the deductions and other tax breaks applied to the amount of tax payable, excluding withholdings, payments on account and any tax loss carryforwards from prior years that are effectively applied during the year in question.

Deferred income tax income or expense corresponds to the recognition and derecognition of deferred tax assets and liabilities. These include timing differences, which are any amounts that are expected to become payable or recoverable due to differences between the book value of the assets and liabilities and their tax value, tax losses payable and any tax credits that have not been fiscally applied. Said amounts are recognised using the timing difference or credit corresponding to the tax rate that is expected to apply when they are recovered or settled.

Deferred tax liabilities are generally recognised for all taxable timing differences.

However, deferred tax assets are only recognised when it is considered probable that the Company will generate a future taxable profit against which they can be utilised.

Any deferred tax assets or liabilities that arise from transactions charged or paid directly to equity accounts are also recognised under “Equity”.

Recognised deferred tax assets are reviewed at the end of each reporting period and adjusted if there is any doubt as to their future recovery.

Any deferred tax assets not recognised on the abbreviated balance sheet are also reviewed at the end of each accounting period and are thereafter recognised if it is considered probable that they will be recovered using future taxable profits.

## 4.6 Current/non-current classification of assets and liabilities

In the accompanying abbreviated balance sheet, assets and liabilities are classified based on expiry, that is, as current if they are due to be settled within a period of twelve months or less, and non-current if they are due to be settled in a period of more than twelve months.

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## 4.7 Income and expense

Income and expenses are recognised on an accruals basis, that is, when the flow of goods and services that they represent actually occurs, regardless of when the cash or financial flow arising from them takes place.

Expenses are recognised by noting the actual purchase price, excluding any trade discounts, in addition to all installation, transport and tax expenses that the Company cannot recover.

Income generated on the provision of services is measured at the fair value of the consideration received or to be received for the same which, unless there is evidence to the contrary, shall be the price agreed for said services, less any discount, price reduction or other similar items the Company may award, in addition to any interest payable on the nominal amount of the consideration.

Interest generated on financial assets is recognised using the effective interest method.

## 4.8 Provisions and contingencies

When preparing the abbreviated financial statements, the Directors of the Company differentiate between the following (where applicable):

a) Provisions: balances payable covering, where applicable, current obligations arising from past events that are likely to be derecognised following an outflow of resources when the amount to be derecognised or the time such an event is to take place is not known.

b) Contingent liabilities: potential liabilities arising from past events that may occur in future subject to the occurrence or non-occurrence of future events, regardless of the Company's intent.

The abbreviated financial statements include provisions for all circumstances in which it is thought more likely that the Company will have to settle its obligations than not. Contingent liabilities are not recognised in the abbreviated financial statements, but are explained in the notes to the abbreviated financial statements.

Provisions are measured, where applicable, at the current value of the best possible estimate of the amount required to cancel or transfer the obligation, taking into account the information available regarding the event and its consequences. Provision adjustments are recognised as finance costs as they accrue.

Any compensation to be received from third parties when the obligation is settled (provided there is no doubt that payment will occur) is recognised under assets, unless a portion of the risk has been legally externalised and thus, the Company is no longer liable for it. In this situation, said compensation shall be taken into account in order to estimate the amount to be included, where applicable, in the corresponding provision.

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## 4.9 Criteria employed in related party transactions

All the Company's transactions with related parties are at arm's length, which does not differ substantially to the rates that would apply to transactions with independent third parties.

Furthermore, transfer prices are adequately supported and consequently the Directors of the Company consider that no significant risks exist in this respect from which significant liabilities could arise in the future.

## 4.10 Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. As such, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken (when the employees affected will have certain valid expectations). No provisions have been recognised in the accompanying abbreviated financial statements in this regard as it is not expected that any situations of this nature will occur.

## 5. Property, plant and equipment

Movement in the different accounts under this heading in 2013 and 2012 is as follows (in Euros):

**2013:**

| | Euros | | | | |
|---|---|---|---|---|---|
| | Opening balance | Provision | Additions | Transfers | Closing balance |
| **Cost** | | | | | |
| Machinery | 38,519,568 | - | 27,946 | 435,870 | 38,983,384 |
| Fixed asset prepayments | 261,522 | - | 174,348 | (435,870) | - |
| Total cost | **38,781,090** | - | **202,294** | - | **38,983,384** |
| **Accumulated depreciation:** | | | | | |
| Machinery | **(5,223,089)** | **(1,285,840)** | - | | **(6,508,929)** |
| **Net** | **33,558,001** | **(1,285,840)** | **202,294** | - | **32,474,455** |

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**2012:**

| | Euros | | | |
|---|---|---|---|---|
| | Opening balance | Provision | Additions | Closing balance |
| **Cost** | | | | |
| Machinery | 38,519,568 | - | | 38,519,568 |
| Fixed asset prepayments | | - | 261,522 | 261,522 |
| Total cost | **38,519,568** | - | **261,522** | **38,781,090** |
| **Accumulated depreciation:** | | | | |
| Machinery | **(3,938,820)** | **(1,284,269)** | - | **(5223,089)** |
| **Net** | **34,580,748** | **(1,284,269)** | **261,522** | **33,558,001** |

The additions included in fixed asset prepayments are for adapting a locomotive to operate in Portugal.

The locomotives owned by the Company in order to be leased to third parties are recognised under this heading (see Note 6.2). At 31 December 2013 all locomotives have been leased. At 31 December and during part of 2013 one locomotive was not leased.

At 31 December 2013, the Directors of the Company consider that the locomotives are not impaired.

There are no items that have been fully depreciated at year-end 2013 and 2012.

The Company follows the policy of taking out insurance policies to cover the risks to which any of its property, plant and equipment may be exposed. At 31 December 2013, the Directors of the Company consider that the existing insurance policy is adequate.

At year-end 2013 and 2012, fixed assets are not subject to liability guarantees of any kind.

## 6. Leases

### 6.1 General description

The Company has two types of locomotive leasing contracts:

- It leases the locomotives it owns to third parties. Under these types of contract, the Company acts as lessor.
- It leases locomotives owned by Alpha Trains Iberia N$^{o}$2, S.L.U. and sub-leases them to clients under the terms of an operating lease. Under such circumstances, the Company acts as both lessee and lessor.

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**ALPHA TRAINS IBERIA S.A.U. (SINGLE-MEMBER COMPANY) Financial year: 2013**

The locomotives, which are third party property, are not directly leased by the owning company but are hired indirectly via a sub-lease with Alpha Trains (UK) Ltd. The company holds the right to a fee for the management of third party fleets (Alpha Trains (UK) Ltd Management Fee).

All contracts can be designated as fixed income contracts or PBH "Power by the Hour" contracts based on the real distance covered.

On the 30th of December, Alpha Trains Group acquired Alpha Trains Iberia No. 2 S.L.U. (previously known as Bordon Inversiones 2007, S.L.U.) via a share purchase contract.

Due to the business dynamics and cycles all contracts are short and medium term.

**6.2 Locomotive lease**

Throughout the fiscal year of 2013 a new direct lease contract and seven new sub-lease contracts were concluded.

| Company managed locomotives | | |
|---|---|---|
| | 2013 | 2012 |

| Owner | Fixed income | PBH | Not in use | Fixed income | PBH | Not in use |
|---|---|---|---|---|---|---|
| AT Iberia | 12 | | | 10 | | 2 |
| AT Iberia No.2 | 4 | 7 | 1 | 1 | 4 | |
| Total | 24 | | | 17 | | |

The PBH "Power By the Hour" leases are based on the distance covered. Each month the kilometres covered are calculated via a quota per kilometre.

The company has incurred a cost of 1,489,715 Euros in the financial year of 2013 and 841,546 Euros in the financial year of 2012 for locomotive leases.

The management services for this sub-lease are invoiced under the heading of Management Fees for Alpha Trains (UK) Ltd having seen an income of 223,002 and 70,014 Euros in the financial years of 2013 and 2012 respectively (see Note 12.1).

At the close of the financial years of 2013 and 2012 the company had the following minimum lease contracts in place with the leaseholders, in accordance with the current contracts, without taking into account the repercussion of common costs, future CPI increases or updates to future leases contractually agreed (in Euros):

| Operational leases | Nominal Value | |
|---|---|---|
| Minimum quotas | 2013 | 2012 |
| Less than one year | 3,080,304 | 3,677,542 |
| Between one and five years | 10,137,351 | 10,364,894 |
| More than five years | - | 1,890,301 |
| Total | 13,217,655 | 15,932,737 |

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**ALPHA TRAINS IBERIA S.A.U. (SINGLE-MEMBER COMPANY) Financial year: 2013**

On the 31st of December 2013 the company had the total amount of company owned locomotives up to that date leased via an operational lease agreement. In addition it has 11 locomotives leased to Alpha Trains Iberia No. 2 S.L.U., for their subsequent sub-lease.

The income, which appears in the abbreviated profit and loss accounts for the financial years of 2013 and 2012 under the heading of leases, comes to 4,824,917 and 3,848,061 Euros respectively, and can be found under the heading "Provision of services". (See Note 11.1).

During the financial year of 2013 one of the locomotives owned by the company was temporarily out of service. Said locomotive was temporarily out of service in accordance with an agreement in which the locomotive was modified to incorporate Portuguese systems and in order to obtain certification to operate in Spain and Portugal. In addition another locomotive had been out of service to support the incorporation of modifications in the other 10 owned locomotives due to the importance our clients placed on reducing to a minimum the time needed to carry out said modifications.

At the end of the financial years of 2013 and 2012 there are no restrictions imposed on the company in virtue of the lease contracts.

### 6.3 Corporate headquarters lease

The company has incurred a cost of 26,998 Euros in the financial year of 2013 and 24,297 Euros in the financial year of 2012 for office rent located at Calle López de Hoyos (Madrid). This agreement began in September 2008 and has been renewed on an annual basis.

## 7. Financial assets

### 7.1 Short term financial assets

The make-up of the short-term financial assets at the end of the financial years of 2013 and 2012 is the following:

| | Other financial assets | |
|---|---|---|
| | 31/12/2013 | 31/12/2012 |
| Credits and accounts receivable | 1,566,585 | 878,894 |
| **Total** | **1,566,585** | **878,694** |

The breakdown of the fair value of the accounts receivable at the end of the financial years 2013 and 2012 is the following:

| | Credits and accounts receivable | |
|---|---|---|
| | 31/12/2013 | 31/12/2012 |
| Clients per sales and provision of services | 1,413,637 | 660,239 |
| Group debtor companies | 148,316 | 210,046 |
| Debtors various | 4,632 | 8,409 |
| **Total** | **1 ,566,585** | **878,694** |

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The accounts included under this heading have not gone down in value, for which it is expected that the total amounts shall be recuperated without any reductions.

The maximum exposure to credit at the time of submitting the information is the fair value of each of the accounts receivable categories described above.

## 7.2 Information regarding the nature and level of risk of the financial instruments

Qualitative information

The company's financial risk management is centralised at the Group Financial Directorate, which has established the necessary mechanisms to control exposure to the variations in the interest rates and exchange rates, as well as credit and liquidity risk. Below the main financial risks, which impact the company, are shown:

a) Credit risk:

   In general the company maintains its cash and equivalent liquid assets in financial institutions that have a high credit rating. Additionally the majority of its client accounts receivable are guaranteed via a significant volume of operations.

b) Liquidity risk:

   With the aim of ensuring liquidity and meeting all payment commitments arising from its business activities the company has cash, which is shown in the balance. In relation to liquidity risk, in addition see Note 2.5.

c) Market risk (including interest rates, exchange rates and other price risks).

   Both the company's cash and financial debt is exposed to interest rate risks, which could have an adverse effect on the financial results and cash flow.

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# 8. Financial liabilities

## 8.1 Long term financial liabilities

The content under the heading 31st December 2013 and 2012 is shown below (in Euros):

| | Other financial liabilities | |
|---|---|---|
| | 31/12/2013 | 31/12/2012 |
| Long term debt: | | |
| Debts with credit institutions | 16,276,446 | 16,936,145 |
| Long term provisions | 2,535,181 | 2,018,137 |
| Total | 18,811,627 | 18,954,282 |

The debts with credit institutions correspond to the financing contract drawn up between the Grupo Alpha Trains in 2008 with UniCredit AG with a limit of 20,000,000 Euros for the company and a Euribor referenced interest rate. The provision of capital is done via bi-annual payments. The contract's expiry date is June 2015, on this date a final payment of 16,276,446 Euros has been agreed.

The aforementioned financing contract requires the pursuance of a series of financial ratios calculated on the Grupo Alpha Trains consolidated figures. On the 31st of December 2013 the required ratios had been met.

The corresponding long-term quota expiry dates in the financial years of 2013 and 2012 are as follows (in Euros):

Financial year 2013:

| | Between 2 and 5 years | Total |
|---|---|---|
| Long term debt with credit institutions | 16,276,446 | 16,276,446 |
| Total | 16,276,446 | 16,276,446 |

Financial year 2012:

| | Between 2 and 5 years | Total |
|---|---|---|
| Long term debt with credit institutions | 16,936,145 | 16,936,145 |
| Total | 16,936,145 | 16,936,145 |

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In relation to the long term provisions the content at the end of the financial years of 2013 and 2012 as well as the main transactions registered during the financial year are shown below (in Euros):

Financial year 2013:

| Long term provisions | Initial Balance | Allocations | Final Balance |
|---|---|---|---|
| Maintenance reserve provisions | 2,018,137 | 517,044 | 2,535,181 |
| **Long term total** | **2,018,167** | **517,044** | **2,535,181** |

Financial year 2012:

| Long term provisions | Initial Balance | Allocations | Final Balance |
|---|---|---|---|
| Maintenance reserve provisions | 1,555,870 | 462,267 | 2,018,137 |
| **Long term total** | **1,555,870** | **462,267** | **2,018,137** |

This long-term provision refers to the locomotive maintenance reserve for the cost, which is paid by Alpha Trains Iberia S.A.U., and the trains, which they require. The additions reflect current obligations.

## 8.2 Short term financial liabilities

The content under this section corresponding to 31st of December of 2013 and 2013 is shown below (in Euros):

| Type | Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Debt with credit institutions | | Other financial liabilities | | Debts with other companies in the group | | Total | |
| Categories | 31/12/2013 | 31/12/2012 | 31/12/2013 | 31/12/2012 | 31/12/2013 | 31/12/2012 | 31/12/2013 | 31/12/2012 |
| Debits and accounts to be paid | 659,699 | 622,358 | 1,519,387 | 1,754,217 | 8,239,221 | 7,829,547 | 10,418,307 | 10,206,122 |
| Total | 659,699 | 622,358 | 1,519,387 | 1,754,217 | 8,239,221 | 7,829,547 | 10,418,307 | 10,206,122 |

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**ALPHA TRAINS IBERIA S.A.U. (SINGLE-MEMBER COMPANY) Financial year: 2013**

The chart above is broke down in the following way (in Euros):

| | Debts with other credit institutions | | Other financial liabilities | | Debts with other companies in the group | |
|---|---|---|---|---|---|---|
| Short term debts: | | | | | | |
| Commercial creditors | - | - | 55,440 | 116,806 | - | - |
| Suppliers | - | - | 82,474 | 138,897 | - | - |
| Short term accruals | - | - | 785 | 15,432 | - | - |
| Client advances | | | 642,340 | 291,472 | | |
| Personnel | - | - | 80,004 | 65,000 | - | - |
| Debts with other companies in the group | - | - | - | - | 8,239,221 | 7,829,547 |
| Creditors which are other companies in the group | - | - | 658,344 | 1,126,610 | - | - |
| Debts with credit institutions | 659,699 | 622,358 | - | - | - | - |
| **Total** | **659,699** | **622,358** | **1,159,387** | **1,754,217** | **8,239,221** | **7,829,547** |

The debt with the group company consists in a line of credit. The amount available is 20,000,000 Euros. Payments or provisions may occur without need.

Interest is calculated monthly in accordance with the rate obtained by the "Average Cost of Debt" group increased by 0.05% annually. Funds are available until the 30th of June 2016.

The short-term debt with credit institutions corresponds to the maturity of the loan as shown in Note 8.1, which will occur in the financial year of 2014.

**8.3 Information regarding delayed payments made to suppliers. Third additional provision. "Duty to provide information" of the Law 15/2010 of the 5th of July.**

Below the information required for the third additional provision of the Law 15/2010 of the 5th of July is shown:

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Euros | % | Euros | % |
| Payments made within legal payment period | 3,400,843 | 82% | 514,920 | 96% |
| Remainder | 735,315 | 18% | 35,140 | 4% |
| Total payments made during financial year | 4,136,158 | 100% | 550,060 | 100% |
| EWAT | 60 | | 40 | |
| Payment deferrals up to close of financial period in excess of maximum legal period | 48,962 | | 10,883 | |

The dates shown on the previous table regarding payments to suppliers make reference to those which by their nature are commercial creditors for debts with suppliers of goods and services and include information relating to the section '"Creditors various" and "Suppliers".

The exceeded weighted average time (EWAT) of payments has been calculated as the ratio arising from the numerator by the sum of the products in each of the payments to suppliers made in the financial year with an upper deferral to the legal payment time

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frame and the number of days of the exceeded deferral of the respective timeframe, and the denominator by the total amount of payments made in the financial period with a deferral in excess of the legal payment timeframe.

The maximum legal timeframe applicable for the company in the financial years of 2013 and 2012 according to Law 3/2004 of the 29th of December, which set out measures in the fight against non-payments for commercial transactions, is 75 days for 2013 and 60 days for 2012 respectively.

# 9. Net Assets and Equity

### 9.1 Share Capital

At the close of the financial years of 2013 and 2012 the share capital amounted to 10,000,000 Euros in the form of 1,000,000 shares at 10 Euros nominal value each share, fully subscribed and paid. All shares hold the same political and economic rights.

At the close of the financial years of 2013 and 2012 the only shareholder of the company is "Alpha Trains Group S.a.r.l.". The nature of the agreements and transactions carried out by the company with the only shareholder is shown in Note 12.

Alpha Trains Group S.a.r.l. is part of the Alpha Trains Group whose parent company is Alpha Trains (Malta) Holdco 1 Limited.

The shares are pledged in favour of the banks as a guarantee of compliance of the financing.

### 9.2 Legal reserve

In accordance with the Legislative Royal Decree 1/2010 of the 2nd of July, which approves the Company Capital Law, an amount equal to 10% of the profit from the financial period must be set aside for the legal reserve up to a minimum of at least 20% of the share capital. The legal reserve can be used to increase the capital in the part of the balance, which exceeds 10% of the already increased capital. Apart from the afore mentioned aim and while it does not exceed 20% of the share capital, this reserve can only be set aside for compensation of losses and only in the event of there not being other reserves available which meet this aim.

At the close of the financial years of 2013 and 2012 this reserve amounted to 9,697 Euros and therefore did not represent 20% of the share capital, as in previous financial periods the company had not obtained sufficient profits for that.

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# 10. Fiscal Position

## 10.1 Corporation tax

### Reconciliation of recorded profits and taxable income

The reconciliation between the recorded profits before taxes and the taxable income upon companies (corporation tax) is as follows (in Euros):

| | 2013 | 2012 |
|---|---|---|
| Recorded profits before taxes | (114,796) | 21,084 |
| Permanent differences | 33 | 6,169 |
| Temporary differences | 385,752 | - |
| Prior taxable income | 270,989 | 27,253 |
| Compensation of negative T.I. of previous periods | (270,989) | (27,253) |
| Taxable Income | - | - |

Corporation tax is calculated based on the economic or accounting results, which are obtained from the application of generally accepted accounting principles, which do not necessarily have to coincide with the fiscal results, understood as the taxable income.

During the financial periods of 2013 and 2012 there is a difference between the fiscal quota and the accounting results due to the permanent and temporary differences, which come about due to costs, which are not tax deductible.

The temporary differences arise from the applicable legislation during the period of 2013 regarding the Real Decree Law 16/2003 of the 29th of October which changes the annual deductible limit corresponding to the amortisation of intangible and physical assets for the accounting periods beginning in 2013 and 2014, setting a limit of 70% of the amortisation which would be deductible relating to said assets. The tax amortisation, which has not been deducted due to exceeding the 70% limit, can be deducted using the straight-line method, as of 2015 for the tax periods, which conclude in the 10 immediate and successive years, or optionally for the useful life of the assets.

The company has not recognised certain assets for deferred taxes in the attached balance sheet, as it considered improbable that sufficient taxable income will be generated, which allows them to be recovered.

Information regarding said non-recognised deferred tax assets is shown below:

2013

| | Euros |
|---|---|
| **Temporary differences (deferred tax assets):**<br>Others-Amortisation limit | 115,726 |
| **Total assets liable for deferred tax not recognised.** | **115,726** |

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At the close of the financial years of 2013 and 2012 the maturity of the negative taxable income and the pending deductions, which do not appear in the attached abbreviated balance sheet, are as follows:

Financial year 2013:

| Original year | Euros | Compensation limit year |
|---|---|---|
| 2008 | 232,420 | 2026 |
| 2010 | 281,945 | 2028 |
| 2011 | 280,117 | 2029 |

Financial year 2013:

| Original year | Euros | Compensation limit year |
|---|---|---|
| 2008 | 503,409 | 2026 |
| 2010 | 281,945 | 2028 |
| 2011 | 280,117 | 2029 |

In accordance with current legislation the tax losses from a financial period can be offset by profits for the following eighteen tax periods. However, the tax amount to be offset for said tax losses may be modified as a consequence of an audit for the periods from when they occurred.

**10.2 Current balances with Public Authorities**

The details of the current balances with Public Authorities are as follows (in Euros):

| | **2013** | **2012** |
|---|---|---|
| | **Creditor** | **Creditor** |
| HMRC creditor for VAT | 181,409 | 249,255 |
| HMRC creditor for tax withheld | 17,974 | 13,890 |
| Social Security institutions creditors | 1,312 | 1,250 |
| | **200,695** | **264,395** |

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### 10.3 Financial periods with audits and inspections pending

As the provisions of current legislation taxes cannot be considered as being fully paid until the relevant tax authorities have checked the submitted declarations or unless the four-year statute of limitations period has passed. At the end of the 2013 period the company was subject to inspection for the five previous periods for corporation tax, VAT and non-residents income tax, and the last four periods for all other applicable taxes.

In relation to this on the 11th of April 2013 the local HMRC informed the company of the commencement of an audit in relation to non-resident taxable income for the financial periods of 2009 and 2010. Subsequently, on the 24th of October 2013 an extension was given for the audit inspection relating to VAT for the period beginning on the third quarter of 2009 and the fourth quarter of 2010 and for corporation tax for the periods 2009 and 2010.

Under the terms of articles 68.1.a). 68.2.a) and 189.3.a) of the la GLT and article 87.3 of the GRTA the statute of limitations for the rights and actions of the administration in relation to the concepts and periods indicated is suspended.

After the close of the 2013 financial period the company declared the allegations, which are shown in Note 15.

## 11. Revenue and expenditure

### 11.1 Net sales figures and other operating revenue

At the end of the periods 2013 and 2012 the breakdown of this section is as follows:

| | 2013 | 2012 |
|---|---|---|
| **Description** | **Euros** | **Euros** |
| Provision of services (Note 6.2) | 4,824,917 | 3,848,061 |
| Other operating revenue | 393,436 | 210,046 |

The amount for provision of services corresponding to the revenue arising from the operational locomotive contracts as shown in Note 6 of which 1,489,715 Euros in 2013 and 841,546 Euros in 2012 refer to the sub-leasing of locomotives which are not owned by the company (see Note 6.2). The amount of other operating revenues correspond to the management services which the company invoices under the heading of Management Fees to companies within the group (see Note 12.1).

The total amount of revenue for provision of services in the periods of 2013 and 2012 took place nationally. The amount for other operating revenue took place within the European union.

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### 11.2 Personnel Costs

The breakdown of the "Personnel Costs" section for periods 2013 and 2012 is as follows:

| | Euros | |
|---|---|---|
| | **2013** | **2012** |
| Wages, salaries and similar expenses | 258,671 | 228,944 |
| Company social security payments | 13,134 | 13,539 |
| Other social costs | 21,544 | 16,185 |
| **Total** | **293,349** | **258,668** |

During the periods of 2013 and 2012 the company kept a male workforce with no disabled staff.

11.3 External services

The breakdown of this section in the abbreviated profit and losses for the periods of 2013 and 2012 attached is as follows:

| | Euros | |
|---|---|---|
| | **2013** | **2012** |
| Leases and fees (Note 6.1) | 1,516,713 | 865,843 |
| Independent professional services | 220,984 | 55,006 |
| Bank services and similar | 1,308 | 858 |
| Transport | 41,705 | 35,962 |
| Supplies | 2,244 | 2,100 |
| Insurance | - | - |
| Other services | 1,230,707 | 1,042,900 |
| **Total** | **3,013,661** | **2,002,669** |

The amount declared in the "Other services" section of 1,059,680 Euros (978,820 Euros for the period of 2012) correspond to the amount invoiced to the group under the heading of Management Fees for management and advisory services provided by companies within the Group (see Note 12.1).

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### 11.2 Expenditure and financial revenue

The breakdown of these sections in the profit and loss sheets for the periods 2013 and 2012 attached is as follows:

| | Euros | |
|---|---|---|
| | **2013** | **2012** |
| Financial Revenue | | |
| Of marketable securities and other financial instruments | 4 | 449 |
| Total | 4 | 449 |
| | | |
| Financial Expenditure | | |
| For debts with other associated and group companies | (409,674) | (386,441) |
| For debts with credit institutions | (330,629) | (391,095) |
| **Total** | **(740,303)** | **(777,536)** |

The financial expenditure with credit institutions arise from the financing contract drawn up between Grupo Alpha Trains with UniCredit AG with a limit of 20,000 Euros and whose maturity is set at June 2015 (see Note 8.1) which the company subscribed to via a legally binding letter dated the 19th of November 2008. The amount of the loan attributed to the company was for 3.47%.

The financial expenditure with companies within the group arises from the short-term debts with Alpha Trains Group S.a.r.l. (see Note 12.2).

### 11.5 Other results

The breakdown of these sections in the profit and loss sheets for the periods 2013 and 2012 attached is as follows:

| | Euros | |
|---|---|---|
| | **2013** | **2012** |
| One-off revenues | - | 250,000 |
| Other one-off revenues | - | 37,128 |
| **Total** | **-** | **287,128** |

The one-off revenues declared for the periods of 2012 for 250,000 Euros originate from the non-compliance penalty payments incurred by Vossioh España for the reliability levels, which appear in the locomotive purchase contract terms property of Alpha Trains Iberia.

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# 12. Related party transactions

## 12.1 Related party transactions

The content of related party transactions during the periods 2013 and 2012 is as follows (in Euros):

Financial year 2013

| | Revenue for Management Fees (see Note 11.1) | Expenditure for debts with other companies within the group | Expenditure for Management Fees (Note 11.3) |
|---|---|---|---|
| Alpha Trains Belgium NV | 170,434 | - | (169,490) |
| Alpha Trains Group S.a.r.l. | - | (409,674) | (818,563) |
| Alpha Trains Luxembourg S.a.r.l. | - | - | (56,685) |
| Alpha Trains UK | 223,002 | - | (13,647) |
| Alpha Trains Europe | - | - | (1,295) |
| **Total** | **393,436** | **(409,674)** | **(1,059,680)** |

Financial year 2012

| | Revenue for Management Fees (see Note 11.1) | Expenditure for debts with other companies within the group | Expenditure for Management Fees (Note 11.3) |
|---|---|---|---|
| Alpha Trains Belgium NV | 140,032 | - | (162,255) |
| Alpha Trains Group S.a.r.l. | - | (386,441) | (668,445) |
| Alpha Trains Luxembourg S.a.r.l. | - | - | (15,688) |
| Alpha Trains UK | 70,014 | - | (78,620) |
| Alpha Trains Europe | - | - | (53,812) |
| **Total** | **210,046** | **(386,441)** | **(978,820)** |

The transactions that took place during the periods of 2013 and 2012 with companies within the group by the company correspond in the main to revenue and expenditure arising from the inter-company debts, as well as expenditure on services provided by companies within the group.

All transactions, which appear previously, have been carried out under market conditions.

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### 12.2 Related party balances

The amount of the related party balances during the periods of 2013 and 2012 is as follows (in Euros):

Financial year 2013

| | Amount receivable short term | Short term debt (Note 8.2) | Group company debtors (Note 8.2) | Total |
|---|---|---|---|---|
| Alpha Trains Group S.a.r.l. (Note 8.2) | - | (8,239,221) | (205,347) | (8,444,568) |
| Alpha Trains Iberia No. 2 S.L.U. | 2,014 | - | (204,018) | (202,004) |
| Alpha Trains (UK) Limited | 100,916 | - | 3,750 | 104,486 |
| Alpha Trains Luxembourg S.a.r.l. | - | - | (17,901) | (17,901) |
| Alpha Trains Belgium NV | 45,386 | - | (226,047) | (180,661) |
| Alpha Trains Europa GmbH | - | - | (8,119) | (8,119) |
| Alpha Trains Switzerland | - | - | (482) | (482) |
| **Total** | **148,316** | **(8,239,221)** | **(658,344)** | **(8,749,249)** |

Financial year 2012

| | Amount receivable short term | Short term debt (Note 8.2) | Group company debtors (Note 8.2) | Total |
|---|---|---|---|---|
| Alpha Trains Group S.a.r.l. (Note 8.2) | - | (7,829,547) | (668,445) | (8,497,992) |
| Alpha Trains (UK) Limited | 70,014 | - | (53,070) | 16,944 |
| Alpha Trains Luxembourg S.a.r.l. | - | - | (15,688) | (15,688) |
| Alpha Trains Belgium NV | 140,032 | - | (335,595) | (195,563) |
| Alpha Trains Europa GmbH | - | - | (53,812) | (53,812) |
| **Total** | **210,046** | **(7,829,547)** | **(1,126,610)** | **(8,746,111)** |

### 12.3 Remuneration of Board of Directors and Upper Management

During the periods of 2013 and 2012 the remuneration received by members of the board of directors of the company under the heading of wages and salaries was 293,349 Euros and 258,668 Euros respectively (see Note 11.2).

The high level management of operations is run by directors and other persons who appear on the staff lists of other companies within the Alpha Trains Group.

At the end of the periods of 2013 and 2012 there were no advances of credit given to either the board of directors or the upper management. [Three different handwritten signatures]

During the periods of 2013 and 2012 monthly contributions have been made to the company directors for the amounts of 13,211 Euros and 13,185 Euros respectively.

## 13. Information regarding the environment and greenhouse gas emissions allowances

Given the companies business activities it has no responsibility, expenditure, assets or provisions and contingencies relating to the environment, which could be significant in relation to assets, the financial situation or results of the company. For this reason a specific breakdown in this abbreviated financial statement of the year-end accounts is not included in relation to environmental matters.

In compliance of the changes made to the new general accounting plan and the ministerial order of the 28th of January 2009 (OFFICIAL STATE JOURNAL [BOE] OF FEBRUARY 2009) and Resolution from the 6th April 2010 (OFFICIAL STATE JOURNAL No. 84 [BOE] OF APRIL 2010) relating to greenhouse gas emissions allowances, it states explicitly that there are no items relating to the environment and specifically the greenhouse gas emissions allowances.

## 14. Other information

### 14.1 Average number of employees during the period and at the end of the period

During the periods of 2013 and 2012 the company had a male workforce, this being the only employee type as of the 31st of December 2013 and 2012.

### 14.2 Guarantees provided and other contingent liabilities

As of the 31st of December 2013 and 2012 the company had no financial guarantees with financial institutions, which guarantee to third parties compliance with the company's contractual obligations.

### 14.3 Auditing fees

Fees in relation to auditing of the accounts provided by the auditor of Deloitte S.L. were 25,200 Euros for the period 2013 and 19,735 Euros for the period 2012. There have been no other additional services provided either by the auditor or other associated companies.

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**ALPHA TRAINS IBERIA S.A.U. (SINGLE-MEMBER COMPANY) Financial year: 2013**

**14.4 Details of shareholdings in companies with similar business activities and performance of similar activities by the directors either personally or for another party.**

At the end of the 2013 period the members of the company's board of directors as well as certain associates as defined by the Law on Corporations, have held shareholdings in the following companies with the same, similar or complementary corporate purpose of the company. Furthermore, they include posts or functions, which they hold in companies with the same, similar or complementary corporate purpose of the company.

| Name | Associated Company | Business Activity | Shares | Roles |
|---|---|---|---|---|
| Shaun Mills<br>Hedwige van de Wyer<br>Fernando Perez | Alpha Trains Belgium N.V. | Lease of railway rolling stock | 0 | Director |
| Shaun Mills<br>Hedwige van de Wyer<br>Fernando Perez | Alpha Trains Iberia No. 2 S.L.U. (formerly Boron lnversiones 2007, S.L.UJ_ | Lease of railway rolling stock | 0 | Director |
| Shaun Mills<br>Hedwige van de Wyer<br>Fernando Perez | Alpha Trains Polska Z.0.0. | Lease of railway rolling stock | 0 | Director |
| Shaun Mills | Alpha Trains (Locomotives) Limited | Lease of railway rolling stock | 0 | Director |
| Shaun Mills | Locomotion Capital (UK) Limited | Lease of railway rolling stock | 0 | Director |
| Shaun Mills | Alpha Trains (UK) Limited | Lease of railway rolling stock | 0 | Director |
| Shaun Mills<br>Hedwige van de Wyer<br>Felix Meier | Alpha Trains Switzerland AG | Lease of railway rolling stock | 0 | Director |
| Shaun Mills<br>Jan Vanhoutte | Alpha Trains STS S.A.R.L. | Lease of railway rolling stock | 0 | Director |
| Shaun Mills<br>Jan Vanhoutte | Alpha Trains EMIL S.A.R.L. | Lease of railway rolling stock | 0 | Director |
| Shaun Mills<br>Jan Vanhoutte | Alpha Trains Luxembourg S.A.R.L. | Lease of railway rolling stock | 0 | Director |
| Shaun Mills | Alpha Trains Europa GmbH | Lease of railway rolling stock | 0 | Director |
| Shaun Mills<br>Hedwige van de Wyer<br>Fernando Perez | Alpha Trains Italia Sri | Lease of railway rolling stock | 0 | Director |
| Shaun Mills<br>Hedwige van de Wyer<br>Fernando Perez | Alpha Trains (Locomotives) GmbH | Lease of railway rolling stock | 0 | Director |
| Shaun Mills diverse other Directors | Alpha Trains Group Sari | Holding company | 0 | Director |
| Shaun Mills<br>Jan Vanhoutte | Alpha Trains Development No. 1 S.A.R.L. | Holding company | 0 | Director |
| Shaun Mills<br>Jan Vanhoutte | Alpha Trains Development No. 2 S.A.R.L. | Holding company | 0 | Director |
| Shaun Mills<br>Jan Vanhoutte | Alpha Trains Luxembourg No. 2 S.A.R.L. | Lease of railway rolling stock | 0 | Director |

[Three different handwritten signatures]

## 15. Events after the balance sheet date

As mentioned earlier in Note 10.3, during the financial period of 2013, the Tax Agency (HMRC equivalent in the UK), informed the company of the commencement of an audit of the accounts relating to tax payable on non-residential income for the periods of 2009 and 2010 as well as VAT payable for the period comprising of the third quarter of 2009 and the fourth quarter of 2010, and corporation tax for the periods 2009 and 2010.

As of the 14th of February 2014 and prior to the signing of the act, the company has submitted in writing its allegations to the Chief Inspector of taxes.

In the opinion of the company directors the said allegations are sufficiently substantiated based on the current tax legislation and they do not expect a major capital loss as a consequence of the final decision taken in relation to this for which the abbreviated balance sheet dated the 31st of December 2013 does not include a provision under this heading.

On the date that these abbreviated annual accounts are declared the audit inspection is still underway.

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# FINANCIAL STATEMENT Euros

**ALPHA TRAINS IBERIA S.A.U. (SINGLE-MEMBER COMPANY) Financial year: 2013**

## Diligence in Preparation of Abbreviated Annual Accounts

The abbreviated annual accounts for the financial period of 2013 for Alpha Trains Iberia S.A.U. (Single-Member Company) have been prepared by the board of directors on the 2nd of April 2014 and are identifiable through the 33 pages of plain paper, each signed by the secretary of the board of directors, with this last page being signed by all members of the board of directors.

2nd of April 2014

## SIGNATORIES:

[Handwritten signature]
Shaun Michael Mills

[Handwritten signature]
Hedwige Van de Wyer

[Handwritten signature]
Fernando Pérez Serrano

Audited unconsolidated financial accounts for Alpha Trains Luxembourg S.à r.l. for the period ended 31 December 2013, prepared in accordance with LAS.

# Alpha Trains Luxembourg S.à r.l.

Société à responsabilité limitée

# Annual accounts and Report of the Réviseur d'Entreprises Agréé

as at and for the year ended 31 December 2013

**22, rue Alfred de Musset**
**L-2175 Luxembourg**
**R.C.S. Luxembourg B 140.872**
**Share capital: EUR 100,000**

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To the Partners of
Alpha Trains Luxembourg S.à r.l.
22, rue Alfred de Musset
L-2175 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying annual accounts of Alpha Trains Luxembourg S.à r.l., which comprise the balance sheet as at 31 December 2013 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Responsibility of the Board of Managers for the annual accounts*

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

*Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

Société à responsabilité limitée au capital de 35.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement : 10022179

Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the annual accounts give a true and fair view of, the financial position of Alpha Trains Luxembourg S.à r.l. as of 31 December 2013, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*

Nick Tabone, *Réviseur d'entreprises agréé*
Partner

28 April 2014

# Alpha Trains Luxembourg S.à r.l.

Société à responsabilité limitée

## Balance sheet as at 31 December 2013

| | Notes | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|---|
| **ASSETS** | | | |
| **Tangible fixed assets** | | | |
| - Plant and Machinery | 3 | 519,549,280 | 551,459,325 |
| - Other fixtures and fittings, tools and equipment | 3 | 371,888 | 287,393 |
| - Payments on account and tangible assets in course of construction | 3 | 1,093,756 | 965,181 |
| Financial assets | | | |
| - Loans to affiliated undertakings | 4 | 71,905,964 | - |
| | | 592,920,888 | 552,711,899 |
| **Current assets** | | | |
| Debtors | | | |
| - Trade Debtors | | | |
| becoming due and payable after less than one year | | 945,664 | 481,836 |
| - Amounts owed by affiliated undertakings | | | |
| becoming due and payable after less than one year | 4 | 17,286,841 | 84,177,658 |
| - Other debtors | | | |
| becoming due and payable after less than one year | 5 | 273,461 | 2,070,776 |
| | | 18,505,966 | 86,730,270 |
| Cash at bank and in hand | | 53,607,484 | 31,521,011 |
| Finance lease receivables | 6 | 49,780,828 | 50,966,070 |
| **Prepayments** | 7 | 517,117 | 1,464,613 |
| **TOTAL ASSETS** | | **715,332,283** | **723,393,863** |

The accompanying notes form an integral part of these annual accounts.

## Alpha Trains Luxembourg S.à r.l.
Société à responsabilité limitée

## Balance sheet as at 31 December 2013

| | Notes | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Subscribed capital | 8 | 100,000 | 100,000 |
| Loss brought forward | 8 | (19,065,885) | (11,661,176) |
| Result for the financial year | 8 | (14,264,345) | (7,404,709) |
| | | (33,230,230) | (18,965,885) |
| **Subordinated debts** | 9 | 189,778,753 | 190,043,024 |
| **Provisions** | | | |
| Other Provisions | 10 | 43,199,196 | 40,624,122 |
| | | 43,199,196 | 40,624,122 |
| **Non subordinated debts** | | | |
| Amounts owed to credit institutions | | | |
| becoming due and payable after less than one year | | - | 16,743,904 |
| becoming due and payable after more than one year | 12 | 455,649,852 | 455,649,853 |
| Trade creditors | | | |
| becoming due and payable after less than one year | | 3,473,413 | 3,197,584 |
| Amounts owed to affiliated undertakings with which the company is linked by virtue of participating interest | | | |
| becoming due and payable after less than one year | 11 | 54,335,352 | 30,742,711 |
| becoming due and payable after more than one year | | - | - |
| Tax and social security debts | | | |
| - Tax | 13 | 206,958 | 1,574,419 |
| - Social security | 13 | 6,791 | - |
| Other Creditors | | | |
| becoming due and payable after less than one year | 11 | 233,620 | 691,328 |
| | | 513,905,986 | 508,599,799 |
| **Deferred Income** | 14 | 1,678,578 | 3,092,803 |
| **TOTAL LIABILITIES** | | 715,332,283 | 723,393,863 |

The accompanying notes form an integral part of these annual accounts.

## Alpha Trains Luxembourg S.à r.l.
Société à responsabilité limitée

## Profit and loss account for the year ended 31 December 2013

| | Notes | 2013<br>EUR | 2012<br>EUR |
|---|---|---|---|
| **CHARGES** | | | |
| Other external charges | | 4,462,092 | 2,745,776 |
| Staff costs | | | |
| - *Wages and salaries* | 19 | 417,915 | 342,783 |
| - *Social security costs* | | 50,107 | 732 |
| Value adjustments on formation expenses and on tangible and intangible fixed assets | 3 | 32,412,331 | 27,759,748 |
| Other operating charges | 16 | 32,349,841 | 29,808,014 |
| Interest payable and similar charges | | | |
| - concerning affiliated undertakings | 9 | 41,000,000 | 11,020,088 |
| - other interest payable and similar charges | | 8,896,244 | 10,520,497 |
| Tax on profit or loss | | 53,975 | - |
| **TOTAL CHARGES** | | **119,642,505** | **82,197,638** |
| **INCOME** | | | |
| Net turnover | 17 | 66,841,528 | 66,972,950 |
| Other operating income | 15 | 29,263,323 | - |
| derived from affiliated undertakings | | 5,076,383 | 3,486,093 |
| other interest receivable and similar income | 6 | 4,196,926 | 4,331,875 |
| Extraordinary Income | | - | 2,011 |
| **Loss for the financial year** | 8 | **14,264,345** | **7,404,709** |
| **TOTAL INCOME** | | **119,642,505** | **82,197,638** |

The accompanying notes form an integral part of these annual accounts.

## NOTE 1 - GENERAL INFORMATION

Alpha Trains Luxembourg S.à r.l. (hereafter the "Company") was incorporated on 1 August 2008 and organised under the laws of Luxembourg as a private limited liability company ('Société à responsabilité limitée') for an unlimited period of time. The registered office of the Company is established in 22, rue Alfred de Musset, L-2175 Luxembourg and registration number is B 140 872.

The purpose of the Company is:

(a) to buy, sell, take on lease or hire, lease or hire out, otherwise dispose of and generally deal in, and carry on business as proprietors of, plant, machinery, equipment, components, furnishings, parts, tools, accessories, goods and materials, electronic and electrical apparatus and appliances of every kind and description, vehicles and vessels of every kind and description (including, but not limited to, railway rolling stock), on any terms whatsoever.

(b) to manufacture, install, insure, repair, maintain, replace, modify, test and carry out experiments on any plant, machinery, equipment, apparatus, appliances, vehicles and vessels belonging to the Company or any other person and enter into arrangements with companies, firms and persons for promoting, increasing and facilitating the purchase, sale, lease or hire or other disposition of and manufacture, installation, insurance, upkeep, maintenance, replacement, modification, testing of and carrying out of experiments on the same and to finance, subsidise or assist in any such transactions.

The Company may acquire participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. The Company may in particular acquire by subscription, purchase and exchange or in any other manner any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The Company may borrow in any form, except by way of public offer. It may issue, by way of private placement only, notes, bonds and any kind of debt and equity securities. The Company may lend funds including, without limitation, the proceeds of any borrowings and issues of debtor equity securities to its subsidiaries, affiliated companies and any other companies. The Company may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over all or some of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company shall not carry out any regulated activities of the financial sector.

The Company may generally employ any techniques and instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect itself against credit risk, currency exchange exposure, interest rate risks and other risks.

## NOTE 1 - GENERAL INFORMATION (cont'd)

The Company may generally carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property which directly or indirectly favour or relate to its corporate object.

The accounting year of the Company begins on January 1 and terminates on December 31 of each year.

The Company is included in the consolidated accounts of Alpha Trains (Luxembourg) Holdings S.à r.l. which is the largest body of undertakings of which the Company forms part as a direct subsidiary. The registered address of Alpha Trains (Luxembourg) Holdings S.à r.l. is the same as the Company's and the consolidated accounts are available at the same address.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual accounts are set out below. These policies have been consistently applied to all years presented.

### 2.1 Basis of preparation

These annual accounts have been established in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and with generally accepted accounting principles in Luxembourg. These annual accounts have been prepared under the historical cost convention, on a going concern basis.

### 2.2 Going Concern

The Company's annual accounts have been prepared under the going concern concept. As at 31 December 2013, the Company has a negative equity amounting to EUR 33,230,230. Management is of the opinion that there is no going concern issue since the directors and shareholders of Alpha Trains (Luxembourg) Holdings S.à r.l., the ultimate parent entity, confirmed their intention to provide the company with the necessary funding in order for the latter to maintain its operations and meet its liabilities in the ordinary course of business for a period of 12 months from the date of the support letter.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**2.3 Significant accounting policies**

**Foreign currency translation**

The Company maintains its books and records in Euro (EUR).

All transactions expressed in currency other than Euro are translated into Euro at the exchange rate prevailing at the date of the transaction.

The formation expenses and the fixed assets other than the long-term loans classified as financial assets and expressed in another currency than Euro are translated in Euro at the exchange rate prevailing at the date of the transaction. At the balance sheet date, these fixed assets are maintained at their historical exchange rate.

Cash are translated at the exchange rate prevailing at the balance sheet date. Exchange gains and losses resulting from this conversion are accounted in the profit and loss account for the period.

Other assets and liabilities are translated separately respectively at the lower assets or at the higher liabilities of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains and losses are recorded in the profit and loss account at the moment of their realisation.

Consequently, only realized foreign exchange gains and losses and unrealized foreign exchange losses are taken into account in the profit and loss account.

**Tangible fixed assets**

Tangible fixed assets are valued at their acquisition cost or at their production cost, reduced by accumulated value adjustments. The tangible fixed assets are depreciated using the straight line method over their estimated useful economic lives.

The rates and methods of depreciation applied are as follows:

| | |
|---|---|
| - Rolling stock | 25 – 30 years |
| - Office fixtures and fittings | 9 years |
| - Computer equipment | 3 years |
| - Computer software | 3 years |

The estimated useful lives and any residual values are reviewed on a previous periodic basis.

**Trade Debtors**

Debtors are valued at their nominal value less provision for any permanent depreciation in value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Significant accounting policies (cont'd)

**Trade Creditors**

Trade creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

**Borrowings**

Borrowings are recognized at nominal value, net of transaction costs incurred. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**Provisions**

Provisions are recognised in a situation where the Company has a (legal or customary) obligation resulting from past events, where it is certain or highly probable that the fulfilment of that obligation will necessitate an outflow of resources embodying economic benefits, and where the amount of the obligation may be reliably estimated.

The Company has set up a reserve which will be used for future maintenance expenditures of the rolling stocks. This reserve is included in other provisions.

**Taxation**

The Company is subject to all the taxes relevant to commercial companies in Luxembourg.

**Revenue recognition**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Maintenance is deferred and held to cover the projected full life cost of running the asset for its economic life.

Sale of goods are recognized when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Significant accounting policies (cont'd)

### Revenue recognition (cont'd)

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

## NOTE 3 – TANGIBLE FIXED ASSETS

Tangible fixed assets are composed of:

| | Plant and machinery EUR | Other fixtures and fittings, tools and equipment EUR | Payments on account and tangible assets in course of construction EUR | Total EUR |
|---|---|---|---|---|
| **Gross book value - opening balance** | 635,654,384 | 291,877 | 965,181 | 636,911,442 |
| Additions for the year | 87,086 | 105,656 | 1,093,756 | 1,286,498 |
| Transfers for the year | 394,039 | - | (965,181) | (571,142) |
| Disposals for the year | - | - | - | - |
| **Gross book value - closing balance** | **636,135,509** | **397,533** | **1,093,756** | **637,626,798** |
| **Depreciation - opening balance** | 84,195,059 | 4,484 | - | 84,199,543 |
| Depreciation for the year | 27,841,700 | 21,161 | - | 27,862,861 |
| Impairment | 4,549,470 | - | - | 4,549,470 |
| **Depreciation - closing balance** | **116,586,229** | **25,645** | **-** | **116,611,874** |
| **Net book value - closing balance** | 519,549,280 | 371,888 | 1,093,756 | 521,014,924 |
| **Net book value - opening balance** | 551,459,325 | 287,393 | 965,181 | 552,711,899 |

Plant and machinery and tangible fixed assets in the course of construction are composed of rolling stocks.
In 2013, an impairment of fixed assets of EUR 4,549k was identified in relation to locomotives homologated for Italy. The change of the signalling system in Italy resulted in the need to re-install the receiving system in the trains. These measures had resulted in considerable costs to be incurred. The total depreciation for the year (including the impairment charge) is included in value adjustments on tangible fixed assets.

## NOTE 4 – AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

| | Due in < 1 year EUR | Due in > 1 year EUR | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|---|---|
| Alpha Trains Group S.à r.l. | 1,389,901 | 71,905,964 | 73,295,865 | 71,567,226 |
| Alpha Trains Europa GmbH | 8,234,715 | - | 8,234,715 | 6,916,734 |
| Alpha Trains Belgium N.V. | 5,204,039 | - | 5,204,039 | 612,645 |
| Alpha Trains (Locomotive) GmbH | 1,434,359 | - | 1,434,359 | 4,758,701 |
| Alpha Trains (UK) Limited | 404,065 | - | 404,065 | 240,655 |
| Alpha Trains Italia S.r.l. | 349,717 | - | 349,717 | - |
| Alpha Trains Polska Sp. Z o.o. | 247,928 | - | 247,928 | - |
| Alpha Trains (Malta) Holdco 1 Limited | - | - | - | 58,268 |
| Alpha Trains (Luxembourg) Holdings | 4,352 | - | 4,352 | 7,311 |
| Alpha Trains STS S.à r.l. | - 300 | - | - 300 | 230 |
| Alpha Trains EMIL S.à r.l. | - 300 | - | - 300 | 200 |
| Alpha Trains Iberia S.A. | 17,901 | - | 17,901 | 15,688 |
| Alpha Trains Luxembourg No.2 S.à r.l. | 464 | - | 464 | - |
| | 17,286,841 | 71,905,964 | 89,192,805 | 84,177,658 |

Thereof the amount owed to Alpha Trains Group S.à r.l. of EUR 71,905,964 is interest bearing. Accrued interest as of 31 December 2013 amounts to EUR 1,385,165.

## NOTE 5 – OTHER DEBTORS

This item mainly includes VAT receivables.

## NOTE 6 – FINANCE LEASE RECEIVABLES

Finance lease receivables are composed of the following:

| | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|
| Less than one year | 5,382,168 | 5,382,168 |
| More than one year but less than 5 years | 63,460,171 | 21,528,672 |
| More than 5 years | - | 47,313,667 |
| | 68,842,339 | 74,224,507 |
| Unearned finance income | (19,061,511) | (23,258,437) |
| | 49,780,828 | 50,966,070 |

Total interest income recorded during the year on the finance lease amounted to EUR 4,196,926 (2012: EUR 4,303,669).

## Note 7 – PREPAYMENTS

| | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|
| Other Prepayments | 517,117 | 1,464,613 |
| | 517,117 | 1,464,613 |

## NOTE 8 - CAPITAL AND RESERVES

Movement for the year on capital and reserves is as follows:

| | Subscribed Capital EUR | Loss brought forward EUR | Result for the financial year EUR | Total EUR |
|---|---|---|---|---|
| At January 2013 | 100,000 | (11,661,176) | (7,404,709) | (18,965,885) |
| Prior year result allocation | | (7,404,709) | 7,404,709 | - |
| Result for the financial year | | | (14,264,345) | (14,264,345) |
| At 31 December 2013 | 100,000 | (19,065,885) | (14,264,345) | (33,230,230) |

### Subscribed capital

The subscribed capital of the Company is set at EUR 100,000 divided into 100,000 shares having a nominal value of EUR 1 each.

At 31 December 2013 the Company did not hold any of its own shares (2012: nil).

### Legal reserve

In accordance with Luxembourg company law, the Company is required to appropriate a minimum of 5% of its profit after tax for the year to a legal reserve until the balance of such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution to shareholders, except upon the dissolution of the Company.

## NOTE 9 – SUBORDINATED DEBTS

The subordinated shareholder loans were contracted with Alpha Trains Group S.à r.l. and is comprised of:

| Loan Type | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|
| Subordinated loan (*) | 189,778,753 | 190,043,024 |

(*) On 22 December 2009, the Company entered into a third subordinated loan agreement (Agreement) with Alpha Trains Group S.à r.l. for the purpose of financing certain costs and expenses which are in part financed by drawings under a Junior Facility Agreement dated 8 June 2008 and as acceded by the Company on 8 April 2009. Under the terms of the Agreement, the aggregate loan amount shall not exceed the maximum loan amount of EUR 190.571.564 and will be subject to a cash contingent interest which is calculated as the greater of:

i. 100% of the net profits of the Company plus the eligible operating expenses and taxes (prepared and audited under practices generally accepted in Luxembourg) in respect of an interest period less an amount equal to EUR 264,270 per annum (pro-rata if less than 12 months).
ii. The available cash on the last day of such interest period which would have been available had no payments been made during the interest period.

Provided however that all interest payments should be approved by the Directors of the Company to the extent that they are also permitted by the Inter-creditor Agreement and the interest to be paid shall not exceed the available cash on the expected interest payment date (31 December). To the extent that the Directors of the Company do not approve such interest payment, the cash contingent interest for that interest period shall not be payable, shall not be deferred nor accumulated but shall be cancelled for all further purposes. To the extent that the interest payment is not permitted by the Inter-creditor Agreement, the interest shall not fall due for payment but shall be deferred to the next expected interest payment date.

The cash contingent interest for 2013 was EUR 41,000,000 (2012: 11,020,088). At 31 December 2013, the subordinated loan balance decreased by an amount of EUR 264,270 due to a waiver granted by Alpha Trains Group S.à r.l., pursuant to the terms of the cash contingent loan.

The expected maturity date of the subordinated loan is the later of 31 December 2016 and the date falling 6 months after the final expected maturity date of the senior debt (Note12). Provided that the repayment of the principal loan amount is subject to the approval of the Directors of the Company who have the right to defer the repayment indefinitely including until after the liquidation of the Company or to any other date.

## NOTE 10 – OTHER PROVISIONS

This relates to the maintenance reserve established in accordance with the Company's accounting policy (see note 2.3).

## NOTE 11 – NON SUBORDINATED DEBTS

Non subordinated debts are composed of the following:

| | < 1 year EUR | >1 year but < 5 years EUR | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|---|---|
| Amounts owed to credit institutions (Note 12) | - | 455,649,852 | 455,649,852 | 472,393,757 |
| Amounts owed to affiliated undertakings | 54,335,352 | - | 54,335,352 | 30,742,711 |
| Trade creditor | 3,473,413 | - | 3,473,413 | 3,197,584 |
| Tax and social security debts ( note 13) | 213,749 | - | 213,749 | 1,574,419 |
| Other creditor | 233,620 | - | 233,620 | 691,328 |
| | **58,256,134** | **455,649,852** | **513,905,986** | **508,599,799** |

## NOTE 12 – AMOUNTS OWED TO CREDIT INSTITUTIONS

The significant terms of the loans are as follows:

| | Currency | Maturity Date | Interest Rate | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|---|---|---|
| Debt Capital Senior A facility | EUR | 30 June 2015 | 1,75% p.a.+EURIBOR | 455,649,852 | 472,393,757 |
| | | | | **455,649,852** | **472,393,757** |

The loans relate to a EUR 509 million (2012: EUR 552 million) debt facility, provided by a consortium of lenders, comprising of two tranches: EUR 489 million Senior A Facility, EUR 20 million Revolving Credit Facility; of which the following amounts were drawn at 31 December 2013: Senior A Facility of EUR 488,607,777 (2012: EUR 506,562,797).

## NOTE 13 – TAX AND SOCIAL SECURITY DEBTS

| | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|
| VAT payable | 3,006 | 1,574,419 |
| Income tax payable | 203,952 | - |
| Social Security | 6,791 | - |
| | **213,749** | **1,574,419** |

## NOTE 14 – DEFERRED INCOME

| | 31.12.2013 EUR | 31.12.2012 EUR |
|---|---|---|
| Accrued Finance lease income | - | 448,514 |
| Accrued insurance receipt | - | 250,000 |
| Accrued - Capex | - | 571,275 |
| Accrued train costs | 347,803 | 543,049 |
| Accrued legal fees | 25,000 | 40,000 |
| Accrued insurance costs | - | 839,295 |
| Deferred revenue | 406,630 | 278,639 |
| Accrued - Finance and accounting costs | 36,000 | 32,625 |
| Other accruals and deferred income | 863,145 | 89,406 |
| | **1,678,578** | **3,092,803** |

## Note 15 - OTHER OPERATING INCOME

| | 2013 EUR | 2012 EUR |
|---|---|---|
| Management fee income | 771,266 | - |
| Miscellaneous other operating income | 28,492,057 | - |
| | **29,263,323** | **-** |

In 2013, a litigation case with a supplier has been settled in favor of the Group. The position “Miscellaneous other operating income” includes the settlement proceeds

## NOTE 16 – OTHER OPERATING CHARGES

Other operating charges are comprised of the following:

| | 2013 EUR | 2012 EUR |
|---|---|---|
| Management Fee | 32,306,510 | 29,693,027 |
| Miscellaneous other operating charges | 43,331 | 114,987 |
| | **32,349,841** | **29,808,014** |

The management fee charges incurred by the Company mainly relate to recharges of interest swap costs for the senior loan portion of the Company as well as operating cost recharges from affiliated companies for services rendered to the Company.

## NOTE 17 – NET TURNOVER

The Company's net turnover is composed of rental income from operations within Europe. Since August 2013, the Company also has direct lease contracts with certain customers in Germany.

## NOTE 18 – REMUNERATION PAID TO MEMBERS OF THE ADMINISTRATION AND SUPERVISORY BODIES

The director fees for the year 2013 amounted to EUR 28,288 (2012: EUR 25,762). No other remuneration was paid to members of the administration, managerial and supervisory bodies during the year ended 31 December 2013. The Company granted no advances and loans to the members of the administrative, managerial and supervisory bodies.

## NOTE 19 – STAFF COSTS

The Company employed 7 staff during the year ended 31 December 2013 (2012: 7). The staff costs for the year 2013 amounted to EUR 468,022 (2012: EUR 343,515).

## NOTE 20 – RELATED PARTY TRANSACTIONS

The transactions with related parties that occurred during the year are related to the financing activities with other subsidiaries within the Group. These have been concluded at arm's length.

## NOTE 21 - OFF BALANCE SHEET COMMITMENTS

As at 31 December 2013, the Company has the following off-balance sheet commitments:

### Senior Facility Agreement

- The Company is a guarantor of external loans taken out by members of the Alpha Trains Group S.à r.l. group of companies under the Senior Facility Agreement and substantially all of the Company's assets, including investments, rolling stock, bank accounts, receivables and contracts are used as security.
- As at 31 December 2013, the amount outstanding on the external loans to Alpha Trains Group S.à r.l. group companies under the Senior Facility Agreement was EUR 488,607,777 (31 December 2012: EUR 506,562,796).

### Junior Facility Agreement

- The Company is a guarantor of external loans taken out by Alpha Trains Holdco S.à r.l. under the Junior Facility Agreement and substantially all of the Company's assets, including investments, bank accounts, receivables and contracts are used as security.
- As at 31 December 2013, the amount outstanding on the external loan to Alpha Trains Group S.à r.l. under the Junior Facility Agreement was EUR 100,000,000 (31 December 2012: EUR 100,000,000).

## NOTE 22 – SUBSEQUENT EVENTS

No matters or circumstances of importance have arisen since the end of the accounting year (31 December 2013) which have significantly affected or may significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

Audited unconsolidated financial accounts for Alpha Trains Europa GmbH for the period ended 31 December 2013, prepared in accordance with GAS.

Deloitte

**Deloitte & Touche** GmbH
Accountancy Firm

**Alpha Trains Europa GmbH**
**Cologne**

# Report on Audit of Annual Accounts

Year Ending 31 December 2013

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## Profit and loss situation

With a continued high occupancy rate on the vehicle fleet, the revenue of Alpha Trains Europa GmbH has reduced in the financial year 2013 by 739 thousand euros, or 1.4%, from 51,240 thousand euros to 50,501 thousand euros.

The revenues are faced with expenses for services obtained for the rental of the vehicles in the amount of 47,250 thousand euros (previous year: 47,993 thousand euros). 23,648 thousand euros (previous year: 24,392 thousand euros) of this are apportioned to Alpha Trains Luxembourg S.a.r.l., and 23,602 thousand euros (previous year 23,601 thousand euros) are apportioned to the RBS Warehouse. The depreciation on leased assets in the amount of 1,354 thousand euros (previous year: 1,354 thousand euros) continues to be linear over the asset depreciation range. The interest expenses in the amount of 451 thousand euros are basically made up of 313 thousand euros of accounts payable to banks and 136 thousand euros of loans.

Personnel expenses have increased from 3,523 thousand euros to 3,602 thousand euros in comparison with the previous year. Key central units such as the legal and personnel department, as well as large parts of accounting, have been transferred from a subsidiary in London to Alpha Trains Europa GmbH, Cologne, in the past year. The head count on the balance sheet date is 26 employees (previous year: 23 employees).

The other operational revenues in the amount of 5,249 thousand euros (previous year: 5,362) basically include cost assessments cleared within the company group. These have decreased from 4,991 thousand euros in the previous year to 4,371 thousand euros. Alongside this, the liquidation of accrued liabilities is accounted for at 654 thousand euros (previous year: 239 thousand euros). 637 thousand euros of accrued liabilities liquidated in the reported year related to the personnel area.

The other operational expenses are 2,668 thousand euros, which is at the level of the previous year (previous year: 2,731 thousand euros).

In total, the result from ordinary activities before taxes was 383 thousand euros (previous year: 506 thousand euros).

After taxes, the shortfall for the year was 105 thousand euros (previous year: annual surplus of 1 thousand euros). The tax expenses is significantly influences by the partial trade tax addition of the leasing expenses.

## Risks and opportunities for future development

The market of private trains that are used in local railway transport of passengers, which is relevant for Alpha Trains, has grown consistently in recent years. The refinancing options have however worsened during the financial crisis, meaning that no new acquisitions have been effected in the first instance. In the financial year 2012, and at the beginning of the financial year 2013, the Alpha Trains Group concluded new contracts at an investment level of more than 400 million euros. Two newly founded special-purpose vehicles in Luxembourg became owners of rail vehicles.

The mostly long-running lease agreements for rail vehicles form the basis for consistently realizing turnover.

The company expects well-adjusted results with a persistently high level of rent for the financial years 2014 and 2015.

For the Alpha Trains Group, risks for its future development arise from competitors and the future economic development.

In summary, we determine as per Section 321 Para 1 Clause 2 HGB that we view as justifiable the assessment of the situation issued by the Executive Board, in particular the assumption of the continuation of the company's activity and the assessment of the future development of the business as expressed in the annual financial statement and in the annual report.

Additionally, for the assessment of the situation, we refer to report creation in the following Section 2.2.

## 2.2 Facts that restrict development

As per Section 321 Para 1 Clause 3 HGB, we are providing a report about the facts that may significantly affect the development of the company.

Due to the low equity base in the amount of 604 thousand euros (previous year: 708 thousand euros), support for Alpha Trains Europa GmbH, Cologne, through the business association of the Alpha Trains Group and the shareholders continues to be important.

In the year reported, the company has an annual shortfall in the amount of 105 thousand euros, after a balanced result was achieved in the previous year. The development of the result, with a continuing high level of utilisation in the vehicle fleet, is determined as significant through the group assessments. In the reported year, taking into account the taxes from income and the result, were not sufficient to cover the staff and material expenses.

## OBJECT, TYPE AND SCOPE OF AUDIT

**Subject of the audit**

The following were the subject of our audit:

- the accounts
- the annual financial statement (consisting of the balance sheet, the profit and loss account and notes) and
- the annual report

of the company

The accounts and the compilation of the annual financial statement and annual report in accordance with the German commercial law regulations are the responsibility of the company's Executive Board; this also applies for statements that we have received for these documents. It is our responsibility to assess these documents and statements in the framework of dutiful auditing.

The review of adherence to other regulations is only part of the account audit in as far as repercussions on the annual financial statement or annual report routinely arise from this.

**Type and scope of audit**

The starting point for our audit was the annual financial statement from the previous year, which was audited by us and provided with the unqualified auditor's opinion on April 17, 2013; it was determined on July 31 2013.

The audit was carried out by us in the months December 2013 (preliminary audit) as well as - with interruptions - February to March 2014 (main audit).

We undertook the audit of accounts as per Section 317 HGB with due consideration of the generally accepted German auditing principles determined by the Institut der Wirtschaftsprüfer.

In accordance with Section 317 HGB, the audit of accounts must be compiled in a problem-oriented way so that key inaccuracies and breaches of accounting regulations are recognised with sufficient safety. In order to meet these requirements, we use our risk- and process-oriented audit approach; in order to implement this, we use our audit software Audit System/2. It provides support in the planning, performance and documentation of the audit of accounts.

In the framework of audit planning, we gained an overview of the business activity and the economic and legal environment of the company, as well as its accounting, we analytically looked through the annual financial statement, and we looked at the company agreement and shareholder resolutions. The audit strategy was determined by us in accordance with the knowledge, and expectations of possible errors, gained in this process. We examined the internal control system of the company, in as far as it is important for proper accounting; the internal control system in its entirety was not the subject of this audit of accounts.

The performance of our audit was basically not control-oriented in accordance with our audit plan. Therefore, taking into account our risk estimation, we performed our analytical audit of accounts and sample-based individual case audits of business transactions and inventories on a non-reduced basis. For individual case audits, we selected random samples.

The following focal points were set for the audit:

- Evidence and period delineation of the turnover
- Completeness and assessment of the accrued liabilities

The company outsourced parts of its accounting to Osborne Clarke, Cologne. The annual financial statement was created with the financial accounting system DATEV. In order to assess the regularity of the outsourced parts of the accounting, we reviewed the control measures set up by the company in relation to the activity of the service provider.

In the framework of the credit review at banks and the accrued liabilities, we collected confirmations regarding the company's credit, claims and obligations from the company's banks, tax advisers and lawyers. We have generally not recorded balance confirmations for the loans and liabilities recorded in the balance lists on the balance sheet date because, depending on the type of recording, administration and processing of the loans and liabilities, they could be verified reliably in other ways.

We have assessed future-related statements in the annual report for plausibility and agreement with the knowledge gained during the audit of accounts in the context of annual financial statement information.

The Executive Board has provided all the requested clarifications and evidence and, on March 31, 2014, the statement of completeness customary in the trade in written form. This ensures in particular that all processes requiring accounting are included in the accounting, and all assets, obligations, and demarcations, that require balancing, are included in the present annual financial statement, and moreover all expenses and income; furthermore, that all ventures are taken into account and all the required statements are made.

# 4 DETERMINATIONS AND EXPLANATIONS ON ACCOUNTING

## 4.1 Regularity of accounting

### 4.1.1 Accounting and other reviewed documents

The accounting corresponds with the legal regulations including the generally accepted accounting principles. The information to be taken from the further reviewed documents result in a regular portrayal in the accounting, annual financial statement and annual report.

### 4.1.2 Annual financial statement

The annual financial statement as at December 2013 is attached to this report as Appendices 1.2 to 1.4.

The annual financial statement has been regularly deduced from the accounting and the additional reviewed documents. The legal regulations on segmentation, balancing, assessment and the Notes have been adhered to. The statements on the total earnings of the Executive Board are omitted with the permitted application of Section 286 Para 4 HGB.

### 4.1.3 Annual report

The annual report for the financial year 2013 is attached to this report as Appendix 1.1.

In accordance with the result of our audit, the annual report is in line with the annual financial statement and overall conveys a true and fair view of the company's position. The key opportunities and risks of the future development are shown appropriately. The data in accordance with Section 289 Para 2 and Para 3 HGB are complete and applicable. The annual report therefore corresponds with the legal regulations.

## 4.2 Overall statement on the annual financial report

**Determinations on the overall statement of the annual financial report**

The annual financial statement overall, i.e. the interaction of the balance sheet, profit and loss account and Notes, conveys a true and fair view of the company's position in terms of its assets, finances and income that corresponds to the truth, taking into account the generally accepted accounting principles.

4.3 Statement on the company's position in terms of assets, finance and income

Multi-year overview

| | | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| Turnover | Thousand | 50,501 | 51,240 | 50,182 | 49,617 | 40,305 |
| Rate of change | % | -1.4 | 2.1 | 1.1 | 23.1 | 61.1 |
| Capital assets investments | Thousand | 67 | 119 | 130 | 13 | 4,215 |
| Capital assets depreciation | Thousand | 1,416 | 1,398 | 1,370 | 1,372 | 2,854 |
| Annual operating profit | Thousand | -105 | 1 | -235 | 770 | -,2152 |
| Balance sheet total | Thousand euros | 46,631 | 45,865 | 40,675 | 44,004 | 55,237 |
| Capital assets | Thousand | 21,453 | 22,803 | 24,081 | 25,320 | 26,679 |
| | % | 46.0 | 49.7 | 59.2 | 57.5 | 48.3 |
| Capital resources | Thousand | 604 | 708 | 707 | 942 | 171 |

## 5. Submission of audit report

We have audited the financial reports of Alpha Trains Europa Gmbh, Cologne, for the 2013 financial 2013 which are found in Appendix 1 and prepared the following report, signed on 31 March 2014.

**Independent auditors' report**

We have audited the financial reports of Alpha Trains Europa GmbH, Cologne, for the financial year 1 January to 31 December 2013, which comprise the balance sheet, income and profit and loss statements. It is the responsibility of the company's management to ensure that the financial reporting is in line with German accounting regulations. Our responsibility is to audit and express an opinion on the financial statements based on our analysis.

Our audit has been prepared in line with Section 317 of the German Commercial Code and according to principles set out by the German Institute of Public Auditors. These principles require us to carry out the audit in a way that would enable us to identify any inaccuracies and irregularities in the accounting and asset, finance and income statements in the financial and annual reports. In preparing the audit we used our knowledge of the industry and of the economic and legal environment, as well as an awareness of possible error. We assessed the effectiveness of the company's internal auditing systems and looked at the evidence for the calculations made in accounting and financial statements through random sampling. The assessment included evaluation of the accounting standards used, an appraisal of the company's management and an overall assessment of the financial reports. We believe that this assessment was sufficient to give us a strong basis for our audit opinion.

Our assessment was not hindered in any way.

In our opinion, based on what we learnt during the assessment, Alpha Trains Europa GmbH's financial statements give a true and fair view of the state of the company's assets, finances and revenues and have been prepared in accordance with the regulations and relevant accounting procedure. The annual report and financial statements are consistent with one another, provide a full picture of the state of the company and set out the opportunities and risks for its future development."

## 6. Concluding remarks

This report on our assessment of Alpha Trains Europa GmbH's financial statements for the 2013 financial year has been prepared in accordance with regulatory requirements and with German auditing principles (Accounting standard IDW PS 450 of the German Institute of Public Auditors). The full independent auditors' report can be found above in Section 5 of this report 'Submission of audit report'.

Dusseldorf, 31 March 2014

Deloitte & Touche GmbH
Auditors

[Signature]
Dr. Braun
Auditor

[Signature]
pp. Scheller
Auditor

Publication or distribution of the financial statements or translation into other languages requires permission if this quotes our audit report or refers to our audit assessment; we refer here to Section 328 of the German Commercial Code.

**Alpha Trains Europa GmbH**
**Cologne**

# Annual Report and Accounts

Year Ending 31 December 2013

**Alpha Trains Europa GmbH Annual Report 2013**
On 5 August 2008 Royal Bank of Scotland (RBS), up until then the sole shareholder, sold Angel Trains Group. As part of the sale, the Group's business activities in the UK and in continental Europe were split. As Angel Trains Group was not sold with the rights to its business name, in December 2009 all Angel Trains business units were renamed Alpha Trains.
Alpha Trains Europa GmbH is owned by a consortium of three business that own the shares in Alpha Trains' continental European business through a holding company in Luxembourg. As part of internal restructuring, holding company Alpha Trains (Luxembourg) Holdings was founded on 30 March 2012. The participating companies are Arcus Infrastructure Partners LLP (Arcus), Public Sector Pension Investment Bond, Canadian Government (PSP) and AMP Capital Investors (AMP).
The direct owner of Alpha Trains Europa GmbH is Alpha Trains Groups S.a.r.l. in Luxembourg. Within the Alpha Trains business group, Alpha Trains Europa GmbH is responsible for passenger rail transport in the whole of continental Europe.

## Business and economic conditions

### A. Economic environment

In Germany (regional rail transport including metro trains) rail passenger numbers grew by 1.3% in 2013 compared to 2012 and passenger kilometres (pkm) increased by 0.6%. Long-distance rail travel, on the other hand, recorded small decreases; passenger numbers were down 0.5% in 2013 compared to 2012 and passenger kilometres (pkm) were down 1.1%. One reason for this was the June 2013 flooding, which caused travel disruption in various regions of the country. Some incidents of disruption persisted for a considerable amount of time.
2013 was also marked by a number of calls to tender for contracts in regional rail transport, particularly in Germany, which presented Alpha Trains with good business opportunities both for the use of the existing fleet and for new train construction projects. The market for private trains for use in regional rail transport, a particularly relevant market for Alpha Trains, has continued to grow in recent years. The proportion of private trains in train kilometres travelled in regional transport grew nearly 4% in 2013 compared to the previous year, reaching around 161 million train kilometres. In relation to train kilometres, the market proportion of private trains grew from 6.4% in 2000 to 18.4% in 2008 and 25% in 2012. The total regional transport market provides around 644 million train kilometres per year. Due to the expiry of several major Deutsche Bahn contracts, over the next few years we expect to see higher numbers of train miles coming up for tender each year, around 60-80 million, as public transport authorities will try to smooth out the increased demand by spacing out and delaying tenders. This is because they will want to avoid overstretching providers, as most transport companies can only cope with a certain number of contracts at a time.
In 2012 public authorities held 20 calls for tender and awarded contracts totalling around 70 million train kilometres, 48% of which were won by private companies. Alpha Trains provided crucial support to two bidders for high-volume electric networks through competitive leasing offers, enabling them to win the contracts.
A number of new calls for tender have recently been published or announced, which will allow private trains to increase their market share in Germany even further in the future. The majority of regional transport contracts in Germany will in coming years be put out to tender for the first time, opening up a whole new market for Alpha Trains. Several lucrative contracts in or near monopoly regions are also opening up for competition, which will mainly require large fleets of 20 or more trains. At the same time, many contracts that were awarded in the last 5-15 years will soon be retendered. With these retendered contracts, it is highly likely that bids will be able to be based on existing used stock, which would increase Alpha Trains' ability to market its fleets.
In the medium term, one strong positive is the ongoing liberalisation of rail passenger transport in Europe. The European Commission's planned Fourth Railway Package will regulate the liberalisation of all rail passenger transport in EU Member States, including creating the conditions needed for potential new entrants to the market. This would mean that by the end of 2019 at latest, all expired regional rail contracts will have to be subject to a transparent tender process, open to all bidders without discrimination.

### B. Revenue outlook

Alpha Trains Europa GmbH achieved its 2013 revenues by using three sets of train fleets: 1. the company's own fleet, 2. Alpha Trains Group trains and 3. Royal Bank of Scotland (RBS) warehouse trains. As part of the sale of Alpha Trains Group, all trains that were under construction and not yet delivered were stored in the "RBS warehouse" and at first left in the possession of RBS. On 30 December 2013 the trains owned by RBS were transferred to Alpha Trains Group as part of an asset deal. The trains are now held by Alpha Trains Luxembourg No. 2 S.a.r.l., which was set up on 8 October 2013 for this purpose.
Alpha Trains Europa GmbH's revenues fell by 1.4% to 50.501 million euros in 2013 in comparison with 2012 (previous year 51.240 million).
Regarding costs, the company had to pay leasing costs for trains belonging to other companies in the group and from the RBS warehouse of 47.250 million euros (previous year 47.993 million).

### C. Demand and contracts

Revenues include income from use of the company's own trains (end 2013 = 25 diesel trains), from trains leased from Alpha Trains Luxembourg S.a.r.l. (end 2013 = 146 trains, including 19 electric-powered units and 127 diesel-powered units) and trains from the former RBS warehouse stock (end 2013 = 65 electric trains).
On average over 2013 the existing fleets were in use nearly 100% of the time, meaning that revenues were virtually unchanged. The planned refitting of 15 Regio Shuttle RS1s will mean that the fleets will be utilised at 94% capacity next year.

### D. Capital and refinancing costs

In 2008 and 2009 the entire group of companies, including Alpha Trains Europa GmbH, was restructured within a new Alpha Trains holding company – Alpha Trains Luxembourg S.a.r.l. in Luxembourg. This included the creation of a new company, Alpha Trains Luxembourg S.a.r.l.. This new company became the owner of all Alpha Trains group trains, except those that were financed by public money, and is responsible for finance and asset management. The creation of a central train pool with the majority located in Luxembourg significantly improved conditions for financing new business and for refinancing.
The business climate for new capital investment and the associated refinancing is clearly now more complex for all market participants than before the financial crisis. Before this and up until 2010, Alpha Trains had funded new train construction through changes of shareholders. Later, due to the financial crisis, the company did not undertake any new construction projects. Since mid-2010 Alpha Trains Europa GmbH, on behalf of the Alpha Trains Group, has now entered again into regional rail contracts that include construction of new trains for rail passenger travel. In 2012 and early 2013 Alpha Trains Group was able to sign two new contracts. For these new contracts two project businesses were set up in Luxembourg. The investment volumes for both contracts is more than 400 million euros.

### E. Changes in legal context

There are plans to regulate leasing accounting according to the IFRS. Among other things, this would eliminate the difference between operating leasing and finance leasing. This would remove the off-balance sheet accounting for Alpha Trains Europa GmbH. Alpha Trains expects this change in accounting methods to have a minimal impact on its leasing business, as this is more related to risk management than to finance needed for contracts.

### F. Sector-specific issues

Germany remains the key market for Alpha Trains Europa GmbH, as it offers positive developments in opening up its transport market as well as a large regional rail market. The dynamics of the German market have not yet been reached in other European countries, although there are clear signs of movement towards opening markets in many places, supported by legal requirements at the EU level.

Alpha Trains Europa GmbH aims to support market liberalisation by providing competitive leasing offers. Potential markets are being monitored and networks are being built with relevant market participants. The first results of this can be seen, for example, in the Slovak Republic, where Alpha Trains has signed a contract with Regio Jet for the use of nine diesel trains. The trains will operate between March 2012 and the end of 2020 on the route Bratislava – Dunajska Streda – Komarno.
2013 was marked by numerous new leasing arrangements from the company's existing fleets. Alpha Trains Europa GmbH has worked closely with its customers and selected maintenance partners to ensure that as soon as trains finish use in one operation they are then placed straight away into new, long-term contracts.
For the December 2013 rail timetable change, nearly 40 trains had to be transferred from one leasing contract to a new lessee, due to several changes of lessee. In some cases, the trains were transferred between different European countries, which posed extra complication due to the distance. As it was physically impossible to carry out such a complex inspection and transfer programme during the night of the timetable change, Alpha Trains Europa GmbH's engineering department worked on the structured planning and implementation of the train exchange project for the whole of 2013. The success of this project justified these efforts, as virtually all trains were transferred on time to the new lessees.
Key to the Alpha Trains' success in remarketing trains reaching the end of their current lease was, among other factors, its technical competence in maintenance and modernisation measures, which enabled it to offer train solutions that met quality conditions set out in calls for tender. In 2013 Alpha Trains set out diverse and sometimes highly complex rebuild, modernisation and maintenance projects and commissioned maintenance partners to implement these.
Alpha Trains Europa GmbH is also focusing on projects to construct new regional rail trains; in 2013 the company developed several proposals for high-volume new fleets in support of market participants bidding for regional rail contracts.

**G. Significant financial indicators for assets, finance and revenue**

In 2013 the company achieved an operating profit before tax of 383 thousand euros (previous year: 506). After tax this meant a deficit of 105 thousand euros in 2013 (previous year: surplus of one thousand euros). The high tax expenditure resulted mainly from business tax on leasing expenditure.
The capital assets of Alpha Trains Europa GmbH as of 31/12/13 include 25 trains with a book value of 21,179 thousand euros (previous year: 22,533 thousand). Due to the straight-line depreciation for wear and tear, the scheduled depreciation totalled 1,354 thousand euros, the same as the previous year.
Financing of 16,022 thousand euros (previous year: 16,611 thousand) was achieved through a bank loan. Among other liabilities totalling 17,148 euros, security deposits totalling 16,482 thousand euros are reported.
Accrued liabilities have decreased in comparison with the previous year by 174 thousand euros to 1,178 thousand euros. This was due in particular to reduced accrued liabilities linked to staff costs at 1,006 thousand euros (previous year: 1,158 thousand).
Other business revenues included primarily 4,371 thousand euros (previous year: 4,991 thousand) for management fees were generated from other companies within the group.
Staff costs increased by 79 thousand euros to 3,602 thousand euros compared to the previous year, as several key positions were relocated from London to Cologne in 2013.
Interest paid fell from 467 thousand euros to 451 thousand euro compared to the previous year. In addition to the amortisation of the bank loan, the falling general interest rate on variable rate loans has led to a clear decrease in interest paid.
The subscribed capital since the increase in share capital in 2008 is 11,473 thousand euros. Taking into account the loss carried forward and results from financial year 2013, net equity of 604 thousand euros is reported.

**H. Capital resources**

In the 2009 financial year, Alpha Trains Group S.a.r.l. was founded in Luxembourg as the new Alpha Trains group business. Its subsidiary Alpha Trains Luxembourg S.a.r.l. is the owner of all of Alpha Trains group's trains and responsible for financing and asset management. Excluded from this are individual trains that were paid for with public money and trains in countries with complicated tax

regulations. This company acts as a "hub" for the subsidiaries, or "spokes", and provides them with financing and leasing. The "spokes" then lease trains directly to local transport companies. However, technical train management is centralised in the hub.
The decision to use this hub and spoke concept in Luxembourg was in reaction to the changing regulatory, financial and political environment in leasing and financing in Europe.

**I. Staffing**

In the 2013 financial year staffing levels increased due to the closure of offices in London belonging to a subsidiary company and relocation of several key roles to Cologne. Most of the recruitment was of finance staff. As of the end of 2013, 26 staff (previous year: 23) were employed in Cologne.

**J. Capital expenditure**

All train fleets are operating successfully in their regions without problems.
For two new contracts signed in 2012 and early 2013, Alpha Trains Group invested more than 400 million euros in new trains. For each of the new contracts, a new project business based in Luxembourg was set up, which will also be the owners of the new trains. The trains will be leased to customers directly from the new businesses in Luxembourg.

**K. General statement on the company's financial position**

Since the company was founded in 2002, its turnover has continue to grow. In 2008 following the break-off from Angel Trains UK and the change in shareholders, the Alpha Trains group had to completely reorganise itself; out of this process, Alpha Trains Europa GmbH has emerged stronger. Since the reorganisation, the new shareholders have supported Alpha Trains Europa GmbH's expansive strategy with shareholders' decisions that allowed the company to again bid for significant financing to build new trains. Revenues from ordinary business activity were 383 thousand euros (previous year: 506 thousand), and after tax this means a deficit of 105 thousand euros (previous year: surplus of one thousand euros).

**L. Risk statement**

Company management is currently focused on successfully fulfilling contracts the company has won and on building up human resources. There are no known unfixable technical problems with the train fleet and the leasing status of the fleet was 100% at the end of 2013. The entire train fleet is refinanced in the medium term.

**M. Financial and economic risks**

Due to Alpha Trains Europa GmbH's customer structure – only two clients have no public shareholders – and the publicly refinanced regional rail market, the risk of losses due to a client's insolvency is low. In addition, all leasing contracts are guaranteed with securities or cash deposits that apply for both failure to pay and failure to return trains in line with the contract.
Risks exist for the company where no new lease agreement can be found for trains that have just finished a previous contract.
As the company only owns 25 diesel trains, the risk of failing to find a new lease agreement is mitigated.
In 2013 the current lessee of these 25 trains agreed to extend their use by 12 years, taking them up to December 2025, so that the lessee can choose to renew the lease.

**N. Industry and sector-related risks**

Demand for operating leases is as high as ever for all contract sizes, as demonstrated by the number of calls for tender currently open.
As contracts awarded to DB Regio with no open competitive bidding expire, the number of contracts open to transport companies will grow both in number and in size.

A group of transport contracts are also in the process of being re-tendered. In most tenders the public authority was able to make savings on the previous contract. These savings are being used mainly to cover the sharply rising costs of using rail infrastructure.
In the market for rail finance, still affected by the financial crisis, the competition for leasing passenger trains has changed dramatically since 2008. Banks operating in the regional rail sector still have strong risk aversion. Refinancing margins for new trains are still below their pre-crisis levels. However, it's now clear that there is sufficient liquidity in the finance market to fund even large regional rail projects, if they have a reasonable risk profile.
In the last few years, public authorities have increasingly offered financing as part of their call for tender, in the form of guarantees or public finance. A few authorities are also prepared to invest in trains themselves. There are only a few isolated models used so far to partially deal with the problems caused by the complexity of finance which uses public securities as a basis for finance. The next few years will show whether this type of solution, where public authorities provide free securities for project risks, will be successful.
There have been some changes among Alpha Trains Europa's competitors. On one hand, the Australian Macquarie financial institute has taken over leasing company CB Rail. On the other hand, it was announced at the beginning of 2014 that after a long sale process Oaktree Capital intends to buy train leasing company Railpool, subject to agreement that this does not breach competition law. In Schleswig-Holstein, issuing house Paribus Capital GmbH has won the contract to supply trains (diesel trains and coaches) for the regional transport network.
In conclusion, Alpha Trains has again been able to defend its leading market position thanks to its existing train business and its new train construction projects. Alpha Trains Europa GmbH's ability to always have a significant number of existing trains available, due to its large fleet of 236 trains including 152 diesel and 84 electric trains, also contributed to this success. In addition, Alpha Trains Group's fleet will gain 63 new trains from 2015 onwards from current construction projects.

## O. Outlook report

Alpha Trains Europa GmbH is an established market leader in the area of leasing and managing regional rail fleets. Long-term transport contracts with Alpha Trains' customers, plus long-term leasing arrangements for trains and the solid refinancing of public regional rail markets all set a strong basis for long-term success and solid revenues, independent of what happens in the broader economy. The long cycles in the rail leasing market mean that Alpha Trains' business model is insulated as much as possible from economic fluctuations. The existing network and the quality of its experienced staff have allowed Alpha Trains to make the most of the potential in the regional rail market. The future also offers ample untapped growth opportunities both in taking on the successful defence of the large part of the transport network by the current operators (eg DB Regio in Germany) and in leasing new rolling stock. The ongoing liberalisation of markets in other European countries is also opening up excellent mid- and long-term opportunities.
As for the current (2014) financial year, Alpha Trains Europa GmbH has already leased all of Alpha Trains Group's available passenger trains (except a small section of the fleet that is being renovated) right up until the timetable change in December 2014. The overwhelming majority of the trains reaching the end of their current leases have been found new long-term lease arrangements. The trains that are currently being renovated will undergo a complete rebuilding and improvement programme and therefore are not currently available for lease this year. This renovation is needed to bring the trains up to standard for a new contract. This has enabled us to lease the fleet in a long-term 10-year contract from December 2014.
The successful long-term re-leasing of trains at the end of their contracts has also been guaranteed for the next few years. Only very few trains are not yet leased for after the timetable change in December 2014, but this also provides potential opportunities. We are already now working on further projects for re-leasing trains that are available for remarketing between December 2015 and December 2017.
The two construction projects agreed at the end of 2012/early 2013 are already in the production phase, as Alpha Trains Europa GmbH is currently developing tailored project management facilities and planning to take over the fleet management. Both fleets will come into operation in December 2015.
Alpha Trains Europa GmbH also plans to further expand its fleet through construction projects. The economies of scale on costs, the confidence of its customers and financial backers, and the

company's wide experience together create a competitive advantage that will help the company win further new construction contracts. The market offers excellent growth potential that will allow success even with growing competition.
We expect to see well-balanced results in 2014 and 2015. Our shareholders continue to approve further support, and this is important for the company as only in accord with shareholders and other companies within Alpha Trains Group will we be able to achieve the financing needed for further growth.
No significant events have taken place since the end of financial year 2013.
On 25 March Stefan Stiefel left the Executive Board.
On 8 April 2013 Thomas Schmidt was appointed as Managing Director.
Cologne, March 2014
The Executive Board
[signature] [signature]

# BALANCE SHEET

Alpha Trains Europa GmbH
Cologne

at

31 December 2013

ASSETS

| | EUR | Financial year EUR | Previous year EUR |
|---|---|---|---|
| **A. Non-current assets** | | | |
| I. Fixed assets | | | |
| 1. Technical assets and machinery | 2.00 | | 2.00 |
| 2. Other assets and equipment | 21,453,007.00 | | 22,822,498.00 |
| | | 21,453,009.00 | 22,802,500.00 |
| **B. Current assets** | | | |
| I. Receivables and other assets | | | |
| 1. Receivables from accounts payable | 1,610,788.71 | | 1,959,584.08 |
| 2. Receivables from other group companies | 2,239,749.72 | | 5,922,106.23 |
| 3. Other assets | 14,136,403.60 | | 10,627,413.91 |

LIABILITIES

| | EUR | Financial year EUR | Previous year EUR |
|---|---|---|---|
| **A. Equity** | | | |
| I. Subscribed stock | | 11,473,400.00 | 11,473,400.00 |
| II. Loss carried forward | | (10,766,252.17) | (10,766,252.17) |
| III. Net (loss) / profit | | (104,684.00) | 1,051.93 |
| **B. Provisions** | | | |
| 1. Provision for taxation | 0.00 | | 2,479.60 |
| 2. Other provisions | 1,177,859.60 | | 1,349,763.19 |
| | | 1,177,859.60 | 1,352,242.79 |
| **C. Liabilities** | | | |
| 1. Borrowings from credit institutions | 16,021,780.43 | | 16,610,537.69 |
| 2. Accounts payable | 229,202.44 | | 710,058.96 |
| 3. Liabilities to other | 11,451,082.62 | | 11,893,713.84 |

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| | | | | | | |
|---|---|---|---|---|---|---|
| | 17,986,942.03 | 18,509,104.22 | | group companies | 17,147,959.02 | 14,590,668.43 |
| II. Cash, deposits at the German federal bank and credit institutions, cheques | 7,176,893.11 | 4,541,233.09 | 4. | Other liabilities | 44,850,024.51 | 43,804,978.92 |
| **C. Accruals and deferrals** | 14,555.73 | 12,584.16 | | | | |
| | 46,631,399.87 | 45,865,421.47 | | | 46,631,399.87 | 45,865,421.47 |

[Executive Board signatures]

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# INCOME STATEMENT

For the period 1 January 2013 – 31 December 2013
Alpha Trains Europa GmbH, Cologne

| | Financial year EUR | Previous year EUR |
|---|---|---|
| 1. Cash flows from operating activities | 50,500,544.45 | 51,240,432.65 |
| **2. Total** | 50,500,544.45 | 51,240,432.65 |
| 3. Other business income | 5,249,102.89 | 5,362,498.49 |
| 4. Purchases<br>Purchases of goods and services | (47,249,901.72) | (47,992,716.92) |
| 5. Staffing costs<br>a) Salaries and wages | (3,237,933.01) | (3,153,014.96) |
| b) Social contributions, pensions and benefits | (364,213.33) | (370,249.93) |
| | (3,602,146.34) | (3,523,264.89) |
| - Of this, total for pensions (69,258.40 euros), previous year (45,048.78 euros) | | |
| 6. Depreciation / amortisation<br>of intangible assets<br>of tangible assets and equipment | (1,416,203.37) | (1,397,704.00) |
| 7. Other business expenses | (2,667,969.86) | (2,730,640.26) |
| 8. Interest and other revenues | 20,248.57 | 14,260.26 |
| 9. Interest and other expenses<br>- of which owed to other group businesses: (136,405.20 euros), previous year (68,083.49) | (451,090.96) | (466,861.38) |
| **10. Operating profit** | 382,583.66 | 506,003.95 |
| 11. Taxes on income and revenues | (480,454.19) | (501,686.02) |
| 12. Other taxes | (6,813.47) | (3,266.00) |
| 13. Annual (loss) / profit | (104,684.00) | 1,051.93 |

[Executive Board signatures]

# Appendix for financial year 2013

## 1. General information and notes

The financial statement dated 31st December 2013 was established in accordance with the conditions of the German Commercial Code [Handelsgesetz HGB], taking due note of the supplementary provisions for corporate entities (Section 264 ff. HGB) and the German companies act [GmbH Gesetz] under the assumption of continuing business operations.

The company is classified as a 'large' company within the terms of Section 267 HGB.

Companies denoted as 'affiliated' are those that are majority owned, directly or indirectly, by Alpha Trains (Luxembourg) Holdings, Luxembourg.

## 2. Information and notes regarding balance sheet items and profit and loss account

a) Accounting and valuation principles

The **fixed assets** were stated at cost of acquisition and – to the extent that they are depreciable – have been subject to scheduled depreciation. The assets are subject to linear depreciation over their envisaged useful life, in line with tax regulations.

Low-value assets, whose purchase or production costs exceed €150.00, but not €1,000.00, were recognised as annual collective items, in line with tax regulations. These are subject to linear depreciation over five years (pool valuation), whereby irrespective of the acquisition date, one fifth of the acquisition is written off (Section 6, Para. 2a EStG [German income tax act]).

With regard to public service allocations, the right of option to deduct these from acquisition costs was exercised.

If the value of fixed assets calculated in accordance with the above principles exceeds the fair value attributable to them at the balance sheet date, this is taken into account by non-scheduled depreciation.

Receivables and other assets were valued at their nominal values, with account being taken of all identifiable risks.

Liquid funds were reported at nominal values.

The accruals and deferrals include prepaid expenses created for payments made before the reporting date, representing an expense for a specific period after the reporting date.

No use was made of the right to include deferred taxes.

Provisions were entered at the amount that was due according to a reasonable commercial assessment.

Liabilities were stated at the settlement amount.

Other receivables and liabilities denominated in foreign currencies are valued at the average spot exchange rates applicable on the reporting date. Gains and losses resulting from the market valuation are offset against one another in each currency. Gains are only recognised if they relate to receivables and liabilities with a remaining maturity of up to one year.

b) Notes to the balance sheet

The structure of and movements in the fixed assets are itemised in the Fixed Assets Schedule in this appendix.

As in the previous year, the trade receivables and other receivables stated in the balance sheet as well as the receivables from affiliated companies relate to short-term receivables with a residual term of up to one year.

As in the previous year, on the reporting date there were no receivables from shareholders.

Other receivables of €13,983 K (previous year €10,554 K) relate to claims arising from Head Lease Agreements with Alpha Trains Luxembourg S.à.r.l. and Alpha Trains Luxembourg No. 2 S.à.r.l., from transferred maintenance reserves. On the reporting date the entire amount of €13,983 K (previous year €10,157 K) was attributable to affiliated companies. In addition, there existed corporation and trade tax receivables to the amount of €43 K (previous year €44 K).

Liquid funds include bank deposits due on demand.

The subscribed capital amounts to €11,473 K, with no change from the previous year.

Other provisions essentially include personnel-related provisions amounting to €1,006 K (previous year €1,158 K), legal and consultation fees totalling €68 K (previous year €77 K) and provisions for tax audits amounting to €32 K (previous year €0 K).

Liabilities owed to banks include liabilities with a remaining maturity of up to one year totalling €624 K (previous year €589 K), as well as liabilities with a remaining maturity of between one and five years, totalling €15,398 K (previous year €16,022 K). As in the previous year, there exist no liabilities with a remaining maturity of more than five years.

Liabilities owed to affiliated companies include liabilities owed to shareholders, amounting to €3,202 K (previous year €4,055 K). Liabilities owed to affiliated companies existing on the reporting date primarily consist of liabilities owed to Alpha Trains Luxembourg S.à.r.l., amounting to €8,235 K (previous year €6,917 K), resulting from short-term payable lease obligations.

Liabilities with a remaining maturity of up to one year, amounting to €666 K (previous year €939 K) are included under other liabilities. Other liabilities totalling €16,482 K have a remaining maturity of more than one year.

The other liabilities essentially include deposits received, amounting to €16,482 K (previous year €13,652 K). These involve payments from tenants and/or leaseholders that serve as securities for maintenance costs with regard to leased rail vehicles, which, where applicable, are to be paid by the company. The maturity conforms to the duration of the relevant rental or lease contract. In principle, the first inspections of the rail vehicles shall be carried out after six to eight years, though for some components inspections may also be sooner.

In addition, outstanding income tax which was withheld at source for the years 2006 to 2008 totalling €0 K (previous year €256 K) is shown under the other liabilities dated 31st December 2013.

### 3. Information regarding profit and loss account

The profit and loss account was prepared in accordance with the cost-summary method, pursuant to Section 275 Para. 2 HGB.

Other operating income essentially includes management fees amounting to €4,371 K (previous year €4,991 K), generated from affiliated companies.

The costs for purchased services include expenses from affiliated companies totalling €23,648 K (previous year €24,392 K).

Similarly to the previous year, 'other interest and similar income' does not include income from affiliated companies.

The line item 'interest and similar expenses' shows the total of €451 K (previous year €467 K). This includes expenses relating to affiliated companies amounting to €136 K (previous year €68 K).

### 4. Other information

As of the balance date, joint obligations for bank liabilities of the affiliated companies existed within the context of Section 251 HGB in conjunction with Section 268 Para. 7 HGB, totalling €473 million (previous year €490 million). There is also a joint liability obligation for SWAP transactions entered into at group level from the years 2008 and 2010, which currently show a negative market value of €79 million. According to the information available, the underlying liabilities can be met by the companies concerned in all cases; therefore utilisation is not expected.

There also exist transactions and financial obligations within the context of Section 285 No. 3 or No. 31 HBG from lease agreements with affiliated companies with a maximum settlement date of 2025, totalling €337 million (previous year: €88 million), which are not included in the balance sheet. In addition, in the previous year there existed further financial obligations from lease agreements totalling €246 million.

In 2013, the Directors of the company were:

- Mr. Stefan Johannes Stiefel, Antwerp/Belgium – up to March 2013
- Mr. Shaun Michael Mills, Chief Executive Officer, Lowton/Cheshire, Great Britain
- Mr. Thomas Schmidt, Managing Director, Kerpen, from 8 April 2013.

Two Managing Directors received emoluments in accordance with Section 285 No. 9 HGB in the financial year 2013. No further information is disclosed on this matter, in accordance with the rights contained in Section 286 Para. 4 HGB.

During the financial year 2013, the company had an average of 24 employees (previous year: 17).

Auditors' fees amounted to €28 K (previous year €29 K) and were attributable entirely to auditing services performed.

Name and head office of parent company:

The parent company, which draws up the consolidated financial statement for the largest and smallest sets of consolidated companies, is Alpha Trains (Luxembourg) Holdings, based in Luxembourg. The consolidated financial statement is available at the offices of Alpha Trains (Luxembourg) Holdings, Luxembourg, at any time.

**5. Proposal regarding results of financial year**

The Management proposes that the net loss be carried forward.

Cologne, 28th March 2014

| | |
|---|---|
| [Signature] | [Signature] |
| Shaun Michael Mills | Thomas Schmidt |

# FIXED ASSETS SCHEDULE

as of 31st December 2013

Alpha Trains Europa GmbH, 50670 Cologne

| | Procurement and manufacturing costs | Additions disposals | Accumulated depreciation | Depreciation/ Amortisation from 01.01.2013 to 31.12.2013 | Carrying amount | Carrying amount |
|---|---|---|---|---|---|---|
| | 01.01.2013 | | 31.12.2013 | 31.12.2013 | 31.12.2013 | 31.12.2012 |
| | EUR | EUR | EUR | EUR | EUR | EUR |
| **I. Fixed assets** | | | | | | |
| **1. technical systems and machines** | 2,174.66 | 0.00 | 2,172.66 | 0.00 | 2.00 | 2.00 |
| **2. other systems, operating and office equipment** | 34,102,570.60 | 66,712.37 | 12,716,275.97 | 1,416,203.37 | 21,453,007.00 | 22,802,498.00 |
| **Fixed assets** | **34,104,745.26** | **66,712.37** | **12,718,448.63** | **1,416,203.37** | **21,453,009.00** | **22,802,500.00** |

[Signature] [Signature]

General Terms and Conditions
For Auditors and Auditing Firms
From 1 January

1. Application
   (1) These terms and conditions apply to contracts between auditors or auditing firms (henceforth called "auditors") and their clients, which regard auditing, consulting and other services, insofar as alternative conditions are not expressly agreed in writing or legally required.
   (2) In individual exceptional cases, where contractual relations are created between the auditor and persons other than the client, the conditions in paragraph 9, below also apply to any such third parties.
2. Scope and execution of contract
   (1) The subject of the contract is the agreed service and not any particular economic outcome. The contract is to be performed in accordance with professional standards. The auditor is authorised to consult appropriate experts within the framework of carrying out the contracted service.
   (2) Express written agreement is required for a consideration of foreign law – excepting due diligence audits.
   (3) Unless expressly stated, our responsibilities under the contract do not extend to carrying out an investigation of whether the requirements of tax law or special provisions, e.g. requirements of price, competition and business regulation laws are observed; nor whether subsidies, weighting and other benefits can be taken into account. Our responsibilities under the contract only include audit procedures which are specifically focused on uncovering fraud and other irregularities, if such irregularities are discovered in the course of our audit services, or if expressly agreed in writing.
   (4) In the event of a change in legislation which occurs after the issuance of the final professional statement, the auditor is not obliged to inform the client of the change or consequences of the change.
3. Client's duty to provide information
   (1) The client shall ensure that the auditor is provided with all documents which could be relevant to the execution of the service, in good time, and without the auditor having to request them.
   (2) Upon the auditor's request, the client must confirm that the documents, disclosures and declarations provided are true and complete, by acknowledging a document drawn up by the auditor.
4. Ensuring independence
   The client agrees to refrain from any actions which might jeopardise the independence of the auditor's employees. This applies in particular to offers of employment and entering into direct contracts for services.
5. Reporting and oral disclosures
   If the auditor is required to state the outcome of their work in writing, only a written statement is adequate. For auditing contracts, the report is to be delivered in writing unless agreed otherwise. Oral statements made by employees of the auditor outside the scope of the agreed engagement remain non-binding.
6. Protection of auditor's intellectual property
   The client is to ensure that the information, structure charts, assessments, drawings, presentations and calculations, in particular calculations of volumes and costs, prepared pursuant to the contract, are only used for the client's own purposes.
7. Communication of auditor's professional statements
   (1) The communication to third parties of professional statements of the auditor (assessments, reports and similar) requires the written approval of the auditor, where communication of these statements to a specified third party is not already approved in advance in the written contact.
   The auditor only acquires responsibilities towards a third party (in the framework of no. 9) where the condition at paragraph 1 has been met.
   (2) The use of the auditor's professional statements for promotional purposes is not permitted. In the event of infringement of this rule, the auditor has the right to terminate all current contracts with the client without notice.
8. Correction of shortcomings
   (1) Where any shortcomings arise, the client may require supplementary services from the auditor. Only where adequate supplementary services are not forthcoming, may the client require a reduction in the price or cancellation of the contract; if the contract is made with a business person in the course of their commercial business or a legal person under public law or a special fund under public law, the client can only require the cancellation of the contract if the service is without interest for them due to failure to carry out supplementary services. Where claims for damages exist, paragraph 9 applies.

   (2) Requests for corrections of shortcomings must be made by the client immediately and in writing. Claims under sub-paragraph (1) which do not arise from deliberate actions expire after one year from the legal start of the year.
   (3) Clear errors such as spelling mistakes, incorrect calculations and formal defects which occur in a

professional statement (report, assessment and similar) by the auditor can be corrected by the auditor, including vis-à-vis third parties, at any time. Where errors may call the conclusions of the auditor's professional statement into question, the auditor has the right to withdraw such statements, including statements from third parties. In these cases the auditor should inform the client in advance where possible.

9. Liability
   (1) For mandatory audits, the liability limitation provisions of Chapter 323, Section 2 of the German Commercial Code applies.
   (2) Liability in the event of negligence, individual case of damages
   Whether condition (1) applies or a ruling applies in an individual case, the auditor's liability for damages claims of all kinds – with the exception of claims for damage to life, body and health – which consist of individual cases of damages caused by negligence, is limited, as defined under Chapter 54a Section 1 No.2 WPO, to 4 million EUR; this also applies where a claim may arise on the part of a person other than the client. In instances where the same damage is caused by multiple breaches of duty, such damage is still considered to be an individual case of damage. An individual case of damage includes all consequences of a breach of duty, regardless of whether damages occur in one or in several consecutive years. In this respect, repeated acts or omissions based on the same or a similar error shall be deemed a single breach of duty if the matters in question are legally or economically connected to one another. No claims of a value of more than 5 million EUR can be made against the auditor. The limitation to five times the minimum insurance sum does not apply to mandatory audits required by law.
   (3) *Limitation periods*
   A claim for damages can only be made within a limitation period of one year after the claimant became aware of the damages, and at the latest within five years after the occurrence of the event which gave rise to the claim. The claim expires if no complaint is made within six months of a written refusal of supplementary services and the client has been informed of this.
   The right to assert the deadline remains unaltered. Paragraphs 1 to 3 also apply to mandatory audits with legal liability limitation.

10. Supplementary stipulations for audit contracts
   (1) Any subsequent amendment or summary of the conclusions of the auditor's analysis or the auditor's report which has been awarded an audit certificate requires the written agreement of the auditor, even where the document is not intended for publication. If the auditor does not issue an audit certificate, references to the auditor's report in another report or in any other document intended for public circulation is only permissible with the written agreement of the auditor and then only the text approved by the auditor can be published.
   (2) If the auditor recalls the audit certificate, the audit certificate may no longer be used. If the client has already used the audit certificate, he must make the recall known at the auditor's request.
   (3) The client may request up to five copies of the report. Further copies of the report will be included as an additional item in the invoice.

11. Supplementary situations for assistance in tax matters
   (1) The auditor is authorised, both when providing consultation in relation to individual questions and in a long-term consulting arrangement, to assume that the factual information provided by the client, in particular regarding numerical data, is complete and accurate. Nevertheless, the auditor must inform the client of all inaccuracies or inconsistencies discovered by the auditor.

   (2)Tax consultancy does not cover procedures required to meet deadlines, unless the auditor has explicitly accepted such a task. In this case, the client must give the auditor all documents which are necessary for carrying out this task including tax assessments, in good time to allow the auditor sufficient time to carry out the task.
   (3) In the absence of any other written agreement, the scope of the contract includes the following tasks in relation to tax consulting:
   a) Drafting annual tax statements for income tax, corporation tax and trade tax as well as net worth tax statements, on the basis of annual statements provided by the client, and other statements and certificates which are necessary for tax purposes.
   b) Checking tax assessments for the taxes listed under a).
   c) Interactions with the financial authorities in connection with the statements and assessments listed under a) and b)
   d) Conducting company audits and evaluation of results of company audits in relation to the types of taxes named under a)
   e) Participation in appeals procedures regarding taxes named under a).
   In carrying out the aforementioned tasks, the auditor will take into consideration the prevailing laws and regulations.
   (4) If the auditor receives a flat rate fee for the tax consulting in question, then in the absence of written agreements to the contrary, the activities named under Section 3 d) and e) are to be undertaken separately.
   (5) Work on particular individual questions regarding income tax, corporation tax, trade tax, tax-related evaluations and net worth tax as well as all questions relating to VAT, capital gains tax, other taxes and duties is covered by a separate agreement. This also applies to:

a) Work on one-off tax matters e.g. in relation to inheritance tax, capital transactions tax, stamp duty;
b) Participation and representation in proceedings before the fiscal and administrative courts including in relation to tax fines;
c) Consulting and reporting activity in connection with restructuring, merger, capital increase and decrease, reorganisation of a company, entry and retirement of a shareholder, commercial statements, liquidation and similar.

(6) To the extent that the preparation of an annual tax return is accepted as additional work, it shall not include the review of any special accounting prerequisites, nor review of whether all potential legal sales tax reductions have been claimed.

12. Confidentiality regarding third parties, data protection

(1) The auditor is required by law to maintain strict confidentiality regarding all facts which they learn in connection with their activity for the client, regardless of whether the information concerns the client themselves or their business associates, unless the client releases them from their duty of confidentiality.

(2) The auditor may only pass reports, assessments, and other written statements regarding their findings to third parties with the client's permission.

(3) The auditor is permitted to process any personal data entrusted to him by the client, within the framework of the contract, or to have third parties process it.

13. Default in acceptance or failure to cooperate on the part of the client

If the client fails to accept services completed by the auditor in the course of the performance of the contract, or fails to co-operate with the auditor in the way specified under paragraph 3, or in the sense of any other obligatory co-operation, then the auditor may terminate the contract without notice. This does not affect the auditor's claim for compensation for any extra expenses incurred as a result of such failures on the part of the client, as well as for damages arising from these, even if the auditor does not exercise their right to terminate the contract.

14. Remuneration

(1) The auditor may claim expenses in addition to their fee or honorarium; VAT is calculated separately. The auditor may request advance payments relating to fee payment and reimbursement of outlays (so long as these are reasonable) and to make completion of their services dependent upon their claims being honoured. Clients are jointly and severally liable.

(2) Offsetting claims against remuneration and reimbursement is permissible only for undisputed or legally established claims.

15. Retention and publication of documents

(1) The auditor retains the documents received in the context of the contract as well as all documents prepared by the auditor and correspondence relating to the contract for ten years.

(2) After their claims arising from the contract have been fulfilled, the auditor must, atthe client's request, return all documents which they have received for or from the client in the context of the auditor's activities under the contract. This does not however apply to correspondence between the auditor and their client or to documents which they have already possessed in original or as a copy. The auditor may create and retain copies or photocopies of documents which he has already returned to the client.

16. Applicable law

This contract, its execution and all claims arising from it, shall be governed by German law.

Audited unconsolidated financial accounts for Alpha Trains (Locomotives) Limited for the period ended 31 December 2013, prepared in accordance with IFRS.

# Alpha Trains (Locomotives) Limited

## DIRECTOR'S REPORT AND ACCOUNTS

## YEAR ENDED 31 DECEMBER 2013

Alpha Trains (Locomotives) Limited
Registered in England and Wales: No. 4020271
Registered Office: 35 Great St Helen's,London, EC3A 6AP

# Alpha Trains (Locomotives) Limited

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# Alpha Trains (Locomotives) Limited

## OFFICERS AND PROFESSIONAL ADVISERS

| | |
|---|---|
| **DIRECTOR:** | S. Mills |
| **SECRETARY:** | SFM Corporate Services Limited |
| **REGISTERED OFFICE:** | 35 Great St Helen's<br>London EC3A 6AP |
| **AUDITOR:** | Deloitte LLP<br>Chartered Accountants<br>London |

Registered in England and Wales: No. 4020271.

## DIRECTOR'S REPORT

The director presents his report and the audited financial statements for the year ended 31 December 2013.

## PRINCIPAL ACTIVITIES

Alpha Trains (Locomotives) Limited ('the Company') is a member of the Alpha Trains (Luxemburg) Holdings S.a.r.l. ('ALH') group of companies ('the Group').

The Company supports the Group in providing railway stock to non United Kingdom train operators under operating leases.

## REVIEW OF THE YEAR

*Business Review*

The Company is a member of the ALH Group. The Group provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of ALH review these matters on a group basis.

The director recommend that no dividend be paid in respect of the year to 31 December 2013 (year ended 31 December 2012: €nil).

*Financial Performance*

The Company's financial performance is presented in the Income Statement on page 7.

The profit after tax for the year was €141,000 (year ended 31 December 2012: profit after tax €127,000). The profit has been transferred to reserves.

At the end of the year, the financial position showed net assets of €4,830,000 (compared to €4,689,000 at 31 December 2012).

## PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

The Company's portfolios of financial instruments principally comprise loans, deposits and payables. All portfolios are considered to be held for non-trading purposes.

The director is responsible for considering risk management issues that arise across the Company's financial instrument portfolios. Risk management policies are detailed in note 14.

## DIRECTOR'S REPORT (Continued)

### GOING CONCERN

The Company's principal activities and a review of the year are set out in sections above. The financial position of the company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 14 to the financial statements includes details of the Company's objectives and approach to capital management, and details of financial instruments and related principal risks and uncertainties. The company is part of the ALH Group and is reliant on funding from other Group companies. The Group's processes manage its capital and liquidity, including drawing on support provided by investors and banks, continue to provide sufficient capital resources and liquidity for the Group and the Company to meet its obligations as they fall due. After making enquiries about the continued availability of Group funding, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### DISCLOSURE OF INFORMATION TO AUDITOR

The director at the date of approval of this report confirms that:

(1) so far as he is aware, there is no relevant audit information of which the Company's Auditor is unaware; and

(2) the director has taken all the steps that he ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### DIRECTORS' INDEMNITIES

In terms of s234 of The Companies Act 2006, the director has not been granted Qualifying Third Party Indemnity Provisions by ALH.

### POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company follows the policy and practice on payment of creditors determined by ALH:

AMH will adhere to the following payment policy in respect of all suppliers. ALH is committed to maintaining a sound commercial relationship with its suppliers. Consequently, ALH's policy is to negotiate and agree terms and conditions with its suppliers, which include the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as, may be agreed.

### ELECTIVE RESOLUTIONS

The Company has elected to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appoint the auditor annually.

## DIRECTOR'S REPORT (Continued)

### AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor. In accordance with section 485 and 487 of the Companies Act 2006, Deloitte LLP are deemed to have been re-appointed as auditor of the Company.

### DONATIONS

There have been no political or charitable donations in the year (year to 31 December 2012: nil)

### DIRECTORS AND SECRETARY

The present director and secretary are listed on page 1.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by:

S. Mills
Director

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA TRAINS (LOCOMOTIVES) LIMITED

We have audited the financial statements of Alpha Trains (Locomotives) Ltd for the year ended 31 December 2013 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Lloyd (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

## Alpha Trains (Locomotives) Limited

### INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

| | | 31 December 2013 | 31 December 2012 |
|---|---|---|---|
| **Continuing operations** | **Notes** | **€'000** | **€'000** |
| Other (expenses)/income | | (10) | 1 |
| **Operating profit/(loss)** | | (10) | 1 |
| Finance income | 2 | 194 | 257 |
| **Profit before tax** | | 184 | 258 |
| Tax charge | 4 | (43) | (131) |
| **Profit attributable to equity holders** | | **141** | **127** |

All profit and loss items relate to continuing operations of the Company.

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

| | | Year Ended 31 December 2013 | Year ended 31 December 2012 |
|---|---|---|---|
| | **Note** | **€'000** | **€'000** |
| Profit for the year | 11 | 141 | 127 |
| Total comprehensive income | | **141** | **127** |

Notes 1 to 14 form an integral part of these financial statements.

## Alpha Trains (Locomotives) Limited

### BALANCE SHEET AT 31 DECEMBER 2013

| | Notes | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|---|
| **Current assets** | | | |
| Loan receivables from group undertaking | 6 | 4,750 | 4,825 |
| Cash and cash equivalents | 7 | 75 | 11 |
| Trade and other receivables | 8 | 16 | 2 |
| | | 4,841 | 4,838 |
| **Total assets** | | 4,841 | 4,838 |
| **Current liabilities** | | | |
| Trade and other payables | 9 | 11 | 149 |
| | | 11 | 149 |
| **Net current assets** | | **4,830** | **4,689** |
| **Total net assets** | | **4,830** | **4,689** |
| **Capital and reserves** | | | |
| Called up share capital | 10 | 16,600 | 16,600 |
| Share premium | 10 | 60 | 60 |
| Retained earnings | 11 | (11,830) | (11,971) |
| **Total equity** | | **4,830** | **4,689** |

Notes 1 to 14 form an integral part of these financial statements.

The financial statements were approved by the Sole Director and authorised for issue on 28th March 2014 and signed by the Sole Director:

S.Mills
Director

Registered in England and Wales: No. 4020271

## Alpha Trains (Locomotives) Limited

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

| | Share capital €'000 | Share premium €'000 | Retained earnings €'000 | Total €'000 |
|---|---|---|---|---|
| **Balance at 1 January 2012** | **16,600** | **60** | **(12,098)** | **4,562** |
| Profit for the year | - | - | 127 | 127 |
| **Total comprehensive income** | **-** | **-** | **127** | **127** |
| **Balance at 31 December 2012** | **16,600** | **60** | **(11,971)** | **4,689** |
| Profit for the year | - | - | 141 | 141 |
| **Total comprehensive income** | **-** | **-** | **141** | **141** |
| **Balance at 31 December 2013** | **16,600** | **60** | **(11,830)** | **4,830** |

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

| | Notes | Year Ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|---|
| **Operating activities** | | | |
| **Net profit for the year** | | 141 | 127 |
| Movement in working capital | | (153) | 122 |
| **Net cash (used in)/from operating activities** | | (12) | 249 |
| **Financing activities** | | | |
| Loans with group companies | | 76 | (375) |
| **Net cash from/(used in) financing activities** | | 76 | (375) |
| **Net increase/(decrease) in cash and cash equivalents** | | 64 | (126) |
| Cash and cash equivalents at the beginning of the year | | 11 | 137 |
| **Cash and cash equivalents at the end of the year** | | 75 | 11 |

Notes 1 to 14 form an integral part of these financial statements.

## 1. Significant accounting policies

### General

Alpha Trains (Locomotives) Limited is a Company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's operations, its principal activities, and going concern expectations are set out in the Director's report.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations committee of the IASB (together "IFRS") as adopted by the European Union ("EU").

The financial statements are prepared on the historical cost convention, in compliance with the Companies Act 2006. The principal accounting policies adopted are set out below.

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described below, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements and estimates that the director has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements are detailed in the notes below.

**1. Significant accounting policies (continued)**

**Adoption of the new and revised Standards**

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

**Standards affecting the financial statements**

| | |
|---|---|
| Amendments to IAS 1 *Presentation of financial statements (as part of the Annual Improvements to IFRS, Cycle issued in May 2012)* | The Annual improvements to IFRS 2009-2011 have made a number of amendments to IFRSs. The amendments to IAS 1 regarding when a statement of financial position as at the beginning of the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a)an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position. |
| IAS 19 *Employee Benefits (revised June 2011)* | In the current year, the Group has applied IAS 19 (as revised in June 2011) Employee Benefits and the related consequential amendments. |
| Amendments to IFRS 13 *Fair Value Measurement* | The Group has applied the IFRS 13 in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad.; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements. Leasing transactions are within the scope of IAS 17 Leases. |

**Standards not affecting the reported results nor the financial position**

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

| | |
|---|---|
| Amendments to IFRS 7 *Financial instruments: Disclosures* | The Group has applied the amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The ammendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.<br><br>As the group does not have any offsetting arrangements in place, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the financial statements. |

**1. Significant accounting policies (continued)**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

| | |
|---|---|
| IFRS 9 | *Financial Instruments* |
| IFRS 10, IFRS 12 and IAS 27 | *Investment entities* (amended) |
| IAS 27 (amendments) | *Separate Financial Statements* |
| IAS 36 (amendments) | *Recoverable Amount Disclosures for Non-Financial Assets* |
| IAS 39 (amendments) | *Novation of Derivatives and Continuation of Hedge Accounting* |
| IFRIC 21 | *Levies* |

The director does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

**Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**Foreign currencies**

The financial statements of the Company are presented in Euros, which is the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded using month end exchange rates. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary and non-monetary items, and on the retranslation of monetary and non-monetary items, are included in the income statement for the period.

**Transfer pricing**

Services are rendered to group companies at cost plus a mark up.

**Taxation**

Tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**1. Significant accounting policies (continued)**

**Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

*Cash and cash equivalents*
Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Loan receivables*
Loan receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

*Financial liabilities*
Financial liabilities issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The accounting policies adopted for specific financial liabilities are set out below.

*Trade payables*
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured as the director's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

**Segemental information**

The company operates in only one segment and hence no segmental information was given.

**Operating profit**

Operating profit is stated before investment income and finance costs.

## 2. Finance Income

| | Year ended 31 December 2013 | Year ended 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Interest receivable from group undertakings | 194 | 257 |
| | **194** | **257** |

In 2013 the finance income represents interest receivable on funding loans granted to Alpha Trains Group S.à r.l.

## 3. Director's emoluments

None of the directors received any emoluments for their services to the Company during the year (2012: €nil). Another group Company provides accounting and administration services without charge to the Company (2012: €nil). The Company itself has no employees (2012: none).

## 4. Tax

The tax charge based on the profit for the year is based on the blended rate of UK corporation tax of 23.25% (year ended 31 December 2012: 24.5%) and comprises:

| | Year ended 31 December 2013 | Year ended 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Tax charge | 43 | 131 |
| **Tax charge** | **43** | **131** |

The total charge for the year can be reconciled to the accounting profit as follows:

| | Year ended 31 December 2013 | Year ended 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Profit before taxation | 185 | 258 |
| Expected tax (charge) at 23.25% (2012: 24.5%) | (43) | (63) |
| Prior year adjustments | - | (64) |
| Group relief | - | - |
| Current taxation (charge) | **(43)** | **(131)** |

## 5. Profit attributable to equity holders of the parent

Profit attributable to equity holders of the parent has been arrived at after charging auditor's remuneration for audit services of €6,300 (2012: €6,750), for tax services €2,500 (2012: €7,500) and accounting services €nil (2012: €nil).

## 6. Loan receivables

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| **Amounts falling due within one year** | | |
| Amounts owed by group undertakings | 4,750 | 4,825 |
| | **4,750** | **4,825** |

In the year ended 31 December 2009 the Company provided a €10,000,000 unsecured loan facility to Alpha Trains Group S.à r.l with a maturity date of 30 June 2016. .The loan agreement states that loan can be repaid (as agreed by both parties) from time to time.

This loan bears interest at the Company's weighted average cost of capital plus five basis points. The amount outstanding at 31 December 2013 was €4,750,000 (year ended 31 December 2012: €4,825,000).

The directors consider that the carrying amount of loan receivables approximates their fair value.

## 7. Cash and cash equivalents

Cash and cash equivalents held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

## 8. Other financial assets

### Trade and other receivables

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| **Amounts falling due within one year** | | |
| Other taxation and social security | 16 | 2 |
| | **16** | **2** |

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

## 9. Trade and other payables

Trade creditors and accruals principally comprise amounts outstanding for trade purchases, ongoing costs and tax liabilities. There was a balance of €11,000 at 31 December 2013 (2012: €149,000).

The directors consider that the carrying amount of trade payables approximates their fair value.

## 10. Share capital

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | € | € |
| **Authorised:** | | |
| 26,600,000 ordinary shares of €1 | **26,600,000** | **26,600,000** |
| **Issued, called up and fully paid:** | | |
| 16,600,000 ordinary shares of €1 | **16,600,000** | **16,600,000** |

The Company has one class of ordinary shares which carry no right to fixed income.

**Share premium account**

| | Share premium |
|---|---|
| | € |
| Balance at 31 December 2012 and 31 December 2013 | **60,000** |

## 11. Retained earnings

| | Retained earnings |
|---|---|
| | €'000 |
| **At 31 December 2011** | **(12,098)** |
| Total comprehensive income for the year 2012 | 127 |
| **At 31 December 2012** | **(11,971)** |
| Total comprehensive income for the year | 141 |
| **At 31 December 2013** | **(11,830)** |

## 12. Parent Companies

The Company's immediate parent company is Alpha Trains Group S.à.r.l.

The Company's ultimate holding company, ultimate controlling party, and the parent of the smallest and largest group into which the Company is consolidated is Alpha Trains (Luxembourg) Holdings S.à.r.l. which is incorporated in Luxembourg. Financial statements for Alpha Trains (Luxembourg) Holdings S.à.r.l. can be obtained from Alpha Trains (Luxembourg) Holdings S.à.r.l., 22 Rue Alfred de Musset, Luxembourg City, Luxembourg,

## 13. Related party transactions

In addition to the parent company listed in note 12, the Company has related party relationships with the following fellow subsidiaries of the Group:

Alpha Trains (Locomotives) Limited
Alpha Trains Switzerland AG
Alpha Trains Europa GmbH
Alpha Trains Polska Sp z.o.o.
Alpha Trains Italia Srl
Alpha Trains Belgium NV
Alpha Trains (Locomotives) GmbH
Locomotion Capital (UK) Limited
Alpha Trains Iberia SA
Alpha Trains Luxembourg Holdings S.à r.l.
Alpha Trains Development No. 1 S.à r.l.
Alpha Trains EMIL S.à r.l.
Alpha Trains STS S.à r.l.
Alpha Trains Development No. 2 S.à r.l.
Alpha Trains Luxembourg No. 2 S.à r.l.
Alpha Trains Iberia No.2 SLU
Alpha Trains Luxembourg S.à r.l.
Alpha Trains Group S.à r.l.
Alpha Trains Holdco S.à r.l.
Alpha Trains Holdco II S.à r.l.

### Trading transactions

During the year, the Company had the following transactions with related parties:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Interest receivable | 194 | 257 |

The following amounts were outstanding at the balance sheet date:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Related party creditor | - | 3 |
| Loan to related party | 4,750 | 4,825 |

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

### Compensation of key management personnel

The director received no emoluments (2012: €nil) in respect to his services to the Company during the year.

## 14. Risk Management

The major risks associated with the Company's business are market risk, credit risk, liquidity risk and operational risk. The Company has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

**Market risk**
Market risk is defined as the risk of loss as a result of adverse changes in risk factors including interest rates.
The Company manages the market risk through its comprehensive framework, which is continually evolving as business activities change.

**Credit risk**
Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations. The Company's principal financial assets are bank balances and cash and amounts owed by other members of the Group. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The company does not hold collateral over these balances. For loan receivables refer to note 6. The credit on group undertakings is not past due.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risk on group undertakings is limited because the undertakings are solvent, under common control and the directors are confident of them continuing as going concerns.

**Liquidity risk**
Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. ALH's policy is to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt.

Liquidity management within the Company focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from the undrawn commitments and other contingent obligations.

**Operational risk**
Operational risk is the risk of unexpected losses attributable to human error, systems failure, fraud or inadequate internal financial controls and procedures.
The Company manages this risk through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingent facilities to support operations in the event of disaster.

**Capital risk management**
The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the company consists of debt, which includes the borrowings disclosed in note 6, cash and cash equivalents and equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings as disclosed in notes 10 and 11.

**14. Risk Management (continued)**

**Gearing ratio**

The Company's capital structure is reviewed on an annual basis as part of a wider funding review.

The debt/equity ratio at the year end is as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Cash and cash equivalents | 75 | 11 |
| Loans receivable | 4,750 | 4,825 |
| Net debt | (4,825) | (4,836) |
| Equity | 4,830 | 4,689 |
| Net debt to equity ratio: n/a | - | - |

Net debt is defined as long-term and short-term loans payable less cash and short-term loans receivable. Equity includes all capital and reserves of the Company attributable to equity holder of the Company.

There are no loans payable. Therefore, the gearing ratio is not applicable.

**Sensitivity factors**
The major sensitivity factor affecting the Company is movement in interest rates.

A movement of +/- 1% in interest rates, when applied to statistical models, will have the following impact on the profit and equity in the financial statements.

| Risk factor | Variability | 2013 | 2012 |
|---|---|---|---|
| | | €'000 | €'000 |
| Interest rates | +1% | 48 | 48 |
| Interest rates | -1% | (48) | (48) |

**Categories of financial instruments**
All financial instruments are categorised in the financial statements as loans and receivables, in accordance with IFRS 7. Please see Balance Sheet.

Audited unconsolidated financial accounts for Alpha Trains (Locomotives) GmbH for the period ended 31 December 2013, prepared in accordance with GAS.

Deloitte.

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# Alpha Trains (Locomotives) GmbH, Cologne

Audit report for the
December 31, 2013
annual financial
statement

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Appendices

ANNUAL FINANCIAL STATEMENT AND SITUATION REPORT
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GENERAL ASSIGNMENT CONDITIONS FOR FINANCIAL AUDITORS AND FINANCIAL AUDITING FIRMS

Please note that differences in amounts and percentages may arise due to financial rounding.

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## 1 AUDIT ASSIGNMENT

Per resolution of the shareholders' meeting on December 17, 2013 of the

Alpha Trains (Locomotives)
GmbH, Cologne

- hereinafter referred to as "Alpha Trains" or the "Company" -

We were selected as the annual financial statement auditor for fiscal year 2013. Per this resolution, the management commissioned us with the task of performing the financial statement audit for fiscal year 2013 in accordance with § 317 HGB (German Commercial Code).

In accordance with § 321 Para. 4a of the HGB (German Commercial Code), we confirm compliance with the applicable provisions regarding independence in our audit.

When drafting the audit report, we complied with the German principles of proper reporting for financial statement audits (auditing standard of the Institute of German Financial Auditors - IDW PS 450).

For the execution of the assignment and our scope of responsibility, including with regard to third parties, the agreements concluded on November 25 / December 18, 2013 and, as a supplement, the "General Assignment Conditions for Financial Auditors and Financial Auditing Firms", dated January 1, 2002, are attached as an appendix.

This audit report was drafted only to document the audits performed for the Company and is not for the purposes of third parties, towards whom we assume no liability in accordance with the legal position applicable in the regulatory scope of § 323 HGB.

## 2 GENERAL STATEMENTS

**Statement regarding the assessment of the management situation**

We would like to emphasise the following aspects resulting from the annual financial statement and the management situation report as they are of particular importance for assessing the financial situation of the Company:

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- Company relations and group structure

In August 2008, the Royal Bank of Scotland divided its shares in the Alpha Trains Group (formerly: Angel Trains Group) and sold its continental European business sector to four investors. The direct shareholder of Alpha Trains (Locomotives) GmbH is the Alpha Trains Group S.a.r.l., Luxemburg. AMP Capital Investors, the Public Sector Pension Investment Board, the Canadian Government and Arcus Infrastructure Partners LLP holds shares in the controlling company Alpha Trains (Luxembourg) Holdings.

Throughout the 2009 fiscal year, Alpha Trains Luxembourg S.a.r.l was established as a new central unit in Luxembourg, which became owner of all non-publicly funded rolling stock of the Alpha Trains Group. As owner of the railcars and rolling stock, this Luxembourg company also handles their financing and administration. Pursuant to a Master Head Lease Agreement, Alpha Trains (Locomotives) GmbH rents rolling stock for rail goods traffic from Alpha Trains Luxembourg S.a.r.l and provides them to rail traffic providers via leasing agreements In addition, during the reporting year; the Company administered rolling stock of the Royal Bank of Scotland (RBS Warehouse). The portfolio compiled at the RBS Warehouse was accepted by the Alpha Trains Group, effective as of December 30, 2013.

Within the Alpha Trains Group, Alpha Trains (Locomotives) GmbH is primarily responsible for renting rolling stock for the rail goods traffic industry in Germany, Switzerland, Austria and Sweden.

- Assets and financial situation

During the 2009 fiscal year, Die Alpha Trains (Locomotives) GmbH sold all its rolling stock to Alpha Trains Luxembourg S.a.r.l. based on a Master Purchase Agreement dated April 9, 2009. Due to the degressive amortisations in previous years, a sales profit of TEUR 13,134 was earned on the sale of the capital asset. The proceeds of sale were used to repay bank liabilities in full.

As of December 31, 2013, Alpha Trains (Locomotives) GmbH no longer owns any rolling stock.

Other assets and liabilities essentially include payments from tenants or lessees and securing maintenance expenses.

The receivables from associated companies and other assets include TEUR 1,217 in recharge claims towards group companies and the Royal Bank of Scotland from discharged withholding taxes for fiscal years 2006 to 2008.

The Company has share capital amounting to TEUR 12,525. The equity capital, taking the losses carried forward and the annual deficit for fiscal year 2013 into account, amounts to TEUR 9,509 (previous year: TEUR 9,664). The equity capital quota on the balance sheet date is 34.2% (previous year: 32.0%).

- Earnings situation

The demand for rented rolling stock has declined significantly due to the financial crisis and resulting recession and is now starting to reach the original level.

Due to an increase in rental occupancy of approx. 6.4% in comparison to the previous year, Alpha Trains (Locomotives) GmbH revenue has increased from TEUR 23,323 to TEUR 24,826, although sales revenues are offset by expenses for purchased services amounting to TEUR 24,846 (previous year: TEUR 23,331). The portion of TEUR 15,708 essentially represent leasing agreements with Alpha Trains Luxembourg S.a.r.l.

The other operational earnings increased in comparison to the previous year from TEUR 555 to TEUR 775. This increase is mainly attributable to the group allocation and other cost reimbursements within the company group, which increased from TEUR 298 to TEUR 647.

Personnel expenses amounting to TEUR 502 (previous year: TEUR 576) decreased by 12.8% in comparison to the previous year. As of the balance sheet date, four employees were employed by the Company (previous year, five employees).

The other operational expenses amounting to TEUR 358 (previous year: TEUR 362) essentially include legal and consultation expenses, advertising and travel expenses and administrative costs.

Other interest and similar earnings amounting to TEUR 82 (previous year: TEUR 618) pertain to a financial assessment in the shareholder, Alpha Trains Group S.a.r.l.

In total, earnings from ordinary business activities amount to TEUR 5 in comparison with TEUR 215 in the previous year. After taxes, the result is an annual deficit amounting to TEUR 155 (previous year: TEUR 87).

The Company expects balanced operative earnings in 2014 and 2015.

- Risks and opportunities for future development

The framework conditions for new investments and refinancing remain very difficult due to the financial crisis. There are also risks in future development with regard to further economic development and increased competition with other leasing companies. Amid a competitive environment, there is an increased demand for full-service offers, which include guaranteed availability and the assumption of repairs.

Due to the group structure, the financial situation of Alpha Trains (Locomotives) GmbH is highly dependent on the development of the group of companies and further support from the shareholders to raise the capital required for further growth.

In summary, in accordance with § 321 Para. 1 Sentence 2 HGB, we deem the assessment of the situation, in particular, the assumption of continued company activities and the assessment of the future development of the Company as presented in the annual financial statement and the situation report to be acceptable.

## 3 SUBJECT, TYPE AND SCOPE OF THE AUDIT

Subject of the audit

The subject of our audit included

- The accounting
- The annual financial statement (comprising the balance sheet, profit and loss statement and appendix)
- The Company

situation report.

The accounting and creation of the annual financial statement and situation report in accordance with provisions pursuant to German commercial law come within the scope of responsibility of the Company management; this also applies to the information we received about these documents. Our task is to assess these documents and information within the scope of our conscientious audit.

The audit of compliance with other statutory regulations is only part of the financial statement audit assignment insofar as they generally have an effect on the annual financial statement or the situation report.

## Type and scope of the audit

The basis of our audit was the previous year's annual financial statement, audited by us and the unrestricted audit opinion issued on April 13, 2013 and confirmed as of July 31, 2013.

The audit was performed by us, with interruptions, during the month of December 2013 (preliminary audit) and from February to April 2014 (primary audit).

We performed the financial statement audit in accordance with § 317 of the HGB and the German principles defined by the Institute of Financial Auditors for proper annual auditing.

The financial statement audit shall be drafted in accordance with § 317 HGB, based on problems, to allow significant inaccuracies and breaches of accounting regulations to be detected with sufficient certainty. To meet these requirements, we apply our risk and process-oriented auditing approach, for which our auditing software, Audit System/2, is used to support the planning, execution and documentation of the financial statement audit.

Within the scope of audit planning, we obtained an overview of the business activities and the financial and legal environment of the Company and its accounting system, performed an analytical review of the annual financial statement and the Company Agreement and shareholder resolutions. The audit strategy was defined by us in accordance with the knowledge gained and the expectations of potential errors. We examined the Company's internal controlling system insofar as it is significant for proper accounting; the internal controlling system as a whole is not the subject of our financial statement audit.

Our audit was performed in accordance with our audit plan and was not control-oriented. Therefore, taking our risk analysis into account, we performed our analytical audit tasks and sample individual audits of business incidents and inventories in the full scope. For individual audits, we consciously selected samples.

The following focuses of the audit were defined:

- Verification and accrual of sales revenues
- Completeness and evaluation of accrued liabilities

The Company outsourced parts of the accounting to Osborne Clarke, Cologne. To assess the compliance of the outsourced parts of accounting, we audited the controlling measures implemented by the Company with regards to the service provider's activities.

As regards credit with credit institutes and accrued liabilities, we obtained confirmations of credit, claims and liabilities of the Company from credit institutes and selected attorneys and tax consultants of the Company. We did not obtain balance confirmations for the receivables and liabilities recorded in the balance lists on the financial statement date because, based on the type of documentation, administration and processing of the receivables and liabilities, they can be otherwise verified.

We assessed information in the situation report pertaining to the future, with regard to plausibility and correlation with the information obtained during the financial statement audit, based on the annual financial statement information.

The management provided all requested explanations and verification, which included the April 2, 2014 submission of the written standard professional declaration of completeness. It also included particular assurance that the accounting includes all accountable transactions and all assets, obligations and demarcations that must be reported on the balance sheet in this annual financial statement as well as all expenses and earnings and that all risks were taken into account and all required information provided.

## 4 STATEMENTS AND EXPLANATIONS REGARDING ACCOUNTING

### 4.1 Compliance of accounting

#### 4.1.1 Accounting and other audited documents

The accounting complies with the statutory regulations, including the principles of proper accounting. The information found in other audited documents results in a compliant presentation in the accounting, annual financial statement and situation report

#### 4.1.2 Annual financial statement

The annual financial statement dated December 31, 2013 is appended to this report as Appendix 1.

The annual financial statement is based on accounting and other audited documents. The statutory regulations regarding the structure, balancing and assessment and the Appendix were complied with.

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### 4.1.3 Situation report

The situation report for fiscal year 2013 is appended to this report as Appendix 1.

Based on the results of our audit, the situation report corresponds to the annual financial statement and the information gained from the audit and generally conveys a true and fair view of the situation of the Company. The essential opportunities and risks of future development are accurately presented. The information, in accordance with § 289 Para. 2 HGB, is complete and accurate. Accordingly, the situation report complies with statutory regulations.

## 4.2 Overall annual financial statement

Statements regarding the overall annual financial

statement

In compliance with the principles of proper accounting, the overall annual financial statement, i.e. the interaction of the balance sheet, profit and loss statement and appendix, conveys a true and fair view of the actual asset, financial and earnings situation of the Company.

## 4.3 Information on the asset, financial and earnings

situation

| | | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| Sales revenue | TEUR | 24,826 | 23,323 | 24,752 | 20,655 | 20,601 |
| Change rate | % | 6.4 | -5.8 | 19.8 | 0.3 | -1.3 |
| Capital asset investments | TEUR | 6 | 0 | 0 | 0 | 3,405 |
| Capital asset amortisations | TEUR | | 0 | 0 | 0 | 2,575 |
| Annual earnings | TEUR | -155 | -87 | 636 | 469 | 8,695 |
| Balance sheet sum | TEUR | 27,821 | 30,198 | 27,509 | 26,513 | 35,359 |
| of those | | | | | | |
| Investment assets | TEUR | 5 | 0 | 0 | 0 | 0 |
| | % | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equity capital | TEUR | 9,509 | 9,664 | 9,752 | 9,116 | 8,647 |

## 5 PRESENTATION OF THE AUDIT OPINION

On April 2, 2014, we issued the following signed, unrestricted audit opinion for Alpha Trains (Locomotives) GmbH, Cologne annual financial statement and the situation report for fiscal year 2013 in the version attached in Appendix 1:

“Audit opinion from the auditor”

We have audited the annual financial statement, comprising the balance sheet, profit and the appendix for the fiscal year from January 1 to December 31, 2013, including the accounting and situation report for Alpha Trains (Locomotives) GmbH, Cologne. The accounting and creation of the annual financial statement and situation report in accordance with the regulations of German commercial law fall within the scope of the Company’s management. Our assignment is to form an opinion of the annual financial statement, including the accounting and situation report, based on our audit.

We performed our annual financial statement audit in accordance with § 317 of the HGB and the German principles defined by the Institute of Financial Auditors for proper annual auditing. Based on this, the audit must be planned and performed so inaccuracies and breaches which significantly influence the picture of the assets, financial and earnings situation presented in the annual financial statement, in accordance with the principles of proper accounting and in the situation report, can be detected with sufficient certainty. When defining the audit tasks, knowledge of business activities and the economic and legal environment of the Company and expectations of potential errors were taken into account. Within the scope of the audit, the effectiveness of accounting-related, internal control systems and evidence for the information in the accounting, the annual financial statement and situation report were generally assessed via spot checks. The audit includes an assessment of applied balancing principles, essential estimates of management and an appraisal of the overall presentation of the annual financial statements and the situation report. We believe our audit is a sufficient basis for our assessment.

Our audit did not lead to any objections.

In accordance with our assessment, based on the information gained from the audit, the annual financial statement from Alpha Trains (Locomotives) GmbH, Cologne complies with the statutory regulations and, in compliance with the principles of proper accounting, conveys a true and fair view of the asset, financial and earnings situation of the Company. The situation report corresponds to the annual financial statement, conveys an overall true and fair view of the situation of the group and illustrates the opportunities and risks of future development.

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FINAL REMARKS

We have issued the above report on our audit of the Alpha Trains (Locomotives) GmbH, Cologne annual financial statement and situation report for fiscal year 2013 in compliance with the statutory regulations and the German principles of proper reporting for financial audits (auditing standard from the Institute of Financial Auditors - IDW PS 450).

Regarding the unrestricted audit opinion we issued, we refer to Section 5 “Presentation of the audit opinion”.

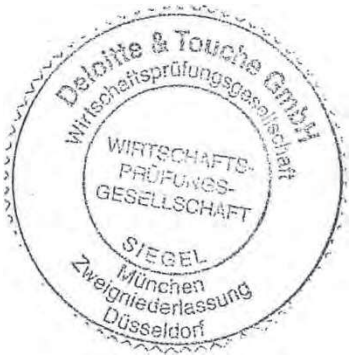
Düsseldorf, April 2, 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellsch
aft

(Dr. Braun)
Financial Auditor

Signature

(per proxy Scheller)
Financial Auditor




Publication or transferral of the annual financial statement and/or the situation report in a form deviating from the audited version and translated into other languages requires a prior statement from us if the audit is cited or reference made to our annual financial statement audit; reference is made in this respect to the provisions of § 328 HGB.

# Alpha Trains (Locomotives) GmbH, Cologne

Annual financial statement and situation report December 31, 2013

Alpha Trains (Locomotives) GmbH, Cologne

# Situation report for Alpha Trains (Locomotives) GmbH for 2013

On August 5, 2008, the Royal Bank of Scotland (RBS), as the thereto sole shareholder, sold the Angel Trains Group, whereupon the change of shareholder meant the business activities of the group in Great Britain and continental Europe were separated. Since the Angel Trains Group did not acquire the rights to the Angel Trains name, all Angel Trains companies were renamed Alpha Trains companies in December 2009.

Alpha Trains (Locomotives) GmbH belongs to a consortium of three companies which hold shares in the continental European activities of Alpha Trains via a holding company in Luxembourg. Due to the restructuring, the holding company, Alpha Trains (Luxembourg) Holdings was founded on March 30, 2012. The shareholders include Arcus Infrastructure Partners LLP (Arcus), the Public Sector Pension Investment Board, the Canadian Government (PSP) and AMP Capital Investors (AMP).

The direct shareholder of Alpha Trains (Locomotives) GmbH is the Alpha Trains Group S.a.r.l. in Luxembourg. Within the Alpha Trains Group, Alpha Trains (Locomotives) GmbH is primarily responsible for renting rolling stock for the rail goods traffic industry in Germany, Switzerland, Austria and Sweden.

## 1. Framework conditions

### A. General economic development

After the economic crisis year of 2009, rail goods traffic in 2010 and 2011 climbed significantly. The market share for goods railways in Germany increased from 16.5% in 2009 to 17.4% in 2011.

The total transport volume in 2013, which includes road and rail traffic and domestic shipping and air traffic, increased in comparison to the previous year by 0.8% to 4.3 billion tons, boosted by both road and rail traffic as well as domestic shipping. Rail goods traffic increased in 2013 by 0.8% and is thus at 369 million tons.

## B. Turnover development

Alpha Trains (Locomotives) GmbH earns turnover with two vehicle fleets: 1. Alpha Trains Group vehicles and 2nd warehouse vehicles of the Royal Bank of Scotland (RBS). As part of the sale of the Alpha Trains Group in 2008, all Alpha Trains Group rolling stock still under construction and not yet delivered was moved to the “RBS Warehouse” and RBS maintained ownership. On December 30, 2013, the rolling stock still owned by the RBS was transferred to the Alpha Trains Group as part of an asset deal. The rolling stock is now owned by Alpha Trains Luxembourg No. 2 S.a.r.l., which was founded for this reason on October 8, 2013.

Alpha Trains (Locomotives) GmbH is primarily responsible for renting rolling stock for the rail goods traffic industry in Germany, Switzerland, Austria and Sweden. If there is corresponding demand, based on head lease agreements, rolling stock from the Alpha Trains Group S.a.r.l. Luxembourg vehicle fleet, and up to and including 2013, from the RBS Warehouse, shall be leased. To this end, a fleet of 233 units of rolling stock from the Alpha Trains Group and 137 units of rolling stock from the RBS Warehouse are available. Since December 30, 2013, the latter have been owned by the Alpha Trains Group.

The turnover of Alpha Trains (Locomotives) GmbH increased from 2012 to 2013 by approximately 6.4% to TEUR 24,826 (previous year: TEUR 23,323).
In terms of expenses, the turnover earned was offset by expenses for commissioned services for leasing vehicles from affiliated companies and RBS Warehouse amounting to TEUR 24,846 (previous year TEUR 23,331). This includes expenses for external services in conjunction with the rental of cars amounting to TEUR 98 (previous year TEUR 59).

## C. Demand pattern and order situation

General economic development in the rail goods traffic industry resulted in an improvement in rental occupancy in the Alpha Trains locomotive segment in the area of electrical rolling stock. Strong competition and lower demand for diesel rolling stock also resulted in a decrease in rental occupancies in comparison to the previous year.

Market uncertainty resulted in a further decrease in the average requested lease durations and increased demand for flexible prices. Regardless, the long-term rental for more than 24 months remains high.

## D. Developments of capital and refinancing costs

During fiscal years 2008 and 2009, the entire group of companies, including Alpha Trains (Locomotives) GmbH in Luxembourg, was restructured under a new Alpha Trains Holding company, Alpha Trains Group S.a.r.l., which included the creation of a new company, Alpha Trains Luxembourg S.a.r.l. This company thus became the owner of all non-publicly funded rolling stock of the Alpha Trains Group and is responsible for the financing and asset management. By creating a central vehicle pool with the majority of the vehicle fleet in Luxembourg, conditions for financing new transactions and refinancing were significantly improved.

The framework conditions for investments in new construction and connected refinancing remain significantly more complex for all market participants than prior to the financial crisis. Accordingly, Alpha Trains Mitte did not order any new vehicles, first due to the change in shareholders and subsequently due to the financial crisis.

## E. Legislative changes

Concrete arrangements exist for the restructuring of the leasing balance of accounts in accordance with the IFRS. Accordingly, a differentiation is no longer made between operate leasing and finance leasing; lessees must always provide verification of rights of use and a liability. Thus, the “off-balance sheet” balance sheet component for Alpha Trains (Locomotives) GmbH business is not applicable. Alpha Trains does not expect any significant effects on the leasing business due to the change in the balancing of accounts for leasing transactions, as, in general, the risk management aspect, rather than the financing needs, prevail when concluding agreements with Alpha Trains.

## F. Branch-specific aspects

The increased activity of competitors towards offering locomotive leasing as a full service, including assuming comprehensive risks, became increasingly apparent in the diesel segment in 2013. Moreover, the rolling stock offered in the low-price segment is often old.

The management set up by Alpha Trains in 2013 for difficult repairs is now well-established and in combination with the provision of heavy replacement parts (gearboxes, motors), is an important factor in competition. A sustainable basis for prices and volume was established based on concluding framework agreements with maintenance companies.

## G. Key performance indicators for the asset, financial and earnings situation

The turnover of Alpha Trains (Locomotives) GmbH increased from 2012 to 2013 by 6.4% to TEUR 24,826 (previous year: TEUR 23,323). Correspondingly, the expenses for commissioned services increased to TEUR 24,846 (previous year TEUR 23,331).

Company earnings decreased during the fiscal year, primarily due to the change in interest earnings from loans to affiliated companies. In 2013, positive earnings before taxes amounting to TEUR 5 (previous year TEUR 215) were achieved. After taxes, this resulted in an annual deficit for 2013 of TEUR 155 (previous year annual deficit TEUR 87).

As of 12/31/2013, Alpha Trains (Locomotives) GmbH's capital assets do not include any rolling stock.

Since the change in shareholders in 2008, Alpha Trains (Locomotives) GmbH also administers the rolling stock outsourced to the RBS Warehouse. As of the end of 2013, the RBS Warehouse pool included 137 units of rolling stock, which are now owned by the Alpha Trains Group.

The subscribed capital amounts to TEUR 12,525. Taking the losses carried forward into account, this results in equity capital amounting to TEUR 9,509.

## H. Capital resources

Throughout the 2009 fiscal year, a new Alpha Trains Group company, Alpha Trains Group S.a.r.l., was established in Luxembourg. Their subsidiary, Alpha Trains Group S.a.r.l., is the vehicle owner of all Alpha Trains Group rolling stock and responsible for financing and asset management. Only vehicles funded with public resources or those in countries with complicated tax withholding guidelines are excluded from this. As the so-called “hub”, this Company provides the sales branches (“spokes”) financing and leasing services. The “spokes” then, in turn, lease the vehicles directly to the local rail traffic providers. The purchasing and technical management of the rolling stock are also centralised at the hub.

The decision for the “hub & spoke concept” in Luxembourg was made reflecting the continuously changing regulation and fiscal environment in the leasing and credit system in Europe, but is still under review based on constantly changing framework conditions under tax law.

### 1. Personnel measures

During the 2013 calendar year, an employee left the Company and no new personnel were hired. As of the end of 2013, four employees were employed by Alpha Trains (Locomotives) GmbH in Cologne.

## J. Investments

Due to the financial crisis and the change in shareholders, no new rolling stock has been ordered since 2008.

For the existing fleet, investments were primarily made in the main components, namely motors and gearboxes. These investments in primary replacement parts show that Alpha Trains is actively facing the challenges of higher availability and thus further boosting the earnings of the existing fleet. These measures were positively accepted by the customer and reflected an increased willingness to accept an increase in prices.

## K. Overall statement regarding the financial situation of the Company

Since the foundation of the Alpha Trains Group 10 years ago, group turnover to date has remained almost unchanged. In the association of companies, Alpha Trains (Locomotives) GmbH allows German-speaking customers to be supplied regionally with Alpha Trains rolling stock.

In 2008, the ATG had to completely reorganise itself when Angel Trains UK split off and the shareholders changed; Alpha Trains (Locomotives) GmbH, Cologne came out of this process stronger. Following the reorganisation, the new shareholders sustainably support Alpha Trains (Locomotives) GmbH, Cologne with shareholder resolutions which positively support further development. In 2013, a positive EBITDA (profit before interest, taxes, deductions) amounting to TEUR -106 (previous year TEUR -390) was generated. Earnings from standard business activities in 2013 amounted to TEUR 5 (previous year TEUR 215), after taxes, which resulted in an annual deficit of TEUR 155 (previous year's annual deficit TEUR 87).

## II. Presentation of risks

No significant risks for Alpha Trains (Locomotives) GmbH, Cologne were identified at present. The management's attention remains on the fluctuation of key employees. No relevant employees left the Company during 2013. Due to the specifications of the EBA (Eisenbahn Bundesamt - Federal Railway Authority), technical monitoring expenses increased for several series. The entire vehicle fleet was refinanced.

## A. Financial risks

Due to the customer structure of ALTG, with many public railways and railways belonging to large group companies, the risk of an insolvency-related default of a debtor is low and only a few smaller railways are included among AT customers. The risk of default on these rental agreements is also secured by guarantees in the form of bonds or cash deposits, which become effect in the event of any default on rental fees and vehicle returns in breach of contract.

Alpha Trains (Locomotives) GmbH, Cologne

B. Environment and branch risks

Demand for operating leases has been sustained among all requests for rental of rolling stock. Many AT customers are at the capacity threshold with their existing fleets or prefer to lease rather than purchase rolling stock. However, AT faces increased competition with other leasing companies, particularly in the uninterrupted East-West line and the uninterrupted North-South corridor. Since goods traffic crossing the border between Germany and Poland remains far below capacity, similarly high-quality assets can only be marketed in other applicable areas and at accordingly lower rates.

Only a limited amount of used and immediately available rolling stock fulfils modern standards. Now, due to the sale of old rolling stock (DB, ÖBB, SBB), a number of units of rolling stock are available on the rental market; primarily for use within German-speaking regions on an ad-hoc basis and with low tensile loads. Within the higher-quality segment, AT is optimistic that the existing price level will be maintained for future rentals.

In the vehicle financing market, which is still impacted by financial crises, competition for rental of rolling stock has changed significantly, since which time only two competitors have been able to invest in procuring new rolling stock. Railpool was able to invest as, due to its public ownership structures, it has excellent refinancing options. Railpool is a joint venture of the KFW-1PEX Bank and the HSH Nordbank.

Due to previous obligations, MRCE must accept new rolling stock from Siemens.

In the last fiscal year, two competitors were offered for sale. As of the end of 2012, Macquarie took over the portfolio from CB Rail. Oaktree Capital, a US-American private equity fund, intends to fully taking over Railpool, although the transaction is pending the approval of the cartel authority.

## III. Forecast report

With its rental companies for rolling stock, inter alia Alpha Trains (Locomotives) GmbH, Cologne, AT is an established market leader for leasing and fleet management of diesel and electrical rolling stock. The rental agreements with AT for rolling stock, which generally run for several years, underpin more independent, long-term turnover generation relative to the current economic situation. To date, meanwhile, short-term fluctuations in demand have been intercepted. In conjunction with the rental of rolling stock for passenger traffic, AT has been largely shielded from severe fluctuations due to the long market for the rental of rolling stock. Via the existing network and due to the quality of its experienced employees, AT has been able to harness the market potential of the rental market for rolling stock. The further perspective is based on the current economic situation on continental Europe and a further positive increase in logistics flows.

For the current 2014 fiscal year, Alpha Trains (Locomotives) GmbH, Cologne remains optimistic and within the first months of fiscal year 2014, improved utilisation of the electrical fleet was determined. During the first half of the year, due to pending primary examinations, a lower level of utilisation is expected for the diesel fleet. Whether the turnover in 2014 will exceed that of the previous year remains to be seen. Further increases can only be achieved long-term by expanding the vehicle fleet. Therefore, in the medium-term, it is crucial for AT to invest in new vehicles. The market offers a recognisable growth potential for this, which will also allow for success amid intensifying competition.

On this basis, we expect balanced operative earnings for 2014 and 2015.

Confirmation of further support from shareholders is still in effect and also important for the future of the Company, since the capital required for further growth can only be generated in cooperation with the shareholders and the association of companies in the ATG.

Upon conclusion of fiscal year 2013, no events of particular significance had occurred.

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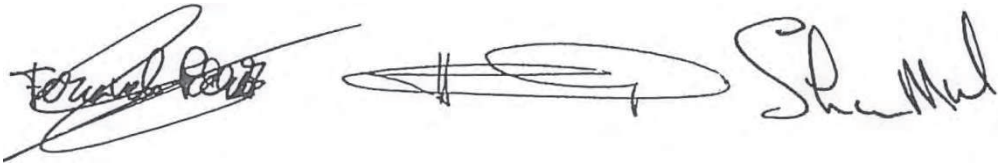
On March 25, 2013, Mr. Stefan Stiefel withdrew from the management.

On the same date, Ms. Hedwige Van de Wyer and Mr. Fernando Perez Serrano were appointed to the management.

Cologne, March 2014

The management



BALANCE SHEET

Alpha Trains (Locomotives) GmbH
Cologne

on

31 December, 2013

## ASSETS

| | EUR | Fiscal year EUR | Previous year EUR |
|---|---|---|---|
| A. Investment assets | | | |
| 1. Tangible assets | | | |
| Other investments, operational and office equipment | | 5,003.00 | 0.00 |
| B. Floating assets | | | |
| I. Receivables and other assets | | | |
| 1. Receivables from deliveries and services | 975,271.95 | | 1,977,241,63 |
| 2. Receivables due from affiliated companies | 5,319,004.14 | | 13,893,314.86 |
| 3. Other assets | 15,261,497,77 | | 12,903,372,71 |
| | | 21,555,773.66 | 28,773,929.20 |
| II. Cash assets, federal bank credit balance, credit balance with credit institutes and checks | | 6,256,420.61 | 1,420,695.87 |
| C. Accruals and deferrals | | 3,464.01 | 3,615.00 |
| | | 27,820,661.48 | ~~30,198,240.07~~ |

| | |
|---|---|
| A. Equity capital | |
| 1. Subscribed capital | |
| II. Losses carried forward | |
| III. Annual deficit | |
| B. Provisions | |
| 1. Tax provisions | |
| 2. Other provisions | |
| C. Liabilities | |
| 1. Liabilities towards credit institutes | |
| 2. Liabilities from deliveries and services | |
| 3. Liabilities towards affiliated companies | |
| 4. Other liabilities | |

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PROFIT AND LOSS STATEMENT
for the period from January 1, 2013 to December 31, 2013
Alpha Trains (Locomotives) GmbH, Cologne

| | Fiscal year EUR | Previous year EUR |
|---|---|---|
| 1. Sales revenue | 24,826,214.02 | 23,322,549.11 |
| 2. Total performance | 24,826,214.02 | 23,322,549.11 |
| 3. Other operational earnings | 775,082.89 | 555,350.50 |
| 4. Material expenses | | |
| Expenses for commissioned services | 24,845,758.56- | 23,331,424.06- |
| 5. Personnel expenses | | |
| a) Wages and salaries | 437,521.75- | 500,429.57- |
| b) Social security contributions and expenses for pensions and support | 64,216.64- | 75,263.14- |
| | 501,738.39- | 575,692.71- |
| - of which EUR -12,595.39 for pensions (EUR -13,815.99) | | |
| 6. Depreciations on intangible assets of capital assets and tangible assets | 1,260.52- | 0.00 |
| 7. Other operational expenses | 358,377.94- | 361,515.81- |
| 8. Other interest and similar earnings | 110,813.37 | 629,472.90 |
| - of which EUR 82,171.06 (EUR 617,885.74) from affiliated companies | | |
| 9. Interest and similar expenses | 0.00 | 23,469.50- |
| 10. Earnings from ordinary business activities | 4,974.87 | 215,270.43 |
| 11. Taxes from income and earnings | 159,304.59- | 302,445.54 - |
| 12. Other taxes | 690.00- | 58.00- |
| | 159,994.59- | 302,503.54 - |
| 13. Annual deficit | 155,019.72- | 87,233.11- |

Alpha Trains (Locomotives) GmbH, Cologne

Appendix for fiscal year 2013 1.

General information and explanations

The annual financial statement dated December 31, 2013 was drafted in accordance with the provisions of the Commercial Code (HGB) in compliance with the supplemental provisions for capital companies (§§ 264 ff. HGB) and the GmbH Act (German Corporations Act) under the assumption that the company will continue to exist.

The Company is a medium-sized company in accordance with § 267 of the HGB.

All companies directly or indirectly owing a majority of Alpha Trains (Luxembourg) Holdings, Luxembourg are defined as affiliated companies.

2. Information and explanations regarding items in the balance sheet and profit and loss statement

a) Accounting and assessment methods

The capital assets were estimated at the procurement costs and, insofar as they are consumable, reduced by the scheduled amortisations. The assets shall be amortised linearly across the projected duration of use in accordance with the tax regulations.

Receivables and other assets were valued at the nominal value; taking all identifiable risks into account.

Liquid assets were estimated at the nominal value.

The asset accruals and deferrals include expenses prior to the balance sheet date, insofar as they are expenses for a specific period after the balance sheet date.

Accrued liabilities were passivated according to the necessary settlement amount and in accordance with the commercial assessment.

Liabilities were estimated at the settlement amount.

Foreign currency receivables and liabilities shall be valued at the applicable exchange rates as of the balance sheet date, while profits and losses resulting from the evaluation shall be offset by each other, per currency. Profits shall only be taken into account, insofar as they pertain to receivables and liabilities with a remaining term of up to one year.

b) Explanations regarding the balance sheet

The receivables due from affiliated companies include receivables due from the shareholder ATG S.a.r.l amounting to TEUR 3,000 (previous year: TEUR 11,363).

The receivables due from affiliated companies have a remaining term of up to one year.

The other receivables reported in the balance sheet are, as in the previous year, short-term receivables with a remaining term of up to one year.

The other assets pertain essentially to TEUR 14,904 (previous year: TEUR 12,098) Claims from the Head Lease Agreements with Alpha Trains Luxembourg -S.a.r.l. and Alpha Trains Luxembourg No. 2 S.a.r.l. from transferred maintenance reserves. Of this, the entire amount (previous year: TEUR 7,539) is from affiliated companies. Furthermore, there are sales tax remuneration claims amounting to TEUR 0 (previous year: TEUR 394) and corporate and commercial tax claims amounting to TEUR 248 (previous year: TEUR 309).

The liquid assets include short-term bank credits.

The subscribed capital remained the same as the previous year at TEUR 12,525.

The tax provisions include amounts for taxes that have not yet been conclusively assessed.

The other provisions mainly comprise provisions for bonus payments to employees amounting to TEUR 63 (previous year: TEUR 75), provisions for legal and consulting costs amounting to TEUR 63 (previous year: TEUR 67) and provisions for operational audits amounting to TEUR 32 (previous year: TEUR 0).

All the liabilities from deliveries and services reported in the balance sheet are short-term liabilities with a remaining term of up to one year.

The liabilities towards affiliated companies include liabilities towards ATLS amounting to TEUR 1,434 (previous year: TEUR 4,759). The aforementioned liabilities, in their full amount, have a remaining term of up to one year.

The other liabilities primarily include deposits received amounting to TEUR 15,741 (previous year: TEUR 13,421) and pertain to payments from tenants or lessees to secure maintenance expenses payable by the Company with regard to rented rolling stock. The maturity is based on the duration of corresponding rental and lease agreements. In principle, the initial rolling stock inspections shall be performed after six to eight years have elapsed. They also include sales tax liabilities amounting to TEUR 309 (previous year: TEUR 204), which have a remaining term of up to one year.

## 3. Information on the profit and loss statement

The profit and loss statement was drafted in accordance with the total cost method § 275 Para. 2 of the HGB.

The other operational earnings primarily include management fees amounting to TEUR 647 (previous year: TEUR. 298). In addition, they include earnings outside the period from derecognition of creditor liabilities amounting to TEUR 36 (previous year: TEUR 14).

The expenses for commissioned services include expenses towards affiliated companies amounting to TEUR 15,708 (previous year: TEUR 16,382).

Other interest and similar earnings includes expenses towards affiliated companies amounting to TEUR 82 (previous year: TEUR 618).

## 4. Other information

As of the balance sheet date, there were contingent liabilities in accordance with § 251 HGB in conjunction with § 268 Para. 7 HGB from the joint liability for bank liabilities of affiliated companies amounting to EUR 489 million (previous year: EUR 507 million). In addition, joint liabilities for SWAP transactions were concluded on a group level from 2008 and 2010, which currently have a negative market value of EUR 79 million. The underlying obligations can definitely be fulfilled by the relevant companies based on the available information; utilisation is not expected.

There are transactions and financial obligations in accordance with § 285 No. 3 or No. 3a HGB from leasing agreements with affiliated companies with a maximum term until 2019 amounting to EUR 46.1 million that are not included in the balance sheet (previous year: EUR 37.6 million.); in addition, during the previous year, there were further financial obligations from leasing agreements amounting to EUR 13.6 million.

The managing directors of the Company in 2013 were

- Mr. Shaun Michael Mills, Chief Executive Officer, Lowton/Cheshire, Great Britain
- Ms. Hedwige Van de Wyer, Legal & Operations Director, Antwerp, Belgium - from March 25, 2013
- Mr. Fernando Perez Serrano, Managing Director, Madrid, Spain - from March 25, 2013
- Mr. Stefan Johannes Stiefel, Antwerp, Belgium - from March 25, 2013

The directing managers did not receive any income in accordance with § 285 No. 9 HGB during fiscal year 2013.

The remuneration for the financial auditor amounts to TEUR 28 (previous year: TEUR 29) and is solely allocated to financial auditing services.

In fiscal year 2013, the Company had an average of four (previous year: five) employees.

Name and seat of the parent company:

The parent company which drafts the consolidated financial statement for the largest and smallest group of companies is the ATLH seated in Luxembourg. The consolidated financial statement can be obtained at the offices of ATLH, Luxembourg.

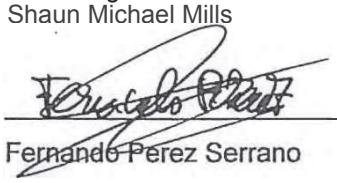
## 5. Recommendation for utilising earnings

The management recommends carrying the annual deficit forward in full to a new account.

Cologne, Wednesday, April 02, 2014

Signature <
Shaun Michael Mills

Signature
Hedwige Van de Wyer



Fernando Perez Serrano

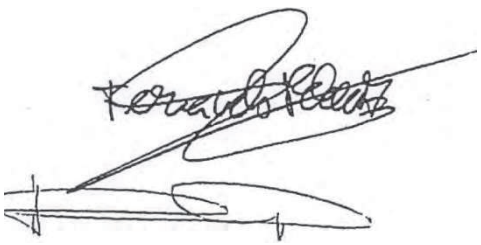
Fernando Perez Serrano

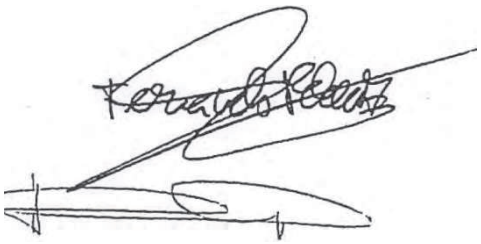
## ASSET SCHEDULE

dated Tuesday, December 31, 2013

Alpha Trains (Locomotives) GmbH, Cologne

| | Procurement costs/production costs | | | | | Accumulated | |
|---|---|---|---|---|---|---|---|
| | 01/01/2013 | Accruals | Disposals | Transfers | 12/31/2013 | depreciations | 12/3 |
| | EUR | EUR | EUR | EUR | EUR | EUR | E |
| A. Capital assets | | | | | | | |
| Tangible assets | | | | | | | |
| other assets, operational and office equipment | 0.00 | 6,263.52 | 0.00 | 0.00 | 6.263.52 | 1,260.52 | 5,0 |
| Total tangible assets | 0.00 | 6,263.52 | 0.00 | 0.09 | 6,283.52 | 1,260.52 | 5,0 |
| Total tangible assets | 0.00 | 8,263.52 | 0.00 | .,00 | 6,263.52 | 1,260.52 | 5,0 |





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# General assignment conditions
for
financial auditors and financial auditing companies
dated January 1, 2002

## 1. Scope of applicability

(1) The assignment conditions apply to the contracts between financial auditors or financial auditing companies (hereinafter referred to collectively as "financial auditors") and their clients for audits, consultations and other assignments insofar as not otherwise expressly agreed in writing or is mandatory in accordance with the law.

(2) If, in individual cases, as an exception, contractual relationships are established between the financial auditor and other persons as the client, the provisions in No. 9 below also apply to such third parties.

## 2. Scope and execution of the assignment

(1) The object of the assignment is the contracted service, not a specific economic success. The assignment shall be executed in accordance with the principles of proper professional conduct. The financial auditor is authorised to utilise experts to execute the assignment.

(2) The consideration of foreign law, except for assurance engagements, requires express written consent.

(3) Unless directly applicable for the assignment, the assignment does not include auditing to clarify whether tax law regulations or special regulations such as the laws controlling price fixing and competition restriction and business have been complied with; the same applies when determining whether subsidies, allowances or other benefits can be utilised. The execution of an assignment therefore only includes the auditing tasks, which are directed specifically at uncovering fraudulent accounting and other irregularities if grounds arise while performing the audits or this has been expressly agreed in writing.

(4) If the legal situation changes after the final professional opinion has been submitted, the financial auditor need not notify the client of changes or resulting consequences.

## 3. Client's obligation to provide information

(1) The client must ensure that the financial auditor receives the necessary documents to execute the assignment on time and without request and to provide information about all events and circumstances that might be significant for executing the assignment. This also applies to the documents, processes and circumstances that are not apparent while the financial auditor is performing his duties.

(2) Upon request of the financial auditor, the client must confirm the completeness of the submitted documents and information and declarations provided in a written declaration drafted by the financial auditor.

## 4. Ensuring independence

The client shall ensure that the financial auditor refrains from any actions that might endanger its independence. This particularly applies to offers for employment and offers to accept assignments on his own behalf.

## 5. Reporting and verbal information

If the financial auditor must record his activity in writing, only the written record is binding. For auditing assignments, unless otherwise agreed, the report will be submitted in writing. Verbal information and declarations made by employees of the financial auditor outside the issued assignment are not binding.

## 6. Protection of intellectual copyright of the financial auditor

The client shall ensure that the reports, organisational plans, drafts, drawings, lists and calculations, particularly invoice and cost calculations created by the financial auditor, are only used for the client's own purposes and as part of the audit.

## 7. Transmission of a professional statement from the financial auditor

(1) Transmitting professional statements from the financial auditor (reports, assessments, etc.) to a third party requires written consent of the financial auditor unless the details of the assignment already provide consent to transfer these to a specific third party.

The financial auditor is only liable towards a third party (as part of No. 9), if the requirements of Sentence 1 have been fulfilled.

(2) The utilisation of professional statements from the financial auditor for commercial purposes is prohibited; any breach shall entitle the financial auditor to immediately cancel all client assignments that remain pending.

## 8. Remedy

(1) In case of defects, the client has the right to demand that the financial auditor rework the assignment. Only if this reworking is unsuccessful may the client also reduce the remuneration or reverse the contract; if the assignment was issued by a salesperson as part of his/her trade activities, a legal entity under public law or a public special entity, the client may only demand a contract reversal if the service provided is of no interest due to the failure to rework the assignment. If any claims for damages exist beyond this scope, No. 9 applies.

(2) The claim for rectification of defects must be enforced immediately in writing. Claims in accordance with Para. 1, which are not based on intentional action, shall expire within one year of the legal start of the year.

(3) Apparent inaccuracies such as potential spelling errors, calculation errors and form errors in the professional opinion of the financial auditor can be corrected by the financial auditor or a third party at any time. Inaccuracies that may lead to the professional statements from the financial auditor contained in the results being called into question authorise the financial auditor to withdraw these statements, even if made to third parties. In the aforementioned cases, the client must be heard by the financial auditor.

## 9. Liability

*(1) For legally mandatory audits, the limitation of liability in § 323 Para. 2 of the HGB (German Commercial Code) applies*

*(2) Liability in case of negligence, individual damage cases*

If neither Para. 1 takes effect nor any regulation in an individual case applies, the liability of the financial auditor for compensation claims for damages of any kind is limited to EUR 4 million, with the exception of damages resulting from death, personal injury or harm to health, individual damages caused by negligence in accordance with § 54a Para. 1 No. 2 WPO; this also applies if there is justified liability towards another person than the client. An individual damage case is also constituted with regards to uniform damage resulting from several breaches of duty. The individual damage case encompasses all consequences from a breach of duty, irrespective of whether the damages occurred in one year or a number of successive years. In this case, multiple acts or omissions of acts based on a similar source of error or a source of error of an equivalent nature are deemed a uniform breach of duty if the relevant matters are legally or economically connected. In this case, the financial auditor can be sued for up to EUR 5 million. The limitation to five times the minimum insurance sum does not apply to statutory mandatory audits.

*(3) Exclusion periods*

Claims for damages can only be enforced within an exclusion period of one year after the person entitled to the claim has been informed of the event on which the claim is based, but no later than within 5 years of the event on which the claim is based. The claim expires if no complaint is filed within six months of the written rejection for compensation and the client is informed thereof.

The right to assert the stature of limitations remains unaffected. Sentences 1 to 3 also apply to legally mandatory audits with the statutory limitation of liability.

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10. Supplemental provisions for audit assignments

(1) A subsequent modification or abridgment of the financial statement or situation report audited by the financial auditor and furnished with an audit opinion requires the written consent of the auditor, even if unpublished. If the financial auditor has not issued an audit opinion, a reference to the audit performed by the financial auditor may be made in the situation report or in another place intended for the public with the written consent of the financial auditor and in the formulation approved by the auditor.

(2) If the financial auditor withdraws the audit opinion, the audit opinion may not be used. If the client has already used the audit opinion, he must notify the financial auditor of the withdrawal upon request.

(3) The client is entitled to make five copes of the report. Further copies will be invoiced separately.

11. Supplemental provisions for assistance in tax matters

(1) The financial auditor is authorised, in consultation on individual tax matters and in case of ongoing consultation, to consider the facts provided by the client, particularly numbers, as accurate and complete, which also applies to accounting assignments. He/she must, however, notify the client of any determined inaccuracies.

(2) The tax consultation assignment does not include the actions required to comply with deadlines, unless the financial auditor has expressly assumed these duties in the assignment. In this case, the client must submit all documents necessary to comply with deadlines to the financial auditor on time, in particular, tax declaration, so they are available to the financial auditor for processing for a reasonable period of time.

(3) If there are no other written agreements, the ongoing tax consultation includes the following activities which fall within the duration of the agreement:

a) Preparing the annual declarations for income, corporate and commercial tax as well as capital tax declarations, namely based on annual financial statements to be submitted by the client and other lists and evidence required for taxation.

b) Review of all tax declarations for the taxes listed in a).

c) Negotiation with the tax authorities in conjunction with the declarations and notifications specified in a) and b).

d) Participation in operational audits and evaluation of the results of operational audits with regards to the taxes listed in a).

e) Participation in objection and complaint processes with regards to the taxes listed in a).

The financial auditor takes the significant, published legislation and administrative approach into account when performing the above tasks.

(4) If the financial auditor receives flat rate compensation for ongoing tax consultation and in the absence of other written agreements, the activities listed in Para. 3 d) and e) shall be compensated separately.

(5) Processing special, individual questions regarding income tax, corporate tax, commercial tax, property evaluation and property taxes as well as all questions pertaining to sales tax, wage taxes, other taxes and fees are handled based on a special assignment. This also applies to

a) processing one-time tax matters, e.g. in the field of estate taxes, capital transfer taxes and property transfer taxes

b) participation and representation in court proceedings regarding financial and administrative jurisdiction and criminal tax matters and

c) consulting and auditing activities in conjunction with conversions, mergers, capital increases and decreases, overhauls, new and leaving shareholders, sale of the business, liquidation and similar.

(6) If the preparation of the annual sales tax declaration is assumed as a supplemental service, this excludes the review of any special accounting requirements and the question of whether all sales tax-related benefits available have been utilised. A guarantee for the complete creation of documents to enforce the pre-tax deduction is not part of the assignment.

12. Confidentiality towards third parties, data protection

(1) The financial auditor is obligated under the law to maintain confidentiality regarding all facts of which he/she becomes aware in the course of activity for the client, regardless of whether this pertains to the client itself or its business contacts, unless the client has released the auditor from this obligation.

(2) The financial auditor may only provide third parties with reports, audits and other written statements about the results of his/her activities with the written consent of the client.

(3) The financial auditor is authorised to process personal data entrusted to him/her as part of the client's purposes or to have it processed by a third party

13. Delay in approval and lack of cooperation by the client

If the client is in default of approving the services provided by the financial auditor or if the client fails to fulfil its participation in accordance with No. 3, the financial auditor is entitled to cancel the cooperation with immediate effect. The financial auditor may also claim for compensation for the additional expenses incurred due to the delay or lack of participation and damages incurred, even if the financial auditor does not exercise the right to cancel the agreement.

14. Remuneration

(1) In addition to his/her fees and remuneration, the financial auditor is entitled to compensation for personal expenses; the sales tax is calculated separately. He/she can demand reasonable advances on the compensation and reimbursement of expenses and is authorised to only render his/her services contingent upon such claims being met. Several clients are jointly liable.

(2) Offsetting against claims against the financial auditor for compensation and reimbursement of expenses is only permitted if the claims are undisputed or have been legally confirmed.

15. Storing and publishing documents

(1) The financial auditor shall store the documents provided in conjunction with the execution of an assignment and created and written correspondence for a period of ten years.

(2) Once the financial auditor's claims have been satisfied, he/she must return all documents provided as part of the assignment to the client upon request. This does not apply to correspondence between the financial auditor and its client and the written documents these parties both possess as originals and copies. The financial auditor can create and retain copies or photocopies of documents he returns to the client.

16. Applicable law

The execution of the assignment and resulting claims shall be governed by German law.

Audited unconsolidated financial accounts for Alpha Trains Polska Sp. z o.o. for the period ended 31 December 2013, prepared in accordance with Polish accounting standards.

**ALPHA TRAINS POLSKA SP. Z O.O.**
**WARSAW, AL. JEROZOLIMSKIE 56C**

**FINANCIAL STATEMENTS**
**FOR THE 2013 FINANCIAL YEAR**

**WITH**
**AUDITOR'S OPINION**
**AND**
**AUDIT REPORT**

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1. Introduction to the Financial Statements
2. Balance Sheet
3. Profit and Loss Account
4. Supplementary information and explanations

**REPORT ON THE ACTIVITIES OF ALPHA TRAINS POLSKA SP. Z O.O. FOR THE 2013 FINANCIAL YEAR**

# AUDITOR'S OPINION

**To the Shareholder of Alpha Trains Polska Sp. z o.o.**

We have audited the attached financial statements of Alpha Trains Polska Sp. z o.o. with its registered office in Warsaw, Al. Jerozoliskie 56C (hereinafter: the "Company"), including an introduction to the financial statements, balance sheet prepared as of 31 December 2013, profit and loss account from 1 January 2013 to 31 December 2013 and notes as required by the Accounting Act of 29 September 1994 (Journal of Laws of 2013 item 330 as amended), hereinafter referred to as the "Accounting Act".

Preparation of financial statements and a report on the activities in line with the law is the responsibility of the Management Board of the Company.

The Management Board of the Company are obliged to ensure that the financial statements and the report on the activities meet the requirements of the Accounting Act.

Our responsibility was to audit and express an opinion on compliance of the financial statements with the accounting principles (policy) adopted by the Company and whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Company and on the correctness of the underlying accounting records.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act,
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) and material estimates applied by the Company, verification – largely on a test basis – of the accounting evidence and records supporting the amounts and disclosures in the financial statements, as well as overall evaluation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the audited financial statements of Alpha Trains Polska Sp. z o.o. in all material respects:

- give a true and fair view of the information material to evaluation of the economic and financial position of the Company as of 31 December 2013 as well as its financial performance in the financial year from 1 January 2013 to 31 December 2013,
- have been prepared in accordance with the applicable accounting principles (policy) arising from the Accounting Act and its executory provisions and based on properly kept accounting records,
- comply with the provisions of law and the articles of association of the Company, which affect the contents of the financial statements.

The Report on the activities of the Company for the 2013 financial year is complete within the meaning of Article 49.2 of the Accounting Act and consistent with underlying information disclosed in the audited financial statements.

.....
Jacek Marczak
Key certified auditor
conducting the audit
No. 9750

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

.....
Dariusz Szkaradek – Vice-President of the Management Board of Deloitte Polska Sp. z o.o. - which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 23 January 2015

***The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.***

# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF ALPHA TRAINS POLSKA SP. Z O.O. FOR THE 2013 FINANCIAL YEAR

## I. GENERAL INFORMATION

### 1. Details of the audited Company

The Company operates under the business name Alpha Trains Polska Sp. z o.o. The Company's registered office is located in Warsaw at Al. Jerozolimskie 56C.

The Company operates as a limited liability company. Company is registered in the Register of Entrepreneurs kept by the District Court for the capital city of Warsaw XII Business Registry Department, under the KRS number 0000265250.

The Company operates based on the provisions of the Code of Commercial Companies.

As of 31 December 2013, the Company's share capital equaled PLN 911,000 and was divided into 1,822 ordinary shares with a face value of PLN 500 each.

In the audited period, the Company conducted activities mainly in the area of operating lease and rental.

Composition of the Management Board as of the date of the opinion:
- Hedwige Van De Wyer – Member of the Management Board,
- Shaun Michael Mills – Member of the Management Board,
- Fernando Perez Serrano – Member of the Management Board.

Changes in the composition of the Management Board during the audited period:
- Stefan Stiefel was recalled from the position of Member of the Management Board as of 21 March 2013,
- Fernando Perez Serrano was appointed as Member of the Management Board as of 26 March 2013.

The above changes have been reported and registered at a relevant court register.

### 2. Information on the financial statements for the previous financial year

The activities of the Company in 2012 resulted in a net loss of PLN 403,134.08. The financial statements of the Company for the 2012 financial year were audited by a certified auditor. The audit was performed by authorized entity Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. The certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders' Meeting which approved the financial statements for the 2012 financial year was held on 7 May 2013. The General Shareholders' Meeting decided to cover the net loss for 2012 from profits of future periods.

The financial statements for the 2012 financial year were submitted to the National Court Register (KRS) on 16 May 2013.

## 3. Details of the authorized entity and the key certified auditor acting on its behalf

The entity authorized to audit the financial statements was appointed by the Shareholders' Meeting. The audit of the financial statements was performed based on the agreement of 1 December 2014 concluded between the Company and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Jacek Marczak, key certified auditor, (No.9750), outside the Company's premises from 1 December 2014 until the opinion date.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor conducting the audit confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on statutory auditors and their self-governing body, auditing firms and on public oversight (Journal of Laws of 2009 No. 77, item 649 as amended) to express an unbiased and independent opinion on the financial statements of the Company.

## 4. Availability of data and management's representations

The scope of our audit was not limited.

During the audit, necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of 23 January 2015.

## II. ECONOMIC AND FINANCIAL POSITION OF THE COMPANY

Presented below are the main items from the profit and loss account and balance sheet as well as financial ratios describing the financial performance of the Company and its economic and financial position compared to the prior year.

| Main items from the profit and loss account (PLN '000) | 2013 | 2012 |
|---|---|---|
| Sales revenue | 18,969.92 | 20,873.07 |
| Operating expenses | (18,973.50) | (20,688.06) |
| Other operating revenue | 930.89 | 102.46 |
| Other operating expenses | (849.14) | (42.66) |
| Financial revenue | 104.85 | 1.26 |
| Financial expenses | (89.26) | (649.20) |
| Net profit (loss) | 93.76 | (403.13) |

| Main items from the balance sheet (PLN '000) | | |
|---|---|---|
| Long-term investments | - | 1,839.69 |
| Trade receivables | 2,013.08 | 2,676.00 |
| Short-term investments | 4,884.06 | 1,057.52 |
| Current assets | 6,901.39 | 3,749.69 |
| Total assets | 6,915.74 | 5,595.11 |
| Equity | 2,985.33 | 2,891.56 |
| Short-term liabilities | 2,389.83 | 1,400.37 |
| Trade liabilities | 1,225.45 | 348.81 |

| Profitability and efficiency ratios | 2013 | 2012 |
|---|---|---|
| – gross profit margin | 0.49% | -1.93% |
| – net profit margin | 0.49% | -1.93% |
| – return on equity | 3.24% | -12.24% |
| – assets turnover ratio | 2.74 | 3.73 |
| – receivables turnover in days | 45 | 59 |
| – liabilities turnover in days | 15 | 16 |

| Liquidity/Net working capital | | |
|---|---|---|
| – debt ratio | 56.83% | 48.32% |
| – equity to assets ratio | 43.17% | 51.68% |
| – net working capital (PLN '000) | 4,226.11 | 2,251.87 |
| – current ratio | 2.58 | 2.50 |
| – quick ratio | 2.58 | 2.50 |

An analysis of the above figures and ratios indicated the following trends in 2013:
- increase of net profit margin from -1.93% in 2012 to 0.49% in 2013,
- increase of return on equity ratio from -12.24% in 2012 to 3.24% in 2013,
- increase of debt ratio from 48.32% in 2012 to 56.83% in 2013,
- decrease of equity to assets ratio from 51.68% in 2012 to 43.17% in 2013,
- increase of net working capital from PLN 2,251.87 thousand in 2012 to PLN 4,226.11 thousand in 2013,
- increase of liquidity ratio from 2.50 in 2012 to 2.58 in 2013.

# III. DETAILED INFORMATION

## 1. Evaluation of the accounting system

The Company has valid documentation describing the adopted accounting principles, complying in all material respects with Article 10 of the Accounting Act. The principles have been applied consistently and did not change compared to the principles applied in the prior year. The opening balance resulting from the approved financial statements for the prior financial year has been properly introduced into the accounting records of the audited period.

Based on tests performed during the audit procedures, we have verified the adopted accounting system and found no misstatements that would affect the financial statements. Our audit did not include, though, the entire accounting system used by the Company.

The Company performed a physical count of assets and liabilities within the scope necessary to confirm the existence of the presented assets and liabilities.

## 2. Information about the audited financial statements

The audited financial statements were prepared as of 31 December 2013 and include:

- introduction to the financial statements,
- balance sheet prepared as of 31 December 2013, with total assets and liabilities plus equity of PLN 6,915,739.32,
- profit and loss account for the period from 1 January 2013 to 31 December 2013, disclosing a net profit of PLN 93,764.94,
- notes.

The Company did not prepare statement of changes in equity or statement of cash flows based on the provisions of article 45 point 3 of the Accounting Act.

The structure of assets and liabilities plus equity as well as items affecting the financial result has been presented in the financial statements.

## 3. Information about selected material items of the financial statements

Receivables

The ageing analysis of receivables was correctly presented in the respective explanatory note.

Short term investments

The short term investments comprise cash held on banking accounts and loans granted to related parties:

- cash and cash equivalents: PLN 4,866,054.16,
- loans provided: PLN 18,010.25.

Liabilities

The nature of contracted loans, security and maturity has been presented in the notes to the financial statements.

Ageing of trade liabilities has been disclosed in the relevant explanatory note to the balance sheet.

Prepayments, accruals and provisions for liabilities

Additional notes and information to prepaid and accrued expenses and reserves correctly present the structure of the positions.

Deferred expenses and incomes were correctly recorded in the audited financial year. Reserves were recorded in reliably estimated amounts.

Financial statements items were presented completely and correctly in matrial aspects.

### 4. Completeness and correctness of drawing up the introduction to the financial statements, notes and explanations and the report on the activities of the Company

The introduction to the financial statements includes material information required under Attachment no. 1 to the Accounting Act. The Company confirmed the validity of the going concern principle in the preparation of the financial statements. The introduction gives a correct and complete description of measurement principles regarding assets, liabilities, financial result and principles of preparation of the financial statements.

The notes to the financial statements give a correct and complete description of the reporting items and clearly present other information required under Attachment 1 to the Accounting Act.

The financial statements have been supplemented with the Management Board's report on the activities of the Company in the 2013 financial year. The report contains information required under Article 49.2 of the Accounting Act. We have audited the report with respect to the disclosed information derived directly from the audited financial statements.

## IV. FINAL NOTES

Management Board's Representation

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor received a representation letter from the Company's Management Board, in which the Board stated that the Company complied with the laws in force.

.....
Jacek Marczak
Key certified auditor
conducting the audit
No. 9750

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

.....
Dariusz Szkaradek – Vice-President of the Management Board of Deloitte Polska Sp. z o.o. - which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 23 January 2015

# ALPHA TRAINS POLSKA SP. Z O.O.

## FINANCIAL STATEMENTS

### FOR THE PERIOD FROM 01.01.2013 TO 31.12.2013

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**ALPHA TRAINS POLSKA SP. Z O.O.**
**Statement of the Board of Directors**

In accordance with the Accounting Act of 29 September 1994 (Revised Text, Journal of Laws from 2013, pos. 330), the Board of Directors is obliged to present the financial statements, which truly and fairly present the financial position at year end and the financial result for the reporting period. For the preparation of the financial statements, accounting principles suitable for Company's operation were adopted and have consistently been applied by the Company. The valuation of assets and liabilities and the financial result calculation were performed under the assumption that the Company will continue to operate as a going concern for the foreseeable future, without limiting its operations and without opening a liquidation or bankruptcy process.

The presented financial statements were prepared in accordance with the Accounting Act and consist of:

1) Introduction to the financial statements;

2) Balance sheet as at 31.12.2013 with total assets and total liabilities and equity of PLN 6 915 739,32;

3) Profit and loss account for the period from 01.01.2013 to 31.12.2013 with a net profit of PLN 93 764,94;

4) Supplementary information and explanations.

Hedwige Van De Wyer
*Member of the Board of Directors*

Shaun Michael Mills
*Member of the Board of Directors*

Fernando Pérez Serrano
*Member of the Board of Directors*

***Cracow, 21.03.2014***

**ALPHA TRAINS POLSKA SP. Z O.O.**
**Introduction to the financial statements**

## 1. General information on the Company

### *1. 1 Company name*

*ALPHA TRAINS POLSKA SP. Z O.O.*

### *1. 2 Registered office*

**Al. Jerozolimskie 56C; 00-803 Warszawa**

### *1. 3 Commercial registration*

Alpha Trains Polska Sp. z o.o. ("the Company") was established on September 18, 2006 by notarial deed and registered in the National Court Register kept in the local court in Warsaw, XII Business Department, under number KRS 0000265250.

### *1. 4 Scope of activities and time horizon of business activities of the Company*

The Company's Deed lists its business activities as follows:

- maintenance of railways, tram locomotives and rolling stock;
- financial leasing;
- other forms of granting credits;
- other financial intermediary services, not clasiffied elsewhere;
- lease of other land transport equipment;
- lease of other machines and equipments;
- management and business activity advisory services;
- technical analysis;
- other commercial activities, not classified elsewhere.

In the reporting period, the Company conducted activities in the area of operating leasing.

The Company was established for an indefinite period.

### *1. 5 Management Board*

As at the date of preparation of the financial statements, the composition of the Company's Management Board was as follows:

- Hedwige Van De Wyer;
- Shaun Michael Mills;
- Fernando Pérez Serrano - appointed as member of the Company's Management Board on March 26, 2013.

On March 21, 2013 Mr. Stefan Stiefel was revoked from the Company's Management Board.

### *1. 6 Period covered by the financial statements*

The financial statements were prepared for the period from 1 January 2013 to 31 December 2013 and the comparative data is for the period from 1 January 2012 to 31 December 2012.

### *1. 7 Going concern assumption*

The financial statements were prepared under the assumption that the Company will continue to operate as a going concern for the foreseeable future.

There is no evidence indicating that the Company will not be able to continue as a going concern.

## 2. Significant accounting policies

The significant accounting policies which have been adopted in the preparation of these financial statements are as follows:

### *2. 1 Basis of preparation*

The financial statements have been prepared in accordance with the practice followed by enterprises in Poland, based on accounting standards promulgated in the Polish Accounting Act dated 29 September 1994 (Revised Text, Journal of Laws from 2013, pos. 330).

In accordance with article 50 point 2 of the Accounting Act, the Company prepares abridged financial statements.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

### *2. 2 Income, expenses, financial result*

Revenue and expenses are recognised on the accrual basis in the period to which they relate, regardless of the period in which related payments are made or received.

The Company prepares its profit and loss account by type of expenditure.

*Income*

The Company classifies to income the economic benefits certain of occurring in the reporting period, of reliably estimated value, in the form of an increase in the value of assets or decrease in the value of liabilities resulting in an increase in equity other than contributions made by shareholders or owners.

*Expenses*

The Company classifies to expenses the reductions in economic benefits certain of occurring during the reporting period, of reliably estimated value, in the form of a decrease in the value of assets or increase in the value of liabilities and provisions resulting in a decrease in equity other than withdrawals made by shareholders or owners.

*Financial result*

The net financial result includes:

1. operating result, including the result on other operating income and expenses (related indirectly with the Company's operations),
2. result on financial transactions,
3. result on extraordinary items (arising from events hard to predict, beyond the Company's operations and unrelated with the general operating risk),
4. statutory appropriations of the financial result including income tax the Company is a payer of and similar payments required under separate regulations.

## *2. 3 Tangible assets*

This item includes tangible and equivalent assets with expected useful life exceeding one year, complete, fit for use and dedicated to the Company's purposes.

Tangible fixed assets are stated at acquisition or construction cost or at revalued amounts (after revaluation of tangible fixed assets) less accumulated depreciation and impairment losses.

The acquisition or construction cost includes all costs incurred in the construction, assembly and installation process up to the earlier of the balance sheet date or the date when the asset is placed in service. The cost comprises also the following:

- non-deductible value added tax and excise tax,
- borrowing costs and related foreign exchange gains and losses, net of investment income.

Subsequent expenditure on improvements such as re-construction, extension or modernisation is capitalised and increases the initially recognised cost of an asset. Subsequent expenditure is capitalised only if it increases the economic benefit embodied in the asset.

The gross value of tangible assets was reduced by depreciation write-offs. Depreciation rates were determined based on the useful life of tangible assets and reflect their actual wear and tear. Tangible fixed assets are depreciated using the straight-line method. Amortisation is calculated starting from the month following the month in which the asset was brought into use.

Tangible assets with a unit value not exceeding PLN 3,500.00 are depreciated on a once-off basis.

In cases of permanent impairment of tangible assets, the carrying value of tangible assets is reduced as appropriate. Impairment write-downs are charged to other operating expenses, and in respect of tangible assets subject to revaluation, reduce the revaluation differences charged to revaluation reserve. A potential surplus of impairment write-downs over revaluation differences is charged to other operating expenses.

### *2. 4 Long - term investment*

Investments include assets owned to attain economic benefits arising from an increase in their value, from income generated in the form of interest or dividends, or other benefits.

*Loans granted*

Loans granted are stated in the amounts due, taking into account the prudence principle. Initially financial receivables from loans are valued in the amount paid to borrowers. In later periods the receivables are valued according to the amortised cost method. Amortised cost is the initial amount of receivables increased by the income calculated according to the method of effective interest rate and reduced by payments made and write offs. The Company recognises receivables at the amounts due i.e. applying amortised cost calculated according to the straight-line interest rate if the difference between the straight-line interest rate and effective interest rate values do not affect the financial statements significantly.

### *2. 5 Short - term receivables and payables*

*Short - term receivables*

As at the balance sheet date, receivables are measured at the amount due, taking into consideration the prudence concept, and disclosed in the net value (reduced by write-downs).

Debtors are adjusted by an allowance for doubtful receivables taking into consideration the likelihood of future collection. The allowance is charged either to operating expenses or to financial expenses dependent on the type of receivable to which it relates.

*Short - term payables*

Creditors are stated at the amounts due. Financial liabilities which contractually are to be settled by transfer of financial assets other than cash or to be exchanged for financial instruments are stated at fair value.

As at the balance sheet date, receivables and payables were measured using an average exchange rate determined by the National Bank of Poland.

### *2. 6 Prepayments and accruals*

Prepayments include:

- long-term settlements pertaining to future reporting periods, with time to complete exceeding 12 months from the balance sheet date,
- short-term settlements pertaining to future reporting periods, with time to complete not exceeding 12 months from the balance sheet date.

Prepayments are recognised based on elapsed time or amounts paid.

Accruals include provisions which directly relate to the operating activity, namely production, sale, post-sale activities, and general administration.

The timing and method of settlement, are justified by the nature of settled expenses, taking into consideration the prudence principle.

### *2. 7 Deferred income*

The Company's deferred income includes in particular the equivalent of funds received or receivable from suppliers, arising from benefits to be provided in future reporting periods.

### *2. 8 Short-term investments*

*Cash and cash equivalents*

Cash in domestic currency is recognised at nominal value.

As at the balance sheet date, cash denominated in foreign currencies is translated into Polish zloty at the average exchange rate determined by the National Bank of Poland.

### *2. 9 Taxation*

Corporate income tax, as presented in the profit and loss account, comprises current and deferred income tax.

Current tax liabilities are calculated based on Polish tax regulations.

Deferred tax presented in the profit and loss account comprises the difference between deferred tax liabilities and deferred tax assets as at the beginning and the end of the financial period.

Deferred tax assets and liabilities relating to equity transactions are charged or credited to equity.

A deferred tax asset is recognised for all deductible temporary differences arising from differences between the tax base and the carrying amount of particular assets and liabilities and tax losses. A deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

A deferred tax liability is recognised for all taxable temporary differences arising from differences between the tax base and the carrying amount of particular assets and liabilities.

Deferred tax liabilities and assets are determined based on the tax rate binding for the year in which the related timing differences are expected to reverse.

Deferred tax liabilities and assets are presented separately in the balance sheet.

### *2. 10 Equity*

As at the balance sheet date, equity is carried at the amount defined in the Articles of Association and registered in the National Court Register.

The Company's supplementary capital is created in accordance with the Commercial Companies Code.

The Company's capital is fully paid up.

### *2. 11 Foreign exchange differences*

Foreign exchange differences resulting from remeasurement and settlement of monetary assets and liabilities denominated in foreign currencies, excluding long-term investments, and from the sale of foreign currencies are recorded as financial revenue or expenses. Certain eligible foreign exchange differences are capitalised to finished goods and merchandise inventory, tangible fixed assets, construction in progress or intangible fixed assets.

### *2. 12 Financial instruments*

In the current year, the Company does not have any other financial instruments except for trading receivables and liabilities. These are receivables and liabilities of short maturity for which the discounting effect is insignificant. They are measured at the amount due. Short-term receivables are measured taking into account impairment, i.e. the value of receivables is reduced for impairment in accordance with the probability of settlement.

*Recognition of hedging derivatives*

The Company does not apply hedge accounting.

### *2. 13 Foreign exchange rates taken to asset and liability measurement*

The following exchange rates (the average currency exchange rates of the National Bank of Poland) were used for the valuation of monetary items denominated in foreign currencies at the respective year end:

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| 1 EUR | 4,1472 | 4,0882 |

Business transactions denominated in foreign currencies are recognised on the date they are entered into at the exchange rate published for the given currency as at the date preceding the transaction.

## ALPHA TRAINS POLSKA SP. Z O.O.
## Balance Sheet
(All amounts are stated in PLN)

| ASSETS | Note | 31.12.2013 | 31.12.2012 |
|---|---|---|---|
| **Non current assets** | | **14 350,41** | **1 845 417,73** |
| **Tangible fixed assets** | 1. | | |
| Fixed assets | | 6 576,44 | - |
| machinery | | 6 576,44 | - |
| | | 6 576,44 | - |
| **Long-term investments** | | | |
| Long-term financial assets | 2. | - | 1 839 690,00 |
| in related parties | | - | 1 839 690,00 |
| | | - | 1 839 690,00 |
| **Long-term prepayments and deferred expenses** | | | |
| Deferred tax asset | 16.3 | 7 773,97 | 5 727,73 |
| | | 7 773,97 | 5 727,73 |
| **Current assets** | | **6 901 388,91** | **3 749 693,12** |
| **Short-term receivables** | 3. | | |
| Receivables from related parties | | 249 609,02 | 845 293,76 |
| trade debtors, maturing: | 3.1 | 249 609,02 | 845 293,76 |
| within 12 months | | 249 609,02 | 845 293,76 |
| Receivables from other parties | | 1 763 475,59 | 1 830 706,77 |
| trade debtors, maturing: | 3.1 | 1 763 475,59 | 1 830 706,77 |
| within 12 months | | 1 763 475,59 | 1 830 706,77 |
| | | 2 013 084,61 | 2 676 000,53 |
| **Short-term investments** | | | |
| Short-term financial assets | | 4 884 064,41 | 1 057 517,68 |
| in related parties | 4.1 | 18 010,25 | - |
| cash and cash equivalents | 4.2 | 4 866 054,16 | 1 057 517,68 |
| | | 4 884 064,41 | 1 057 517,68 |
| **Short-term prepayments and deferred expenses** | 5. | 4 239,89 | 16 174,91 |
| **TOTAL ASSETS** | | **6 915 739,32** | **5 595 110,85** |

## ALPHA TRAINS POLSKA SP. Z O.O.
## Balance Sheet

(All amounts are stated in PLN)

| EQUITY AND LIABILITIES | Note | 31.12.2013 | 31.12.2012 |
|---|---|---|---|
| **Equity** | | **2 985 327,76** | **2 891 562,82** |
| Share capital | 6.1 | 911 000,00 | 911 000,00 |
| Supplementary capital | | 2 583 000,00 | 2 583 000,00 |
| Accumulated profit/(loss) from previous years | | (602 437,18) | (199 303,10) |
| Net profit / (loss) | 6.3 | 93 764,94 | (403 134,08) |
| | | 2 985 327,76 | 2 891 562,82 |
| **Liabilities and provisions for liabilities** | | **3 930 411,56** | **2 703 548,03** |
| **Provisions for liabilities** | | | |
| Deferred tax liability | 16.3 | 7 773,97 | 5 727,73 |
| Other provisions | | 277 675,95 | 91 723,73 |
| short-term | 7. | 277 675,95 | 91 723,73 |
| | | 285 449,92 | 97 451,46 |
| **Short-term liabilities** | 8. | | |
| Related party liabilities | | 1 084 717,70 | 509 055,97 |
| trade creditors, maturing: | 8.2 | 1 079 838,39 | 263 581,51 |
| up to 12 months | | 1 079 838,39 | 263 581,51 |
| other | 8.2 | 4 879,31 | 245 474,46 |
| Liabilities due to other parties | | 1 305 112,06 | 891 314,08 |
| trade creditors, maturing: | 8.2 | 145 608,36 | 85 224,83 |
| up to 12 months | | 145 608,36 | 85 224,83 |
| taxation, custom duties and social security | | 727 766,95 | 793 161,26 |
| payroll creditors | | 12 959,73 | 12 262,11 |
| other | | 418 777,02 | 665,88 |
| | | 2 389 829,76 | 1 400 370,05 |

## ALPHA TRAINS POLSKA SP. Z O.O.
## Balance Sheet

(All amounts are stated in PLN)

| | Note | 31.12.2013 | 31.12.2012 |
|---|---|---|---|
| **Accruals** | | | |
| Other accruals | | 1 255 131,88 | 1 205 726,52 |
| short - term | 9. | 1 255 131,88 | 1 205 726,52 |
| | | 1 255 131,88 | 1 205 726,52 |
| **TOTAL EQUITY AND LIABILITIES** | | **6 915 739,32** | **5 595 110,85** |

Hedwige Van De Wyer
*Member of the Board of Directors*

Trinity Corporate Services Sp. z o.o.
*Entity responsible for maintaining the accounting records*

Shaun Michael Mills
*Member of the Board of Directors*

Fernando Pérez Serrano
*Member of the Board of Directors*

Cracow, 21.03.2014

## ALPHA TRAINS POLSKA SP. Z O.O.
## Profit and Loss Account

(All amounts are stated in PLN)

| | Note | 01.01.2013 - 31.12.2013 | 01.01.2012 - 31.12.2012 |
|---|---|---|---|
| **Net sale revenue and net sale revenue equivalents including:** | 10. | | |
| Net revenue from sale of products and services, including: | | 18 969 923,50 | 20 873 069,86 |
| - from related parties | | 782 104,95 | 770 711,45 |
| | | 18 969 923,50 | 20 873 069,86 |
| **Operating expenses** | 12. | | |
| Depreciation | | 346,12 | - |
| Materials and energy | | 1 035,74 | 183,47 |
| External services | | 18 490 511,31 | 20 252 916,14 |
| Taxes and charges | | 44,16 | 1 074,59 |
| Payroll | | 313 015,43 | 298 561,63 |
| Social security and other benefits | | 33 252,78 | 30 643,32 |
| Other expenditures by kind | | 135 290,40 | 104 683,01 |
| | | 18 973 495,94 | 20 688 062,16 |
| **Gross profit/(loss)** | | (3 572,44) | 185 007,70 |
| **Other operating revenue** | 11. | | |
| Other operating revenue | | 930 886,63 | 102 455,59 |
| | | 930 886,63 | 102 455,59 |
| **Other operating expenses** | 13. | | |
| Other operating costs | | 849 137,01 | 42 655,94 |
| | | 849 137,01 | 42 655,94 |
| **Operating profit** | | 78 177,18 | 244 807,35 |
| **Financial revenue** | | | |
| Interest | 14. | 104 848,83 | 1 256,17 |
| - from related parties | | 103 689,04 | - |
| | | 104 848,83 | 1 256,17 |
| **Financial expenses** | | | |
| Interest, including: | | 40,36 | 47 718,58 |
| - from related parties | | - | 47 438,60 |
| Other | 15. | 89 220,71 | 601 479,02 |
| | | 89 261,07 | 649 197,60 |
| **Gross profit/(loss) on business activities** | | 93 764,94 | (403 134,08) |

## ALPHA TRAINS POLSKA SP. Z O.O.
## Profit and Loss Account

(All amounts are stated in PLN)

| | Note | 01.01.2013 - 31.12.2013 | 01.01.2012 - 31.12.2012 |
|---|---|---|---|
| **Profit/(loss) before taxation** | | 93 764,94 | (403 134,08) |
| **Corporate income tax** | 16. | - | - |
| **Net profit/(loss)** | | **93 764,94** | **(403 134,08)** |

Hedwige Van De Wyer
*Member of the Board of Directors*

Trinity Corporate Services Sp. z o.o.
*Entity responsible for maintaining the accounting records*

Shaun Michael Mills
*Member of the Board of Directors*

Fernando Pérez Serrano
*Member of the Board of Directors*

Cracow, 21.03.2014

## 1. Fixed assets

### *1. 1 Change in fixed assets*

| | Machinery |
|---|---|
| **Gross book value** | |
| **As at 01.01.2013** | - |
| **Additions** | 6 922,56 |
| purchase of tangible fixed assets | 6 922,56 |
| **As at 31.12.2013** | 6 922,56 |
| **Accumulated depreciation** | |
| **As at 01.01.2013** | - |
| **Additions** | (346,12) |
| depreciation for the period | (346,12) |
| **As at 31.12.2013** | (346,12) |
| **Net book value** | |
| **As at 01.01.2013** | - |
| **As at 31.12.2013** | **6 576,44** |

## 2. Long - term investment

### *2. 1 Changes in long - term investment*

| | Long - term financial assets |
|---|---|
| **Gross book value** | |
| **As at 01.01.2013** | 1 839 690,00 |
| **Additions** | - |
| **Decreases** | (1 839 690,00) |
| loan repayment | (1 839 690,00) |
| **As at 31.12.2013** | - |
| **Impairment write-offs** | |
| **As at 01.01.2013** | - |
| **As at 31.12.2013** | - |
| **Net book value** | |
| **As at 01.01.2013** | **1 839 690,00** |
| **As at 31.12.2013** | - |

### *2. 2 Long - term financial assets in related parties*

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Loans granted by the Company | - | 1 839 690,00 |
| | - | **1 839 690,00** |

On December 22, 2009, the Company signed an agreement with an opened loan line under which Alpha Trains Group Sarl can borrow the maximum amont of 10 000 000 euro with the final repayment term till June 30, 2016. On October 29, 2013, Alpha Trains Group Sarl repaid a loan in an amount of EUR 450 000,00. The balance remaining as of 31.12.2012 comprises of the loan interest presented as short - term investments. The interest was repaid by Alpha Trains Group Sarl on January 21, 2014.

The interest is calculated on each tranche in the amount of the weighted average of loan costs in the Group plus 0,05% margin per annum.

## 3. Short - term receivables

### *3. 1 Specification of short - term receivables*

| Item | As at 31.12.2013 | | As at 31.12.2012 | |
|---|---|---|---|---|
| | gross value | net value | gross value | net value |
| **Receivables from related parties, including:** | 249 609,02 | 249 609,02 | 845 293,76 | 845 293,76 |
| trade receivables, maturing: | 249 609,02 | 249 609,02 | 845 293,76 | 845 293,76 |
| - up to 12 months | 249 609,02 | 249 609,02 | 845 293,76 | 845 293,76 |
| **Receivables from other entities, including:** | 1 763 475,59 | 1 763 475,59 | 1 830 706,77 | 1 830 706,77 |
| trade receivables, maturing: | 1 763 475,59 | 1 763 475,59 | 1 830 706,77 | 1 830 706,77 |
| - up to 12 months | 1 763 475,59 | 1 763 475,59 | 1 830 706,77 | 1 830 706,77 |
| | **2 013 084,61** | **2 013 084,61** | **2 676 000,53** | **2 676 000,53** |

### 3. 2 *Ageing analysis of gross trade receivables*

| Age in days: | Gross value | Net value |
|---|---|---|
| **from related parties, including:** | 249 609,02 | 249 609,02 |
| current | 249 609,02 | 249 609,02 |
| **from other entities, including:** | 1 763 475,59 | 1 763 475,59 |
| current | 1 763 475,59 | 1 763 475,59 |
| | **2 013 084,61** | **2 013 084,61** |

## 4. Short - term investment

### 4. 1 *Short - term financial assets in related parties*

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Loans provided | 18 010,25 | - |
| | **18 010,25** | - |

### 4. 2 *Cash and cash equivalents*

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Cash in banks (PLN) | 92 556,25 | 637 830,34 |
| Cash in banks (EUR) | 4 773 497,91 | 419 687,34 |
| | **4 866 054,16** | **1 057 517,68** |

## 5. Short - term prepayments and deferred expenses

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Input VAT carried forward to next periods | 2 942,29 | 9 652,83 |
| Other | 1 297,60 | 2 514,39 |
| Company car leasing costs | - | 4 007,69 |
| | **4 239,89** | **16 174,91** |

## 6. Equity

### 6. 1 *Ownership structure of share capital*

| Shareholders | Number of shares held | Value of shares | Percentage share in capital | Percentage share in total number of votes |
|---|---|---|---|---|
| Alpha Trains Group S.A.R.L. | 1 822,00 | 911 000,00 | 100,00% | 100,00% |
| | 1 822,00 | 911 000,00 | 100,00% | 100,00% |

### *6. 2 Capital movements*

| | Share capital | Supplementary capital | Accumulated profit/(loss) from previous year | Net profit/(loss) | Total |
|---|---|---|---|---|---|
| **As at 01.01.2013** | **911 000,00** | **2 583 000,00** | **(199 303,10)** | **(403 134,08)** | **2 891 562,82** |
| **Additions** | - | - | (403 134,08) | 93 764,94 | (309 369,14) |
| **Decreases** | - | - | - | (403 134,08) | (403 134,08) |
| **As at 31.12.2013** | **911 000,00** | **2 583 000,00** | **(602 437,18)** | **93 764,94** | **2 985 327,76** |

### *6. 3 Proposed distribution of the financial result*

The Board of Directors proposes to distribute the profit for the financial year as follows:
- transfer against losses from the previous years 93 764,94 PLN

## 7. Accruals

***Changes in other short - term accruals***

| | *Accrual for external services rendered* | *Accrual for employee bonus* | Total |
|---|---|---|---|
| As at 01.01.2013 | 51 005,25 | 40 718,48 | 91 723,73 |
| Accruals created | 236 369,83 | 41 306,12 | 277 675,95 |
| Accruals applied | (51 076,31) | (41 635,29) | (92 711,60) |
| Accruals released | 71,06 | 916,81 | 987,87 |
| As at 31.12.2013 | **236 369,83** | **41 306,12** | **277 675,95** |

## 8. Short - term liabilities

### *8. 1 Aged structure of short - term liabilities*

| **Age in days** | **31.12.2013** | **31.12.2012** |
|---|---|---|
| **to related parties, including:** | 1 079 838,39 | 263 581,51 |
| current | 1 079 838,39 | 263 581,51 |
| **to other entities, including:** | 145 608,36 | 85 224,83 |
| current | 137 531,91 | 54 265,29 |
| overdue, including: | 8 076,45 | 30 959,54 |
| *up to 90 days* | *8 076,45* | *14 253,26* |
| *180-360 days* | - | *16 706,28* |
| | **1 225 446,75** | **348 806,34** |

### *8. 2 Specification of short - term liabilities*

| Item | 31.12.2013 | 31.12.2012 |
|---|---|---|
| **Liabilities to related parties, including:** | | |
| trade liabilities, maturing up to 12 months | 1 079 838,39 | 263 581,51 |
| other: | 4 879,31 | 245 474,46 |
| *-other* | *4 879,31* | - |
| *-loan interest* | - | *245 474,46* |
| **Liabilities to other entities, including:** | | |
| trade liabilities, maturing up to 12 months | 145 608,36 | 85 224,83 |
| taxation, custom duties and social security: | 727 766,95 | 793 161,26 |
| *- VAT* | *355 732,00* | *404 068,00* |
| *- VAT carried forward to the next periods* | *333 460,53* | *333 923,42* |
| *- withholding tax* | *20 244,00* | *38 644,00* |
| *- ZUS* | *11 852,42* | *10 394,84* |
| *- personal income tax* | *6 478,00* | *6 131,00* |
| payroll and other benefits | 12 959,73 | 12 262,11 |
| other: | 418 777,02 | 665,88 |
| *-advances and deposits received* | *418 220,00* | - |
| *-other liabilities with employees* | *557,02* | *665,88* |
| | **2 389 829,76** | **1 400 370,05** |

## 9. Accrued income

### *Short-term accruals*

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Deferred revenue capital rent | 1 063 452,11 | 983 229,68 |
| Maintenance reserves | 183 319,01 | 206 013,22 |
| Deferred revenue Insurance | 8 360,76 | 16 483,62 |
| | **1 255 131,88** | **1 205 726,52** |

## 10. Structure of revenue from sales

### *10. 1 Structure by type*

| | 01.01.2013 - 31.12.2013 | 01.01.2012 - 31.12.2012 |
|---|---|---|
| **Net revenue from sales of services by type of activity, including:** | | |
| **From related parties:** | **782 104,95** | **770 711,45** |
| Management services | 782 104,95 | 770 711,45 |
| **From other parties:** | **18 187 818,55** | **20 102 358,41** |
| Leasing of locomotives | 15 690 698,88 | 17 437 709,65 |
| Maintenance reserves | 2 420 854,48 | 2 598 712,16 |
| Insurance | 76 265,19 | 65 936,60 |
| | **18 969 923,50** | **20 873 069,86** |

### *10. 2 Territorial structure*

| | 01.01.2013 - 31.12.2013 | 01.01.2012 - 31.12.2012 |
|---|---|---|
| **Revenue from the sale of services** | | |
| Domestic | 18 187 818,55 | 20 102 358,41 |
| Export | 782 104,95 | 770 711,45 |
| | **18 969 923,50** | **20 873 069,86** |

## 11. Other operating revenue

| | 01.01.2013 - 31.12.2013 | 01.01.2012 - 31.12.2012 |
|---|---|---|
| **Other, including:** | | |
| re-charges (locomotive repair) | 838 175,03 | 41 654,54 |
| release of other provisions | 92 711,60 | 60 801,05 |
| | **930 886,63** | **102 455,59** |

## 12. Operating expenses

| | 01.01.2013 - 31.12.2013 | 01.01.2012 - 31.12.2012 |
|---|---|---|
| **Operating expenses, including:** | | |
| Depreciation | 346,12 | - |
| Materials and energy | 1 035,74 | 183,47 |
| External services, including: | 18 490 511,31 | 20 252 916,14 |
| *operating lease* | *18 144 715,14* | *19 905 310,72* |
| *accounting services, HR, administrative* | *195 743,55* | *172 516,67* |
| *audit services* | *80 975,74* | *56 699,01* |
| *car leasing* | *32 061,24* | *31 176,18* |
| *legal and management services* | *15 322,18* | *65 967,74* |
| *domiciliary* | *9 708,00* | *9 348,00* |
| *bank charges* | *7 899,20* | *6 325,50* |
| *telecommunication services* | *4 086,26* | *5 514,03* |
| *other* | - | *58,29* |
| Taxes and charges | 44,16 | 1 074,59 |
| Payroll | 313 015,43 | 298 561,63 |
| Social security and other benefits | 33 252,78 | 30 643,32 |
| Other expenditures by kind | 135 290,40 | 104 683,01 |
| | **18 973 495,94** | **20 688 062,16** |

## 13. Other operating expenses

| | 01.01.2013 - 31.12.2013 | 01.01.2012 - 31.12.2012 |
|---|---|---|
| **Other, including:** | | |
| recharges | 839 596,40 | 41 649,82 |
| other | 9 535,15 | 1 000,00 |
| roundings | 5,46 | 6,12 |
| | **849 137,01** | **42 655,94** |

## 14. Financial revenue

### *14. 1 Interest revenue*

| Type of asset | 01.01.2013-31.12.2013 | | 01.01.2012-31.12.2012 | |
|---|---|---|---|---|
| | Accrued and realised interest | Accrued but unrealised interest | Accrued and realised interest | Accrued but unrealised interest |
| Loans granted | 85 479,34 | 18 209,70 | - | |
| Cash | 1 159,79 | - | 1 245,17 | - |
| Other assets: | - | - | 11,00 | - |
| *- statutory interest* | - | - | 11,00 | - |
| | **86 639,13** | **18 209,70** | **1 256,17** | **-** |

## 15. Financial expenses

### *15. 1 Other financial expenses*

| Item | 01.01.2013 - 31.12.2013 | 01.01.2012 - 31.12.2012 |
|---|---|---|
| **Other, including:** | | |
| surplus of exchange losses over exchange gains, including: | 89 220,71 | 601 479,02 |
| *exchange gains realised in current year* | (389 729,28) | (689 474,80) |
| *exchange losses realised in current year* | 420 700,11 | 1 263 702,54 |
| *unrealised valuation exchange gains* | - | 157 745,42 |
| *unrealised valuation exchange losses* | 58 249,88 | (130 494,14) |
| **Total other financial expenses** | **89 220,71** | **601 479,02** |

## 16. Corporate income tax

### *16. 1 Structure of corporate income tax*

| | 01.01.2013 - 31.12.2013 | 01.01.2012 - 31.12.2012 |
|---|---|---|
| Current tax | - | - |
| Deferred tax change | - | - |
| | - | - |

### *16. 2 Calculation of corporate income tax*

| | 01.01.2013 - 31.12.2013 | 01.01.2012 - 31.12.2012 |
|---|---|---|
| **Profit/(loss) before tax** | 93 764,94 | (403 134,08) |
| **I. Costs not classified as tax-deductible expenses** | | |
| **Operating expenses** | | |
| release of provisions for employee bonuses | (35 114,10) | (22 774,44) |
| release of provisions for social security related with employee bonuses | (6 521,19) | (4 226,69) |
| provisions for financial year expenses | 233 919,00 | 51 076,31 |
| provisions for bonus and social security | 41 910,35 | 41 635,29 |
| costs of business trips | 9 919,99 | 8 656,97 |
| unpaid social security | 5 164,13 | 4 364,09 |
| other operating costs | 1 680,50 | (19 723,79) |
| **Other operating expenses** | | |
| other | 6 019,45 | - |
| **Financial expenses** | | |
| exchange valuation losses | 50 877,13 | (130 494,14) |
| exchange losses realised non-tax | 28 977,47 | 96 698,10 |
| accrued tax liability interest | 39,80 | - |
| accrued credit and loan interest | - | 47 438,60 |
| accrued liability interest | - | 272,25 |
| **Total** | **336 872,53** | **72 922,55** |

| | 01.01.2013 - 31.12.2013 | 01.01.2012 - 31.12.2012 |
|---|---|---|
| **II. Revenue not classified as taxable income** | | |
| **Other operating revenue** | | |
| released other provisions | (51 076,31) | (33 799,92) |
| other | (0,03) | (11,00) |
| **Financial revenue** | | |
| exchange gains realised non-tax | (29 534,09) | (38 376,89) |
| loan interest | (18 209,70) | - |
| exchange gains on valuation | 7 372,75 | 157 745,42 |
| **Total** | **(91 447,38)** | **85 557,61** |
| **III. Other changes in taxable base** | | |
| paid interest accrued in last years | 254 222,96 | - |
| paid ZUS premium from salaries input last year | 4 364,09 | 4 297,16 |
| **Total** | **258 587,05** | **4 297,16** |
| Tax base | 80 603,04 | (248 951,08) |
| Losses from prior years | (80 603,04) | - |
| Taxable loss | - | (248 951,08) |
| Current tax (19%) | - | - |

## *16. 3 Deferred tax*

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| **Negative temporary differences - charged to financial result:** | | |
| exchange valuation losses | 242 220,38 | 11 545,09 |
| provision for trade and other employees liabilities | 100 012,09 | 91 723,72 |
| unpaid employees benefits and social security | 5 164,13 | 4 364,09 |
| loan interest | - | 245 474,46 |
| | 347 396,60 | 353 107,36 |
| **Total negative temporary differences** | 347 396,60 | 353 107,36 |
| **Total taxable temporary differences:** | 347 396,60 | 353 107,36 |
| Deferred tax asset (19%) | 66 005,35 | 67 090,40 |
| Revaluation write-down on assets | (58 231,39) | (61 362,67) |
| **Net deferred tax asset** | **7 773,96** | **5 727,73** |

| Positive temporary differences - charged to financial result: | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Positive forex differences from revaluation | 22 905,36 | 30 145,97 |
| Accrued interest on accounts receivable | 18 010,25 | - |
| | 40 915,61 | 30 145,97 |
| **Total positive temporary differences** | 40 915,61 | 30 145,97 |
| **Deferred tax liability (19%)** | **7 773,97** | **5 727,73** |

The amount recognised in the P&L in respect of the calculation of deferred tax amounts to PLN (negative value - decrease of net result) 0,00

The deferred tax asset is recognised in the balance sheet in the amount of the deferred tax liability.

### *16. 4 Tax regulations in Poland*

In Poland there are numerous regulations regarding value added tax, corporate tax as well as social security premiums. Tax laws are regularly being updated and changed which may result in some discrepancies and differing interpretations within the tax authority offices and between government bodies and tax payers, which in turn may result in uncertainty and disputes.

Tax settlements and other areas subject to statutory compliance, such as customs, or foreign currency controls, can result in audits by the relevant authorities who have the right to impose penalties together with statutory interest.

Consequently, the tax risk in Poland can be higher than in more developed tax jurisdictions. Tax settlements can be subject to audits for a period of up to five years from the end of the calendar year in which the tax payment elapsed.

## 17. Outlays for non-financial fixed assets

| | 31.12.2013 |
|---|---|
| **Expenditures on non-financial fixed assets:** | |
| expenditures in the current year | 6 922,56 |

## 18. Fixed assets - required disclosures

The Company leases the premises for it's registered address purposes, which is not depreciated. Alpha Trains Polska Sp. z o. o. has one non depreciated fixed asset - car Opel Insignia CDTI Cosm 195 KB ( registration number WE493GM) used on the basis of lease agreement number OWN/20002/12062013 concluded on June, 12 2013 with Arval Service Lease Polska Sp. z o. o. The car's value as at December 31, 2013 amounts to PLN 112 502,72. The Company has no liabilities to the state or municipalities arising from the acquisition of ownership rights to buildings and constructions. It has not produced fixed assets for internal use.

## 19. Information on unconsolidated joint ventures

During the financial year the Company did not take part in any joint ventures.

## 20. Subsequent events not included in the financial statements

After year end no events which should be accounted for in the current financial statements took place.

## 21. Information about events related to previous years and accounted for in the current year

There were no events related to previous years which should be accounted for in the current financial statements.

## 22. Contracts not included in the balance sheet

All contracts, which have a significant impact on the financial position and the financial result of the Company, are included in the balance sheet.

## 23. Auditor remuneration

The remuneration of the Auditor paid or payable for the year includes:

- annual audit of the financial statements for the year 2013, in the amount of EUR 8 400 (will be paid in 2014, included in the cost of the year 2013 as an accrual).

## 24. Employment

Average level of employment during the year:

| | Women | Men | Total |
|---|---|---|---|
| Administrative and general | - | 1,00 | 1,00 |
| | - | 1,00 | 1,00 |

## 25. Salaries, loans and related benefits paid to members of the management, supervisory and administration boards

The Company did not pay any remuneration and did not grant loans to members of the Management Board.
The Company does not have a Supervisory Board.

## 26. Related parties transactions

| Company | Income | Cost | Liabilities | Receivables |
|---|---|---|---|---|
| Alpha Trains Belgium NV | 217,88 | 51 849,52 | 56 510,95 | - |
| Alpha Trains Group S.a.r.l. | 159 394,60 | 23 903,23 | - | - |
| Alpha Trains Luxembourg S.A.R.L. | 1 405 583,38 | 11 979 822,75 | 1 028 206,75 | 163 695,38 |
| Alpha Trains (UK) Limited | 297 990,37 | 5 763,31 | - | 85 913,64 |
| | **1 863 186,23** | **12 061 338,81** | **1 084 717,70** | **249 609,02** |

## 27. Transactions with related parties conducted on non arm's length principles

The Company does not conduct transactions with related parties on terms other than arm's length principles.

## 28. Information about the consolidated financial statements

The Company is not a holding entity for any capital group, so it does not prepare consolidated financial statements.

The entity preparing financial statements at the highest level of the capital group in which the company is a subsidiary, is:

Alpha Trains (Luxembourg) Holdings S.a. r. l.
22, rue Alfred de Musset
L-2175 Luxembourg

The entity preparing consolidated financial statements at the lowest level of the capital group in which the company is a subsidiary , is:

Alpha Trains Group S.A.R.L.
22, rue Alfred de Musset
L-2175 Luxembourg

## 29. Contingent liabilities

There were no contingent liabilities as at the balance sheet date.

## 30. Discontinued operations

The Company did not discontinue any operations in the financial period and does not plan to do so in the next year.

## 31. Business combinations

No merger took place in the financial period.

## 32. Changes in accounting principles (policy)

There were no changes in accounting principles in the financial period.

## 33. Going concern

The Board does not foresee any threats to the continuation of the Company's activities. The Company plans to develop its activities and its income will be attained in later periods. In the Board's opinion, the anticipated profits which the investment will bring, will cover the losses from previous years.

Hedwige Van De Wyer
*Member of the Board of Directors*

Trinity Corporate Services Sp. z o.o.
*Entity responsible for maintaining the accounting records*

Shaun Michael Mills
*Member of the Board of Directors*

Fernando Pérez Serrano
*Member of the Board of Directors*

Cracow, 21.03.2014

Audited unconsolidated financial accounts for Alpha Trains Belgium NV for the period ended 31 December 2013, prepared in accordance with Belgian accounting standards.

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Lange Lozanastraat 270
2018 Antwerpen
Belgium
Tel. + 32 3 800 88 00
Fax + 32 3 800 88 01
www.deloitte.be

# Alpha Trains Belgium SA

## Statutory auditor's report for the year ended 31 December 2013

The original text of this report is in Dutch

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Berkenlaan 8b, B-1831 Diegem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Lange Lozanastraat 270
2018 Antwerpen
Belgium
Tel. + 32 3 800 88 00
Fax + 32 3 800 88 01
www.deloitte.be

# Alpha Trains Belgium SA

## Statutory auditor's report for the year ended 31 December 2013 to the shareholders' meeting

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the financial statements together with the required additional comments.

## Unqualified audit opinion on the financial statements, with explanatory paragraph

We have audited the financial statements of Alpha Trains Belgium SA for the year ended 31 December 2013, prepared in accordance with the accounting principles applicable in Belgium, which show total assets of 24,499,719 EUR and a profit for the year of 1,427,783 EUR.

The board of directors of the company is responsible for the preparation of the financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence that we have obtained provides a reasonable basis for our opinion.

In our opinion, the financial statements as of 31 December 2013 give a true and fair view of the company's assets, liabilities, financial position and results in accordance with the accounting principles applicable in Belgium.

Deloitte.

Notwithstanding the company incurred significant losses, which impact the financial position of the company, the financial statements have been prepared under the assumption of going concern of the activities of the company. Such assumption is only justified to the extent that the company can maintain the financial support from its shareholders or can appeal to other financing. Without qualifying our opinion, we draw attention to the annual report of the Board of Directors who, in accordance with legal stipulations in Belgium, justifies the application of the valuation rules under the assumption of going concern. No adjustments were made with respect to the valuation or classification of certain assets and liabilities should the company be unable to continue as a going concern.

## Additional comments

The preparation and the assessment of the information that should be included in the directors' report and the company's compliance with the requirements of the Companies Code and its articles of association are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comments which do not change the scope of our audit opinion on the financial statements:

- The directors' report includes the information required by law and is in agreement with the financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the company, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- No transactions have been undertaken or decisions taken in violation of the company's articles of association or the Companies Code such as we would be obliged to report to you. The appropriation of the results proposed to the general meeting is in accordance with the requirements of the law and the company's articles of association.

Antwerp, 2 April 2014

**The statutory auditor**

**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Dirk Cleymans

| 40 | | | | 1 | EUR | | |
|---|---|---|---|---|---|---|---|
| NAT. | Date of deposit | Nr. | P. | E. | D. | | F 1.1 |

**ANNUAL ACCOUNTS IN EUROS (2 decimals)**

NAME: *Alpha Trains Belgium*

Legal form: *Public limited company*

Address: *Jan Van Gentstraat* Nr.: *7* Box: *201*

Postal code: *2000* Municipality: *Antwerp*

Country: *Belgium*

Register of legal persons - commercial court: *Antwerp*

Website*: *www.alphatrains.eu*

Company number *BE 0477.136.268*

DATE *10 / 12 / 2009* of deposit of the memorandum of association OR of the most recent document mentioning the date of publication of the memorandum of association and of the act amending the articles of association.

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ANNUAL ACCOUNTS approved by the general meeting of *02 / 06 / 2014*

regarding the period from *01 / 01 / 2013* to *31 / 12 / 2013*

Preceding period from *01 / 01 / 2012* to *31 / 12 / 2012*

The amounts for the preceding period **are** / ~~**are not**~~** identical to the ones previously published.

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COMPLETE LIST with name, surnames, profession, address (street, number, postal code and municipality) and position within the company, of the DIRECTORS, BUSINESS MANAGERS AND AUDITORS

| | | |
|---|---|---|
| *Hedwige Van de Wyer* | *Mechelsesteenweg 194, 2018 Antwerp, Belgium* | *Director 02/06/2009 - 01/06/2015* |
| *Shaun Michael Mills* | *Grove Cottage, Beardsmore Drive 0, WA3 2JH Lowton, Cheshire, United Kingdom* | *Director 09/09/2010 - 01/06/2016* |
| *Fernando Pérez Serrano* | *Rafael Bergamin 5-E 8-A, 28043 Madrid, Spain* | *Director 20/03/2013 - 03/06/2019* |
| *Deloitte Bedrijfsrevisoren Nr.: BE 0429.053.863 Membership nr.: 025* | *Berkenlaan 8b, 1831 Diegem, Belgium* | *Auditor 01/06/2011 - 02/06/2014* |
| *Represented by:* | | |
| *Dirk Cleymans (Auditor)* | *Lange Lozanastraat 270, 2018 Antwerp, Belgium* | |

Are attached to these annual accounts:

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Total number of pages deposited: *28* Numbers of sections of the standard form not deposited because they serve no useful purpose: *5.1, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.3.1, 5.3.4, 5.3.6, 5.4.1, 5.4.2, 5.5.1, 5.5.2, 5.6, 5.8, 5.13, 5.16, 5.17.2, 8, 9*

*Signature (name and position)* *Signature (name and position)*

* Optional information.

** Strike out what is not applicable.



OCR9002

| Nr. | *BE 0477.136.268* | F 1.2 |
|---|---|---|

**DECLARATION REGARDING A COMPLIMENTARY REVIEW OR CORRECTION ASSIGNMENT**

The managing board declares that no audit or correction assignment has been given to a person who was not authorised to do so by law, pursuant to art. 34 and 37 of the law of 22th April 1999 concerning accounting and tax professions.

The annual accounts were / **were not**[*] audited or corrected by an external accountant or by a company auditor who is not the statutory auditor.

If affirmative, mention hereafter: name, surnames, profession, address of each external accountant or company auditor and his membership number with his Institute as well as the nature of his assignment:

A. Bookkeeping of the enterprise[**],
B. Preparing the annual accounts[**],
C. Auditing the annual accounts and/or
D. Correcting the annual accounts.

If the tasks mentioned under A. or B. are executed by certified accountants or certified bookkeepers - tax specialists, you can mention hereafter: name, surnames, profession, address of each certified accountant or certified bookkeeper - tax specialist and the nature of his assignment.

| Name, surnames, profession and address | Number | Nature of the assignment (A, B, C and/or D) |
|---|---|---|
| | | |

[*] Strike out what is not applicable.
[**] Optional information.

## BALANCE SHEET AFTER APPROPRIATION

| | Discl. | Codes | Period | Preceding period |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **FIXED ASSETS** | | 20/28 | *218.877,78* | *261.931,39* |
| **Formation expenses** | 5.1 | 20 | ..... | ..... |
| **Intangible fixed assets** | 5.2 | 21 | ..... | ..... |
| **Tangible fixed assets** | 5.3 | 22/27 | *99.835,44* | *124.543,50* |
| Land and buildings | | 22 | ..... | ..... |
| Plant, machinery and equipment | | 23 | *35.601,36* | *24.130,13* |
| Furniture and vehicles | | 24 | *14.599,72* | *21.834,77* |
| Leasing and similar rights | | 25 | ..... | ..... |
| Other tangible fixed assets | | 26 | *49.634,36* | *78.578,60* |
| Assets under construction and advance payments | | 27 | ..... | ..... |
| **Financial fixed assets** | 5.4/ 5.5.1 | 28 | *119.042,34* | *137.387,89* |
| Affiliated enterprises | 5.14 | 280/1 | ..... | ..... |
| Participating interests | | 280 | ..... | ..... |
| Amounts receivable | | 281 | ..... | ..... |
| Other enterprises linked by participating interests | 5.14 | 282/3 | ..... | ..... |
| Participating interests | | 282 | ..... | ..... |
| Amounts receivable | | 283 | ..... | ..... |
| Other financial assets | | 284/8 | *119.042,34* | *137.387,89* |
| Shares | | 284 | ..... | ..... |
| Amounts receivable and cash guarantees | | 285/8 | *119.042,34* | *137.387,89* |
| **CURRENT ASSETS** | | 29/58 | *24.280.841,03* | *22.373.041,53* |
| **Amounts receivable after more than one year** | | 29 | ..... | ..... |
| Trade debtors | | 290 | ..... | ..... |
| Other amounts receivable | | 291 | ..... | ..... |
| **Stocks and contracts in progress** | | 3 | ..... | ..... |
| Stocks | | 30/36 | ..... | ..... |
| Raw materials and consumables | | 30/31 | ..... | ..... |
| Work in progress | | 32 | ..... | ..... |
| Finished goods | | 33 | ..... | ..... |
| Goods purchased for resale | | 34 | ..... | ..... |
| Immovable property intended for sale | | 35 | ..... | ..... |
| Advance payments | | 36 | ..... | ..... |
| Contracts in progress | | 37 | ..... | ..... |
| **Amounts receivable within one year** | | 40/41 | *22.542.400,87* | *21.759.381,59* |
| Trade debtors | | 40 | *10.587.004,86* | *14.219.257,25* |
| Other amounts receivable | | 41 | *11.955.396,01* | *7.540.124,34* |
| **Current investments** | 5.5.1/ 5.6 | 50/53 | ..... | ..... |
| Own shares | | 50 | ..... | ..... |
| Other investments | | 51/53 | ..... | ..... |
| **Cash at bank and in hand** | | 54/58 | *1.738.440,16* | *613.659,94* |
| **Deferred charges and accrued income** | 5.6 | 490/1 | ..... | ..... |
| **TOTAL ASSETS** | | 20/58 | *24.499.718,81* | *22.634.972,92* |

| | Discl. | Codes | Period | Preceding period |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** (+)/(-) | | 10/15 | *9.503.855,30* | *8.076.071,95* |
| **Capital** | 5.7 | 10 | *12.600.000,00* | *12.600.000,00* |
| Issued capital | | 100 | *12.600.000,00* | *12.600.000,00* |
| Uncalled capital | | 101 | | |
| **Share premium account** | | 11 | | |
| **Revaluation surpluses** | | 12 | | |
| **Reserves** | | 13 | | |
| Legal reserve | | 130 | | |
| Reserves not available | | 131 | | |
| In respect of own shares held | | 1310 | | |
| Other | | 1311 | | |
| Untaxed reserves | | 132 | | |
| Available reserves | | 133 | | |
| **Accumulated profits (losses)** (+)/(-) | | 14 | *-3.096.144,70* | *-4.523.928,05* |
| **Investment grants** | | 15 | | |
| **Advance to associates on the sharing out of the assets** | | 19 | | |
| **PROVISIONS AND DEFERRED TAXES** | | 16 | | |
| **Provisions for liabilities and charges** | | 160/5 | | |
| Pensions and similar obligations | | 160 | | |
| Taxation | | 161 | | |
| Major repairs and maintenance | | 162 | | |
| Other liabilities and charges | 5.8 | 163/5 | | |
| **Deferred taxes** | | 168 | | |
| **AMOUNTS PAYABLE** | | 17/49 | *14.995.863,51* | *14.558.900,97* |
| **Amounts payable after more than one year** | 5.9 | 17 | | |
| Financial debts | | 170/4 | | |
| Subordinated loans | | 170 | | |
| Unsubordinated debentures | | 171 | | |
| Leasing and other similar obligations | | 172 | | |
| Credit institutions | | 173 | | |
| Other loans | | 174 | | |
| Trade debts | | 175 | | |
| Suppliers | | 1750 | | |
| Bills of exchange payable | | 1751 | | |
| Advances received on contracts in progress | | 176 | | |
| Other amounts payable | | 178/9 | | |
| **Amounts payable within one year** | | 42/48 | *9.518.710,08* | *8.807.809,10* |
| Current portion of amounts payable after more than one year falling due within one year | 5.9 | 42 | | |
| Financial debts | | 43 | | |
| Credit institutions | | 430/8 | | |
| Other loans | | 439 | | |
| Trade debts | | 44 | *5.918.942,60* | *5.287.943,70* |
| Suppliers | | 440/4 | *5.918.942,60* | *5.287.943,70* |
| Bills of exchange payable | | 441 | | |
| Advances received on contracts in progress | | 46 | | |
| Taxes, remuneration and social security | 5.9 | 45 | *908.458,22* | *831.709,14* |
| Taxes | | 450/3 | *1.387,82* | |
| Remuneration and social security | | 454/9 | *907.070,40* | *831.709,14* |
| Other amounts payable | | 47/48 | *2.691.309,26* | *2.688.156,26* |
| **Accruals and deferred income** | 5.9 | 492/3 | *5.477.153,43* | *5.751.091,87* |
| **TOTAL LIABILITIES** | | 10/49 | *24.499.718,81* | *22.634.972,92* |

## INCOME STATEMENT

| | Discl. | Codes | Period | Preceding period |
|---|---|---|---|---|
| **Operating income** | | 70/74 | *49.337.018,78* | *50.623.150,96* |
| Turnover | 5.10 | 70 | *42.328.717,47* | *44.574.500,29* |
| Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-) | | 71 | ..... | ..... |
| Own work capitalised | | 72 | ..... | ..... |
| Other operating income | 5.10 | 74 | *7.008.301,31* | *6.048.650,67* |
| **Operating charges** (+)/(-) | | 60/64 | *48.377.962,87* | *50.215.362,98* |
| Raw materials, consumables | | 60 | *43.781.917,97* | *44.725.471,41* |
| Purchases | | 600/8 | *43.781.917,97* | *44.725.471,41* |
| Stocks: decrease (increase) (+)/(-) | | 609 | ..... | ..... |
| Services and other goods | | 61 | *1.090.252,91* | *1.418.484,34* |
| Remuneration, social security costs and pensions (+)/(-) | 5.10 | 62 | *3.894.668,93* | *3.191.579,66* |
| Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets | | 630 | *55.149,36* | *56.961,58* |
| Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-) | | 631/4 | *-685.500,00* | *685.500,00* |
| Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-) | 5.10 | 635/7 | ..... | ..... |
| Other operating charges | 5.10 | 640/8 | *241.473,70* | *137.365,99* |
| Operating charges carried to assets as restructuring costs (-) | | 649 | ..... | ..... |
| **Operating profit (loss)** (+)/(-) | | 9901 | *959.055,91* | *407.787,98* |
| **Financial income** | | 75 | *478.983,14* | *526.136,17* |
| Income from financial fixed assets | | 750 | ..... | ..... |
| Income from current assets | | 751 | *478.333,12* | *504.615,17* |
| Other financial income | 5.11 | 752/9 | *650,02* | *21.521,00* |
| **Financial charges** (+)/(-) | 5.11 | 65 | *7.477,11* | *20.426,86* |
| Debt charges | | 650 | *2.698,57* | *11.944,22* |
| Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-) | | 651 | ..... | ..... |
| Other financial charges (+)/(-) | | 652/9 | *4.778,54* | *8.482,64* |
| **Gain (loss) on ordinary activities before taxes** (+)/(-) | | 9902 | *1.430.561,94* | *913.497,29* |

| | Discl. | Codes | Period | Preceding period |
|---|---|---|---|---|
| **Extraordinary income** | | 76 | | |
| Write-back of depreciation and of amounts written off intangible and tangible fixed assets | | 760 | | |
| Write-back of amounts written down financial fixed assets | | 761 | | |
| Write-back of provisions for extraordinary liabilities and charges | | 762 | | |
| Capital gains on disposal of fixed assets | | 763 | | |
| Other extraordinary income | 5.11 | 764/9 | | |
| **Extraordinary charges** (+)/(-) | | 66 | | |
| Extraordinary depreciation of and extraordinary amounts written off formation expenses, intangible and tangible fixed assets | | 660 | | |
| Amounts written off financial fixed assets | | 661 | | |
| Provisions for extraordinary liabilities and charges: appropriations (uses) (+)/(-) | | 662 | | |
| Capital losses on disposal of fixed assets | | 663 | | |
| Other extraordinary charges | 5.11 | 664/8 | | |
| Extraordinary charges carried to assets as restructuring costs (-) | | 669 | | |
| **Gain (loss) for the period before taxes** (+)/(-) | | 9903 | *1.430.561,94* | *913.497,29* |
| **Transfer from deferred taxes** | | 780 | | |
| **Transfer to deferred taxes** | | 680 | | |
| **Income taxes** (+)/(-) | 5.12 | 67/77 | *2.778,59* | |
| Income taxes | | 670/3 | *2.778,59* | |
| Adjustment of income taxes and write-back of tax provisions | | 77 | | |
| **Gain (loss) of the period** (+)/(-) | | 9904 | *1.427.783,35* | *913.497,29* |
| **Transfer from untaxed reserves** | | 789 | | |
| **Transfer to untaxed reserves** | | 689 | | |
| **Gain (loss) of the period available for appropriation** (+)/(-) | | 9905 | *1.427.783,35* | *913.497,29* |

## APPROPRIATION ACCOUNT

| | Codes | Period | Preceding period |
|---|---|---|---|
| **Profit (loss) to be appropriated** .....(+)/(-) | 9906 | *-3.096.144,70* | *-4.523.928,05* |
| Gain (loss) of the period available for appropriation .....(+)/(-) | (9905) | *1.427.783,35* | *913.497,29* |
| Profit (loss) brought forward .....(+)/(-) | 14P | *-4.523.928,05* | *-5.437.425,34* |
| **Withdrawals from capital and reserves** ..... | 791/2 | ..... | ..... |
| from capital and share premium account ..... | 791 | ..... | ..... |
| from reserves ..... | 792 | ..... | ..... |
| **Transfer to capital and reserves** ..... | 691/2 | ..... | ..... |
| to capital and share premium account ..... | 691 | ..... | ..... |
| to legal reserve ..... | 6920 | ..... | ..... |
| to other reserves ..... | 6921 | ..... | ..... |
| **Profit (loss) to be carried forward** .....(+)/(-) | (14) | *-3.096.144,70* | *-4.523.928,05* |
| **Owners' contribution in respect of losses** ..... | 794 | ..... | ..... |
| **Profit to be distributed** ..... | 694/6 | ..... | ..... |
| Dividends ..... | 694 | ..... | ..... |
| Directors' or managers' entitlements ..... | 695 | ..... | ..... |
| Other beneficiaries ..... | 696 | ..... | ..... |

| | Codes | Period | Preceding period |
|---|---|---|---|
| **PLANT, MACHINERY AND EQUIPMENT** | | | |
| **Acquisition value at the end of the period** | 8192P | *xxxxxxxxxxxxxx* | *222.353,47* |
| **Movements during the period** | | | |
| Acquisitions, including produced fixed assets | 8162 | *30.441,30* | |
| Sales and disposals | 8172 | ..... | |
| Transfers from one heading to another (+)/(-) | 8182 | ..... | |
| **Acquisition value at the end of the period** | 8192 | *252.794,77* | |
| **Revaluation surpluses at the end of the period** | 8252P | *xxxxxxxxxxxxxx* | ..... |
| **Movements during the period** | | | |
| Recorded | 8212 | ..... | |
| Acquisitions from third parties | 8222 | ..... | |
| Cancelled | 8232 | ..... | |
| Transferred from one heading to another (+)/(-) | 8242 | ..... | |
| **Revaluation surpluses at the end of the period** | 8252 | ..... | |
| **Depreciations and amounts written down at the end of the period** | 8322P | *xxxxxxxxxxxxxx* | *198.223,34* |
| **Movements during the period** | | | |
| Recorded | 8272 | *18.970,07* | |
| Written back | 8282 | ..... | |
| Acquisitions from third parties | 8292 | ..... | |
| Cancelled owing to sales and disposals | 8302 | ..... | |
| Transferred from one heading to another (+)/(-) | 8312 | ..... | |
| **Depreciations and amounts written down at the end of the period** | 8322 | *217.193,41* | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | (23) | *35.601,36* | |

| | Codes | Period | Preceding period |
|---|---|---|---|
| **FURNITURE AND VEHICLES** | | | |
| **Acquisition value at the end of the period** | 8193P | *xxxxxxxxxxxxxx* | *186.143,55* |
| **Movements during the period** | | | |
| Acquisitions, including produced fixed assets | 8163 | ..... | |
| Sales and disposals | 8173 | ..... | |
| Transfers from one heading to another (+)/(-) | 8183 | ..... | |
| **Acquisition value at the end of the period** | 8193 | *186.143,55* | |
| **Revaluation surpluses at the end of the period** | 8253P | *xxxxxxxxxxxxxx* | ..... |
| **Movements during the period** | | | |
| Recorded | 8213 | ..... | |
| Acquisitions from third parties | 8223 | ..... | |
| Cancelled | 8233 | ..... | |
| Transferred from one heading to another (+)/(-) | 8243 | ..... | |
| **Revaluation surpluses at the end of the period** | 8253 | ..... | |
| **Depreciations and amounts written down at the end of the period** | 8323P | *xxxxxxxxxxxxxx* | *164.308,78* |
| **Movements during the period** | | | |
| Recorded | 8273 | *7.235,05* | |
| Written back | 8283 | ..... | |
| Acquisitions from third parties | 8293 | ..... | |
| Cancelled owing to sales and disposals | 8303 | ..... | |
| Transferred from one heading to another (+)/(-) | 8313 | ..... | |
| **Depreciations and amounts written down at the end of the period** | 8323 | *171.543,83* | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | (24) | *14.599,72* | |

| | Codes | Period | Preceding period |
|---|---|---|---|
| **OTHER TANGIBLE FIXED ASSETS** | | | |
| **Acquisition value at the end of the period** | 8195P | *xxxxxxxxxxxxxx* | *213.924,23* |
| **Movements during the period** | | | |
| Acquisitions, including produced fixed assets | 8165 | ..... | |
| Sales and disposals | 8175 | ..... | |
| Transfers from one heading to another (+)/(-) | 8185 | ..... | |
| **Acquisition value at the end of the period** | 8195 | *213.924,23* | |
| **Revaluation surpluses at the end of the period** | 8255P | *xxxxxxxxxxxxxx* | ..... |
| **Movements during the period** | | | |
| Recorded | 8215 | ..... | |
| Acquisitions from third parties | 8225 | ..... | |
| Cancelled | 8235 | ..... | |
| Transferred from one heading to another (+)/(-) | 8245 | ..... | |
| **Revaluation surpluses at the end of the period** | 8255 | ..... | |
| **Depreciations and amounts written down at the end of the period** | 8325P | *xxxxxxxxxxxxxx* | *135.345,63* |
| **Movements during the period** | | | |
| Recorded | 8275 | *28.944,24* | |
| Written back | 8285 | ..... | |
| Acquisitions from third parties | 8295 | ..... | |
| Cancelled owing to sales and disposals | 8305 | ..... | |
| Transferred from one heading to another (+)/(-) | 8315 | ..... | |
| **Depreciations and amounts written down at the end of the period** | 8325 | *164.289,87* | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | (26) | *49.634,36* | |

| | Codes | Period | Preceding period |
|---|---|---|---|
| **OTHER ENTERPRISES - PARTICIPATING INTERESTS AND SHARES** | | | |
| **Acquisition value at the end of the period** | 8393P | xxxxxxxxxxxxxxx | ..... |
| **Movements during the period** | | | |
| Acquisitions | 8363 | ..... | |
| Sales and disposals | 8373 | ..... | |
| Transfers from one heading to another (+)/(-) | 8383 | ..... | |
| **Acquisition value at the end of the period** | 8393 | ..... | |
| **Revaluation surpluses at the end of the period** | 8453P | xxxxxxxxxxxxxxx | ..... |
| **Movements during the period** | | | |
| Recorded | 8413 | ..... | |
| Acquisitions from third parties | 8423 | ..... | |
| Cancelled | 8433 | ..... | |
| Transferred from one heading to another (+)/(-) | 8443 | ..... | |
| **Revaluation surpluses at the end of the period** | 8453 | ..... | |
| **Amounts written down at the end of the period** | 8523P | xxxxxxxxxxxxxxx | ..... |
| **Movements during the period** | | | |
| Recorded | 8473 | ..... | |
| Written back | 8483 | ..... | |
| Acquisitions from third parties | 8493 | ..... | |
| Cancelled owing to sales and disposals | 8503 | ..... | |
| Transferred from one heading to another (+)/(-) | 8513 | ..... | |
| **Amounts written down at the end of the period** | 8523 | ..... | |
| **Uncalled amounts at the end of the period** | 8553P | xxxxxxxxxxxxxxx | ..... |
| **Movements during the period** (+)/(-) | 8543 | ..... | |
| **Uncalled amounts at the end of the period** | 8553 | ..... | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | (284) | ..... | |
| **OTHERS ENTERPRISES - AMOUNTS RECEIVABLE** | | | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | 285/8P | xxxxxxxxxxxxxxx | *137.387,89* |
| **Movements during the period** | | | |
| Additions | 8583 | *20.186,25* | |
| Repayments | 8593 | *38.531,80* | |
| Amounts written down | 8603 | ..... | |
| Amounts written back | 8613 | ..... | |
| Exchange differences (+)/(-) | 8623 | ..... | |
| Other movements (+)/(-) | 8633 | ..... | |
| **NET BOOK VALUE AT THE END OF THE PERIOD** | (285/8) | *119.042,34* | |
| **ACCUMULATED AMOUNTS WRITTEN OFF AMOUNTS RECEIVABLE AT END OF THE PERIOD** | 8653 | ..... | |

## STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE

| | Codes | Period | Preceding period |
|---|---|---|---|
| **STATEMENT OF CAPITAL** | | | |
| **Social capital** | | | |
| Issued capital at the end of the period | 100P | *xxxxxxxxxxxxxxx* | *12.600.000,00* |
| Issued capital at the end of the period | (100) | *12.600.000,00* | |

| | Codes | Value | Number of shares |
|---|---|---|---|
| Changes during the period | | | |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| Structure of the capital | | | |
| Different categories of shares | | | |
| *Shares without nominal value* | | *12.600.000,00* | *126.000* |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| Registered shares | 8702 | *xxxxxxxxxxxxxx* | *126.000* |
| Shares to bearer and/or dematerialized | 8703 | *xxxxxxxxxxxxxx* | ..... |

| | Codes | Uncalled amount | Capital called but not paid |
|---|---|---|---|
| **Capital not paid** | | | |
| Uncalled capital | (101) | ..... | *xxxxxxxxxxxxxx* |
| Called up capital, unpaid | 8712 | *xxxxxxxxxxxxxx* | ..... |
| Shareholders having yet to pay up in full | | | |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |

| | Codes | Period |
|---|---|---|
| **Own shares** | | |
| Held by the company itself | | |
| Amount of capital held | 8721 | ..... |
| Corresponding number of shares | 8722 | ..... |
| Held by the subsidiaries | | |
| Amount of capital held | 8731 | ..... |
| Corresponding number of shares | 8732 | ..... |
| **Commitments to issue shares** | | |
| Owing to the exercise of conversion rights | | |
| Amount of outstanding convertible loans | 8740 | ..... |
| Amount of capital to be subscribed | 8741 | ..... |
| Corresponding maximum number of shares to be issued | 8742 | ..... |
| Owing to the exercise of subscription rights | | |
| Number of outstanding subscription rights | 8745 | ..... |
| Amount of capital to be subscribed | 8746 | ..... |
| Corresponding maximum number of shares to be issued | 8747 | ..... |
| **Authorized capital not issued** | 8751 | ..... |

| | Codes | Period |
|---|---|---|
| **Shares issued, non representing capital** | | |
| Distribution | | |
| Number of shares | 8761 | |
| Number of voting rights attached thereto | 8762 | |
| Allocation by shareholder | | |
| Number of shares held by the company itself | 8771 | |
| Number of shares held by its subsidiaries | 8781 | |

**STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE AT YEAR-END CLOSING DATE, AS IT APPEARS FROM THE STATEMENTS RECEIVED BY THE ENTERPRISE**

Alpha Trains Group sarl – Luxembourg B137614 : 99%
Alpha Trains UK Limited – 4067217: 1%

## STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

| | Codes | Period |
|---|---|---|
| **BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL PERIOD TO MATURITY OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL TERM** | | |
| **Current portion of amounts payable after more than one year falling due within one year** | | |
| Financial debts | 8801 | |
| Subordinated loans | 8811 | |
| Unsubordinated debentures | 8821 | |
| Leasing and other similar obligations | 8831 | |
| Credit institutions | 8841 | |
| Other loans | 8851 | |
| Trade debts | 8861 | |
| Suppliers | 8871 | |
| Bills of exchange payable | 8881 | |
| Advance payments received on contract in progress | 8891 | |
| Other amounts payable | 8901 | |
| **Total current portion of amounts payable after more than one year falling due within one year** | (42) | |
| **Amounts payable with a remaining term of more than one but not more than five years** | | |
| Financial debts | 8802 | |
| Subordinated loans | 8812 | |
| Unsubordinated debentures | 8822 | |
| Leasing and other similar obligations | 8832 | |
| Credit institutions | 8842 | |
| Other loans | 8852 | |
| Trade debts | 8862 | |
| Suppliers | 8872 | |
| Bills of exchange payable | 8882 | |
| Advance payments received on contracts in progress | 8892 | |
| Other amounts payable | 8902 | |
| **Total amounts payable with a remaining term of more than one but not more than five years** | 8912 | |
| **Amounts payable with a remaining term of more than five years** | | |
| Financial debts | 8803 | |
| Subordinated loans | 8813 | |
| Unsubordinated debentures | 8823 | |
| Leasing and other similar obligations | 8833 | |
| Credit institutions | 8843 | |
| Other loans | 8853 | |
| Trade debts | 8863 | |
| Suppliers | 8873 | |
| Bills of exchange payable | 8883 | |
| Advance payments received on contracts in progress | 8893 | |
| Other amounts payable | 8903 | |
| **Total amounts payable with a remaining term of more than five years** | 8913 | |

| | Codes | Period |
|---|---|---|
| **GUARANTEED AMOUNTS PAYABLE** *(included in headings 17 and 42/48 of the liabilities)* | | |
| **Amounts payable guaranteed by Belgian public authorities** | | |
| Financial debts | 8921 | |
| Subordinated loans | 8931 | |
| Unsubordinated debentures | 8941 | |
| Leasing and similar obligations | 8951 | |
| Credit institutions | 8961 | |
| Other loans | 8971 | |
| Trade debts | 8981 | |
| Suppliers | 8991 | |
| Bills of exchange payable | 9001 | |
| Advance payments received on contracts in progress | 9011 | |
| Remuneration and social security | 9021 | |
| Other amounts payable | 9051 | |
| **Total amounts payable guaranteed by Belgian public authorities** | 9061 | |
| **Amounts payable guaranteed by real securities or irrevocably promised by the enterprise on its own assets** | | |
| Financial debts | 8922 | |
| Subordinated loans | 8932 | |
| Unsubordinated debentures | 8942 | |
| Leasing and similar obligations | 8952 | |
| Credit institutions | 8962 | |
| Other loans | 8972 | |
| Trade debts | 8982 | |
| Suppliers | 8992 | |
| Bills of exchange payable | 9002 | |
| Advance payments received on contracts in progress | 9012 | |
| Taxes, remuneration and social security | 9022 | |
| Taxes | 9032 | |
| Remuneration and social security | 9042 | |
| Other amounts payable | 9052 | |
| **Total amounts payable guaranteed by real securities or irrevocably promised by the enterprise on its own assets** | 9062 | |

| | Codes | Period |
|---|---|---|
| **TAXES, REMUNERATION AND SOCIAL SECURITY** | | |
| **Taxes** *(heading 450/3 of the liabilities)* | | |
| Outstanding tax debts | 9072 | |
| Accruing taxes payable | 9073 | *1.387,82* |
| Estimated taxes payable | 450 | |
| **Remuneration and social security** *(heading 454/9 of the liabilities)* | | |
| Amounts due to the National Social Security Office | 9076 | |
| Other amounts payable in respect of remuneration and social security | 9077 | *907.070,40* |

| | Period |
|---|---|
| **ACCRUALS AND DEFERRED INCOME** | |
| **Allocation of heading 492/3 of liabilities if the amount is significant** | |
| *Deferred Income* ..... | *5.411.091,41* |
| *Accrued charges* ..... | *66.062,02* |
| ..... | ..... |
| ..... | ..... |

## OPERATING RESULTS

| | Codes | Period | Preceding period |
|---|---|---|---|
| **OPERATING INCOME** | | | |
| **Net turnover** | | | |
| Allocation by categories of activity | | | |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| Allocation into geographical markets | | | |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| ..... | | ..... | ..... |
| **Other operating income** | | | |
| Operating subsidies and compensatory amounts received from public authorities ..... | 740 | ..... | ..... |
| **OPERATING CHARGES** | | | |
| **Employees for whom the entreprise submitted a DIMONA declaration or who are recorded in the general personnel register** | | | |
| Total number at the closing date ..... | 9086 | *29* | *29* |
| Average number of employees calculated in full-time equivalents ..... | 9087 | *27,7* | *27,4* |
| Number of actual worked hours ..... | 9088 | *47.187* | *44.800* |
| **Personnel costs** | | | |
| Remuneration and direct social benefits ..... | 620 | *2.759.061,39* | *2.357.149,99* |
| Employers' contribution for social security ..... | 621 | *827.678,57* | *558.171,92* |
| Employers' premiums for extra statutory insurance ..... | 622 | *193.909,09* | *185.863,76* |
| Other personnel costs .....(+)/(-) | 623 | *114.019,88* | *90.393,99* |
| Retirement and survivors' pensions ..... | 624 | ..... | ..... |
| **Provisions for pensions and other similar rights** | | | |
| Appropriations (uses and write-backs) .....(+)/(-) | 635 | ..... | ..... |
| **Amounts written off** | | | |
| Stocks and contracts in progress | | | |
| Recorded ..... | 9110 | ..... | ..... |
| Written back ..... | 9111 | ..... | ..... |
| Trade debts | | | |
| Recorded ..... | 9112 | ..... | *685.500,00* |
| Written back ..... | 9113 | *685.500,00* | ..... |
| **Provisions for liabilities and charges** | | | |
| Additions ..... | 9115 | ..... | ..... |
| Uses and write-backs ..... | 9116 | ..... | ..... |
| **Other operating charges** | | | |
| Taxes related to operation ..... | 640 | *13.250,50* | *1.631,50* |
| Other costs ..... | 641/8 | *228.223,20* | *135.734,49* |
| **Hired temporary staff and personnel placed at the enterprise's disposal** | | | |
| Total number at the closing date ..... | 9096 | *2* | *2* |
| Average number calculated in full-time equivalents ..... | 9097 | *2,3* | *2,3* |
| Number of actual worked hours ..... | 9098 | *4.019* | *4.091* |
| Costs to the enterprise ..... | 617 | *143.068,26* | *136.637,08* |

## FINANCIAL AND EXTRAORDINARY RESULTS

| | Codes | Period | Preceding period |
|---|---|---|---|
| **FINANCIAL RESULTS** | | | |
| **Other financial income** | | | |
| Subsidies granted by public authorities and recorded as income for the period | | | |
| Capital subsidies | 9125 | ..... | ..... |
| Interest subsidies | 9126 | ..... | ..... |
| Allocation of other financial income | | | |
| *Payment discounts received* | | *0,00* | *20.588,64* |
| *Other* | | *650,02* | *932,36* |
| ..... | | ..... | ..... |
| **Depreciation of loan issue expenses and reimbursement premiums** | 6501 | ..... | ..... |
| **Capitalized Interests** | 6503 | ..... | ..... |
| **Amounts written off current assets** | | | |
| Recorded | 6510 | ..... | ..... |
| Written back | 6511 | ..... | ..... |
| **Other financial charges** | | | |
| Amount of the discount borne by the enterprise, as a result of negotiating amounts receivable | 653 | ..... | ..... |
| **Provisions of a financial nature** | | | |
| Appropriations | 6560 | ..... | ..... |
| Uses and write-backs | 6561 | ..... | ..... |
| **Allocation of other financial charges** | | | |
| *Bank charges* (+)/(-) | | *4.613,01* | *7.018,88* |
| *Exchange rate differences* (+)/(-) | | *165,53* | *1.463,76* |
| ..... | | ..... | ..... |

| | Period |
|---|---|
| **EXTRAORDINARY RESULTS** | |
| **Allocation of other extraordinary income** | |
| ..... | ..... |
| ..... | ..... |
| ..... | ..... |
| **Allocation of other extraordinary charges** | |
| ..... | ..... |
| ..... | ..... |
| ..... | ..... |

## INCOME TAXES AND OTHER TAXES

| | Codes | Period |
|---|---|---|
| **INCOME TAXES** | | |
| **Income taxes on the result of the period** | 9134 | ..... |
| Income taxes paid and withholding taxes due or paid | 9135 | *89,75* |
| Excess of income tax prepayments and withholding taxes paid recorded under assets | 9136 | *89,75* |
| Estimated additional taxes | 9137 | ..... |
| **Income taxes on the result of prior periods** | 9138 | *2.778,59* |
| Additional income taxes due or paid | 9139 | *2.778,59* |
| Additional income taxes estimated or provided for | 9140 | ..... |
| **In so far as taxes of the period are materially affected by differences between the profit before taxes as stated in annual accounts and the estimated taxable profit** | | |
| *Disallowed expenses* (+)/(-) | | *142.854,31* |
| *Notional interest deduction* (+)/(-) | | *-221.445,89* |
| *Write-back on taxable depreciation* (+)/(-) | | *-685.500,00* |
| *Loss carryforward* (+)/(-) | | *-659.872,09* |

**Impact of extraordinary results on the amount of the income taxes relating to the current period**

| | Codes | Period |
|---|---|---|
| **Status of deferred taxes** | | |
| Deferred taxes representing assets | 9141 | *2.974.323,85* |
| Accumulated tax losses deductible from future taxable profits | 9142 | *2.947.023,76* |
| Other deferred taxes representing assets | | |
| *Investment deduction* | | *27.300,09* |
| ..... | | ..... |
| ..... | | ..... |
| Deferred taxes representing liabilities | 9144 | ..... |
| Allocation of deferred taxes representing liabilities | | |
| ..... | | ..... |
| ..... | | ..... |
| ..... | | ..... |

| | Codes | Period | Preceding period |
|---|---|---|---|
| **VALUE ADDED TAXES AND OTHER TAXES BORNE BY THIRD PARTIES** | | | |
| **Value added taxes charged** | | | |
| To the enterprise (deductible) | 9145 | *195.822,10* | *204.566,44* |
| By the enterprise | 9146 | *5.651.571,50* | *4.948.784,61* |
| **Amounts withheld on behalf of third party** | | | |
| For payroll withholding taxes | 9147 | *936.693,58* | *725.618,67* |
| For withholding taxes on investment income | 9148 | ..... | ..... |

## RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED BY PARTICIPATING INTERESTS

| | Codes | Period | Preceding period |
|---|---|---|---|
| **AFFILIATED ENTERPRISES** | | | |
| **Financial fixed assets** | (280/1) | | |
| Participating interests | (280) | | |
| Subordinated amounts receivable | 9271 | | |
| Other amounts receivable | 9281 | | |
| **Amounts receivable from affiliated enterprises** | 9291 | *13.587.545,73* | *11.589.297,30* |
| Over one year | 9301 | | |
| Within one year | 9311 | *13.587.545,73* | *11.589.297,30* |
| **Current investments** | 9321 | | |
| Shares | 9331 | | |
| Amounts receivable | 9341 | | |
| **Amounts payable** | 9351 | *6.304.866,87* | *2.852.677,80* |
| Over one year | 9361 | | |
| Within one year | 9371 | *6.304.866,87* | *2.852.677,80* |
| **Personal and real guarantees** | | | |
| Provided or irrevocably promised by the enterprise as security for debts or commitments of affiliated enterprises | 9381 | | |
| Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise | 9391 | | |
| **Other significant financial commitments** | 9401 | | |
| **Financial results** | | | |
| Income from financial fixed assets | 9421 | | |
| Income from current assets | 9431 | *477.890,71* | *503.547,45* |
| Other financial income | 9441 | | |
| Debt charges | 9461 | | |
| Other financial charges | 9471 | | |
| **Disposal of fixed assets** | | | |
| Capital gains obtained | 9481 | | |
| Capital losses suffered | 9491 | | |
| **ENTERPRISES LINKED BY PARTICIPATING INTERESTS** | | | |
| **Financial fixed assets** | (282/3) | | |
| Participating interests | (282) | | |
| Subordinated amounts receivable | 9272 | | |
| Other amounts receivable | 9282 | | |
| **Amounts receivable** | 9292 | | |
| Over one year | 9302 | | |
| Within one year | 9312 | | |
| **Amounts payable** | 9352 | | |
| Over one year | 9362 | | |
| Within one year | 9372 | | |

| | Period |
|---|---|
| **TRANSACTIONS WITH ENTERPRISES LINKED BY PARTICIPATING INTERESTS OUT OF MARKET CONDITIONS** | |
| **Mention of these transactions if they are significant, including the amount of the transactions, the nature of the link, and all information about the transactions which should be necessary to get a better understanding of the situation of the company** | |
| *In the absence of legal criteria that allow to identify the related party transactions outside normal market conditions, no information could be included in the section 5.14* ..... | *0,00* |
| ..... | ..... |
| ..... | ..... |
| ..... | ..... |

## FINANCIAL RELATIONSHIPS WITH

| | Codes | Period |
|---|---|---|
| **DIRECTORS, MANAGERS, INDIVIDUALS OR BODIES CORPORATE WHO CONTROL THE ENTERPRISE WITHOUT BEING ASSOCIATED THEREWITH OR OTHER ENTERPRISES CONTROLLED BY THESE PERSONS** | | |
| **Amounts receivable from these persons** | 9500 | |
| Conditions on amounts receivable | | |
| **Guarantees provided in their favour** | 9501 | |
| Main conditions of these guarantees | | |
| **Other significant commitments undertaken in their favour** | 9502 | |
| Main conditions of the other commitments | | |
| **Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person** | | |
| To directors and managers | 9503 | |
| To former directors and former managers | 9504 | |

| | Codes | Period |
|---|---|---|
| **AUDITORS OR PEOPLE THEY ARE LINKED TO** | | |
| **Auditor's fees** | 9505 | *24.300,00* |
| **Fees for exceptional services or special missions executed in the company by the auditor** | | |
| Other attestation missions | 95061 | |
| Tax consultancy | 95062 | |
| Other missions external to the audit | 95063 | |
| **Fees for exceptional services or special missions executed in the company by people they are linked to** | | |
| Other attestation missions | 95081 | |
| Tax consultancy | 95082 | *9.820,80* |
| Other missions external to the audit | 95083 | |

**Mentions related to article 133, paragraph 6 from the Companies Code**

## INFORMATION RELATING TO CONSOLIDATED ACCOUNTS

**INFORMATION TO DISCLOSE BY THE REPORTING ENTERPRISE BEING A SUBSIDIARY OR A JOINT SUBSIDIARY**

Name, full address of the registered office and, if the company is subject to Belgian law, the company identification number of the parent company (ies) and the specifications whether the parent company (ies) prepare (s) and publish (es) consolidated accounts which includes the annual accounts of the company*:

*1.* *Alpha Trains Group sarl* — *Consolidating entity - Smallest grouping*
*B137614*
*Rue Alfred de Musset 22, 2175 Luxembourg, Luxembourg*

If the parent company(ies) is (are) (an) enterprise(s) governed by foreign law disclose where the consolidated accounts can be obtained*:

*1.* *Alpha Trains Group sarl* — *Alpha Trains Group sarl*
*Rue Alfred de Musset 22, 2175 Luxembourg, Luxembourg*

* Where the annual accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated accounts are prepared and published.

| Nr. | *BE 0477.136.268* | F 6 |
|---|---|---|

## SOCIAL BALANCE SHEET

Number of joint industrial committee: *218* ..... ..... ..... .....

## STATEMENT OF THE PERSONS EMPLOYED

## EMPLOYEES FOR WHOM THE ENTREPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER

| **During the current period** | Codes | Total | 1. Men | 2. Women |
|---|---|---|---|---|
| **Average number of employees** | | | | |
| Full-time | 1001 | *22,9* | *11,0* | *11,9* |
| Part-time | 1002 | *6,0* | ..... | *6,0* |
| Total in full-time equivalents | 1003 | *27,7* | *11,0* | *16,7* |
| **Number of hours actually worked** | | | | |
| Full-time | 1011 | *39.148* | *19.071* | *20.077* |
| Part-time | 1012 | *8.039* | ..... | *8.039* |
| Total | 1013 | *47.187* | *19.071* | *28.116* |
| **Personnel costs** | | | | |
| Full-time | 1021 | *3.433.438,05* | *1.855.920,40* | *1.577.517,65* |
| Part-time | 1022 | *461.230,88* | ..... | *461.230,88* |
| Total | 1023 | *3.894.668,93* | *1.855.920,40* | *2.038.748,53* |
| **Advantages in addition to wages** | 1033 | ..... | ..... | ..... |

| **During the preceding period** | Codes | P. Total | 1P. Men | 2P. Women |
|---|---|---|---|---|
| Average number of employees in FTE | 1003 | *27,4* | *11,9* | *15,5* |
| Number of hours actually worked | 1013 | *44.800* | *19.360* | *25.440* |
| Personnel costs | 1023 | *3.191.579,66* | *1.431.216,56* | *1.760.363,10* |
| Advantages in addition to wages | 1033 | ..... | ..... | ..... |

## EMPLOYEES FOR WHOM THE ENTREPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER (continued)

| At the closing date of the period | Codes | 1. Full-time | 2. Part-time | 3. Total full-time equivalents |
|---|---|---|---|---|
| **Number of employees** | 105 | *23* | *6* | *27,8* |
| **By nature of the employment contract** | | | | |
| Contract for an indefinite period | 110 | *23* | *6* | *27,8* |
| Contract for a definite period | 111 | ..... | ..... | ..... |
| Contract for the execution of a specifically assigned work | 112 | ..... | ..... | ..... |
| Replacement contract | 113 | ..... | ..... | ..... |
| **According to gender and study level** | | | | |
| Men | 120 | *11* | ..... | *11,0* |
| primary education | 1200 | ..... | ..... | ..... |
| secondary education | 1201 | ..... | ..... | ..... |
| higher non-university education | 1202 | ..... | ..... | ..... |
| university education | 1203 | *11* | ..... | *11,0* |
| Women | 121 | *12* | *6* | *16,8* |
| primary education | 1210 | ..... | ..... | ..... |
| secondary education | 1211 | ..... | ..... | ..... |
| higher non-university education | 1212 | ..... | ..... | ..... |
| university education | 1213 | *12* | *6* | *16,8* |
| **By professional category** | | | | |
| Management staff | 130 | ..... | ..... | ..... |
| Employees | 134 | *23* | *6* | *27,8* |
| Workers | 132 | ..... | ..... | ..... |
| Others | 133 | ..... | ..... | ..... |

## HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE ENTERPRISE'S DISPOSAL

| During the period | Codes | 1. Hired temporary staff | 2. Persons placed at the enterprise's disposal |
|---|---|---|---|
| Average number of persons employed | 150 | *2,3* | ..... |
| Number of hours actually worked | 151 | *4.019* | ..... |
| Costs for the enterprise | 152 | *143.068,26* | ..... |

## LIST OF PERSONNEL MOVEMENTS DURING THE PERIOD

### ENTRIES

| | Codes | 1. Full-time | 2. Part-time | 3. Total full-time equivalents |
|---|---|---|---|---|
| **Number of employees for whom the entreprise submitted a DIMONA declaration or who have been recorded in the general personnel register during the financial year** | 205 | *5* | | *5,0* |
| **By nature of employment contract** | | | | |
| Contract for an indefinite period | 210 | *5* | | *5,0* |
| Contract for a definite period | 211 | | | |
| Contract for the execution of a specifically assigned work | 212 | | | |
| Replacement contract | 213 | | | |

### DEPARTURES

| | Codes | 1. Full-time | 2. Part-time | 3. Total full-time equivalents |
|---|---|---|---|---|
| **Number of employees whose contract-termination date has been entered in DIMONA declaration or in the general personnel register during the financial year** | 305 | *5* | | *5,0* |
| **By nature of employment contract** | | | | |
| Contract for an indefinite period | 310 | *5* | | *5,0* |
| Contract for a definite period | 311 | | | |
| Contract for the execution of a specifically assigned work | 312 | | | |
| Replacement contract | 313 | | | |
| **By reason of termination of contract** | | | | |
| Retirement | 340 | | | |
| Unemployment with extra allowance from enterprise | 341 | | | |
| Dismissal | 342 | *5* | | *5,0* |
| Other reason | 343 | | | |
| the number of persons who continue to render services to the enterprise at least half-time on a self-employed basis | 350 | | | |

## INFORMATION ON TRAINING PROVIDED TO EMPLOYEES DURING THE PERIOD

| | Codes | Men | Codes | Women |
|---|---|---|---|---|
| **Total of initiatives of formal professional training at the expense of the employer** | | | | |
| Number of employees involved | 5801 | *11* | 5811 | *18* |
| Number of actual training hours | 5802 | *144* | 5812 | *392* |
| Net costs for the enterprise | 5803 | *9.810,00* | 5813 | *3.771,57* |
| of which gross costs directly linked to training | 58031 | *9.810,00* | 58131 | *3.771,57* |
| of which fees paid and paiments to collective funds | 58032 | | 58132 | |
| of which grants and other financial advantages received (to deduct) | 58033 | | 58133 | |
| **Total of initiatives of less formal or informal professional training at the expense of the employer** | | | | |
| Number of employees involved | 5821 | | 5831 | |
| Number of actual training hours | 5822 | | 5832 | |
| Net costs for the enterprise | 5823 | | 5833 | |
| **Total of initiatives of initial professional training at the expense of the employer** | | | | |
| Number of employees involved | 5841 | | 5851 | |
| Number of actual training hours | 5842 | | 5852 | |
| Net costs for the enterprise | 5843 | | 5853 | |

## VALUATION RULES

I. PRINCIPLE
The valuation rules are established in accordance with book II, title I, chapter II of the Royal Decree of 30 January 2001 related to the annual accounts of companies. The valuation rules have not been changed compared to previous year.

II. SPECIAL RULES
1. Formation expenses
The formation expenses are capitalized and depreciated over 5 years, according the straight-line method on a pro rata basis.

2. Tangible fixed assets
Tangible fixed assets are valued at the purchase value. Depreciation is applied on a straight-line method and according the estimated economic life value on a pro rata basis according the below percentages:
- Locomotives 6%
- Furniture, installations and furnishment 20%
- Hardware IT 33%

Fixed assets under construction are related to prepayment on locomotives. They are not depreciated until the asset is ready for use.

3. Amounts receivable at maximum one year
Receivables are booked at their nominal value. A depreciation is booked if the realization value at closing date is lower than the book-value. Receivables in foreign currencies are valued at the exchange rate at year-end. The exchange rate difference is totalized per currency. A negative exchange rate difference is booked in result. A positive exchange rate difference is booked as deferral.

4. Debts at maximum one year
These debts are booked at nominal value. Debts in foreign currency are valued at the exchange rate at year-end. Exchange rate differences are totalized per currency. A negative exchange rate difference is booked in result. A positive exchange rate difference is booked as deferral.

Audited unconsolidated financial accounts for Alpha Trains Italia S.r.l. for the period ended 31 December 2013, prepared in accordance with Italian accounting standards.

ALPHA TRAINS ITALIA SRL

a single-shareholder company

Registered office: Via Birmania 81, Rome

Share capital €1,000,000 fully paid in

Registered at R.E.A., Ordinary Section of Rome, at no. 1165285

Fiscal code and Companies' Registrar of Rome no. 09473231000

**REPORT OF THE BOARD OF STATUTORY AUDITORS**

**ON THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013**

To the whole owner of Alpha Trains Italia Srl.

In conformity with the provisions of the Italian Civil Code, we were assigned both the activity of oversight, as per article 2403 of the Italian Civil Code, and the function of statutory audit as per article 2409-bis of the Italian Civil Code. This report was prepared pursuant to and for the purposes established by article 2429 of the Civil Code and article 14 by D.Lgs. 39/2010 (yet article 2429-ter of the Civil Code).

**OVERSIGHT**

During the year 2013:

- we monitored the Company's compliance with the law and the Bylaws, its adherence to the principles of proper administration and in particular the adequacy and concrete operation of its organizational and accounting systems;
- we participated at the Quotaholder's and Board of Directors's meetings, which were held in compliance with the Bylaws and laws governing the operation and for which we can reasonably ensure that the deliberated actions are complied to law and to Bylaws and that they are not imprudent, risky nor such as to compromise the integrity of corporate assets.

During the year we carried out the periodic checks provided by the law, during which:

- we obtained information from the Directors on the general course and outlook of the Company's business and on its major transactions, in terms of size or characteris-

tics, and we can reasonably assure that, to the best of our knowledge, its actions comply with the law and the Bylaws and do not conflict with any shareholder resolutions nor do they compromise the integrity of corporate assets;

- we gained knowledge of and monitored the adequacy of the Company's operational system, in part by gathering information from the Directors, and in this regard we have no particular observations to report to you;
- we assessed and oversaw the adequacy of the Company's management and accounting system as well as the reliability of the latter in correctly reporting the facts of Company operations, by obtaining information from the department heads and examining the Company's records and, in this regard, we have no particular observations to report to you.

No complaints were filed under art. 2408 of the Civil Code.

During the year this Board issued no opinions required by the law.

No significant facts as to require mention in this report emerged during the oversight activity described above.

We examined the financial statements for the year ended December 31, 2013 and, as part of our oversight activity, we reviewed the general layout of the financial statements and the conformity of their drafting and format to the law.

In this respect we observed that equity as at December 31, 2013 is equal to Euro 994,854.72 including legal reserve for Euro 9,940.63, accumulated losses for a total of Euro 119,037.21, profit of the year for Euro 103,951.30.

To the best of our knowledge, the Directors, in preparing the financial statements, made no derogations from the legal regulations pursuant to art. 2423, paragraph 4, of the Italian Civil Code.

**STATUTORY AUDIT**

We performed the statutory audit of the Company's financial statements as at December 31, 2013, the drafting of which is due by the Directors while we are responsible for

the professional opinion on these which is based on our own auditor controls.
In performing our control activity, we applied the prescribed auditing standards whenever we judged it necessary or expedient to do so. In conformity with these standards, we planned and performed our checks in order to acquire all the data necessary to ascertain whether the financial statements are affected by significant errors and whether they are reliable on the whole.
The statutory audit procedure was carried out considering the company's size. It included an examination, on a sample basis, of the data used to support the balances and the information reported in the financial statements, as well as an assessment of the adequacy and validity of the accounting standards applied by the Directors and the reasonableness of their estimates. We believe that the work we performed provides a reasonable basis for our professional opinion.
Concerning the opinion on the prior year financial statements, which data are present for comparative purpose as required by law, please refer to our opinion made on April 19, 2013.
In our opinion, the financial statements comply with the rules governing their preparation; they are therefore clear and give a true and fair view of Alpha Trains Italia Srl of the year ended December 31, 2013.

**CONCLUSIONS**

Based on all of the foregoing, we recommend that you approve the financial statements for the year ended December 31, 2013, as prepared by the Directors, and their proposal as regards to the profit of the year. Please note, finally, that the Statutory Auditors mandate expire as per completed three years, thanking you for your confidence in us, we invite you to arrange for the new appointment.

Rome, April 16, 2014 THE STATUTORY AUDITORS

ALPHA TRAINS ITALY SRL

Sole Shareholder

Registered office in Roma - Via Birmania 81

Registered Capital EUR 1,000,000 Fully Paid

Registered in the Economic and Administrative Business Register - Ordinary Section of Rome, No. 1165285

Tax code and registration with the Register of Companies of Rome

No. 09473231000

**FINANCIAL STATEMENTS AS OF DECEMBER 31, 2013**

(Euros)

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| **BALANCE SHEET** | | |
| **ASSETS** | | |
| RECEIVABLES FROM SHAREHOLDERS | | |
| FOR OUTSTANDING CAPITAL CONTRIBUTIONS | - | - |
| FIXED ASSETS | | |
| Intangible assets | 18,637 | 18,637 |
| Amortisation Fund | (18,637) | (18,141) |
| | - | 496 |
| Tangible assets | 1,609 | - |
| Amortisation Fund | (161) | - |
| | 1,448 | - |

| | | |
|---|---|---|
| Financial assets | - | - |
| Total ASSETS | 1,448 | 496 |
| CURRENT ASSETS | | |
| Inventories | - | - |
| Accounts | | |
| - Trade receivables | 1,229,331 | 2,250,106 |
| - From parent companies | 3,100.000 | 1,750,000 |
| - Tax | 9,378 | 33,600 |
| - Prepaid taxes | - | - |
| - To other entities: | | |
| - Due within the following financial year | - | 102 |
| - Due after the following financial year | 2,718,383 | 2,028,708 |
| Financial assets not constituting fixed assets | - | - |
| Cash and cash equivalents | 227,458 | 178,273 |
| Total CURRENT ASSETS | 7,284,550 | 6,240,789 |
| ACCRUED CHARGES AND DEFERRED INCOME | 1,561 | 1,553 |

| | | |
|---|---|---|
| Total ASSETS | 7,287,559 | 6,242,838 |
| LIABILITIES | | |
| NET ASSETS | | |
| Share capital | 1,000,000 | 1,000,000 |
| Payment for loss coverage | - | - |
| Legal reserve | 9,941 | 4,628 |
| Retained earnings (accumulated losses) | (119,037) | (219,973) |
| Profit (Loss) for the year | 103,951 | 106,249 |
| Total NET ASSETS | 994,855 | 890,904 |
| PROVISIONS FOR RISKS AND CHARGES | - | - |
| PROVISIONS FOR SEVERANCE INDEMNITIES OF EMPLOYEES | 2,443 | 2,405 |
| PAYABLES | | |
| - To banks | - | - |
| - To suppliers | 2,814,593 | 2,669,365 |
| - Tax | 39,101 | 2,629 |
| - To social security institutions | 4,583 | 3,951 |
| - To other entities: | | |
| - due within the following | | |

| | | |
|---|---|---|
| financial year | 79,595 | 79,732 |
| - Due after the following | | |
| financial year | 2,798,969 | 2,101,257 |
| Total PAYABLES | 5,736,841 | 4,856,934 |
| ACCRUED CHARGES AND DEFERRED INCOME | 553,420 | 492,595 |
| Total LIABILITIES | 7,287,559 | 6,242,838 |

PROFIT AND LOSS STATEMENT

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| VALUE OF PRODUCTION | | |
| - Revenues from sales and services | 5,715,736 | 4,841,685 |
| - Changes in inventories of products in progress, semi-finished and finished goods | - | - |
| - Changes in contract work in progress | - | - |
| - Increase of provisions for internal work | - | - |
| - Other income | 380,583 | 366,821 |
| Total VALUE | | |

| | | |
|---|---|---|
| OF PRODUCTION | 6,096,319 | 5,208,506 |
| COSTS OF PRODUCTION | | |
| - For raw, ancillary materials, consumables and goods | - | - |
| - For services | 190,844 | 237,046 |
| - For use of third parties' property | 5,737,530 | 4,821,190 |
| - For staff: | | |
| • Wages and salaries | 70,823 | 64,773 |
| • Social security | 18,043 | 20,130 |
| • Severance Fund | 5,951 | 5,653 |
| • Pensions and similar | - | - |
| • Other costs | - | 25 |
| - Amortisation and depreciatior : | | |
| • Depr. of intang. assets | | 3,727 |
| • Depr. of tangible assets | | - |
| • Other depreciations of fixed assets | - | - |
| • Write-down of receivables included in current assets and cash and cash equivalents | - | - |
| - Changes in inventories of raw and ancillary materials, | | |

| | | |
|---|---|---|
| consumables and goods | - | - |
| - Provision for risks | - | - |
| - Other provisions | - | - |
| - Other operating costs | 23,377 | 11,052 |
| Total COSTS OF PRODUCTION | 6,047,225 | 5,163,596 |
| Difference between VALUE and COSTS of PRODUCTION | 49, 094 | 44,910 |
| FINANCIAL INCOME AND EXPENSES | | |
| - Income from investments | - | - |
| - Other Financial income: | | |
| • From receivables entered as fixed assets | - | - |
| • From securities entered As fixed assets other than investments | - | - |
| • From securities entered as current assets other investments | - | - |
| • Other income: | | |
| Bank interest | 8 | 31 |
| Other interest income | - | - |
| Interest on loans | | |

| | | |
|---|---|---|
| to a parent company | 109,129 | 116,365 |
| - Interest and other financial charges | - | (98) |
| - Exchange gains and losses | 13 | 54 |
| Total EXTRAORDINARY EXPENSES | 109,150 | 116,352 |
| ADJUSTMENTS TO THE VALUE OF FINANCIAL ACTIVITIES | - | - |
| EXTRAORDINARY INCOME AND CHARGES | | |
| Income | - | - |
| Extraordinary charges: | | |
| Prior years' taxes | - | - |
| Total EXTRAORDINARY EXPENSES | - | - |
| Result before taxes | 158,244 | 161,262 |
| Taxes on the year's income | | |
| - Current taxes | (54,293) | (55,013) |
| Profit (Loss) for the year | 103,951 | 106,249 |

ALPHA TRAINS ITALY SRL

Sole Shareholder

Registered office in Roma - Via Birmania

Registered Capital EUR 100,000.000 Fully Paid

Registered in the Economic and Administrative Business Register - Ordinary Section of Rome, No. 1165285

Tax code and registration with the Register of Companies of Rome

No. 09473231000

## NOTES TO THE FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2013, submitted to the approval of the Sole Shareholder closed with a profit of EUR 103,951 net of provisions for current taxes of EUR 54,293.

During the financial year, the Company has continued its business of renting rolling stock to rail transportation companies.The financial statements were prepared in abbreviated form,` in accordance with the provisions of Art. 2435-bis of the Italian Civil Code. These notes have also been prepared by including in the same the necessary information provided by numbers 3 and 4 of Art. 2428 of the Civil Code, where applicable.

The notes have the function to illustrate, analyse and in some cases integrate the data in the financial statements and they contain the information required by Art. 2427 of the Civil Code. The items not specifically listed in the financial statements are meant to be at zero balance, both in the financial statements for the current year and in those for the previous year..

From the end of the financial year to date there have been no significant events to be communicated pursuant to the third paragraph of Art. 2428 of the Civil Code.

The financial statements have been prepared both according to the related provisions of the Civil Code and in accordance with accounting principles applicable to an operating enterprise, developed by the National Board of Professional Accountants and Auditors and by the Documents published by the Italian Accounting Board (OIC).

Next to the amount of each item in the balance sheet and in the income statement the corresponding amount from the previous year is reported.

**EVALUATION CRITERIA ADOPTED**

The evaluation of individual items has been carried out based on general criteria of prudence and accrual, in the perspective of continuing activities, and taking into account the economic function of each active and passive item under consideration.
The application of the principle of prudence involved the sole indication of profits made at the date of the financial statements and all losses included in the same year, even if known after the closure of the same.

In accordance with the accrual principle, the effect of transactions and other events has been accounted in and allocated to the year to which these transactions and events refer and not to the year in which the related cash movements occur.

As regards the economic function of the active or passive item considered in the preparation of the financial statements, priority has been given to the substance of the transactions rather than to their legal form.

The evaluation criteria adopted in the preparation of the financial statements, in accordance with the provisions of Art. 2426 of the Civil Code, and in conformity with those applied in the previous year, were as follows:

**Fixed assets**

Tangible and intangible assets are entered at the original cost of purchase, net of accumulated amortisation. The depreciation of intangible assets, relating to expenditure for capital increase, has been calculated as a fifth of the cost.

The depreciation of tangible assets has been calculated based on rates representative of the remaining useful life of the assets, which do not exceed those allowed for tax purposes.

**Current receivables**

Receivables are stated at nominal value, which is believed to correspond to the estimated realisable value.

**Cash and cash equivalents**

Cash and cash equivalents are stated at nominal value.

**Payables**

Payables are recorded at nominal value.

**Provisions for termination benefits**

The item includes the amount set aside, calculated pursuant to Art. 2120 of the Civil Code and according to the provisions of contractual agreements in relation to labour law.

**Accrued charges and deferred income**

Accruals and deferrals are determined in accordance with the temporal accrual and only relate to the portion of income common to several years variable over time.**Net assets**

It represents the difference between total assets and liabilities determined

according to the principles outlined above.

**Revenues and costs**

Revenues and costs have been determined according to the principles of prudence and accrual, net of returns, discounts, allowances and bonuses.

**Accounting of income taxes**

Income taxes have been accrued and calculated according to current rates and regulations, based on a realistic estimate. In relation to the provisions of Accounting Standard No. 25, issued by the National Board of Professional Accountants and Auditors on the accounting of income tax, it should be noted that the conditions to assess liabilities or assets related to deferred taxation components are not determined.

**CHANGES IN THE BALANCE OF ASSETS AND LIABILITIES**

We will now illustrate the content of individual items of the balance sheet.

**Intangible assets**

Intangible assets are equal to zero, net of depreciation amounting to EUR 18,637, which includes incorporation expenses, the cost of capital increase and expenses for the change in the Company name. There is a decrease of EUR 496 compared to the previous financial year, equal to the amortisation for the year.

**Tangible assets**

Tangible assets were changed as follows:

Cost

| | | |
|---|---|---|
| Opening balance | Euro | - |
| Purchases | " | 1,609 |
| Decrements | " | - |
| Closing balance | Euro | 1,609 |

Amortisation Fund

| | | |
|---|---|---|
| Opening balance | Euro | - |
| Provision for the year | " | 161 |
| Decrements | " | - |
| Final balance | Euro | 161 |

**Current receivables**

Receivables included in current assets amount to EUR 7,057,092 and show an increase of EUR 994,576 from the previous financial year. They consist of:

- Receivables from customers for EUR 1,229,331 thus divided: invoices issued amounting to EUR 1,132,138, with a decrease of EUR 1,047,174 compared to the previous year; invoices to be issued amounting to EUR 97,193, with an increase of EUR 26,399 compared to the previous financial year.

- Receivables from parent companies amounting to EUR 3,100,000, relating to the financing granted to the partner Alpha Trains Group Sàrl and increased by EUR 1,350,000 compared to the previous financial year;

- Tax credits amounting to EUR 9,378, with a decrease of EUR 24,222 compared

to the previous financial year. These consist of payables to the Tax Authority related to IRES amounting to EUR 9,376 and withholdings amounting to EUR 2;

- Other receivables amounting to EUR 2,718,383, with an increase of EUR 689,573 compared to the previous financial year. These relate mainly to provisions for future maintenance costs of hired locomotives, due after the following financial year.

**Cash and cash equivalents**

At the date of financial statements, these amount to EUR 227,458, with an increase of EUR 49,185 compared to the previous financial year. These consist of the balance in the bank at the end of the financial year.

**Accrued charges and deferred income**

These amount to EUR 1,561, with an increase of EUR 8 compared to the previous financial year. They consist of the rental fee of the car used by the employee, pertaining to the following financial year.

**Net assets**

The net assets resulting in the financial year ended December 31, 2013 amount to EUR 994, 855 and consist of the share capital for EUR 1,000,000, increased by the legal reserve of EUR 9,941, minus the residual losses accumulated in the previous years for EUR 119,037 and increased by the profit for the year under review amounting to EUR 103, 951.

**Changes in net assets**

| Balance as of 31.12.12 | Dest. of profit/loss | Incr./decr. of capital | Other movements | Balance as of 31.12.13 |
|---|---|---|---|---|
| **I - Capital** | | | | |

| | | | | |
|---|---|---|---|---|
| 1,000,000 | 0 | 0 | 0 | 1,000,000 |
| **IV - Legal reserve** | | | | |
| 4,628 | 5,313 | 0 | 0 | 9,941 |
| **VII - Other reserves** | | | | |
| 0 | 0 | 0 | 0 | 0 |
| **VIII - Retained earnings (accumulated losses)** | | | | |
| (219,973) | 100,936 | 0 | | (119,037) |
| **IX - Profit (loss) for the year** | | | | |
| 106,249 | (106,249) | 0 | 103,951 | 103,951 |
| **Total** | | | | |
| 890,904 | 0 | 0 | 103,951 | 994,855 |

**Diagram of the quality of equity items**

| Description of the equity items | Amount | Possible use | Available share | Summary of uses in the three previous years | |
|---|---|---|---|---|---|
| | | | | To cover losses | For other reasons |
| Capital | 1,000.000 | | | | |
| Legal reserve | 9,941 | B | | | |
| Retained earnings | - | | | | |
| Capital | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **reserves: payment for covering losses** | 0 | | | 400,000 | |
| **Total** | 1,009,941 | | | **400,000** | - |
| **Non-distributable portion** | | | | 9,941 | - |
| **Remaining distributable portion** | | | | - | - |

Legend:

A: For capital increase

B: To cover losses

C: For distribution to shareholders

**Provisions for termination benefits**

These amount to EUR 2,443, with an increase of EUR 38 compared to the previous financial year, and this is adequate to cover the amounts accrued by employees working with the company as of 31 December 2013.

**Payables**

These amount to EUR 5,736,841, with an increase of EUR 879, 907 compared to the previous financial year. They consist of:

- Payables to suppliers for EUR 2,814,593 thus divided: for invoices received EUR 2,749,868, of which 2,719,984 for payables to other companies of the Group with an increase of EUR 135,331 compared to the previous financial year; for invoices to be received EUR 64, 725, with an increase of EUR 9,897 compared to the previous financial year;

- Tax payables for EUR 39,101, with an increase of EUR 36,472 compared

to the previous financial year. These are related to payables to tax authorities for withholding taxes on income from employment, VAT and IRAP;

- Payables to social security institutions amounting to EUR 4,583, with an increase of EUR 632 compared to the previous financial year.

- Other payables for EUR 2,878,564, with an increase of EUR 697,575 compared to the previous financial year. These consist primarily of amounts payable to personnel for fourteen-month salary, holidays and leave, bonuses, expenses and provisions for future maintenance cost of sub-let locomotives of which EUR 2,798,969 payable after the following financial year.

**Accrued charges and deferred income**

These amount to EUR 553,420, with an increase of EUR 60, 825 compared to the previous financial year. They consist of revenues invoiced during the year but pertaining to the following financial year.

**INFORMATION ON THE INCOME STATEMENT**The income statement for the year ended December 31, 2013 shows a profit amounting to EUR 103,951 and formed by the following:

| | |
|---|---|
| Value of production | 6,096,319 |
| Costs of production | (6,047,225) |
| Production margin | 49,094 |
| Net financial income and expenses | 109,150 |
| Result before taxes | 158,244 |
| Taxes for the year: | |
| - Current | (54,293) |

| | |
|---|---|
| Profit for the year | 103,951 |

**INFORMATION PURSUANT TO ART. 2427 OF THE CIVIL CODE**

In accordance with the provisions of Art. 2427, No. 6) of the Civil Code, it should be noted that in the year ended December 31, 2013 there are no receivables and payables due after more than 5 years.

In accordance with the provisions of Art. 2427, No. 6-ter) of the Civil Code, it should be noted that in the year ended December 31, 2013 there are no receivables or payables related to speculative transactions requiring reconveyance by the buyer.

In accordance with the provisions of Art. 2427, No. 8) of the Civil Code, it should be noted that in the year ended 31 December 2013 no capitalisation of financial costs occurred.

In accordance with the provisions of Art. 2427, No. 16) of the Civil Code, it should be noted that during the financial year the fees due to the Board of Auditors amounted to a total of EUR 28,660.

In accordance with the provisions of Art. 2427, No. 19 bis ) of the Civil Code, it should be noted that in the year ended December 31, 2013 there are no loans from shareholders.

In accordance with the provisions of Art. 2427, No. 22) of the Civil Code, it should be noted that in the year ended December 31, 2013 no financial lease transactions occurred involving the transfer to the lessee of the prevalent portion of the risks and benefits inherent to the assets concerned.

**INFORMATION PURSUANT TO ART. 2428 OF THE CIVIL CODE**

The Company does not hold treasury shares, has no shares in the capital of parent companies, neither has it performed purchasing or selling transactions of shares of parent companies.

The Company does not hold investments in subsidiaries or associates. It should also be noted that, during the financial year, your Company had commercial relationships with companies belonging to the same group of your Company, for:

- Rental of rolling stock from companies of the Group
- Services rendered to companies of the Group
- Financing of cash surplus granted to the partner Alpha Trains Group Sàrl

These relations occurred at market conditions.

The Company has not made use of derivative financial instruments and did not sustain any research and development costs that can be capitalised.

In conclusion, we invite you to approve the financial statements as of December 31, 2013, and to allocate the profit for the year amounting to EUR 103,951.30, as follows:

- As to EUR 5,197.56 to the legal reserve in accordance with Art. 2430 of the Civil Code;

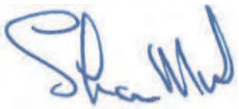
- As to EUR 98,753.74 to cover part of the losses carried forward in previous years.

For the Board of Directors

Shaun Michael Mills

The undersigned Shaun Michael Mills, in his capacity of Chairman of the Board of Directors,

declares that the electronic document in XBRL format containing the Balance Sheet and the Income Statement and these Notes to the Financial Statements in pdf/a format are in conformity with the corresponding original documents registered at the company.



The Chairman
of the Board of Directors

Shaun Michael Mills

Audited unconsolidated financial accounts for Alpha Trains (UK) Limited for the period ended 31 December 2013, prepared in accordance with IFRS.

# Alpha Trains (UK) Limited

## DIRECTOR'S REPORT AND ACCOUNTS

## YEAR ENDED 31 DECEMBER 2013

Alpha Trains (UK) Limited
Registered in England and Wales: No. 4067217
Registered Office: 35 Great St Helen's,London, EC3A 6AP

# Alpha Trains (UK) Limited

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# Alpha Trains (UK) Limited

## OFFICERS AND PROFESSIONAL ADVISERS

| | |
|---|---|
| **DIRECTORS:** | S. Mills |
| **SECRETARY:** | SFM Corporate Services Limited |
| **REGISTERED OFFICE:** | 35 Great St Helen's<br>London EC3A 6AP |
| **AUDITOR:** | Deloitte LLP<br>Chartered Accountants<br>London |

Registered in England and Wales: No. 4067217.

## STRATEGIC REPORT

The Directors submit the strategic report together with their directors' report and the audited financial statements for the year ended 31 December 2013.

### Fair review of the Company's Business

Alpha Trains (UK) Limited ('the Company') is a member of the Alpha Trains (Luxembourg) Holdings ('ALH') group of companies ('the Group').

The Group provides railway stock to non United Kingdom train operators under operating leases. The Company provides management services to third parties and other group companies. The Company sold its rolling stock to another Group company in 2008. The Company provides services to this group company to facilitate the leasing of its assets into international markets.

### Business Review

The Company is a member of the ALH Group. The Group provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of ALH review these matters on a group basis.

During 2013, following a Group reorganisation in 2012 during which the London office was closed, the company has continued to operate in accordance with the Group's objectives; this has required a much reduced administration role for the UK company.

The director is satisfied with the Company's performance for the financial year under review given the circumstances of the year that included a high tax charge from previous years, when the Group had different owners. The Company will be guided by its ultimate parent company in seeking further opportunities for growth and a return to profitability.

### Principal Risks and uncertainities facing the Company

The Company's principal risks and uncertainties together with the processes that are in place to monitor and mitigate those risks where possible can be found in Note 19.

### Future Developments

The company will continue with its business of providing management services to third parties and other Group companies for the foreseeable future.

Approved and signed by Sole Director

S Mills
Director

## DIRECTOR'S REPORT

The director presents his report and the audited financial statements for the year ended 31 December 2013.

*Financial Performance* & Dividend

The Company's financial performance is presented in the Income Statement on page 7.

The loss after tax for the year was €42,000 (year ended 31 December 2012: profit after tax €608,000). The loss has been transferred to reserves.

At the end of the year, the financial position showed total assets of €15,376,000 (compared to €15,394,000 at 31 December 2012).

The director recommends that no dividend be paid in respect of the year to 31 December 2013 (year ended 31 December 2012: €nil).

## GOING CONCERN

The Company's principal activities and a review of the year are set out in sections above. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 19 to the financial statements includes details of the Company's objectives and approach to capital management, and details of financial instruments and related principal risks and uncertainties. The Company is part of the ALH Group and is reliant on funding from other Group companies. The Group's processes manage its capital and liquidity, including drawing on support provided by investors and banks, continue to provide sufficient capital resources and liquidity for the Group and the Company to meet its obligations as they fall due. After making enquiries about the continued availability of Group funding, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## DISCLOSURE OF INFORMATION TO AUDITOR

The director of the Company holding office at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
(2) so far as the director is aware he has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## DIRECTOR AND SECRETARY

The present director and secretary are listed on page 1.

## DIRECTOR'S INDEMNITIES

In terms of s234 of The Companies Act 2006, the director has not been granted any Qualifying Third Party Indemnity Provisions by ALH.

## DIRECTORS' REPORT (Continued)

### ELECTIVE RESOLUTIONS

The Company has elected to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appoint the auditor annually.

### AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor. In accordance with section 485 and 487 of the Companies Act 2006, Deloitte LLP is deemed to have been re-appointed as auditor of the Company.

### DONATIONS

The Company matches employees charitable donations through a "Give as you earn scheme". In 2013 this amounted to €Nil (year to 31 December 2012: €1,000).

### STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved and signed by the Sole Director

**S. Mills**
**Director**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA TRAINS (UK) LIMITED

We have audited the financial statements of Alpha Trains (UK) Limited for the year ended 31 December 2013 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Lloyd (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
10 April 2017

# Alpha Trains (UK) Limited

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

| Continuing operations | Notes | Year ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|---|
| Revenue | 2 | 11,646 | 13,220 |
| Cost of sales | | (2,993) | (3,065) |
| **Gross profit** | | **8,653** | **10,155** |
| Other operating income | | 1 | - |
| Administrative expenses | | (8,493) | (10,009) |
| **Operating profit** | | **161** | **146** |
| Finance income | 3 | 346 | 806 |
| Other losses | 4 | (7) | (32) |
| **Profit before tax** | | **500** | **920** |
| Tax charge | 6 | (542) | (312) |
| **(Loss)/Profit attributable to equity holders** | 7 | **(42)** | **608** |

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

| | Notes | Year ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|---|
| (Loss)/Profit for the year | 7 | (42) | 608 |
| Actuarial (losses)/gains on defined benefit plans | 13 | (781) | (131) |
| Charge re effect of the pension asset ceiling | 13 | 805 | (120) |
| **Total comprehensive income** | | **(18)** | **357** |

Notes 1 to 19 form an integral part of these financial statements.

# Alpha Trains (UK) Limited

## BALANCE SHEET AT 31 DECEMBER 2013

| | Notes | Year ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | - | 14 |
| | | - | 14 |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 3,746 | 497 |
| Loans Receivable | 10 | 9,100 | 15,241 |
| Trade and other receivables | 11 | 5,799 | 11,109 |
| Current tax assets | | 256 | 229 |
| | | 18,901 | 27,076 |
| **Total assets** | | 18,901 | 27,090 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | (3,525) | (11,696) |
| | | (3,525) | (11,696) |
| **Net current assets** | | 22,426 | 15,380 |
| **Total liabilities** | | (3,525) | (11,696) |
| **Net Assets** | | **15,376** | **15,394** |
| **Equity** | | | |
| Called up share capital | 14 | 85,244 | 85,244 |
| Other reserves | | (2,353) | (2,377) |
| Retained earnings | 15 | (67,515) | (67,473) |
| **Total equity** | | **15,376** | **15,394** |

Notes 1 to 19 form an integral part of these financial statements.

The financial statements were approved by the sole Director and authorised for issue on 28th March 2014 and signed by the Sole Director.

S.Mills
Director

Registered in England and Wales. No. 4067217

# Alpha Trains (UK) Limited

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

| | Share capital €'000 | Translation and other reserves €'000 | Retained earnings €'000 | Total €'000 |
|---|---|---|---|---|
| **Balance at 1 January 2012** | **85,244** | **(2,126)** | **(68,081)** | **15,037** |
| Profit for the year | - | - | 608 | 608 |
| Actuarial losses on defined benefit plans | - | (131) | - | (131) |
| Charge re effect of the pension asset ceiling | - | (120) | - | (120) |
| **Total comprehensive income** | **-** | **(251)** | **608** | **357** |
| **Balance at 31 December 2012** | **85,244** | **(2,377)** | **(67,473)** | **15,394** |
| Profit for the year | - | - | (42) | (42) |
| Actuarial losses on defined benefit plans | - | (781) | - | (781) |
| Charge re effect of the pension asset ceiling | - | 805 | - | 805 |
| **Total comprehensive income** | **-** | **24** | **(42)** | **(18)** |
| **Balance at 31 December 2013** | **85,244** | **(2,353)** | **(67,515)** | **15,376** |

Notes 1 to 19 form an integral part of these financial statements.

# Alpha Trains (UK) Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

| | Year ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|
| **(Loss)/Profit for the year** | (42) | 608 |
| Adjustment for non-cash items: | | |
| Depreciation | 14 | 126 |
| Actuarial gains/(losses) | 24 | (251) |
| Movement in working capital | (2,888) | (940) |
| **Net cash flow used in operating activities** | (2,892) | (457) |
| **Financing activities** | | |
| Loans with group companies | 6,141 | 259 |
| **Net cash from financing activities** | 6,141 | 259 |
| **Net increase/(decrease) in cash and cash equivalents** | 3,249 | (198) |
| **Cash and cash equivalents at beginning of year** | 497 | 695 |
| **Cash and cash equivalents at end of year** | 3,746 | 497 |

Notes 1 to 19 form an integral part of these financial statements.

## 1. Significant accounting policies

### General

Alpha Trains (UK) Limited is a Company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's operations, its principal activities, and going concern expectations are set out in the Directors' report.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations committee of the IASB (together "IFRS") as adopted by the European Union ("EU").

The financial statements are prepared in the historical cost convention, in compliance with the Companies Act 2006, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below.

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described below, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements and estimates that the director has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements are detailed in the maintenance income note below.

**1. Significant accounting policies (continued)**

**Adoption of the new and revised Standards**

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

**Standards affecting the financial statements**

| | |
|---|---|
| Amendments to IAS 1 *Presentation of financial statements (as part of the Annual Improvements to IFRS, Cycle issued in May 2012)* | The Annual improvements to IFRS 2009-2011 have made a number of amendments to IFRSs. The amendments to IAS 1 regarding when a statement of financial position as at the beginning of the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a)an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position. |
| IAS 19 *Employee Benefits (revised June 2011)* | In the current year, the Group has applied IAS 19 (as revised in June 2011) Employee Benefits and the related consequential amendments. |
| Amendments to IFRS 13 *Fair Value Measurement* | The Group has applied the IFRS 13 in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements. Leasing transactions are within the scope of IAS 17 Leases. |

**Standards not affecting the reported results nor the financial position**

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

| | |
|---|---|
| Amendments to IFRS 7 *Financial instruments: Disclosures* | The Group has applied the amendments to IFRS 7 Disclosures - Ofsetting Financial Assets and Financial Liabilities for the first time in the current year. The ammendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.<br><br>As the group does not have any offsetting arrangements in place, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the financial statements. |

**1. Significant accounting policies (continued)**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

| | |
|---|---|
| IFRS 9 | *Financial Instruments* |
| IFRS 10, IFRS 12 and IAS 27 | *Investment entities* (amended) |
| IAS 27 (amendments) | *Separate Financial Statements* |
| IAS 36 (amendments) | *Recoverable Amount Disclosures for Non-Financial Assets* |
| IAS 39 (amendments) | *Novation of Derivatives and Continuation of Hedge Accounting* |
| IFRIC 21 | *Levies* |

The director does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales-related taxes and rebates. In the normal course of business administrative services are provided to various group companies. These services incur a management fee, which is recognised on an annual basis. Sales of services are recognised when services are rendered. Revenue recognition encompasses all other forms of the Company's income.

*Maintenance income*
A proportion of turnover is identified as relating to the current estimates of costs for the maintenance of trains, 'maintenance income'. To the extent that maintenance income exceeds the related costs in any year, then it is deferred in order to match it with expected future costs. To the extent that it is less than the related costs in any period, then the difference will be recognised as income for the period.

*Interest income*
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

*Leasing income - The Company as lessor*
The Company has no leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Accordingly, all leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**Foreign currencies**

The financial statements of the Company are presented in Euros, which is the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded using month end exchange rates. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary and non-monetary items, and on the retranslation of monetary and non-monetary items, are included in the income statement for the period.

**1. Significant accounting policies (continued)**

**Transfer pricing**

Services rendered are transferred to group companies at cost plus a mark up.

**Taxation**

Tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**Property, plant and equipment**

Property, plant and equipment are shown at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation of these assets is charged to administration costs.

Depreciation is charged so as to write off the cost or valuation of these assets over their estimated useful lives, using the straight-line method.

The following time periods are used for the depreciation of property, plant and equipment:

| | Years |
|---|---|
| Office fixtures and fittings | 5 |
| Computer equipment | 3 |
| Computer software | 3 |

## 1. Significant accounting policies (continued)

### Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

*Loan receivables*
Loan receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

*Cash and cash equivalents*
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Trade payables*
Trade payables are initially measured at fair value.

### Pensions

Alpha Trains (UK) Limited holds a final salary pension scheme. The Alpha Trains Section is part of the Railway's Pension Scheme, but its assets and liabilities are separately identified from the remainder of the Scheme. Employer contributions for the year ended 31 December 2012 are 17% of Section pay. The section is closed to new members. Under the projected unit method, the current service cost will increase as members of the Section approach retirement.

The costs of providing pensions are charged to the income statement in accordance with IAS 19 over the period during which the benefit is derived from the employee's services. The costs are assessed on the basis of assumptions selected by management and applied by independent valuation experts.

### Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

## 2. Revenue

Revenue includes operating lease rentals and management fees received from other group companies. In the 12 months ended 31 December 2013 operating lease rentals net of rebates were €3,009,000 (year ended December 2012: €3,080,000).

## 3. Finance income

| | Year ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|
| Interest receivable from group companies | 346 | 806 |
| | **346** | **806** |

The interest receivable from group undertakings represents interest receivable from loans granted to Alpha Trains Group S.à r.l.

## 4. Other losses

| | Year ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|
| Currency translation | (7) | (32) |
| | **(7)** | **(32)** |

## 5. Directors' and employee emoluments

None of the directors received any emoluments for their services to the Company as a director during the 12 months ended 31 December 2013 (year ended 31 December 2012: €nil).

| | Year ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|
| Wages and salaries | 615 | 1,237 |
| Other staff costs | 3 | 827 |
| Other pension (income)/costs | 65 | (172) |
| | **683** | **1,892** |

## 6. Tax

The credit/(expense) for taxation based on the profit for the year is based on the blended rate of UK corporation tax of 23.25% (year ended 31 December 2012: 24.5%) and comprises:

| | Year ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|
| Current tax (expense)/credit | (542) | (312) |
| | **(542)** | **(312)** |

The total credit/(expense) for the year can be reconciled to the accounting profit as follows:

| | Year ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|
| Profit before taxation | 500 | 920 |
| Expected tax charge @ 23.25% (2012: 24.5%) | (116) | (225) |
| Capital allowances in excess of depreciation | 32 | - |
| Pension allowable adjustments | - | 122 |
| Prior year adjustments | (458) | (209) |
| **Current taxation (charge)/credit** | **(542)** | **(312)** |
| **Total tax (charge)/credit** | **(542)** | **(312)** |

## 7. Profit attributable to equity holders

Profit attributable to equity holders of the company has been arrived at after charging:

| | Year ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|
| Depreciation - other | 14 | 126 |
| Total depreciation expense | 14 | 126 |

Auditor's remuneration for audit services of €15,000 (year ended 31 December 2012: €9,750), for tax services €13,750 (2012: €7,000) and accounting services: Nil (2012: €10,000).

## 8. Property, plant and equipment

| | Fixtures, Fittings &Computer Equipment €'000 | Total €'000 |
|---|---|---|
| **Cost** | | |
| **At 31 December 2012** | 874 | 874 |
| Additions | - | - |
| **At 31 December 2013** | 874 | 874 |
| **Depreciation** | | |
| **At 31 December 2012** | 860 | 860 |
| Charge for the period | 14 | 14 |
| Disposals | - | - |
| **At 31 December 2013** | 874 | 874 |
| **Net book value** | | |
| **At 31 December 2013** | - | - |
| At 31 December 2012 | 14 | 14 |

The Company has reviewed the residual values used for the purposes of depreciation calculations. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods.

## 9. Cash and cash equivalents

Cash and cash equivalents held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

| | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Cash and cash equivalents | 3,746 | 497 |
| | 3,746 | 497 |

## 10. Loans receivable

| | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| **Amounts falling due within one year** | | |
| Loans to group undertakings | 9,100 | 15,241 |
| | **9,100** | **15,241** |

The above figure includes the following loan facilities:

In 2009 a €100,000,000 loan facility with Alpha Trains Group S.á r.l was put in place with a maturity date of 30 June 2016.The loan agreement states that loan can be repaid (as agreed by both parties) from time to time.

This is a revolving facility and bears interest at the group's weighted average cost of capital plus 5bps. The amount outstanding at 31 December 2013 is €9,100,000 (year ended 31 Dec 2012: €15,241,000).

The director considers that the carrying amounts of loan receivables approximate their fair value.

## 11. Trade and other receivables

| | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| **Amounts falling due within one year** | | |
| Amounts receivable from operating leases | - | 267 |
| Amounts owed by group undertakings | 3,328 | 8,507 |
| Other trade debtors and other receivables | 2,471 | 2,335 |
| | **5,799** | **11,109** |

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

## 12. Trade and other payables

| | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Trade creditors and other payables | 1,776 | 1,025 |
| Amounts owed to group undertaking | 1,638 | 10,013 |
| Accruals and deferred income | 111 | 658 |
| | **3,525** | **11,696** |

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximates their fair value.

## 13. Pensions

The company sponsors a funded defined benefit, final salary, pension scheme. The defined benefit plans are administered by the Railway Pension Scheme (RPS) and its agents, these are completely separate legal entities to the company The RPS originated under the previous nationalised British Rail employer. The company has been required by law to ensure that the fund is fully funded. The fund is fully funded with a surplus of €1,358,000; in accordance with International Accounting Standards an asset ceiling is applied and the company cannot recognise this surplus on its balance sheet. If the value of assets falls in the future such that the fund is in deficit, the company shall be required to make further contributions to the scheme. The sensitivity of the Defined Benefit Obligation to important influencing factors is estimated below.

The Alpha Trains Section is part of the RPS, but its assets and liabilities are identified separately from the remainder of the Scheme. The RPS and its agents manages the assets on behalf of the Alpha Trains Section stakeholders. The Alpha Trains Section holds units in the various funds that the RPS invests. An analysis of the portfolio of plan assets is given below. Further details of the scheme are as follows:

a. There were no employer contributions for the period ending 31 December 2013.

b. The Section is closed to new members.

c. The discounted mean term of the Section's DBO is 23 years.

d. The Company is exposed to a number of risks relating to the Section including assumptions not being borne out in practice. The most significant risks are as follows:

i. Asset volatility: There is the risk that a fall in asset values is not matched by a corresponding reduction in the value placed on the Section's DBO. The Section holds a proportion of growth assets, which are expected to outperform corporate and government bond yields in the long-term but gives exposure to volatility and risk in the short-term.
ii. Change in bond yields: A decrease in corporate bond yields will increase the value placed on the Section's DBO, although this will be partially offset by an increase in the value of the Section's corporate bond holdings.
iii. Inflation risk: The majority of the Section's DBO is linked to inflation where higher inflation will lead to a higher value being placed on the DBO. Some of the Section's assets are either unaffected by inflation or loosely correlated with inflation (e.g. growth assets), meaning that an increase in inflation will generally increase the deficit.
iv. Life expectancy: An increase in life expectancy will lead to an increased value being placed on the Section's DBO. Future mortality rates cannot be predicted with certainty.
v. Contribution rate: The Scheme Rules give the Scheme Actuary the power to set the contribution rates for Alpha Trains (UK) Limited if no agreement can be reached between the Trustee and the Company.

| Summary of assumptions | per annum 2013 | per annum 2012 |
|---|---|---|
| Discount rate | 4.5% | 4.7% |
| Price inflation (RPI measure) | 3.6% | 3.1% |
| Increase to deferred pensions (CPI measures) | 2.6% | 2.1% |
| Pension increases (CPI measure) | 2.6% | 2.1% |

**13. Pensions (continued)**

| Defined Benefit (Liability/Asset at the end of the year | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Defined Benefit Obligation at end of year | | |
| i. Active members | - | - |
| ii. Deferred members | (5,502) | (4,663) |
| iii. Pensioner members (incl. dependents) | (953) | (896) |
| iv. Total | (6,455) | (5,558) |
| Value of assets at end of the year | 7,813 | 7,681 |
| Funded Status at end of the year | 1,358 | 2,123 |
| Effect of Asset Ceiling | (1,358) | (2,123) |
| **Net Defined Benefit (Liability)/Asset at end of year** | - | - |

| Reconciliation of Net Defined Benefit Liability | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Opening Net Defined Benefit (Liability) | - | - |
| Employers share of pension (expense)/income | (24) | (49) |
| Employer contributions | - | 49 |
| Total Gain/(Loss) recognised in OCI | 24 | - |
| **Closing Net Defined Benefit (Liability)/Asset** | - | - |

| Pension Expense | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Employer's share of Service Cost | - | 37 |
| Employer share of administration costs | 24 | 12 |
| Past Service Cost Adjustment (including curtailments) | - | - |
| Settlement | - | - |
| Total employer's share of service cost | 24 | 49 |
| Employer's share of net interest on net defined benefit liability/(asset) | - | - |
| **Employer's share of pension expense/(income)** | 24 | 49 |

| Other comprehensive income (OCI) | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Loss/(Gain) due to liability experience | - | 98 |
| Loss/(Gain) due to liability assumption changes | 846 | 110 |
| Return on plan assets (greater)/less than discount rate | (71) | (221) |
| Change in effect of the asset ceiling | (798) | 12 |
| **Total (gain)/loss recognised in the OCI** | **(24)** | **0** |

## 13. Pensions (continued)

| Reconciliation of Defined Benefit Obligation (DBO) | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Opening Defined Benefit Obligation | 5,558 | 5,080 |
| FX on retranslation | (163) | - |
| Service Cost | - | 49 |
| Interest Cost on DBO | 250 | 258 |
| Section amendment | - | - |
| (Gain)/Loss on DBO - experience | - | 98 |
| (Gain)/Loss on DBO - demographic assumptions | - | - |
| (Gain)/Loss on DBO - financial assumptions | 846 | 110 |
| Actual benefit payments | (36) | (37) |
| Settlement | - | - |
| Curtailment | - | - |
| **Closing Defined Benefit Obligation** | **6,455** | **5,558** |

| Reconciliation of value of assets | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Opening value of Section assets | 7,681 | 7,092 |
| FX on retranslation | (225) | - |
| Interest income on assets | 345 | 356 |
| Return on plan assets greater/(less) than discount rate | 71 | 221 |
| Employer contributions | - | 49 |
| Employee contributions | - | 12 |
| Actual benefit payments | (36) | (37) |
| Administration costs | (24) | (12) |
| Settlement | - | - |
| Curtailment | - | - |
| **Closing value of Section assets** | **7,813** | **7,681** |

| Reconciliation of effect of asset ceiling | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Opening effect of asset ceiling | 2,123 | 2,012 |
| FX on retranslation | (62) | |
| Interest on asset ceiling | 95 | 98 |
| Change in asset ceiling over the period | (798) | 12 |
| **Closing effect of asset ceiling** | **1,358** | **2,123** |

| DBO sensitivity to significant actuarial assumptions | Sensitivity | DBO €'000 |
|---|---|---|
| 1. Discount rate | -1.0% p.a. | 7,896 |
| 2. Price inflation (CPI measure) | +1.0% p.a. | 7,896 |
| 3. Life expectancy | + 1 year | 6,610 |

## 13. Pensions (continued)

| Value of asset by pooled fund type | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Growth pooled fund | 4,002 | 5,075 |
| Defensive pooled fund | 3,219 | 2,012 |
| Private equity pooled funds | 429 | 387 |
| Infrastructure pooled fund | 163 | 158 |
| Cash pooled fund | 0 | 49 |
| **Closing value of Section assets** | **7,813** | **7,681** |

## 14. Share capital

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Authorised: | | |
| Ordinary shares of €1 each | 200,000,000 | 200,000,000 |
| Issued, called up and fully paid: | | |
| Ordinary shares of €1 each | 85,244,398 | 85,244,398 |

The Company has one class of ordinary shares which carry no right to fixed income.

## 15. Retained earnings

| | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| At start of period | **(67,473)** | **(68,081)** |
| Total profit attributable to equity holders for the year | (42) | 608 |
| | **(67,515)** | **(67,473)** |

## 16. Contingent liabilities

The Company is guarantor in respect of Alpha Trains Switzerland AG to a maximum of €500,000 covering obligations of Alpha Trains Switzerland AG to the Danish Tax Authorities in favour of the VAT agent Alpha Trains Switzerland has appointed in Denmark.

## 17. Parent companies

The Company's immediate parent company is Alpha Trains Group S.à r.l..

The Company's ultimate holding company, ultimate controlling party, and the parent of the smallest and largest group into which the Company is consolidated is Alpha Trains (Luxembourg) Holdings S.a.r.l which is incorporated in Luxembourg. Financial statements for Alpha Trains (Luxembourg) Holdings S.a.r.l can be obtained from Alpha Trains (Luxembourg) Holdings S.a.r.l, 22 Rue Alfred de Musset, Luxembourg City, Luxembourg.

## 18. Related party transactions

In addition to the parent company listed in Note 17 above, the Company has related party relationships with the following fellow subsidiaries of the Group:

Alpha Trains (Locomotives) Limited
Alpha Trains Switzerland AG
Alpha Trains Europa GmbH
Alpha Trains Polska Sp z.o.o.
Alpha Trains Italia Srl
Alpha Trains Belgium NV
Alpha Trains (Locomotives) GmbH
Locomotion Capital (UK) Limited
Alpha Trains Iberia SA
Alpha Trains Luxembourg Holdings S.à r.l.
Alpha Trains Development No. 1 S.à r.l.
Alpha Trains EMIL S.à r.l.
Alpha Trains STS S.à r.l.
Alpha Trains Development No. 2 S.à r.l.
Alpha Trains Luxembourg No. 2 S.à r.l.
Alpha Trains Iberia No.2 SLU
Alpha Trains Luxembourg S.à r.l.
Alpha Trains Group S.à r.l.
Alpha Trains Holdco S.à r.l.
Alpha Trains Holdco II S.à r.l.

### Trading transactions

During the year, the Company had the following transactions with related parties:

| | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Rentals paid | 2,993 | 3,065 |
| Interest received | 346 | 806 |
| Management fees received | 4,272 | 5,481 |
| Management fees paid | 4,689 | 3,951 |

The following amounts were outstanding at the balance sheet date:

| | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|
| Related party debtors | 3,300 | 8,507 |
| Related party creditors | 1,637 | 10,013 |
| Loans to other related parties | 9,100 | 15,241 |

The amounts outstanding are unsecured and will be settled in cash.

## 19. Risk management

The major risks associated with the Company's business are market risk, credit risk, liquidity risk and operational risk. The Company has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

### Market risk

Market risk is defined as the risk of loss as a result of adverse changes in risk factors including interest rates.
The Company manages the market risk through its comprehensive framework, which is continually evolving as business activities change.

### Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

The Company's principal financial assets are bank balances and cash, trade and other receivables and amounts owed by other members of the group. For trade and other receivables, refer to note 11 and for loans receivable refer to note 10.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. As at 31 December 2013, and 31 December 2012, all trade and other receivables were not past due.

The credit risk on group undertakings is limited because the undertakings are solvent, under common control and the director is confident of them continuing as going concerns. The credit on group undertakings is not past due.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company does not hold collateral over these balances.

### Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. For trade and other payables refer to note 12.

Alpha Trains (UK) Limited policy is to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt.
Liquidity management within the Company focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from the undrawn commitments and other contingent obligations.

## 19. Risk management (continued)

### Liquidity risk (continued)

The following table detail the Company's remaining maturity for its financial liabilities.

| | Within one year | Between one and two years | Between two and five years | Over five years | Total |
|---|---|---|---|---|---|
| **December 2013** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| Loans from group undertakings | - | - | - | - | - |
| Trade and other payables | (3,525) | - | - | - | (3,525) |
| | **(3,525)** | - | - | - | **(3,525)** |
| **December 2012** | | | | | |
| Loans from group undertakings | - | - | - | - | - |
| Trade and other payables | (11,696) | - | - | - | (11,696) |
| | **(11,696)** | - | - | - | **(11,696)** |

### Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failure, fraud or inadequate internal financial controls and procedures. The Company manages this risk through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingent facilities to support operations in the event of disaster.

### Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of cash and cash equivalents, disclosed in note 9 and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in notes 14 and 15.

## 19. Risk management (continued)

### Gearing ratio

The Company's capital structure is reviewed on an annual basis as part of a wider funding review.

The debt/equity ratio at the year end is as follows:

| | Notes | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|---|
| Loans receivable | 10 | 9,100 | 15,241 |
| Cash and cash equivalents | 9 | 3,746 | 497 |
| Net debt (+ve figure is opposite of debt) | | 12,846 | 15,936 |
| Equity | | 15,376 | 15,394 |
| Net debt to equity ratio: n/a | | - | - |

Net debt is defined as long-term and short-term loans payable less cash and short-term loans receivable. Equity includes all capital and reserves of the Company attributable to equity holder of the Company.

There is no net debt for the years 2013 or 2012. Therefore, the gearing ratio is not applicable.

### Sensitivity factors

The major sensitivity factor affecting the Company is movement in interest rates.

A movement of +/- 1% in interest rates, when applied to statistical models, will have the following impact on the profit and equity in the financial statements.

| | Variability | December 2013 €'000 | December 2012 €'000 |
|---|---|---|---|
| Interest rates | +1% | 91 | 152 |
| Interest rates | -1% | (91) | (152) |

### Categories of financial instruments

All financial instruments are categorised in the financial statements as loans and receivables, in accordance with IFRS 7. See Balance Sheet.

Audited unconsolidated financial accounts for Locomotion Capital (UK) Limited for the period ended 31 December 2013, prepared in accordance with IFRS.

# Locomotion Capital (UK) Limited

## DIRECTOR'S REPORT AND ACCOUNTS

## YEAR ENDED 31 DECEMBER 2013

Locomotion Capital (UK) Limited
Registered in England and Wales: No. 4020256
Registered Office: 35 Great St Helen's,London, EC3A 6AP

# Locomotion Capital (UK) Limited

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# Locomotion Capital (UK) Limited

## OFFICERS AND PROFESSIONAL ADVISERS

| | |
|---|---|
| **DIRECTORS:** | S. Mills |
| **SECRETARY:** | SFM Corporate Services Limited |
| **REGISTERED OFFICE:** | 35 Great St Helen's<br>London EC3A 6AP |
| **AUDITOR:** | Deloitte LLP<br>Chartered Accountants<br>London |

Registered in England and Wales: No. 4020256.

## DIRECTOR'S REPORT

The director presents his report and the audited financial statements for the year ended 31 December 2013.

## PRINCIPAL ACTIVITIES

Locomotion Capital (UK) Limited ("the Company") is a member of the Alpha Trains (Luxembourg) Holdings S.a r.l. ("ALH") group of companies ("the Group").

The Group provides railway stock to non United Kingdom train operators under operating leases. The Company provides management services to third parties and other group companies.

## REVIEW OF THE YEAR

*Business Review*

The Company is a member of the ALH Group. The Group provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the director believes that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of ALH review these matters on a group basis.

The director is satisfied with the Company's performance for the financial year under review. The Company will be guided by its ultimate parent Company in seeking further opportunities.

The director recommends that no dividend be paid in respect of the year to 31 December 2013 (year ended 31 December 2012: €nil).

*Financial Performance*

The Company's financial performance is presented in the Income Statement on page 7.

The profit after tax for the year was €24,000 (year ended 31 December 2012: profit after tax €53,000). The profit has been transferred to reserves.

At the end of the year, the financial position showed net assets of €1,681,000 (year ended 31 December 2012 €1,657,000).

The director does not anticipate any material change in either the type or level of activities of the Company.

## PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

The Company's portfolios of financial instruments principally comprise loans, deposits and payables. All portfolios are considered to be held for non-trading purposes.

The directors is responsible for considering risk management issues that arise across the Company's financial instrument portfolios. Risk management policies are detailed in note 15.

## DIRECTORS' REPORT (Continued)

## GOING CONCERN

The Company's principal activities and a review of the year are set out in sections above. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 15 to the financial statements includes details of the Company's objectives and approach to capital management, and details of financial instruments and related principal risks and uncertainties. The Company is part of the ALH Group and is reliant on funding from other Group companies. The Group's processes to manage its capital and liquidity, including drawing on support provided by investors and banks, continue to provide sufficient capital resources and liquidity for the Group and the Company to meet its obligations as they fall due. After making enquiries about the continued availability of Group funding, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors of the Company holding office at the date of approval of this report confirms that:

(1) so far as the directors is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
(2) so far as each of the director is aware he has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## DIRECTORS AND SECRETARY

The present director and secretary are listed on page 1.

## DIRECTORS' INDEMNITIES

In terms of s234 of The Companies Act 2006, the director has not been granted Qualifying Third Party Indemnity Provisions by ALH.

## POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company follows the policy and practice on payment of creditors determined by ALH, as outlined below.

ALH will adhere to the following payment policy in respect of all suppliers. ALH is committed to maintaining a sound commercial relationship with its suppliers. Consequently, ALH's policy is to negotiate and agree terms and conditions with its suppliers, which include the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as, may be agreed.

## DIRECTORS' REPORT (Continued)

## ELECTIVE RESOLUTIONS

The Company has elected to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appoint the auditor annually.

## AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor. In accordance with section 485 and 487 of the Companies Act 2006, Deloitte LLP are deemed to have been re-appointed as auditor of the Company.

## DONATIONS

There have been no political or charitable donations in the year (year to 31 December 2012: nil).

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Sole Director
and signed by the Sole Director

**S. Mills**
**Director**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCOMOTION CAPITAL (UK) LIMITED

We have audited the financial statements of Locomotion Capital (UK) Limited for the year ended 31 December 2013 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Lloyd (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

10 April 2014

# Locomotion Capital (UK) Limited

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

| | Notes | Year ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 2 | - | - |
| Cost of sales | | - | - |
| **Gross profit** | | - | - |
| Other operating (expense)income | | (36) | 19 |
| Administrative expenses | 4 | (1) | (4) |
| **Operating profit** | | (37) | 15 |
| Finance income | 3 | 61 | 88 |
| Other losses | | - | - |
| **Profit before tax** | | 24 | 103 |
| Tax charge | 5 | - | (50) |
| **Profit attributable to equity holders** | | **24** | **53** |

All profit and loss items relate to continuing operations of the Company.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

| | Year Ended 31 December 2013 €'000 | Year ended 31 December 2012 €'000 |
|---|---|---|
| Profit for the year | 24 | 53 |
| **Total comprehensive income for the year** | **24** | **53** |

Notes 1 to 15 form an integral part of these financial statements.

# Locomotion Capital (UK) Limited

## BALANCE SHEET AT 31 DECEMBER 2013

| | Notes | 31 December 2013 €'000 | 31 December 2012 €'000 |
|---|---|---|---|
| **Current assets** | | | |
| Trade and other receivables | 7 | 306 | 781 |
| Loans receivable | 8 | 1,650 | 1,600 |
| Cash and cash equivalents | 9 | 59 | 13 |
| | | 2,015 | 2,394 |
| **Current liabilities** | | | |
| Trade and other payables | 10 | 334 | 737 |
| Current tax liabilities | | - | - |
| | | 334 | 737 |
| **Net current assets** | | **1,681** | **1,657** |
| **Net assets** | | **1,681** | **1,657** |
| **Equity** | | | |
| Share capital | 11 | 500 | 500 |
| Retained earnings | 12 | 1,181 | 1,157 |
| **Total equity** | | **1,681** | **1,657** |

Notes 1 to 15 form an integral part of these financial statements.

The financial statements were approved by the Sole Director and authorised for issue on 28th March 2014 and signed by the Sole Director:

S.Mills
Director

Registered in England and Wales: No. 4020256

# Locomotion Capital (UK) Limited

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| **Balance at 1 January 2011** | **500** | **1,015** | **1,515** |
| Profit for the year | - | 89 | 89 |
| **Total comprehensive income** | **-** | **89** | **89** |
| **Balance at 31 December 2011** | **500** | **1,104** | **1,604** |
| Profit for the year | - | 53 | 53 |
| **Total comprehensive income** | **-** | **53** | **53** |
| **Balance at 31 December 2012** | **500** | **1,157** | **1,657** |
| Profit for the year | - | 24 | 24 |
| **Total comprehensive income** | **-** | **24** | **24** |
| **Balance at 31 December 2013** | **500** | **1,181** | **1,681** |

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

| | Year Ended 31 December 2013 | Year ended 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| **Operating activities** | | |
| **Profit for the year** | 24 | 53 |
| Adjustment for non-cash items: | | |
| Depreciation | - | - |
| Movement in working capital | 72 | (62) |
| **Net cash flow from/(used in) operating activities** | 96 | (9) |
| **Financing activities** | | |
| Change in loans to group companies | (50) | (50) |
| **Net cash used in financing activities** | (50) | (50) |
| **Net increase/(decrease) in cash and cash equivalents** | 46 | (59) |
| Cash and cash equivalents at the beginning of the year | 13 | 72 |
| **Cash and cash equivalents at the end of the year** | **59** | **13** |

Notes 1 to 15 form an integral part of these financial statements.

## 1. Significant accounting policies

### General

Locomotion Capital (UK) Limited is a Company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's operations, its principal activities, and going concern expectations are set out in the Directors' report.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations committee of the IASB (together "IFRS") as adopted by the European Union ("EU").

The financial statements are prepared on the historical cost convention, in compliance with the Companies Act 2006. The principal accounting policies adopted are set out below.

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described below, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements and estimates that the director has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements are detailed in the notes below.

### Adoption of the new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

**Standards affecting the financial statements**

| | |
|---|---|
| Amendments to IAS 1 *Presentation of financial statements (as part of the Annual Improvements to IFRS, Cycle issued in May 2012)* | The Annual improvements to IFRS 2009-2011 have made a number of amendments to IFRSs. The amendments to IAS 1 regarding when a statement of financial position as at the beginning of the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a)an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position. |
| IAS 19 *Employee Benefits (revised June 2011)* | In the current year, the Group has applied IAS 19 (as revised in June 2011) Employee Benefits and the related consequential amendments. |
| Amendments to IFRS 13 *Fair Value Measurement* | The Group has applied the IFRS 13 in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad.; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs |

| | |
|---|---|
| | require or permit fair value measurements and disclosures about fair value measurements. Leasing transactions are within the scope of IAS 17 Leases. |

**Standards not affecting the reported results nor the financial position**

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

| | |
|---|---|
| Amendments to IFRS 7 *Financial instruments: Disclosures* | The Group has applied the amendments to IFRS 7 Disclosures - Ofsetting Financial Assets and Financial Liabilities for the first time in the current year. The ammendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.<br><br>As the group does not have any offsetting arrangements in place, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the financial statements. |

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

| | |
|---|---|
| IFRS 9 | *Financial Instruments* |
| IFRS 10, IFRS 12 and IAS 27 | *Investment entities* (amended) |
| IAS 27 (amendments) | *Separate Financial Statements* |
| IAS 36 (amendments) | *Recoverable Amount Disclosures for Non-Financial Assets* |
| IAS 39 (amendments) | *Novation of Derivatives and Continuation of Hedge Accounting* |
| IFRIC 21 | *Levies* |

The director does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

**1. Significant accounting policies (continued)**

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the normal course of business, net of discounts and sales-related taxes. Sales of services are recognised when services are rendered and title has passed. Revenue recognition encompasses all other forms of the Company's income.

*Interest income*
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**Foreign currencies**

The financial statements of the Company are presented in Euros, which is the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded using month-end exchange rates. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary and non-monetary items, and on the retranslation of monetary and non-monetary items, are included in the income statement for the period.

**Transfer pricing**

Services are transferred to group companies at cost plus a mark up.

**Taxation**

Tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**1. Significant accounting policies (continued)**

**Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

*Trade receivables*
Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

*Cash and cash equivalents*
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Trade payables*
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**2. Revenue**

Revenue includes management fees received from other group companies.

**3. Finance income**

| | Year ended 31 December 2013 | Year ended 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Interest receivable | 61 | 88 |
| | **61** | **88** |

**4. Director's emoluments**

No director received any emoluments for their services to the Company during the year (year ended 31 December 2012: £nil). The Company itself has no employees (year ended 31 December 2012: none).

**5. Tax**

The tax charge, based on the profit for the year, is based on the blended rate of UK corporation tax of 23.5% (year ended 31 December 2012: 24.5%) and comprises:

| | Year ended 31 December 2013 | Year ended 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Current tax charge | - | 50 |
| Tax | **-** | **50** |

**5. Tax (continued)**

The total charge for the period can be reconciled to the accounting profit as follows:

| | Year Ended 31 December 2013 | Year Ended 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Profit before taxation | 24 | 103 |
| Expected tax charge at 23.25% (2012: 24.5%) | (6) | (25) |
| Prior year adjustments | 6 | (25) |
| Current taxation charge for the year | - | (50) |

**6. Profit attributable to equity holders**

Auditor's remuneration for audit services for the year ended 31 December 2013 was €5,700 (2012: €5,865), and for tax services €2,500 (2012 €1,000).

**7. Other financial assets**

**Trade and other receivables**

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| **Amounts falling due within one year** | | |
| Trade debtor | 255 | 321 |
| Other taxation and social security | 51 | 51 |
| Amounts owed by group undertakings | - | 409 |
| | **306** | **781** |

The director considers that the carrying amount of trade and other receivables approximates their fair value.

**8. Loans receivable**

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| **Amounts falling due within one year** | | |
| Loans to group undertakings | 1,650 | 1,600 |
| | **1,650** | **1,600** |

The carrying amount of these assets approximates their fair value.

**8. Loans receivable (continued)**

The above figure includes the following loan facilities:

In 2013 the company has a €10,000,000 (2012: €10,000,000) loan facility with Alpha Trains Group S.à r.l. with a maturity date of 30 June 2016.The loan agreement states that loan can be repaid (as agreed by both parties) from time to time.

This loan bears interest at the Group's weighted average cost of capital plus five basis points. The amount outstanding at 31 December 2013 is €1,650,000 (year ended 31 December 2012: €1,600,000).

**9. Cash and cash equivalents**

Cash and cash equivalents held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Cash and cash equivalents | 59 | 13 |
| | **59** | **13** |

**10. Trade and other payables**

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Trade creditors | 213 | 215 |
| Amounts owed to group undertaking | 55 | 456 |
| Other taxation and social security | 55 | 52 |
| Accruals and deferred income | 11 | 14 |
| | **334** | **737** |

The director considers that the carrying amount of trade payables approximates their fair value.

## 11. Share capital

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | € | € |
| **Authorised:** | | |
| 500,001 ordinary shares of €1 | **500,001** | **500,001** |
| **Issued, called up and fully paid:** | | |
| 500,001 ordinary shares of €1 | **500,001** | **500,001** |

The Company has one class of ordinary shares which carry no right to fixed income.

## 12. Retained earnings

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| At start of year | 1,157 | 1,104 |
| Total recognised income for the year | 24 | 53 |
| **At 31 December 2013** | **1,181** | **1,157** |

## 13. Parent companies

The Company's immediate parent Company is Alpha Trains Group S.à r.l.

The Company's ultimate holding Company, ultimate controlling party, and the parent of the smallest and largest group into which the Company is consolidated is Alpha Trains (Luxembourg) Holdings S.a r.l. which is incorporated in Luxembourg. Financial statements for Alpha Trains (Luxembourg) Holdings S.a r.l. can be obtained from Alpha Trains (Luxembourg) Holdings S.a. r.l., 22 Rue Alfred de Musset, Luxembourg City, Luxembourg.

## 14. Related party transactions

In addition to the parent Company listed in Note 13 above, the Company has related party relationships with the following fellow subsidiaries of the Group:

Alpha Trains (Locomotives) Limited
Alpha Trains Switzerland AG
Alpha Trains Europa GmbH
Alpha Trains Polska Sp z.o.o.
Alpha Trains Italia Srl
Alpha Trains Belgium NV
Alpha Trains (Locomotives) GmbH
Locomotion Capital (UK) Limited
Alpha Trains Iberia SA
Alpha Trains Luxembourg Holdings S.à r.l.
Alpha Trains Development No. 1 S.à r.l.
Alpha Trains EMIL S.à r.l.
Alpha Trains STS S.à r.l.
Alpha Trains Development No. 2 S.à r.l.
Alpha Trains Luxembourg No. 2 S.à r.l.
Alpha Trains Iberia No.2 SLU
Alpha Trains Luxembourg S.à r.l.
Alpha Trains Group S.à r.l.
Alpha Trains Holdco S.à r.l.
Alpha Trains Holdco II S.à r.l.

### Trading transactions

During the period, the Company had the following transactions with related parties:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Interest received | 61 | 88 |
| Management fees received | - | - |

The following amounts were outstanding at the balance sheet date:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Related party debtors | - | 409 |
| Related party creditors | 55 | 456 |
| Loans to other related parties | 1,650 | 1,600 |

### Compensation of key management personnel

The director received no emoluments (year ended 31 December 2012: €nil) in respect to his services to the Company during the period.

## 15. Risk Management

The major risks associated with the Company's business are market risk, credit risk, liquidity risk and operational risk. The Company has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

**Market risk**
Market risk is defined as the risk of loss as a result of adverse changes in risk factors including interest rates.

The Company manages the market risk through its comprehensive framework, which is continually evolving as business activities change.

**Credit risk**
Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

The Company's principal financial assets are bank balances and cash, loan receivables and trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risk on group undertakings is limited because the undertakings are solvent, under common control and the directors are confident of them continuing as going concerns. The credit on group undertakings is not past due.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company does not hold collateral over these balances.

**Liquidity risk**
Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. For trade and other payables refer to note 10. ALH's policy is to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt.

Liquidity management within the Company focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from the undrawn commitments and other contingent obligations.

**Operational risk**
Operational risk is the risk of unexpected losses attributable to human error, systems failure, fraud or inadequate internal financial controls and procedures.

The Company manages this risk through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingent facilities to support operations in the event of disaster.

**Capital risk management**
The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of loans receivable disclosed in note 8, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in notes 11 and 12.

**15. Risk management (continued)**

**Gearing ratio**
The Company's capital structure is reviewed on an annual basis as part of a wider funding review.

The debt/equity ratio at the period end is as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | €'000 | €'000 |
| Loans receivable | 1,650 | 1,600 |
| Cash and cash equivalents | 59 | 13 |
| Net debt | (1,709) | (1,613) |
| Equity | 1,681 | 1,657 |
| Net debt to equity ratio: n/a | - | - |

Net debt is defined as long-term and short-term loans payable less cash and short term loans receivable. Equity includes all capital and reserves of the Company attributable to equity holder of the Company.

There are no loans payable. Therefore, the gearing ratio is not applicable.

**Sensitivity factors**
The major sensitivity factor affecting the Company is movement in interest rates.

A movement of +/- 1% in interest rates, when applied to statistical models, will have the following impact on the profit and equity in the financial statements.

| Risk factor | Variability | 31 December 2013 | 31 December 2012 |
|---|---|---|---|
| | | €'000 | €'000 |
| Interest rates | +1% | 16 | 16 |
| Interest rates | -1% | (16) | (16) |

**Categories of financial instruments**
All financial instruments are categorised in the financial statements as loans and receivables, in accordance with IFRS 7.

**Interim Financial Accounts – In respect of the financial period ended 31 August 2014**

Audited unconsolidated interim financial accounts for Alpha Trains Luxembourg No. 2 S.à r.l.

# Alpha Trains Luxembourg No.2 S.à r.l.

Société à Responsabilité Limitée

Interim accounts for the period from October 8, 2013
(Date of incorporation) until August 31, 2014

(with report of the Réviseur d'Entreprises agrée thereon)

22, rue Alfred de Musset
L-2175 Luxembourg
**R.C.S. Luxembourg B 181.031**
Subscribed capital: EUR 12,500.00

KPMG Luxembourg, Société coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
Email: info@kpmg.lu
Internet: www.kpmg.lu

To the Board of Managers of
Alpha Trains Luxembourg No. 2 S.à r.l
22, rue Alfred de Musset
L-2175 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying interim accounts of Alpha Trains Luxembourg No. 2 S.à r.l, which comprise the balance sheet as at December 31, 2014 and the profit and loss account for the period from October 8, 2013 (date of incorporation) until August 31, 2014, and a summary of significant accounting policies and other explanatory information.

*Board of Managers' responsibility for the interim accounts*

The Board of Managers is responsible for the preparation and fair presentation of these interim accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the interim accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of interim accounts that are free from material misstatement, whether due to fraud or error.

*Responsibility of the Réviseur d'Entreprises agréé*

Our responsibility is to express an opinion on these interim accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the interim accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the interim accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the interim accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Luxembourg, Société coopérative, a Luxembourg entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

T.V.A. LU 27351518
R.C.S. Luxembourg B 149133



i7002

*Opinion*

In our opinion, the interim accounts give a true and fair view of the financial position of Alpha Trains Luxembourg No. 2 S.à r.l as of August 31, 2014, and of the results of its operations for the period from October 8, 2013 (date of incorporation) until August 31, 2014 in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the interim accounts.

Luxembourg, February 24, 2015

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Frauke Oddone

| | Note(s) | August 31, 2014<br>EUR |
|---|---|---|
| **ASSETS** | | |
| **Formation expenses** | 3 | 11,031,955.63 |
| **Fixed assets** | | |
| Tangible fixed assets | 4 | |
| - Rolling stock | 4 | 603,645,223.91 |
| Financial fixed assets | 5 | |
| - Shares in affiliated undertakings | 5.1 | 5,000,000.00 |
| - Amounts owed by affiliated undertakings | 5.2 | 15,000,000.00 |
| **Current assets** | | |
| Debtors | 6 | |
| Amounts owed by affiliated undertakings | 6.1 | |
| - becoming due and payable within one year | 6.1.1 | 92,283.32 |
| Other receivables | 6.2 | |
| - becoming due and payable within one year | 6.2.1 | 9,114,741.46 |
| Cash at bank, cash in postal cheque accounts, cheques and cash in hand | | 56,830,539.32 |
| **Prepayments** | | |
| **Total Assets** | | **700,714,743.64** |
| **LIABILITIES** | | |
| **Capital and reserves** | 7 | |
| Subscribed capital | 7.1 | 12,500.00 |
| Share premium and similar premiums | 7.2 | 5,487,500.00 |
| Profit or loss brought forward | | |
| Profit or loss for the financial period | | 6,783,429.84 |
| **Subordinated debt** | 8 | |
| **Non convertible loan** | | |
| - Becoming due and payable after more than one year | 8.1 | 161,500,000.00 |
| **Provisions** | | |
| Other provisions | | 1,185,626.55 |
| **Non subordinated debts** | 9 | |
| Amounts owed to credit institutions | 9.1 | |
| - becoming due and payable within one year | 9.1.1 | 20,124,007.53 |
| - becoming due and payable after more than one year | 9.1.2 | 472,130,821.36 |
| Trade creditors | 9.2 | |
| - becoming due and payable within one year | 9.2.1 | 2,208,162.92 |
| Amounts owed to affiliated undertakings | 9.3 | |
| - becoming due and payable within one year | 9.3.1 | 12,500.00 |
| Tax and social security debts | | |
| - Tax debts | 9.4.1 | 389,428.47 |
| Other creditors | | |
| - becoming due and payable within one year | 9.5.1 | 3,377,903.34 |
| - becoming due and payable after more than one year | 9.5.2 | 20,828,131.63 |
| **Deferred income** | 10 | 6,674,732.00 |
| **Total Liabilities** | | **700,714,743.64** |

| | Note(s) | October 8, 2013 to August 31, 2014 EUR |
|---|---|---|
| **CHARGES** | | |
| **Other external charges** | | 697,288.86 |
| **Staff costs** | | |
| - Salaries and wages | | 6,605.55 |
| **Value adjustments** | 11 | |
| - on formation expenses and on tangible and intangible fixed assets | 11.1 | 20,592,307.34 |
| **Other operating charges** | 12 | 3,217,249.91 |
| **Interest and other financial charges** | 13 | |
| - other interest and similar financial charges | 13.1 | 10,861,975.52 |
| **Income tax** | 17 | 270,210.00 |
| **Profit for the financial period** | | 6,783,429.84 |
| **Total Charges** | | **42,429,067.02** |
| **INCOME** | | |
| **Net turnover** | 14 | 42,052,975.35 |
| **Other operating income** | | 19,691.73 |
| **Other interest and other financial income** | | |
| -other interest and similar financial income | 15 | 356,399.94 |
| **Total Income** | | **42,429,067.02** |

## 1. General information

Alpha Trains Luxembourg No. 2 S.à r.l. (hereafter the "Company") was incorporated on October 8, 2013 and organised under the laws of Luxembourg as a private limited liability company Société à Responsabilité Limitée for an unlimited period of time.

The registered office of the Company is established at 22, rue Alfred de Musset, L-2175 Luxembourg and registration number is B 181.031.

The accounting year of the Company begins on January 1 and terminates on December 31 of each year.

Exceptionally, the first Company's financial period starts on October 8, 2013 and ends on December 31, 2014.

The purpose of the Company is to acquire participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever, and to manage such participations. The Company may in particular acquire, by subscription, purchase and exchange or in any other manner, any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and, more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The Company may borrow in any form, except by way of public offer. It may issue, by way of private placement only, notes, bonds and any kind of debt and equity securities. The Company may lend funds, including, without limitation, the proceeds of any borrowings and issues of debt or equity securities, to its subsidiaries, affiliated companies and any other companies. The Company may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over some or all of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company shall not carry out any regulated activities of the financial sector.

The Company may generally employ any techniques and instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect itself against credit risk, currency exchange exposure, interest rate risks and other risks.

The Company may generally carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property which, directly or indirectly, favour or relate to its corporate object.

## 1. General information (continued)

The Company may also:

- buy, sell, take on lease or hire, lease or hire out, otherwise dispose of and generally deal in, and carry on business as proprietor of, plant, machinery, equipment, components, furnishings, parts, tools, accessories, goods and materials, electronic and electrical apparatus and appliances of every kind and description, vehicles and vessels of every kind and description (including, but not limited to, railway rolling stock), on any terms whatsoever; and

- manufacture, install, insure, repair, maintain, replace, modify, test and carry out experiments on any plant, machinery, equipment, apparatus, appliances, vehicles and vessels belonging to the Company or any other person and enter into arrangements with companies, firms and persons for promoting, increasing and facilitating the purchase, sale, lease or hire or other disposition of and manufacture, installation, insurance, upkeep, maintenance, replacement, modification, testing of and carrying out of experiments on the same and finance, subsidise or assist in any such transactions.

## 2. Principles, rules and valuation methods

### 2.1. General principles

The annual accounts are prepared in conformity with the Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in The Grand Duchy of Luxembourg under the historical cost convention. The accounting policies and valuation principles are, apart from those enforced by the law, determined and implemented by the Management.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

### 2.2. Significant rules and valuation methods

The significant valuation rules of the Company can be summarised as follows:

#### 2.2.1. Formation expenses

The formation expenses are amortised on a straight-line basis over a period of 5 years.

#### 2.2.2. Tangible fixed assets

The tangible fixes assets are valued at their acquisition cost including the incidental costs of acquisition or at their production cost, reduced by accumulated value adjustments. The tangible fixed assets are depreciated over their estimated useful economic lives.
The rates and methods of depreciation applied are as follows:

| | Expected useful life | Depreciation method |
|---|---|---|
| - Rolling stock | 30 years | Linear |

If the Management determines that a permanent impairment has occurred in the value of a tangible fixed asset, an additional value adjustment may be made in order to reflect that loss. These value adjustments may not be continued if the reasons for which they were made have ceased to apply.

### 2.2.3. Financial fixed assets

Financial fixed assets such as shares in affiliated undertakings, participating interests, investments held as fixed assets are valued at their historical acquisition cost. Loans granted to affiliated undertakings or other companies and defined as financial fixed assets are valued at their nominal value.

If the Management determines that a permanent impairment has occurred in the value of a financial fixed asset, a value adjustment is made in order to reflect that loss. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

### 2.2.4. Debtors

Debtors are recorded at their nominal value. A value adjustment is made when their recovery is partly or completely in doubt. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

### 2.2.5. Foreign currency translation

The Company maintains its books and records in EUR.

All transactions expressed in currency other than EUR are translated into EUR at the exchange rate prevailing at the date of the transaction.

The formation expenses and the fixed assets other than the long-term loans classified as financial fixed assets and expressed in another currency than EUR are translated in EUR at the exchange rate prevailing at the date of their acquisition. At the balance sheet date, these fixed assets are maintained at their historical exchange rate.

Cash at bank, cash in postal cheque accounts, cheques and cash in hand is translated at the exchange rate prevailing at the balance sheet date. Exchange gains and losses resulting from this conversion are accounted for in the profit and loss account for the year.

### 2.2.5. Foreign currency translation (continued)

Other receivables and other creditors are translated separately respectively at the lower (assets) or at the higher (liabilities) of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains and losses are recorded in the profit and loss account at the moment of their realisation.

### 2.2.6. Trade Creditors

Trade creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

### 2.2.7. Provisions

The provisions for liabilities and charges are intended to cover losses or debts the nature of which is clearly defined and which at the balance sheet date are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

### 2.2.8. Value adjustments

The value adjustments are deducted directly from the related asset.

### 2.2.9. Debts

Debts are recorded at their repayment value.

### 2.2.10. Tax

The tax liability estimated by the Company for the financial years for which the Company has not been assessed yet, is recorded under the caption “Tax debts”. The advance payments are disclosed in the assets of the balance sheet under “Other receivables”.

### 2.2.11. Revenue recognition

Rental income from operating lease contracts include a monthly rental fee but not a lump sum for several years and is recognized on a straight-line basis over the term of the relevant lease.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

## 3. Formation expenses

This item is composed of the capitalised transaction costs regarding the facilities loan for a total amount of EUR 11,031,955.63 (Note 9.1.2).

## 4. Tangible fixed assets

Tangible fixed assets are composed of:

| | **Rolling stock** | **Total** |
|---|---|---|
| | **EUR** | **EUR** |
| Gross book value – opening balance (October 8, 2013) | - | - |
| Additions for the period | 620,070,156.00 | 620,070,156.00 |
| Disposals for the period | - | - |
| **Gross book value – closing balance** | **620,070,156.00** | **620,070,156.00** |
| | | |
| Depreciation – opening balance | - | - |
| Depreciation -for the period (note 11) | 16,424,932.09 | 16,424,932.09 |
| **Depreciation – closing balance** | **16,424,932.09** | **16,424,932.09** |
| | | |
| **Net book value – opening balance** | **-** | **-** |
| **Net book value – closing balance** | **603,645,223.91** | **603,645,223.91** |

As of December 30, 2013, the Company completed a mixed asset-and-share-deal ("Elf Transaction") with RBS Asset Finance Europe Limited and The Royal Bank of Scotland plc which included the purchase of 190 rolling stock assets and 100% of the shares of Alpha Trains Iberia No. 2 S.L.U. (formerly Bordon Inversiones 2007, S.L.U.). The total consideration was EUR 625 million, with EUR 5 million being allocated to the Company's investment in Alpha Trains Iberia No. 2 S.L.U. and EUR 620 million allocated to the purchased rolling stock assets. The trading was commenced from January 1, 2014.

The tangible fixed assets will be depreciated on a straight-line basis over a period of 30 years beginning from the day that the assets were delivered from the manufacturer.

## 5. Financial fixed assets

### 5.1. Shares in affiliated undertakings

The companies in which the Company owns at least fifty per cent of the share capital, or in which it is the member having unlimited liability are as follows:

| Name of the company | Registered office | Percentage of ownership | Closing date of last audited financial statements (EUR) | Shareholders' equity (EUR) | Results of last financial year (EUR) | Net Investment amount (EUR) |
|---|---|---|---|---|---|---|
| Alpha Trains Iberia No.2 S.L.U., López de Hoyos 35, 1º 28002 Madrid | Spain | 100.00% | 31/12/2013 | 5,000,000.00 | (9,720,361.00) | 5,000,000.00 |
| **Total** | | | | | | **5,000,000.00** |

The figures mentioned in the Shareholders' equity and the Result of the last financial year are based on the last audited annual accounts available.

### 5.2. Amounts owed by affiliated undertakings

This item is composed of a loan facility granted to a group company in pursuance of an intercompany loan agreement, which may be detailed as follows:

| Issuer | Maturity date | Interest rate | Nominal value (original currency) | Loan / (reimbursement) (EUR) | Nominal value 31.08.2014 (EUR) | Interest income 31.08.2014 (EUR) | Accrued interests 31.08.2014 (EU)R |
|---|---|---|---|---|---|---|---|
| Alpha Trains Iberia No.2 S.L.U. | 31/12/2018 | * | EUR 15,000,000.00 | 15,000,000.00 | 15,000,000.00 | 334,391.65 | 92,283.32 |
| | | | | **15,000,000.00** | **15,000,000.00** | **334,391.65** | **92,283.32** |

* The loan bears an interest equal to the rate applicable to the weighted average cost of the Loans under the Facilities Agreement (Note 9.1.2) after taking account of any Hedging Agreement plus a gross remuneration as agreed between Alpha Trains Iberia No.2 S.L.U. and the Company from time to time on an arm's length basis.

The Management considered the valuation of the loan at period-end and based on the information available decided not to record any value adjustment.

## 6. Debtors

### 6.1. Amounts owed by affiliated undertakings

#### 6.1.1. becoming due and payable within one year

This item is composed of the accrued interest on the long-term loans granted to affiliated undertakings for a total amount of EUR 92,283.32 (Note 5.2).

### 6.2. Other receivables

#### 6.2.1. becoming due and payable within one year

This item is mainly composed of:

- rental lease income receivables from Alpha Trains Group companies for a total amount of EUR 8,892,487.14;
- Luxembourg tax advances for a amount of EUR 1,605.00;
- Value added tax receivables for a amount of EUR 41,210.46.
- Insurance prepayments for a total amount of EUR 33,084.05;
- Other prepayments for a total amount of EUR 146,261.56;

## 7. Capital and reserves

### 7.1. Subscribed capital

The subscribed capital, amounting to EUR 12,500.00, is represented by 12,500 ordinary shares with a nominal value of EUR 1.00, fully paid up.

### 7.2. Share premium and similar premiums

During the period, the Shareholders resolved to constitute a share premium to the Company in the amount of EUR 5,487,500.00.

### 7.3. Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

## 8. Subordinated debt

### 8.1. Non convertible loans

#### 8.1.1. becoming due and payable after more than one year

| Maturity date | Interest rate | Nominal value (original currency) | Loan / (Reimbursement) (EUR) | Nominal Value 30.08.2014 (EUR) |
|---|---|---|---|---|
| 13/12/2043 | * | EUR 161,500,000.00 | 161,500,000.00 | 161,500,000.00 |
| | | **EUR 161,500,000.00** | **161,500,000.00** | **161,500,000.00** |

This item is composed of a cash contingent loan granted by the sole shareholder of the Company for a maximum principal amount of EUR 161,500,000.00 in pursuance of a cash contingent loan facility agreement ("CCL") signed on December 13, 2013.

### 8.1.1. becoming due and payable after more than one year (continued)

* The CCL bears interest equal to the greater of Available Profit and Available Cash minus 0.07% of the gross acquisition costs of Elf transaction. Interest to be paid is subject to the approval by the Company's Board of Managers. As of August 31, 2014, the Board of Managers has not approved the payment of interest and therefore no accrued interest expense has been included in the financial statements.

Subsequent to period end, the Board of Managers approved an interest payment of EUR 23,575,975 on December 12, 2014 related to the CCL of which EUR 9,010,000 was paid November 27, 2014. The remainder will be accrued and not paid until the following interest payment date. The CCL matures December 13, 2043.

## 9. Non subordinated debts

The non-subordinated debts are composed as following:

| | **<1 year** | **>1 year but <5 years** | **> 5 years** | **31.08.2014** |
|---|---|---|---|---|
| | **EUR** | **EUR** | **EUR** | **EUR** |
| Amounts owed to credit institutions (Note 9.1) | 20,124,007.53 | 472,130,821.36 | - | 492,254,828.89 |
| Trade creditors (Note 9.2) | 2,208,162.92 | - | - | 2,208,162.92 |
| Amounts owed to affiliated undertakings (Note 9.3) | 12,500.00 | - | - | 12,500.00 |
| Tax debts (Note 9.4) | 389,428.47 | - | - | 389,428.47 |
| Other creditors (Note 9.5) | 3,377,903.34 | 20,828,131.63 | - | 24,206,034.97 |
| | **26,112,002.26** | **492,958,952.99** | **-** | **519,070,955.25** |

### 9.1. Amounts owed to credit institutions

#### 9.1.1. becoming due and payable within one year

This item is composed of:

- the accrued interest on the Facility A for a total amount of EUR 1,988,991.02 (Note 9.1.2);
- the accrued SWAP interest on the Facility A for a total amount of EUR 694,827.86;
- a portion of the loan facility for a total amount of EUR 17,440,188.65 has been considered as due and payable after less than one year reflecting the scheduled capital repayments in the following 12 months (Note 9.1.2).

#### 9.1.2. becoming due and payable after more than one year

This item is composed of loan facilities owed to a consortium of financial institutions in pursuance of a Facilities agreement which may be detailed as follows:

| **Facility** | **Maturity date** | **Interest rate** | **Nominal value (original currency)** | **Loan / (Reimbursement)** | **Nominal Value 30.08.2014** | **Interest expenses 30.08.2014** | **Accrued interest 30.08.2014** |
|---|---|---|---|---|---|---|---|
| | | | | **(EUR)** | **(EUR)** | **(EUR)** | **(EUR)** |
| A | 31/12/2018 | ** | EUR 501,000,000.00 | 489,571,010.01 | 489,571,010.01*** | 8,173,081.00 | 1,988,991.02 |
| **Total** | | | **EUR 501,000,000.00** | **489,571,010.01** | **489,571,010.01*** ** | **8,173,081.00** | **1,988,991.02** |

### 9.1.1. becoming due and payable after more than one year (continued)

** The loan facility bears an annual interest rate equal to the EURIBOR plus a margin as defined in the Facilities Agreement.
Pursuance to this Facility, the Company shall pay commitment fee at a rate equal to 40% of the applicable Margin (as defined in the Facilities Agreement) on the portion of the Facility which has neither been draw down nor cancelled.

The Company shall also pay Arrangement fee, Agency fee, and Security Agent fee in the amount and at the times agreed in a Fee Letter.

As at August 31, 2014, the Company paid the fees mentioned above for a total amount to EUR 11,031,955.63.

The loan is secured by the shares in the Company and the material assets including Rolling Stock Assets owned by the Company.

Pursuant to the Hedging Letter, the Company entered into Treasury Transactions linked to the Facility A mentioned above with the Novation Hedge Counterparties or the Hedge Coordinators (as defined in the Facilities Agreement) in order to hedge the (variable) interest rate risk the Company is exposed to. In respect of each Treasury Transaction the Company shall pay a Swap Credit Spread equal to 9, 11 or 14 basis points above the fixed rate depending on the effecting period mentioned in the Hedging Letter.

Accordingly, the Company entered into swap agreements with several credit institutions covering a notional amount of 350,700,000. Hence, the Company follows the Group's policy to hedge c. 70-80% of the loan principal.
50% of the swaps mature as of December 30, 2018, the remaining 50% as of December 30, 2020.
The hedge is deemed effective as the terms and conditions of the swap resemble the terms and conditions of the underlying facility.

As at August 31, 2014 the accrued SWAP interest amounts to EUR 694,827.86 and the SWAP interest expenses amounts to EUR 2,566,936.92. The negative fair value of the hedge amounts to EUR 19,086,123.

## 9.2. Trade creditors

### 9.2.1. becoming due and payable within one year

This item is composed of accruals and running expenses linked to the day-to-day management of the Company for an amount of EUR 2,208,162.92.

## 9.3. Amounts owed to affiliated undertakings

### 9.3.1. becoming due and payable within one year

This item is composed of a payable toward the sole shareholder of the Company for a total amount of EUR 12,500.00. This advance is interest free and repayable on demand.

### 9.4. Tax and social security debts

#### 9.4.1. Tax debts

This item is composed of:
- VAT payable for a total amount of EUR 122,428.47;
- Income tax payable for a total amount of EUR 267,000.00.

### 9.5. Other creditors

#### 9.5.1. becoming due and payable within one year

This item is mainly composed of the short-term portion of cash deposits collected from our customers for maintenance works to be carried out in the future (EUR 3,363,462.50).

#### 9.5.2. becoming due and payable in more than one year

This item is composed of the longer-term portion cash deposits collected from our customers for maintenance works to be carried out in the future for a total amount of EUR 20,828,131.63.

## 10. Deferred income

This item is mainly composed of

| | **31.08.2014** |
|---|---|
| | **EUR** |
| Deferred revenue | 6,673,632.00 |
| Accrued insurance refunds | 1,100.00 |
| | **6,674,732.00** |

Lease rental invoices are generally issued one month in advance as contractually agreed.
As the lease service is rendered in the following month, revenue is deferred

## 11. Value adjustments

### 11.1. on formation expenses and on tangible and intangible fixed assets

The item is composed of a value adjustment of the rolling stock for a total amount of EUR 16,424,932.09 (Note 4) and of a value adjustment of the formation expenses for a total amount of EUR 4,167,375.25.

## 12. Other operating charges

This item is composed of the intra Alpha Trains group management fees for a total amount of EUR 3,217,249.91.

## 13. Interest and other financial charge

### 13.1. Other interest and similar financial charges

This item is mainly composed of:

- the interest expense on the Facilities agreements for a total amount of EUR 8,173,081.00 (Note 9.1.2);
- the commitment fees linked to the Facilities agreement for a total amount of EUR 119,945.80;
- SWAPS interest expense for a total amount of EUR 2,566,936.92 (Note 9.1.2);

## 14. Net turnover

Net turnover represents the income from the Company's rental activity in relation to its tangible assets (Note 4).

The Company enters into headleasing contracts with other Alpha Trains Group companies which in turn enter contracts with the end customers. All headleasing contracts mirror the terms of the subleasing contracts. Hence, net turnover fully reflects intercompany revenue.

For the 8 month period to August 31, 2014 the net turnover is composed of the lease rental income for a total amount of EUR 42,052,975.35.

## 15. Other interest and other financial income

### 15.1. Other interest and similar financial income

This item is composed of:

- the interest income on the loan facility granted to a group company for a total amount of EUR 334,391.65 (Note 5.2);
- current account interest for a total amount of EUR 22,008.29.

## 16. Remuneration paid to members of the administration and supervisory bodies

The Board of Managers fees for the period ended August 31, 2014 amounted to EUR 5,167.34. No other remuneration was paid to members of the Board of Managers during the period ended August 31, 2014. The Company granted no advances and loans to the members of the Board of Managers.

## 17. Tax status

The Company is subject to Luxembourg tax regulations.

## 18. Subsequent events

Alpha Trains Group is currently undergoing a major refinancing. In the scope of the refinancing, Alpha Trains Luxembourg No. 2 S.à r.l.'s external bank debt will be paid back and replaced by intra-group borrowings. The Company will act as a guarantor of external loans to be taken out by the Group and substantially all of the Company's assets, including investments, rolling stock, bank accounts, receivables and contracts will be used as security.

Unaudited unconsolidated interim financial accounts for Alpha Trains ENR S.à r.l.

# Alpha Trains ENR S.à r.l.

Société à Responsabilité Limitée

Interim accounts for the period from May 12, 2014 (date of incorporation) until August 31, 2014

22, rue Alfred de Musset
L-2175 Luxembourg
**R.C.S. Luxembourg B 187.067**
Subscribed capital: EUR 12,500.00

**Alpha Trains ENR S.à r.l.**
**Balance sheet as at August 31, 2014**
**(expressed in EUR)**

| | Note(s) | August 31, 2014<br>EUR |
|---|---|---|
| **ASSETS** | | |
| **Formation expenses** | 3 | 2,443,901.06 |
| **Fixed assets** | | |
| Tangible fixed assets | 4 | |
| - Rolling stock | 4 | 196,268,655.24 |
| **Current assets** | | |
| Debtors | 5 | |
| Other receivables | 5.1 | |
| - becoming due and payable within one year | 5.1.1 | 38,950,285.62 |
| Cash at bank, cash in postal cheque accounts, cheques and cash in hand | | 3,950,115.36 |
| **Prepayments** | | |
| **Total Assets** | | **241,612,957.28** |
| **LIABILITIES** | | |
| **Capital and reserves** | 6 | |
| Subscribed capital | 6.1 | 12,500.00 |
| Profit or loss brought forward | | |
| Profit or loss for the financial period | | (344,337.43) |
| **Subordinated debts** | 7 | |
| Non convertible loans | 7.1 | |
| - becoming due and payable after more than one year | 7.1.1 | 36,800,000.00 |
| **Non subordinated debts** | 8 | |
| Amounts owed to credit institutions | 8.1 | |
| - becoming due and payable within one year | 8.1.1 | 41,789,326.77 |
| - becoming due and payable after more than one year | 8.1.2 | 142.105.856,71 |
| Tax and social security debts | 8.2 | |
| - Tax debts | 8.2.1 | 239,177.51 |
| Other creditors | 8.3 | |
| - becoming due and payable within one year | 8.3.1 | 4,828.72 |
| - becoming due and payable after more than one year | 8.3.1 | 19,700,000.00 |
| **Deferred income** | 9 | 1,305,605.00 |
| **Total Liabilities** | | **241,612,957.28** |

The notes in the annex form an integral part of the annual accounts

**Alpha Trains ENR S.à r.l.**
**Profit and loss account for the period from May 12, 2014 (date of incorporation) to August 31, 2014**
**(expressed in EUR)**

| | Note(s) | August 31, 2014<br>EUR |
|---|---|---|
| **CHARGES** | | |
| **Other external charges** | | 392,447.78 |
| **Value adjustments** | | |
| - on formation expenses and on tangible and intangible fixed assets | 10.1 | 543,451.45 |
| **Other operating charges** | 11 | 700,000.00 |
| **Total Charges** | | **1,635,899.23** |
| **INCOME** | | |
| **Net turnover** | 12 | 1,291,561.80 |
| **Loss for the financial period** | | 344,337.43 |
| **Total Income** | | **1,635,899.23** |

The notes in the annex form an integral part of the annual accounts

## 1. General information

Alpha Trains ENR S.à r.l. (hereafter the "Company") was incorporated on 12 May 2014 and organised under the laws of Luxembourg as a private limited liability company Société à responsabilité limitée for an unlimited period of time.

The registered office of the Company is established at 22, rue Alfred de Musset, L-2175 Luxembourg and registration number is B 187 067.

The accounting year of the Company begins on January 1 and terminates on December 31 of each year.

Exceptionally, the first Company's financial period starts on May 12, 2014 and ends on December 31, 2014

The purpose of the Company is to acquire participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever, and to manage such participations. The Company may in particular acquire, by subscription, purchase and exchange or in any other manner, any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and, more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The Company may borrow in any form, except by way of public offer. It may issue, by way of private placement only, notes, bonds and any kind of debt and equity securities. The Company may lend funds, including, without limitation, the proceeds of any borrowings and issues of debt or equity securities, to its subsidiaries, affiliated companies and any other companies. The Company may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over some or all of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company shall not carry out any regulated activities of the financial sector.

The Company may generally employ any techniques and instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect itself against credit risk, currency exchange exposure, interest rate risks and other risks.

The Company may generally carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property which, directly or indirectly, favour or relate to its corporate object.

## 1. General information (continued)

The Company may also:

- buy, sell, take on lease or hire, lease or hire out, otherwise dispose of and generally deal in, and carry on business as proprietor of, plant, machinery, equipment, components, furnishings, parts, tools, accessories, goods and materials, electronic and electrical apparatus and appliances of every kind and description, vehicles and vessels of every kind and description (including, but not limited to, railway rolling stock), on any terms whatsoever; and

- manufacture, install, insure, repair, maintain, replace, modify, test and carry out experiments on any plant, machinery, equipment, apparatus, appliances, vehicles and vessels belonging to the Company or any other person and enter into arrangements with companies, firms and persons for promoting, increasing and facilitating the purchase, sale, lease or hire or other disposition of and manufacture, installation, insurance, upkeep, maintenance, replacement, modification, testing of and carrying out of experiments on the same and finance, subsidise or assist in any such transactions.

## 2. Principles, rules and valuation methods

### 2.1. General principles

The annual accounts are prepared in conformity with the Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in The Grand Duchy of Luxembourg under the historical cost convention. The accounting policies and valuation principles are, apart from those enforced by the law, determined and implemented by the Management.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

### 2.2. Significant rules and valuation methods

The significant valuation rules of the Company can be summarised as follows:

#### 2.2.1. Formation expenses

The formation expenses are amortised on a straight-line basis over a period of 5 years.

#### 2.2.2. Tangible fixed assets

The tangible assets are valued at their acquisition cost including the incidental costs of acquisition or at their production cost, reduced by accumulated value adjustments. The tangible assets are depreciated over their estimated useful economic lives.

### 2.2.2. Tangible fixed assets (continued)

The rates and methods of depreciation applied are as follows:

| | Expected useful life | Depreciation method |
|---|---|---|
| - Rolling stock | 30 years | Linear |

If the Management determines that a permanent impairment has occurred in the value of a tangible fixed asset, an additional value adjustment may be made in order to reflect that loss. These value adjustments may not be continued if the reasons for which they were made have ceased to apply.

### 2.2.3. Debtors

Debtors are recorded at their nominal value. A value adjustment is made when their recovery is partly or completely in doubt. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

### 2.2.4. Foreign currency translation

The Company maintains its books and records in EUR.

All transactions expressed in currency other than EUR are translated into EUR at the exchange rate prevailing at the date of the transaction.

The formation expenses and the fixed assets other than the long-term loans classified as financial fixed assets and expressed in another currency than EUR are translated in EUR at the exchange rate prevailing at the date of their acquisition. At the balance sheet date, these fixed assets are maintained at their historical exchange rate.

Cash at bank, cash in postal cheque accounts, cheques and cash in hand is translated at the exchange rate prevailing at the balance sheet date. Exchange gains and losses resulting from this conversion are accounted for in the profit and loss account for the year.

Other receivables and other creditors are translated separately respectively at the lower (assets) or at the higher (liabilities) of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains and losses are recorded in the profit and loss account at the moment of their realisation.

### 2.2.5. Provisions

The provisions for liabilities and charges are intended to cover losses or debts the nature of which is clearly defined and which at the balance sheet date are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

### 2.2.6. Value adjustments

The value adjustments are deducted directly from the related asset.

### 2.2.7. Debts

Debts are recorded at their repayment value.

### 2.2.8. Tax

The tax liability estimated by the Company for the financial years for which the Company has not been assessed yet, is recorded under the caption "Tax debts". The advance payments are disclosed in the assets of the balance sheet under "Other receivables".

### 2.2.9. Revenue recognition

Rental income from operating lease contracts include a monthly rental fee but not a lump sum for several years and is recognized on a straight-line basis over the term of the relevant lease.

## 3. Formation expenses

This item is composed of the capitalised transaction costs regarding the facilities loan for a total amount of EUR 2,443,901.06 (Note 6.1.2).

## 4. Tangible fixed assets

Tangible fixed assets are composed of:

| | **Rolling stock** | **Total** |
|---|---|---|
| | **EUR** | **EUR** |
| Gross book value – opening balance | - | - |
| Additions for the year | 196,812,106.69 | 196,812,106.69 |
| Disposals for the year | - | - |
| **Gross book value – closing balance** | **196,812,106.69** | **196,812,106.69** |
| Depreciation – opening balance | - | - |
| Depreciation -for the year (note 8) | 543,451.45 | 543,451.45 |
| **Depreciation – closing balance** | **543,451.45** | **543,451.45** |
| **Net book value – opening balance** | **-** | **-** |
| **Net book value – closing balance** | **196,268,655.24** | **196,268,655.24** |

As at July 29, 2014, the Company entered into a Purchase Agreement with Veolia Verkehr Regio GmbH (Veolia) and Stadler Pankow GmbH (the Manufacturer) pursuant to which the Company acquired 35 Trains for a purchase price of EUR 196,812,106.69 (net of VAT).

As at the same date, the Company and Veolia entered into a Contract of use pursuant to which the Company allows Veolia to use the Trains purchased.

## 4. Tangible fixed assets (continued)

The lease shall expire on December 13th, 2025 with a three year extension option to be exercised prior June 30th, 2024.

The total depreciation for the year is included in value adjustments on formation expenses and on tangible and intangible fixed assets.

The tangible fixed assets will be depreciated on a straight-line basis over the assuming useful economical live of 30 years beginning from the day that the assets were delivered.

## 5. Debtors

### 5.1. Other receivables

#### 5.1.1. becoming due and payable within one year

This item is composed of:

- Value added tax receivables for a amount of EUR 37,644,680.62 out of which EUR 37,394,300.27 is linked to the acquisition of the tangible fixed assets (Note 4).
- the rental lease income receivable from Veolia for a total amount of EUR 1,305,605.00.

## 6. Capital and reserves

### 6.1. Subscribed capital

The subscribed capital, amounting to EUR 12,500.00, is represented by 12,500 ordinary shares with a nominal value of EUR 1.00, fully paid up.

### 6.2. Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

## 7. Subordinated debts

### 7.1. Non convertible loans

#### 7.1.1. becoming due and payable after more than one year

This item is composed of a cash contingent loan granted by the sole shareholder of the Company for a maximum principal amount of EUR 36,800,000.00 in pursuance of a cash contingent loan facility agreement (“CCL”) signed on July 22, 2014.

### 7.1.1. becoming due and payable after more than one year (continued)

The CCL bears interest equal to the greater of Available Profit and Available Cash minus the economic remuneration at the rate established reasonably and on bona fide basis by the board of managers of the sole shareholder (as defined in the CCL), and must be repaid at latest on July 22, 2044.

As at August 31, 2014, the net outstanding amount of the CCL amounts to EUR 36,800,000.00.

## 8. Non subordinated debts

The non-subordinated debts are composed as following:

| | <1 year | <1 year but <5 years | >5 years | 31.08.2014 |
|---|---|---|---|---|
| | EUR | EUR | EUR | EUR |
| | **42,033,333.00** | **142,105,856.71** | **19,700,000.00** | **203,839,189.71** |
| Amounts owed to credit institutions (Note 8.1) | 41,789,326.77 | 142,105,856.71 | - | 183,895,183.48 |
| Tax debts (Note 8.2.1) | 239,177.51 | - | - | 239,177.51 |
| Other creditors (Note 8.3) | 4,828.72 | - | 19,700,000.00 | 19,704,828.72 |

### 8.1. Amounts owed to credit institutions

#### 8.1.1. becoming due and payable within one year

This item is composed of the B loan facility for a total amount of EUR 37,394,300.27 and the scheduled repayments of EUR 4.395.026,50. An overview of the total facilities is provided under Note 8.1.2.

#### 8.1.2. becoming due and payable after more than one year

This item of EUR 142.105.856,71 is composed of the loan facilities owed to a consortium of financial institutions in pursuance of a Facilities agreement which may be detailed as follows:

| Facility | Maturity date | Interest rate | Nominal value (original currency) | Loan / (Reimbursement) (EUR) | Nominal Value 30.08.2014 (EUR) | Interest expenses 30.08.2014 (EUR) | Accrued interest 30.08.2014 (EUR) |
|---|---|---|---|---|---|---|---|
| A | 28/06/2019 | ** | EUR 146,501,000.00 | 146,500,883.21 | 146,500,883.21 | - | - |
| B | * | ** | EUR 37,394,300.27 | 37,394,300.27 | 37,394,300.27 | - | - |
| **Total** | | | **EUR 183,895,300.27** | **183,895,183.48** | **183,895,183.48** | - | - |

* the final maturity date for each B loan facility means 364 days after the July 29, 2014 (the Signing Date).

** The loan facility bears an annual interest rate equal to the EURIBOR plus a margin as defined in the Facilities Agreement.

Pursuance to this Facility, the Company shall pay commitment fee at a rate equal to 40% of the applicable Margin (as defined in the Facilities Agreement) on the portion of the Facility which has neither been draw down nor cancelled.

The Company shall also pay Upfront fee, Facility Agency fee, Security Agent fee and Account Bank fees in the amount and at the times agreed in a Fee Letter

As at August 31, 2014, the capitalised transactions costs are amounting to EUR 2,443,901.06 (Note 3).

Pursuant to the Hedging Letter, the Company shall enter into the Required Treasury Transactions with the Original Hedging Bank (as defined in the Facilities Agreement). The Required Treasury Transactions will be executed on the basis of a credit and execution spreads equal to the sum of the Mid Swap Reference Rate and the Credit & Execution Spread (as defined in the Hedging Letter).
The Mid Swap Reference Rate means the mid rate to be agreed at the time of dealing for a fixed coupon on the interest rate swap re-setting on the selected basis where the floating benchmark will be EURIBOR.

### 8.2. Tax and social security debts

#### 8.2.1. Tax debts

This item is composed of the VAT payable for a total amount of EUR 239,177.51.

## 9. Deferred income

This item is composed of the deferred monthly rental fees for a total amount of EUR 1,305,605.00.

## 10. Value adjustments

### 10.1. on formation expenses and on tangible and intangible fixed assets

The item is composed of the prorated depreciation of the Rolling Stock for a total amount of EUR 543,451.45 (Note 4).

## 11. Other operating charges

This item is composed of the intra Alpha Trains group management fees for a total amount of EUR 700,000.00.

## 12. Net turnover

Net turnover represents the proceeds of the Company's rental activity in relation to its tangible assets (Note 4).

As at August 31, 2014 the net turnover is composed of the lease rental income for a total amount of EUR 1,291,561.80.

## 13. Remuneration paid to members of the administration and supervisory bodies

The Board of Managers' fees for the period ended August 31, 2014 amounted to EUR 1,270.36. No other remuneration was paid to members of the Board of Managers during the period ended August 31, 2014. The Company granted no advances and loans to the members of the Board of Managers.

## 14. Tax status

The Company is subject in Luxembourg to the applicable general tax regulations.

## 15. Subsequent events

Alpha Trains Group is currently undergoing a major refinancing. In the scope of the refinancing, Alpha Trains Luxembourg No. 2 S.à r.l.'s external bank debt will be paid back and replaced by intra-group borrowings. The Company will act as a guarantor of external loans to be taken out by the Group and substantially all of the Company's assets, including investments, rolling stock, bank accounts, receivables and contracts will be used as security.

**APPENDIX 1**

**SCI VALUATION REPORT**

SCI Verkehr GmbH · Vor den Siebenburgen 2 ·
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February 04th, 2015

**Engagement letters to SCI Verkehr's Report:**
**NPV-Calculation of Alpha Trains "Willow", "Elf" and "Rosenheim" portfolios**

Dear Mr. Wurzer,

SCI Verkehr GmbH is pleased to confirm the mandate for the valuation assessment dated 11 December 2014 (the "Report"). SCI has also been appointed for the ongoing NPV-Calculation of Alpha Trains "Willow", "Elf" and "Rosenheim" portfolios. We refer to the initial mandate letter executed by us dated on 23 October 2014 and the ongoing mandate letter executed by us dated on or around the date of this letter from Alpha Trains Luxembourg S.à.r.l. ("Alpha Trains") to SCI Verkehr.

SCI Verkehr is an independent consultancy that focuses on strategic consulting in the transport industry. SCI Verkehr has completed a large variety of consulting projects on European rail operating and leasing businesses and the development of European railway markets. SCI Verkehr has completed more than 200 asset and portfolio valuations over the last 10 years. SCI Verkehr does not have any material interest in the Issuer or any Obligor.

For the NPV-Calculation of the Alpha Trains portfolios, SCI Verkehr has adopted a forward cash-flow-based approach. The discounted cash flow (DCF) approach is a commonly used method to evaluate businesses with good prospects and operate in markets with a low volatility, such as Alpha Trains. A similar valuation approach has been applied and approved in many similar fleet appraisals by SCI Verkehr.

The results of the valuation for the Net Present Value (NPV) of the Alpha Trains portfolios sum up to EUR ~1,86 million as of 31.12.2014, based on a long term market WACC of 7.50%.

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SCI Verkehr consents to the inclusion of this letter in, and authorizes (i) the contents of this letter together with (ii) the sections entitled "Business Description of Alpha Trains – Net Present Value Calculation and Overview of SCI Verkehr GmbH methodology for the NPV calculation" of our report entitled NPV-Calculation Alpha Trains and dated 11 December 2014 for the purposes of and for the inclusion in, the Base Prospectus to be dated on or around the date of this letter of Alpha Trains Finance SA in respect of its €5,000,000,000 Multicurrency Bond Programme.

Yours sincerely,

Nicolas Wille, SCI Verkehr GmbH

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