AnaCap Financial Europe S.A. SICAV-RAIF

€325,000,000 Senior Secured Floating Rate Notes due 2024

AnaCap Financial Europe S.A. SICAV-RAIF, a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg as a reserved alternative investment fund (*fonds d'investissement alternatif réservé*) in the form of an investment company with variable capital (*société d'investissement à capital variable*), with registered office at E Building, Parc d'Activités Syrdall, 6, Rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Trade and Companies under number B216080 (the "Company"), is offering €325.0 million aggregate principal amount of its Senior Secured Floating Rate Notes due 2024 (the "Notes").

The Company will pay interest on the Notes, in cash, quarterly in arrears on each February 1, May 1, August 1 and November 1, commencing November 1, 2017. The Notes will bear interest at a rate per annum, reset quarterly, equal to the sum of (i) three-month Euro Interbank Offered Rate ("EURIBOR") (subject to a 0% floor) plus (ii) 5.00%.

The Notes will mature on August 1, 2024. At any time on or after August 1, 2019, the Company may redeem all or a portion of the Notes at the redemption prices set forth in this offering memorandum (the "Offering Memorandum"). At any time prior to August 1, 2019, the Company may, at its option, redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date, plus the applicable "make-whole" premium as described in this Offering Memorandum. At any time prior to August 1, 2019, the Company may, at its option, also redeem up to 40% of the aggregate principal amount of the Notes (including the principal amount of any Additional Notes) with the net cash proceeds from certain equity offerings at a redemption price equal to 100% of their principal amount, plus the interest rate per annum on the Notes applicable on the date on which a notice of redemption is given, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date, if at least 60% of the originally issued aggregate principal amount of the Notes (including the principal amount of any Additional Notes) remains outstanding.

In the event of certain developments affecting taxation, the Company may redeem all, but not less than all, of the Notes. Upon the occurrence of certain events defined as constituting a change of control, the Company may be required to make an offer to purchase all the Notes at a purchase price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. See "*Description of the Notes*" for further information.

The Notes will be senior obligations of the Company and will rank equal in right of payment to all existing and future indebtedness of the Company that is not expressly subordinated in right of payment to the Notes, including indebtedness incurred under the Revolving Credit Facility (as defined herein) and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), will rank senior in right of payment to all existing and future obligations of the Company that are expressly subordinated in right of payment to the Notes, will be effectively senior in right of payment to existing and future unsecured obligations of the Company to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes, and will be structurally subordinated to all obligations of the Company's subsidiaries that are not Guarantors (as defined hereafter).

Subject to certain limitations and within 60 days from the Issue Date, the Notes will be guaranteed on a senior secured basis by ACOF II Portugal Limited, AFE Spain Limited, Alpha Credit Holdings S.à r.l., Alpha Credit Solutions 4 S.à r.l., Prime Credit 3 S.à r.l., Prime Credit 6 S.à r.l. and Prime Credit 7 S.à r.l. (together, the "Guarantors"). The guarantee by each of the Guarantors (each a "Guarantee" and together the "Guarantees") will be a general senior obligation of the relevant Guarantor, will, together with their respective obligations under the Revolving Credit Facility and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), be secured by first-priority liens over the assets securing the Notes, will rank equal in right of payment to all existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to its Guarantee, including its obligations under the Revolving Credit Facility and certain hedging obligations, will rank senior in right of payment to all existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to its Guarantee, will be effectively senior in right of payment to existing and future unsecured obligations of such Guarantor to the extent and value of the Collateral that is available to satisfy the obligations under such Guarantor's Guarantee, and will be structurally subordinated to all obligations of such Guarantor's subsidiaries that do not guarantee the Notes.

Subject to certain limitations, the Notes will be secured on the Issue Date by a first-ranking lien over the outstanding capital stock of the Company held by AnaCap Financial Europe Holdings SCSp SICAV-RAIF and, within 60 days from the Issue Date, the Notes and the Guarantees will be secured by first ranking liens over the other Collateral (as defined herein). The Collateral will also secure the Company's obligations under its Revolving Credit Facility and certain hedging obligations. The Notes, the Guarantees and the Collateral will be subject to restrictions on enforcement and other intercreditor arrangements. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*" for further information. Under the terms of the Intercreditor Agreement (as defined herein), to be entered into in connection with the offering of the Notes, in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the obligations under or in respect of the Revolving Credit Facility and certain hedging obligations have been repaid in full. The security interests and Guarantees will be subject to significant contractual and legal limitations. The security interests in the Collateral and the Guarantees may be released under certain circumstances.

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange. The Euro MTF market is not a regulated market for purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The Euro MTF market falls within the scope of Regulation (EC) 596/2014 on market abuse and the related Directive 2014/57/EU on criminal sanctions for market abuse.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 22.

Issue price for the Notes: 99.50%, plus accrued interest, if any, from the Issue Date

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), in reliance on the exception provided by Section 3(c)(7) thereof. Accordingly, the Notes and the Guarantees are being offered and sold inside the United States only to qualified institutional buyers ("QIBs") in accordance with Rule 144A under the U.S. Securities Act ("Rule 144A") that are also qualified purchasers ("Qualified Purchasers") (as defined in Section 2(a)(51)(A) of the Investment Company Act) and outside the United States to persons who are neither U.S. Persons (as defined in Regulation S under the U.S. Securities Act ("Regulation S")) nor U.S. residents (as defined for the purposes of the Investment Company Act) in offshore transactions in accordance with Regulation S. Prospective purchasers that are QIBs and Qualified Purchasers are hereby notified that the Initial Purchasers may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. See "*Important Information*", "*Plan of Distribution*" and "*Transfer Restrictions*" for additional information about eligible offerees and transfer restrictions. The Company is a "covered fund" as defined in Section 13 of the U.S. Bank Holding Company Act (the "Volcker Rule"). The Notes may constitute an "ownership interest" within the meaning of the Volcker Rule. See "*Risk Factors—Risks Relating to the Company's Indebtedness, Including the Notes and the Guarantees—The Volcker Rule may negatively affect the liquidity and the value of the Notes*" and "*Transfer Restrictions*".

The Notes will be in registered form in minimum denominations of €200,000 and integral multiples of €1,000 in excess thereof and will be represented by one or more global notes in book-entry form. The Company expects that the Notes will be deposited and registered in the name of a nominee for a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") on or about July 21, 2017 (the "Issue Date").

Joint Bookrunners and Joint Global Coordinators

Morgan Stanley **NatWest Markets**

The date of this Offering Memorandum is August 8, 2017.

No person has been authorized to give any information or to make any representations other than those contained in this Offering Memorandum. This Offering Memorandum does not offer to sell or solicit offers to buy any Notes in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the Notes.

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IMPORTANT INFORMATION

This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may this Offering Memorandum be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. Neither the Company nor Morgan Stanley & Co. International plc and The Royal Bank of Scotland plc (trading as NatWest Markets) (the "Initial Purchasers") are responsible for your compliance with these legal requirements. See "*Notice to Investors in Canada*", "*Notice to Investors in the European Economic Area*", "*Notice to Investors in the United States*", "*Plan of Distribution*" and "*Transfer Restrictions*".

In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of this offering of the Notes, including the merits and risks involved. In addition, neither the Company nor any of the Initial Purchasers nor any of their respective representatives or affiliates are making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this Offering Memorandum as legal, business, tax or other advice. You should consult your own advisers as to the legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals; neither the Company nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements.

This Offering Memorandum is based on information provided by the Company and other sources that the Company believes to be reliable. None of the Initial Purchasers nor the Trustee are not making any representation or warranty, express or implied, that this information is accurate or complete and are not responsible for this information. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by any of the Initial Purchasers or the Trustee as to the past or future. In this Offering Memorandum, the Company has summarized certain documents and other information in a manner it believes to be accurate, but the Company refers you to the actual documents for a more complete understanding.

The Company accepts responsibility for the information contained in this Offering Memorandum. To the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything material that is likely to affect the import of such information. No Initial Purchaser accepts any responsibility for the contents of this Offering Memorandum or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Guarantors, the Collateral, the Notes or the Guarantees. Each Initial Purchaser accordingly disclaims any and all liability whether arising in tort, contract or otherwise which it may otherwise have in respect of this Offering Memorandum or any such statement.

The information contained in this Offering Memorandum is correct as of the date hereof. Neither the delivery of this Offering Memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this Offering Memorandum or in the Company's business since the date of this Offering Memorandum.

The information contained in this Offering Memorandum under the caption "*Exchange Rate Information*" includes extracts from information and data publicly released by official and other sources. While the Company accepts responsibility for accurately summarizing such information, the Company accepts no further responsibility in respect thereto.

No person is authorized in connection with any offering made by this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by the Company, the Guarantors or the Initial Purchasers.

By receiving this Offering Memorandum, you acknowledge that you have had an opportunity to request from the Company for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. You also acknowledge that you have not relied on the Initial Purchasers, their respective directors, affiliates, agents or advisers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

The Company is offering the Notes and the Guarantors are issuing the Guarantees, in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that do not involve a public offering. The Company has not been and will not be registered under the Investment Company Act, in reliance on the exemption provided by Section 3(c)(7) thereof. The Notes are subject to restrictions on transferability and resale, which are described under "*Plan of Distribution*" and "*Transfer Restrictions*". By possessing this Offering Memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in those sections of this Offering Memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The Notes will be available initially only in book-entry form. The Company expects that the Notes sold pursuant to this Offering Memorandum will be issued in the form of one or more global notes, which will be deposited with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected only through, records maintained by Euroclear and Clearstream and their direct and indirect participants, as applicable. After the initial issuance of the global notes, Notes in certificated form will be issued in exchange for the global notes only as set forth in the indenture governing the Notes. See "*Book-entry, Delivery and Form*".

The information set out in relation to sections of this Offering Memorandum describing clearing arrangements, including the section entitled "*Book-entry, Delivery and Form*", is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While the Company accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream, it accepts no further responsibility in respect of such information. Euroclear and Clearstream are not under any obligation to perform or continue to perform under such clearing arrangements and such arrangements may be modified or discontinued by any of them at any time. The Company will not, nor will any of its agents, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their respective participants. Investors wishing to use these clearing systems are advised to confirm the continued applicability of these arrangements.

The Company reserves the right to withdraw the offering of the Notes at any time. The Company and the Initial Purchasers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

The Company has applied to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Luxembourg Stock Exchange's Euro MTF market. This Offering Memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg act dated July 10, 2005 on prospectuses for securities, as amended (the "Luxembourg Prospectus Law"). The Notes will not be offered to the public in Luxembourg.

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under the section entitled "*Transfer Restrictions*" of this Offering Memorandum.

STABILIZATION

IN CONNECTION WITH THE OFFERING OF THE NOTES, MORGAN STANLEY & CO. INTERNATIONAL PLC, ONE OF ITS AFFILIATES OR PERSONS ACTING ON ITS BEHALF (THE "STABILIZING MANAGER"), MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFERING OF THE NOTES IS MADE AND MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO INVESTORS IN CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering of the Notes.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

European Economic Area

This Offering Memorandum is not a prospectus and is being distributed to a limited number of recipients for the sole purpose of assisting such recipients in determining whether to proceed with a further investigation of the purchase of, or subscription for, the Notes. This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes, which are the subject of the placement contemplated in this Offering Memorandum, should only do so in circumstances in which no obligation arises for the Company, the Guarantors or any of the Initial Purchasers to produce a prospectus for such offer. Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "Relevant Member State"), and including each Relevant Member State that has implemented the 2010 PD Amending Directive (the "Relevant Implementation Date") it has not made and will not make an offer of Notes that are the subject of this Offering Memorandum to the public in that Relevant Member State prior to the publication of a prospectus in relation to Notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in the Relevant Member State at any time:

(a) to "qualified investors" as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), in any Relevant Member State subject to obtaining the prior consent of the Company; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes shall result in a requirement for the publication by the Company or the Initial Purchasers of the prospectus in accordance with Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU of the European Parliament and of the Council of November 24, 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

Each subscriber for or purchaser of the Notes located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. The Company and the Guarantors legal advisers and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes.

Notice to Investors in Italy

The offering of the Notes has not been cleared by the *Commissione Nazionale per la Società e la Borsa* ("CONSOB") (the Italian securities exchange commission), pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except (a) to qualified investors (*investitori qualificati*) as defined in Article 26, first paragraph, letter (d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended ("Regulation No. 16190"), pursuant to Article 34-ter, first paragraph letter (b) of CONSOB Regulation No. 11971 of May 14,1999, as amended (the "Company Regulation"), implementing Article 100 of Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "Italian Financial Act"); and (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and the implementing CONSOB regulations, including the Company Regulation.

Each Initial Purchaser has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy according to the provisions 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 Italian Financial Act, Italian Legislative Decree No. 385 of September 1, 1993, Regulation No. 16190 (in each case, as amended from time to time) (the "Banking Act") and any other applicable laws and regulations;

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(c) in compliance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy or any other relevant Italian authorities.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

Notice to Investors in Luxembourg

The offering of the Notes should not be considered a public offering of securities in Luxembourg. This Offering Memorandum may not be reproduced or used for any other purpose than the Offering of the Notes nor provided to any person other than the recipient thereof. The Notes are offered to a limited number of qualified investors as defined in the Prospectus Directive in all cases under circumstances designed to preclude a distribution, which would be other than a private placement. All public solicitations are banned and the sale may not be publicly advertised.

The Notes may not be offered or sold to the public within the territory of the Grand Duchy of Luxembourg unless:

(a) a prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier of Luxembourg* (the "CSSF") pursuant to Part II of the Luxembourg Prospectus Law, implementing the Prospectus Directive as amended, if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law and the prospectus has been duly published; or

(b) if Luxembourg is not the home Member State, the CSSF and the European Securities and Markets Authority (the "ESMA") have been provided by the competent authority in the home Member State with a certificate of approval attesting that a prospectus in relation to the Notes has been drawn up in accordance with the Prospectus Directive and with a copy of the said prospectus and the prospectus has been duly published; or

(c) the offer of the Notes benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg Prospectus Law.

Notice to Investors in Portugal

Neither this offering, nor the Notes have been approved by the Portuguese Securities Commission (*Comissão do Mercado de Valores Mobiliários*, the "CMVM") or by any other competent authority of another member state of the European Union and notified to the CMVM.

Neither the Company nor the Initial Purchasers have, directly or indirectly, offered or sold any Notes or distributed or published this Offering Memorandum, any prospectus, form of application, advertisement or other document or information in Portugal relating to the Notes and will not take any such actions in the future, except under circumstances that will not be considered as a public offering under article 109 of the Portuguese Securities Code (*Código dos Valores Mobiliários*, the "Cód.VM") approved by Decree Law 486/99 of November 13, 1999, as last amended by Law no. 15/2017, May 3, 2017.

As a result, this offering and any material relating to the Notes are addressed solely to, and may only be accepted by, any person or legal entity that is resident in Portugal or that will hold the Notes through a permanent establishment in Portugal (each a "Portuguese Investor") to the extent that such Portuguese Investor (i) is deemed a qualified investor (*investidor qualificado*) pursuant to paragraph 1 of article 30 of the Cód.VM, (ii) is not treated by the relevant financial intermediary as a non-qualified investor (*investidor não qualificado*) pursuant to article 317 of the Cód.VM and (iii) has not requested and entered into an agreement with the relevant financial intermediary to be treated as a non-qualified investor (*investidor não qualificado*) pursuant to article 317-A of the Cód.VM.

Notice to Investors in Spain

Neither the Notes, the offering of the Notes nor this Offering Memorandum and its contents have been approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*) (the "CNMV"), and therefore it is not intended for the public offering of Notes in Spain. Therefore, the Notes may not be sold, offered or distributed to persons in Spain by any means, except in circumstances which do not qualify as a public offer (*oferta pública*) of securities in Spain in accordance with the consolidated text of the Spanish Securities Market approved by Royal Legislative Decree 4/2015, of October 23 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) and Royal Decree 1310/2005, of November 4, on the listing of securities, public offers and applicable prospectus (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), both as amended and restated, and supplemental rules enacted thereunder or in substitution thereof from time to time.

Notice to Investors in the United Kingdom

This issue and distribution of this Offering Memorandum is restricted by law. This Offering Memorandum is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by, a person authorized under the Financial Services and Markets Act 2000. This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")); (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). Accordingly, by accepting delivery of this Offering Memorandum, the recipient warrants and acknowledges that it is such a relevant person. The Notes are available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Company. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the Financial Services and Markets Act 2000.

NOTICE TO INVESTORS IN THE UNITED STATES

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States, except to persons who are both QIBs and Qualified Purchasers. The Notes may be offered and sold outside the United States to persons who are both non-U.S. persons (as defined under the U.S. Securities Act) in reliance on Regulation S and non-U.S. residents (as defined for purposes of the Investment Company Act). The Company has not been and will not be registered under the Investment Company Act, in reliance on the exemption provided by Section 3(c)(7). The Notes shall not be offered, sold or delivered (i) as part of an Initial Purchaser's distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons except pursuant to Rule 144A and each dealer to which Notes have been sold during the distribution compliance period will be sent a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. Also see "*Transfer Restrictions*".

Neither the U.S. Securities and Exchange Commission (the "SEC"), any U.S. state securities commission nor any non-U.S. securities authority has approved or disapproved of these securities or determined that this Offering Memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

Certain Volcker Rule Considerations

The Company is relying on an analysis that it does not come within the definition of "investment company" under the U.S. Investment Company Act because of the exception provided under Section 3(c)(7) thereunder. Consequently, the Company is considered to be a "covered fund" for purposes of Section 13 of the Bank Holding Company Act (the "Volcker Rule"). See "*Risk Factors—Risks Relating to the Company's Indebtedness, Including the Notes and the Guarantees—The Volcker Rule may negatively affect the liquidity and the value of the Notes*" and "*Transfer Restrictions*".

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains "forward-looking statements" within the meaning of the securities laws of certain jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "aim", "anticipates", "believes", "continue", "could", "estimates", "expects", "forecast", "intends", "may", "ongoing", "plans", "potential", "predict", "project", "seek", "should", "target", "will", or "would" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and include statements made by the Company with regards to its intentions, beliefs or current expectations concerning, among other things, the results of its operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which it operates.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions and the Company's actual results of operations, including its financial condition and liquidity and the assumptions about the anticipated collections from the Company's and its subsidiaries' receivables may differ materially from (and may be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. You should not place undue reliance on these forward-looking statements.

Many factors may cause the Company's results of operations, financial condition, liquidity and the development of the industry in which it competes to differ materially from those expressed or implied by the forward-looking statements contained in this Offering Memorandum. In addition, even if the Company's results of operations, including its financial condition and liquidity and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- inability to achieve investment objectives;
- uncertainty in the performance of current and future debt portfolios and the decline in the value of debt portfolios, including the Portfolio Business;
- failure to maintain the Company's levels of collections or to implement effective portfolio pricing standards;
- the volatility of returns on SME investments and debt portfolios;
- concentration of investments in any particular market or geography and changes in the economic and/or political environments in such markets;
- exposure to increased collection activity costs, reduced cash flow or imprecise forecasts;
- subjective value of the Company's investments and inability to realize expected returns on such investments;
- impairment of the valuation of the Company's purchased loan portfolios and goodwill under IFRS;
- lack of liquidity of the Company due to the nature of its investments;
- the Company's dependency on the performance and expertise of third-parties;
- reliance on key models and analytical tools that may prove inaccurate and result in the Company's failure to achieve anticipated recoveries;
- failure to identify material risks and liabilities associated with an investment or portfolio;
- exposure to accounts that may not be eligible for collection due to defects in documentation or unenforceability;
- dependency on the outcome of lengthy and complex individual lawsuits determining a portion of the Company's collections;
- failure to procure sufficient funding to purchase debt portfolios;

- exposure to the seasonal variations of debt portfolio supply;
- insufficient supply of debt or appropriately priced debt for purchase or investment and exposure to increased competition in prices in acquiring debt portfolios;
- limited recourse and enforcement rights against certain third-party investment vehicles, including Asset SPVs;
- dependency on the performance and expertise of third-parties, including the Company's AIFM, the Portfolio Manager and the Investment Adviser, and servicers servicing underlying accounts within debt portfolios and their poor performance or failure to comply with applicable laws and regulatory requirements;
- early termination of, and failure to accurately price terms in, servicing agreements;
- failure to maintain key relationships necessary for the Company's operations;
- increased servicing costs associated with adapting to changes in debtors' circumstances or factors impacting debtors;
- investments in, or acquisitions of, portfolios that are unsuccessful;
- changes in applicable regulations or laws and failure to comply with applicable regulations and laws;
- the Company's exposure to reputational damage and liabilities for the acts of third-parties;
- failure to develop, implement, monitor and enforce risk and compliance policies;
- interruption of IT and communications systems and privacy breaches of IT and data systems;
- failure to successfully anticipate, manage or adopt technological changes within the debt purchase industry;
- the uncertainty of the United Kingdom's withdrawal from the European Union;
- dependency on the ability of debtors to pay their debts, which may be impaired by rising interest rates;
- the Company's exposure to negative attention and news regarding the debt purchase and collection industry;
- exposure to litigation due to the nature of the Company's business;
- failure of confidentiality agreements to protect proprietary information, processes and systems;
- the Company's exposure to U.S. Risk Retention Rules (as defined herein);
- the Company's unregistered status under the Investment Company Act;
- examinations and challenges by tax authorities or changes in tax laws or regulations;
- the duration of time and uncertainty of recognizing a return on the Company's investments;
- reliance on a number of estimates and assumptions in the preparation of the combined financial statements included herein which could prove to be incorrect;
- the introduction of new accounting standards;
- the management and governance structure of the Company and conflicts of interest between the Company, the AIFM, the Portfolio Manager and the Investment Adviser;
- variances in the Company's risk exposure;
- risks related to the Company's indebtedness; and
- risks related to the Notes, the Guarantees and the Collateral.

These risks and others described under the caption "*Risk Factors*" are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect the Company's results of operations, financial condition, liquidity and the development of the industry in which it operates and the Company urges you to read those sections of this Offering Memorandum. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can it assess the impact of all such risks on its business or the extent to which any risk, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

The Company urges you to read carefully the sections of this Offering Memorandum entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry*", "*Overview of AnaCap*" and "*Business*" for a more detailed discussion of the factors that could affect the Company's future performance and the markets in which the Company operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Memorandum may not be accurate or occur at all. Accordingly, prospective investors should not place undue reliance on these forward-looking statements, which speak only as of the date on which the statements were made. In addition, from time to time the Company and its representatives, acting in respect of information provided by the Company, have made or may make forward-looking statements orally or in writing. These forward-looking statements may be included in, but are not limited to, press releases, reports to its security holders and other communications. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

Any forward-looking statements are only made as of the date of this Offering Memorandum and the Company does not intend, and do not assume any obligation, to update forward-looking statements set forth in this Offering Memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to the Company or to persons acting on its behalf as being qualified by the cautionary statements in this Offering Memorandum. As a result, you should not place undue reliance on these forward-looking statements.

INDUSTRY AND MARKET DATA

The Company operates in an industry for which it is difficult to obtain precise industry and market information. The market and competitive position data in the "*Summary*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry*", "*Overview of AnaCap*" and "*Business*" sections of this Offering Memorandum are estimates based on industry publications, and from surveys or studies conducted by third-party industry consultants that are generally believed to be reliable. However, the accuracy and completeness of such information is not guaranteed and has not been independently verified. Additionally, industry publications and such studies generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed and in some instances the sources do not assume liability for such information. Some of the information herein has been extrapolated from such market data or reports using experience and internal estimates. Elsewhere in this Offering Memorandum, statements regarding the industry in which the Company operates and its position in this industry are based solely on experience, internal studies and estimates, and AnaCap's own investigation of market conditions. The Company believes that the sources of such information in this Offering Memorandum are reliable, but there can be no assurance that any of these assumptions is accurate or correctly reflects its position in its industry, and none of its internal surveys or information has been verified by any independent sources. Industry and market data is based upon sampling and subjective judgments by both researchers and respondents, including judgments as to how to define a particular market. While the Company is not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "*Risk Factors*" in this Offering Memorandum. As a result, neither the Company nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this Offering Memorandum.

Unless otherwise indicated, market share information is based on the total amount paid for the debt purchased in the period or as of the date so specified.

Industry and market data referenced in this Offering Memorandum includes:

- PricewaterhouseCoopers Advisory SpA, Market Vision: The Italian NPL servicing market (2017);
- PwC, Restructuring Europe's banks: Still plenty to do (2017);
- PricewaterhouseCoopers Advisory SpA, Italian Unlikely to Pay Market: a big opportunity (2017);
- UK unsecured debt set to rise to nearly £10,000 per household by the end of 2016, http://pwc.blogs.com/press_room/2015/03/pwc-uk-unsecured-debt-set-to-rise-to-nearly-10000-per-household-by-the-end-of-2016.html;
- PricewaterhouseCoopers Advisory SpA., The Italian NPL Market: Positive Vibes (2016);
- PwC, Portfolio Advisory Group: Market update Q4 2016 (2017), (together, the "PwC Market Reports"); and
- KPMG International Cooperative, European debt sales: Loan portfolio advisory, Portfolio Solutions Group (2016).

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Company

The Company was formed under the laws of the Grand Duchy of Luxembourg on June 28, 2017 for the purpose of facilitating the Transactions contemplated herein, including the Acquisition of the Portfolio Business and the issuance of the Notes. As such, the Company has no material assets or liabilities of its own and it has not engaged in any activities other than those related to its formation in preparation for the Transactions. Therefore, the historical financial information and other financial and operating data, included in this Offering Memorandum, do not reflect any financial position or results of operations of the Company. For further information, see "*Certain Definitions*", "*Summary—The Transactions*" and "*—Financial Statements*" below.

Financial Statements

The historical combined financial statements included in this Offering Memorandum relate to the Portfolio Business that will be acquired as part of the Transactions and reflect the results of operations, financial position and cash flows directly attributed to the Portfolio Business. The Portfolio Business has not existed, and will not exist, as a separate legal entity or combined group of entities until the completion of the Transactions and has not historically produced financial statements, including as of and for the years ended December 31, 2014, 2015 and 2016 nor as of and for the three months ended March 31, 2016 and 2017. The historical combined financial statements included in this Offering Memorandum have therefore been prepared specifically for the purposes of the Transactions and for inclusion in this Offering Memorandum. The historical combined financial statements have been prepared on a carve-out basis and the results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Portfolio Business been a separate entity or the future results of the Company as it will exist upon completion of the Transactions.

This Offering Memorandum includes:

(i) the unaudited condensed interim combined financial statements of the Portfolio Business for the three months ended March 31, 2017, which include comparative unaudited condensed interim combined financial information of the Portfolio Business for the three months ended March 31, 2016 (the "Unaudited Interim Financial Statements"), prepared in accordance with International Accounting Standards No. 34, as adopted by the European Union ("IAS 34"); and

(ii) the audited combined financial statements of the Portfolio Business for the years ended December 31, 2014, 2015 and 2016, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS") and audited by PricewaterhouseCoopers, *Société coopérative* (the "Audited Combined Financial Statements", together with the Unaudited Interim Financial Statements, the "Financial Statements").

The Financial Statements have been prepared on a basis that combines the results, assets and liabilities of the Portfolio Business by applying the principles underlying the consolidation procedures of IFRS 10 'Consolidated Financial Statements'. The Audited Combined Financial Statements set out the combined statement of financial position as of December 31, 2014, 2015 and 2016, and the combined statements of comprehensive income and cash flows for the years ended December 31, 2014, 2015 and 2016, and have been prepared in accordance with the basis of preparation set out therein, which describes how the Audited Combined Financial Statements have been prepared. The Unaudited Interim Financial Statements set out the combined statement of financial position as of March 31, 2017, with comparative combined statement of financial position as of December 31, 2016 and March 31, 2016, and the combined statements of comprehensive income and cash flows for the three months ended March 31, 2017, with comparative combined statements of comprehensive income and cash flows for the three months ended March 31, 2016, and have been prepared in accordance with the basis of preparation set out therein, which describes how the Unaudited Interim Financial Statements have been prepared. The principal accounting policies that have been applied to the Financial Statements have been applied consistently to all periods presented unless otherwise stated, and are set out therein. For further detail on the basis of preparation of the Financial Statements, see Note 3 to the Audited Combined Financial Statements.

The Company also presents in this Offering Memorandum summary financial information for the twelve months ended March 31, 2017, which has been calculated by adding together (i) the audited combined financial information for the year ended December 31, 2016 and (ii) the unaudited combined financial information for the three months ended March 31, 2017 and then subtracting (iii) the unaudited combined financial information for the three months ended March 31, 2016. The financial information for the twelve months ended March 31, 2017 is not necessarily indicative of the results that may be expected for the year ended December 31, 2017 and should not be used as the basis for or prediction of an annualized calculation.

For fiscal periods following the completion of the Transactions, financial results of the Company will be reported on a consolidated basis.

The term “Asset SPVs” is used in this Offering Memorandum to refer to independent special purpose vehicles through which certain portfolio purchases are made, and which include the Section 130 SPVs (as defined herein) and the Participation SPVs (as defined herein). For further information on the structures used to purchase debt portfolios see “*Business—Legal and Financing Structures of Investments*” and “*Regulation and Compliance*”. Under IFRS, the Company and its subsidiaries are required to consolidate those Asset SPVs from which they have exposure to the majority of variable returns, and for which they have had input into the inception of, and benefit from their existence. Asset SPVs from which the Company and its subsidiaries do not have exposure to the majority of variable returns have not been consolidated into the Financial Statements of the Company and its subsidiaries. On this basis, the Italian SPVs have been, and the other Asset SPVs have not been, consolidated into the Financial Statements of the Portfolio Business. Nevertheless, legally, the Asset SPVs are independent entities.

Non-IFRS Financial Measures

The Company uses certain financial and operating measures and related ratios to measure performance, including measures that are not determined in accordance with IFRS. The Company believes that when assessing financial performance of the Portfolio Business, it is important to consider both IFRS measures included in the Financial Statements of the Portfolio Business and complementary measures not prepared in accordance with IFRS and not included in the Financial Statements. The Company believes that these complementary measures provide investors with additional useful information relating to the performance of purchased loan portfolios and loan notes. These measures are used in the calculation of IFRS financial measures, such as revenue and the balance sheet carrying value on purchased loan portfolios and loan notes, which are included in the combined financial statements of the Portfolio Business.

Measures and ratios that are presented in, or derived from measures that are presented in the Financial Statements, consist of the following:

- **Disposals of purchased loan portfolios and loan notes** represents sale proceeds and deferred consideration, including an estimate of a variable component which is recognized within other receivables at fair value in the Financial Statements.

- **Total gross collections** represents cash collected from debtors in connection with purchased loan portfolios and net cash collections (after servicing costs) for purchased loan notes as well as disposals of purchased loan portfolios and loan notes. Total gross collections include any proportionate share of cash collections that relate to the interests of co-investor holdings of secured loan notes.

- **Total attributable collections** represents Total gross collections, excluding any proportionate share of cash collections that relate to the interests of co-investors holding secured loan notes.

- **Core collections** represents Total gross collections, less disposals of purchased loan portfolios and loan notes.

- **Operating expenses** represents direct costs of collections related to purchased loan portfolios and other operating expenses, excluding impairment of purchased loan portfolios and loan notes, net foreign currency (losses)/gains and non-recurring items.

- **Core collection cost ratio** represents the ratio of Operating expenses to Core collections.

- **Adjusted EBITDA** represents (loss)/profit before tax adjusted to exclude the effects of finance costs and finance income, share of profit/(loss) in associate, net foreign currency losses/(gains), impairment of purchased loan portfolios and loan notes, disposals and repayments of secured loan notes, and non-recurring items. Revenue on purchased loan portfolios and loan notes and costs on secured loan notes calculated using the effective interest rate method are replaced with Total gross collections in the period. See “*Summary Historical Combined Financial and Other Data—Other Financial and Operating Data of the Portfolio Business*” for a reconciliation of Adjusted EBITDA.

- **Normalized Adjusted EBITDA** represents Adjusted EBITDA excluding disposals of purchased loan portfolios and loan notes.

- **Pro forma Normalized Adjusted EBITDA** represents Normalized Adjusted EBITDA after giving pro forma effect to (i) €20.9 million of attributable collections and (ii) €5.3 million of costs relating to portfolios acquired during the twelve months ended March 31, 2017 (including one portfolio in each of Italy, Spain, Romania and the UK) as if such portfolios had been acquired at the beginning of such period.

- **Net Asset Value**, or **NAV**, means the fair value of the purchased loan portfolios and purchased loan notes (net of servicing fees), less fair value of the secured loan notes (net of servicing fees), plus the fair value of investments in associates.

Adjusted EBITDA is presented in this Offering Memorandum also with reconciliations to the most directly comparable IFRS measures.

Complementary measures and ratios that are not presented in or derived from measures that are presented in the Financial Statements, and are not prepared in accordance with IFRS (and are subject to the qualifications described below), include the following:

- **84-Month ERC**, which means the Portfolio Business's estimated remaining collections on purchased loan portfolios and purchased loan notes over an 84-month period, assuming no additional purchases are made and on an undiscounted basis. 84-Month ERC excludes any proportionate share of remaining cash collections that may be payable to a co-investor holding secured loan notes. 84-Month ERC includes estimated collections on sold portfolios where part of the sale proceeds are based on future collections from that underlying portfolio.

84-Month ERC is a metric that is also often used by other companies in the industry. The Company presents this metric because it represents an estimate of the cash value of the purchased loan portfolios and loan notes at any point in time, which is an important supplemental measure in assessing performance, and underscores the cash generation capacity of the assets backing the Portfolio Business.

The Revolving Credit Facility and the Indenture will use 84-Month ERC to measure the Company's compliance with certain covenants and, in certain circumstances, the Company's ability to incur certain indebtedness.

84-Month ERC is a projection of estimated remaining collections over an 84 month-period calculated by AnaCap's proprietary ERC forecasting model, which uses historical portfolio collection performance data, and the Company cannot guarantee that it will achieve such collections.

The balance sheet value of purchased loan portfolios and loan notes is derived from the same proprietary ERC forecasting model used to derive 84-Month ERC. The actual collection periods used for statement of financial position valuation are not fixed at 84 months and vary based on AnaCap's view of portfolio characteristics. Accordingly, there are differences between the cash flow projections used to calculate 84-Month ERC and those used in the calculation of statement of financial position values of purchased loan portfolios and loan notes.

84-Month ERC, as computed by AnaCap, may not be comparable to similar metrics used by other companies in industry.

AnaCap's computation of 84-Month ERC could in the future differ from the collection forecasts used to compute and record purchased loan portfolios and loan notes on the Portfolio Business's statement of financial position.

- **84-Month Gross ERC**, which means 84-Month ERC plus any proportionate share of remaining cash collections that may be payable to a co-investor holding secured loan notes.

- **Gross Money-on-Money Multiple**, which means the actual collections before servicing costs received on a portfolio to the date the multiple is measured, plus forecast collections before servicing costs up to 84 months from the date of purchase of the portfolio, divided by the total amount paid for the portfolio at the date of purchase.

- **Purchases of loan portfolios and loan notes**, which includes the purchase price of acquired loan portfolios and loan notes, related capitalized costs (including due diligence, legal and other fees relating to the acquisition but not future litigation costs) and pre-determination cash (consisting of collection during the period between the pricing of a portfolio and the closing of its acquisition).

- **Number of debt portfolios**, which represents the number of individual debt portfolios as of the specified date, including portfolios held by entities which are not under the control of the Company, but give the Company proportionate rights to the cash flows from such portfolio through loan notes.

- **Number of accounts**, which represents the number of individual accounts at the time of purchase or investment with respect to debt portfolios and loan notes owned as of the specified date.

- **Estimated collateral value**, which is derived from (i) third-party valuations, including court appointed valuers as part of enforcement or bankruptcy proceedings and other valuers or servicers appointed by AnaCap as part of the original underwriting of a debt portfolio or subsequent updates, including those conducted during semi-annual re-forecasting of 84-Month ERC and (ii) AnaCap valuations based on benchmarking the relevant collateral against court databases including prices achieved in bankruptcy sales. Third-party valuations account for the majority of the collateral value included in this Offering Memorandum. All of the security interest for the benefit of the Portfolio Business in such collateral is on a first lien basis.

You should not consider the foregoing items as alternatives to comparable IFRS measures. Moreover, these measures and related ratios:

- have limitations as analytical tools and should not be considered in isolation;
- are not measures of financial performance or liquidity under IFRS;
- should not be considered as alternatives to net cash flow from operating activities or any other measure of liquidity derived in accordance with IFRS;
- should not be considered as alternatives to (loss)/profit for the period or any other performance measures derived in accordance with IFRS;
- may not be indicative of results of operations; and
- do not necessarily indicate whether cash flow will be sufficient or available for cash requirements.

Pro Forma Financial Information

Certain information and certain ratios in this Offering Memorandum are presented to give pro forma effect to the offering of the Notes and the use of the proceeds thereof as described in "*Use of Proceeds*". The pro forma adjustments assume that all of these events occurred on April 1, 2016 (with respect to consolidated statement of comprehensive income data) or March 31, 2017 (with respect to consolidated balance sheet data). The pro forma financial information is for informational purposes only and does not necessarily present what the Portfolio Business's results of operations or financial position would actually have been had the offering of the Notes (and the use of proceeds thereof) actually occurred on April 1, 2016 (with respect to combined statement of comprehensive income data) or March 31, 2017 (with respect to combined statement of financial position data), and should not be used as the basis of projections for the Company's results of operations or financial position and cash flows for any future period. The pro forma financial information is not compiled in accordance with IFRS, has not been prepared in accordance with the requirements of Regulation S-X of the SEC, the Prospectus Directive or any generally accepted accounting standards, and has not been audited or reviewed in accordance with applicable auditing or review standards. Any reliance you place on this information should fully take this into consideration.

Rounding

Certain numerical figures set out in this Offering Memorandum, including financial data presented in millions or thousands or percentages and percentages describing certain market and industry data, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in the Financial Statements or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

Currency Presentation

In this Offering Memorandum, all references to "euro", "EUR" or "€ " are to the single currency of the participating member states of the Economic and Monetary Union of the European Union; all references to "Pound Sterling" or "GBP" or "£" are to the lawful currency of the United Kingdom; all references to "U.S. dollars", "US$" and "$" are to the lawful currency of the United States of America; all references to "RON" are to the lawful currency of Romania. The Financial Statements included in this Offering Memorandum are presented in euro.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the combined financial statements and other financial information appearing in this Offering Memorandum. Neither the Company nor the Initial Purchasers represent that the U.S. dollar amounts referred to below could be or could have been converted into euro at any particular rate indicated or any other rate.

	U.S. dollars per €1.00			
Year	**High**	**Low**	**Average(1)**	**Period end**
2012	1.3458	1.2061	1.2860	1.3192
2013	1.3804	1.2780	1.3285	1.3743
2014	1.3932	1.2098	1.3285	1.2098
2015	1.2103	1.0497	1.1102	1.0856
2016	1.1532	1.0389	1.1069	1.0520

Month	**High**	**Low**	**Average(2)**	**Period end**
January 2017	1.0797	1.0406	1.0632	1.0797
February 2017	1.0786	1.0537	1.0641	1.0576
March 2017	1.0864	1.0507	1.0687	1.0652
April 2017	1.0949	1.0599	1.0711	1.0901
May 2017	1.1237	1.0867	1.1055	1.1237
June 2017	1.1441	1.1134	1.1238	1.1426
July 2017 (through July 12, 2017)	1.1468	1.1346	1.1399	1.1412

(1) The average rate for a year means the average of the NY Bloomberg Composite Rates at the close of each business day during a year.

(2) The average rate for each month means the average of the NY Bloomberg Composite Rates at the close of each business day of such month.

On July 12, 2017 the Bloomberg Composite Rate between the U.S. dollar and the euro was $1.1412 per €1.00.

The above rates differ from the actual rates used in the preparation of the combined financial statements and other financial information appearing in this Offering Memorandum. The Company's inclusion of the exchange rate information set forth above is not meant to suggest that the euro amounts actually represent U.S. dollar amounts or that these amounts could have been converted into U.S. dollars at any particular rate, if at all.

CERTAIN DEFINITIONS

The following terms used in this Offering Memorandum have the meanings assigned to them below (unless the context otherwise requires):

"*ACO II*" means AnaCap Credit Opportunities II Limited, a non-cellular company limited by shares incorporated under the laws of Guernsey with registered number 53828 and with its registered address at Ground Floor, Cambridge House, Le Truchot, St. Peter Port, Guernsey, GY1 1WD, which is the direct subsidiary of ACOF II and which owns part of the Portfolio Business that will be acquired by the Company pursuant to the Transactions.

"*ACO III*" means AnaCap Credit Opportunities III Limited, a non-cellular company limited by shares incorporated under the laws of Guernsey with registered number 60329 and with its registered address at Ground Floor, Cambridge House, Le Truchot, St. Peter Port, Guernsey, GY1 1WD, which is the direct subsidiary of ACOF III and which owns part of the Portfolio Business that will be acquired by the Company pursuant to the Transactions.

"*ACOF I*" means AnaCap Debt Opportunities, L.P., which was the first AnaCap Credit Fund.

"*ACOF II*" means AnaCap Credit Opportunities II, L.P., which is the AnaCap Credit Fund that owns ACO II.

"*ACOF III*" means AnaCap Credit Opportunities III, L.P., which is the AnaCap Credit Fund that owns ACO III.

"*Acquisition*" means the acquisition at fair value of the Portfolio Business from ACO II and ACO III.

"*Administration Agreement*" means the administration agreement dated June 28, 2017 between Carne, the Company, the Administrator and the Portfolio Manager, as described under "*Management and Governance*".

"*Administrator*" means Augentius (Luxembourg) S.A., public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg, with registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg, incorporated on January 19, 2010 and registered with the Luxembourg Register of Trade and Companies under number B150673.

"*Advisory Agreement*" means the advisory agreement dated June 1, 2015 between the Portfolio Manager and the Investment Adviser, as described under "*Management and Governance*".

"*Agreed Security Principles*" means the agreed security principles annexed to the Revolving Credit Facility Agreement and as summarized under "*Description of the Notes—Security*", as interpreted and applied in good faith by the Company.

"*AIFM*" means an alternative investment fund manager, within the meaning of the AIFMD, which is regulated pursuant to the AIFMD.

"*AIFM Agreement*" means the alternative investment fund management agreement dated June 28, 2017 between the Company and Carne, as described under "*Management and Governance*".

"*AIFM Law*" means the Luxembourg law dated July 13, 2013 on alternative investment fund managers transposing the AIFMD into Luxemburg law.

"*AIFMD*" means Directive 2011/61/EU of the European Parliament and of the Council of June 8, 2011 on Alternative Investment Fund Managers and its implementing measures.

"*AnaCap*" means the private equity firm of AnaCap Financial Partners, including the Investment Adviser and the Portfolio Manager and their affiliates.

"*AnaCap Credit Funds*" means credit investment funds managed or advised by AnaCap, which include ACOF II, ACOF III and the Company.

"*AnaCap Credit Team*" means the team of AnaCap investment professionals led by Justin Sulger, which is responsible for origination, analysis/pricing, due diligence, deal structuring and assisting with ongoing monitoring of fund investments for the AnaCap Credit Funds.

"*AnaCap Private Equity Funds*" means the three private equity funds managed or advised by AnaCap.

"*Asset SPVs*" means the independent special purpose vehicles through which certain portfolio investments are made, and which include the Section 130 SPVs and the Participation SPVs.

"*BEPS*" means the Base Erosion and Profit Shifting project of the OECD.

"*Carne*" means Carne Global Fund Managers (Luxembourg) S.A., public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg, with registered office at 6b, Route De Treves, L-2633 Senningerberg, Grand Duchy of Luxembourg, incorporated on September 17, 2009 and registered with the Luxembourg Register of Trade and Companies under number B148258, which, as of the date of this Offering Memorandum, is the Company's AIFM.

"*CCA*" means the UK Consumer Credit Act 1974 and related secondary legislation.

"*Clearstream*" means Clearstream Banking, S.A.

"*Collateral*" means the assets that are subject to the security interests securing the obligations of the Company and the Guarantors under the Notes, the Guarantees and the Revolving Credit Facility.

"*Company*" means AnaCap Financial Europe S.A. SICAV-RAIF, a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg as a reserved alternative investment fund (*fonds d'investissement alternatif réservé*) in the form of an investment company with variable capital (*société d'investissement à capital variable*), with registered office at E Building, Parc d'Activités Syrdall, 6, Rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Trade and Companies under number B216080.

"*Company's AIFM*" means Carne, or such other authorized AIFM that may be appointed as the AIFM of the Company from time to time.

"*CSSF*" means the *Commission de Surveillance du Secteur Financier*, the financial regulatory authority in Luxembourg.

"*Depositary*" means The Royal Bank of Scotland plc, a company organized and existing under the laws of Scotland, having its registered office at 36 St. Andrew Square, Edinburgh EH2 2YB, UK, acting through its Luxembourg branch, The Royal Bank of Scotland plc, Luxembourg Branch, having its registered office at 46, avenue J.F. Kennedy, L-1855, Luxembourg and registered with the Luxembourg Register of Trade and Companies under number B190468, as depositary and paying agent pursuant to the Depositary Agreement.

"*Depositary Agreement*" means the depositary agreement dated June 28, 2017 between the Company, Carne and the Depositary, as described under "*Management and Governance*".

"*Domiciliation Agent*" means the Administrator in its capacity as domiciliation agent pursuant to the Domiciliation Agreement.

"*Domiciliation Agreement*" means the domiciliation agreement dated June 28, 2017 between the Company and the Domiciliation Agent, as described under "*Management and Governance*".

"*EEA*" or "*European Economic Area*" means the trading area established on January 1, 1994 by the European Economic Area Agreement, comprising 27 of the 28 current member states of the European Union (Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the UK) and Norway, Iceland and Liechtenstein.

"*EMIR*" means Regulation (EU) No 648/2012 which shall include all EU delegated regulations and implementing regulations adopted pursuant to such Regulation and published in the Official Journal of the European Union from time to time.

"*EMIR Requirements*" means anything which the Company is required to do or not do (including posting collateral) under EMIR, in connection with the entry into any OTC derivatives (as defined in EMIR).

"*EU*" or "*European Union*" means the economic and political union of 28 European member states (as of the date hereof).

"*Euroclear*" means Euroclear Bank SA/NV.

"*FCA*" means the UK Financial Conduct Authority, a regulatory body that regulates financial services in the United Kingdom.

"*FSMA*" means the UK Financial Services and Markets Act 2000.

"*Guarantees*" means the senior secured guarantees to be issued by the Guarantors. See "*Description of the Notes—Notes Guarantees*".

"*Guarantors*" means, collectively, ACOF II Portugal Limited, AFE Spain Limited, Alpha Credit Holdings S.à r.l., Alpha Credit Solutions 4 S.à r.l., Prime Credit 3 S.à r.l., Prime Credit 6 S.à r.l. and Prime Credit 7 S.à r.l.

"*IFRS*" means the International Financial Reporting Standards, as adopted by the European Commission for use in the European Union.

"*IMF*" means the International Monetary Fund.

"*Indenture*" means the indenture governing the Notes, to be dated on the Issue Date and to be entered into by, *inter alios*, the Company, the Guarantors, the Trustee and the Security Agent.

"*Initial Purchasers*" means Morgan Stanley & Co. International plc and The Royal Bank of Scotland plc (trading as NatWest Markets).

"*Intercreditor Agreement*" means the intercreditor agreement to be dated on or prior to the Issue Date and entered into by, *inter alios*, AnaCap Financial Europe S.A. SICAV-RAIF as the Company and Senior Secured Notes Company, The Royal Bank of Scotland plc as the RCF Agent, U.S. Bank Trustees Limited as the Security Agent, and to which U.S. Bank Trustees Limited will accede as the Senior Notes Trustee on or about the Issue Date, and which is described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

"*Invested Capital*" means the relevant fund's share of the purchase price and associated transaction costs of the relevant investment.

"*Investment Adviser*" means AnaCap Financial Partners LLP in its capacity as adviser to the Portfolio Manager.

"*Investment Company Act*" means the United States Investment Company Act of 1940, as amended.

"*Investment Management Agreement*" means the investment management agreement dated June 28, 2017 between Carne, the Portfolio Manager and the Company, as described under "*Management and Governance*".

"*Irish SPV*" means Volga Investments DAC, a designated activity company incorporated under the laws of Ireland with registered number 404101 and with its registered office at Pinnacle 2, Eastpoint Business Park, Dublin 3, Ireland, which owns one of the Romanian Portfolios.

"*ISIN*" means International Securities Identification Number.

"*IT*" means information technology.

"*Italian Portfolios*" means the portfolios that are owned by the Italian SPVs or in which an Italian SPV has an economic interest through a purchase agreement with a third-party, and which, giving effect to the Transactions, are the assets that support the Italian securitization notes issued by the Italian SPVs and which are held by the Company.

"*Italian SPVs*" means, collectively, Augustus SPV S.r.l., Aurora SPV S.r.l., Thor SPV S.r.l. and Tiberius SPV S.r.l., which own one or more of the Italian Portfolios, and Iustitia Futura S.r.l., which has an economic interest in one of the Italian Portfolios through a profit-sharing arrangement with a third-party.

"*Luxembourg SPV*" means APS Delta S.A., a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg, with registered office at 1, rue Jean Piret, L-2350 Luxembourg and registered with the Luxembourg Register of Trade and Companies under number B204416, which owns one of the Romanian Portfolios.

"*Member State*" means a member state of the European Union.

"*Minerva*" means AnaCap's proprietary IT platform that allows the capturing and mining of portfolio performance data across geographies and asset types.

"*Notes*" means the €325.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2024 offered hereby.

"*OECD*" means the Organization for Economic Co-operation and Development.

"*Other AnaCap Credit Funds*" means AnaCap Credit Funds other than the Company.

"*PAM*" or "*Phoenix Asset Management*" means Phoenix Asset Management S.p.A., a joint stock company (*societá per azioni*) incorporated under the laws of the Republic of Italy, an Italian servicer company that services certain of the Italian Portfolios.

"*Participation SPVs*" means independent special purpose vehicles through which portfolio investments are made by entering into investment participation agreements with those special purpose vehicles, which own the debt portfolios.

"*Person*" means an individual, corporation (including a business trust), company, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

"*Portfolio Business*" means the portfolio of assets that will be acquired by the Company from ACO II and ACO III, the direct subsidiaries of the Other AnaCap Credit Funds, ACOF II and ACOF III, as part of the Transactions and which comprises ACOF II Portugal Limited, Alpha Credit Holdings S.à r.l., Alpha Credit Holdings 3 S.à r.l., Prime Credit 6 S.à r.l., Prime Credit 7 S.à r.l., their respective subsidiaries and assets, and, as the context indicates, historical references to the Portfolio Business means such entities and their assets as of that historical date or period.

"*Portfolio Manager*" means AnaCap Investment Manager Limited, a non-cellular limited company incorporated under the laws of Guernsey with registered number 60338 and with its registered office at Ground Floor Cambridge House, Le Truchot, St. Peter Port, Guernsey, GY11 WD.

"*Portuguese Portfolios*" means the portfolios of loans that are owned by Prime Credit 3 S.à r.l. and an interest by way of a loan note that Prime Credit 3 S.à r.l. has in a REO structure with a co-investor.

"*Prospectus Directive*" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU).

"*Qualified Institutional Buyer*" or "*QIB*" means a Qualified Institutional Buyer as defined in Rule 144A.

"*Qualified Purchaser*" or "*QP*" means a Person who is a "qualified purchaser" as defined in Section 2(a)(51)(A) of the Investment Company Act.

"*RAIF*" means a reserved alternative investment fund (*fonds d'investissement alternatif réservé*).

"*REO*" means real estate owned.

"*Regulation S*" means Regulation S under the U.S. Securities Act.

"*Revolving Credit Facility Agreement*" means the revolving credit facility agreement, dated July 7, 2017 and entered into by, *inter alios*, the Company as borrower and Morgan Stanley Bank International Limited and The Royal Bank of Scotland plc as mandated lead arrangers, which will provide for the Revolving Credit Facility and which is described more fully under "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*".

"*Revolving Credit Facility*" or "*RCF*" means the revolving credit facility in an aggregate amount of €45.0 million that will be made available to the Company under the Revolving Credit Facility Agreement.

"*Romanian Portfolios*" means the portfolios of loans and REOs owned by the Irish SPV and the Luxembourg SPV and which, giving effect to the Transactions, are the underlying assets for the co-investment participation that Prime Credit 7 S.à r.l. has with the Irish SPV and the securitization notes issued by the Luxembourg SPV which are held by Alpha Credit Solutions 4 S.à r.l.

"*Rule 144A*" means Rule 144A under the U.S. Securities Act.

"*Section 130 SPVs*" means special purpose vehicles incorporated in the Republic of Italy under article 3 of Italian law No. 130 of April 30, 1999, as amended from time to time (*Disposizioni sulla cartolarizzazione dei crediti*), and which include the Italian SPVs.

"*Security Agent*" means U.S. Bank Trustees Limited, as security agent under the Indenture and the Intercreditor Agreement.

"*Security Documents*" means the security documents under which the security interests over the Collateral have been or will be created.

"*Service Agreement*" means the services agreement that is expected to be entered into between ServiceCo, the Company and/or certain of the Company's subsidiaries, as described under "*Management and Governance*".

"*ServiceCo*" means an AnaCap entity yet to be incorporated, which is expected to enter into the Service Agreement and perform certain administrative services to the Company and/or its subsidiaries, services in connection with the assets comprised in the underlying debt portfolios and to provide master-servicing support.

"*SMEs*" means small- and medium-sized enterprises.

"*Spanish Portfolio*" means the portfolio of loans that is owned by Alpha Credit Solutions 5 S.à. r.l.

"*Transactions*" means the Acquisition, the financing thereof, including the offering of the Notes and the use of proceeds therefrom as described under "*Summary—The Transactions*" and "*Use of Proceeds*", the entry into the new Revolving Credit Facility Agreement and the Intercreditor Agreement, any internal reorganization following the Acquisition, and the entry into any documentation contemplated by or related to any of the foregoing.

"*Trustee*" means U.S. Bank Trustees Limited, as the trustee under the Indenture.

"*UK Portfolio*" means the portfolio of loans that is owned by Alpha Credit Solutions 4 S.à. r.l.

"*U.S. Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended.

"*U.S. Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*U.S.*" or "*United States*" means the United States of America.

"*UK*" or "*United Kingdom*" means the United Kingdom of Great Britain and Northern Ireland.

"*Volcker Rule*" means Section 13 of the U.S. Bank Holding Act of 1956, as amended.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. The summary below does not contain all the information that you should consider before investing in the Notes. The following summary should be read in conjunction with and is qualified in its entirety by the more detailed information included elsewhere in this Offering Memorandum. You should carefully read the entire Offering Memorandum to understand the Company's business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including the more detailed information in the Financial Statements, and the related notes, included elsewhere in this Offering Memorandum, before making an investment decision. See "Risk Factors" for certain factors that you should consider before investing in the Notes and the section entitled "Forward-Looking Statements" for information relating to the statements contained in this Offering Memorandum that are not historical facts.

The information in this section of this Offering Memorandum gives effect to the Transactions, including the Acquisition of the Portfolio Business by the Company, throughout unless the context indicates or specifies otherwise.

Overview

The Company purchases and invests in a diverse range of primarily non-performing debt across Europe. The Company has the capability to price and purchase a wide range of debt, consisting of portfolios of unsecured and secured consumer, SME and mortgage debt, including portfolios that are a mix of these assets. The Company believes this ability is a key competitive advantage in originating new investment opportunities and further penetrating its current markets, providing it with the opportunity to generate strong returns on an ongoing basis. By establishing a long-term capital structure, the Company will be able to purchase and retain assets over a long-term horizon, in line with other debt purchasers in the market. The Company believes it remains active in geographies that both best match its core competencies and are attractive markets in their own right, including the Italian market which the Company believes remains a significant growth opportunity due to its diverse range of primarily SME debt.

The Company has a diverse portfolio of seasoned and granular consumer, SME, and mortgage debt which is differentiated among debt purchasers in the level of diversification across borrowers, asset types and geographies. The Portfolio Business' aggregate face value at the time of the initial purchases and investments in the portfolio assets was €11.3 billion. As of March 31, 2017, the Portfolio Business had an aggregate face value of €8.9 billion following the historical sale of debt with a face value of €2.4 billion, with an 84-Month ERC of €508 million, with 71% of ERC in Italy, 15% in Portugal and the remaining ERC derived from investments in Spain, Romania and the UK. The Portfolio Business has a strong cash flow underpinned by regular payment plans as well as cash and real estate collateral with an estimated value of approximately € 650 million in aggregate (based on a combination of Company and third-party valuations). Approximately 45% of estimated collateral value has been included for the purposes of calculating 84-Month ERC.

The Company benefits from the network, origination, pricing and operational expertise that AnaCap has developed over twelve years in the European financial services sector. The Company will also benefit from the significant resources and capabilities of AnaCap to conduct its business, and AnaCap will utilize its network, relationships, pricing, due diligence and operational expertise to originate and recommend investments to the Company. AnaCap is a pan-European financial services specialist with a long track record of building, managing and owning financial services businesses and assets, including building and owning Apex Credit Management and Cabot Credit Management as well as five regulated financial institutions across Europe. While operating as a specialist in the credit-intensive financial service businesses, AnaCap has developed proprietary analytical models that, in conjunction with significant proprietary data and expertise, help to optimize pricing and maximize collections over the life of portfolios.

The assets of the Portfolio Business were acquired between 2012 and 2017 from 18 unique sellers, including four follow-on transactions from previous sellers, and is comprised of debt purchased in Italy, Portugal, Spain, Romania and the UK. The Italian assets are a direct result of AnaCap's early entrance in the market in 2012, where it remains among the most active debt purchasers, and its ability to analyze, price and manage a diverse range of consumer and SME debt.

The Company operates a master-servicer model, by which a third-party servicer is selected and managed effectively. The model is designed to vary by specific portfolio requirements and allows pricing and collection practices to be optimized by geography and asset type, while providing additional servicing data that compliments the data available to the Company. As complexity and scale in a market grow, a specific local servicer or adviser may be deployed to support master-servicing requirements, providing dedicated local servicing expertise and oversight as well as enhanced supervision over servicing where required. In line with this approach, the Company has made minority investments in and assisted in the development of two servicers, PAM in Italy and a local servicer in Spain.

The Company also benefits from AnaCap's established competencies in building and managing lending and servicing platforms by selecting, working alongside, and enhancing the performance of servicers with local expertise. This allows the Company to enhance collections practices to more effectively price and collect debt. A combination of economic incentives, servicer competition and co-investment structures are used to incentivize servicer performance. Frequent and regular data feeds from servicers to AnaCap's proprietary IT platform, Minerva, are used to monitor portfolio performance and engage with servicers in order to further optimize collections performance.

During the twelve months ended March 31, 2017, the Company generated Pro Forma Core Collections of €114.0 million and Pro Forma Normalized Adjusted EBITDA of €80.1 million.

Competitive Strengths

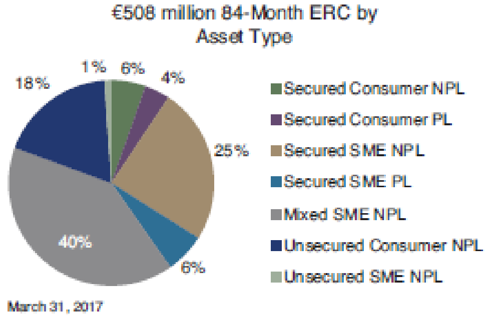
Sizable, Diverse and Seasoned Granular Portfolio Across Asset Types and Geographies

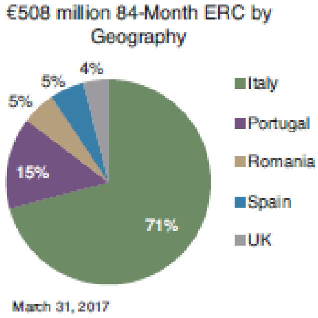
The Portfolio Business reflects a historical capital deployment from 2012 onwards of €425 million through acquisitions of and investments in 19 portfolios with an aggregate face value of €11.3 billion and over 500,000 accounts. During this period, four portfolios have been fully sold. As of March 31, 2017, the Portfolio Business consisted of over 200,000 accounts in five countries with a face value of €8.9 billion. Aggregate gross collections of the Portfolio Business since 2012 amount to €370 million with an 84-Month ERC of €508 million as of March 31, 2017. The Portfolio Business comprises mature and seasoned loans that were acquired between 2012 and 2017, and it has relatively high cash flow predictability underpinning its 84-Month ERC, as compared to newer portfolios.

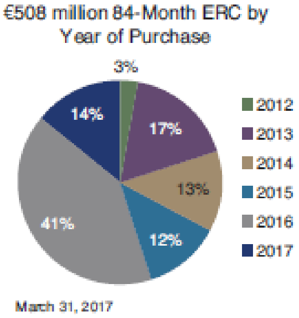
The Portfolio Business is highly diversified across asset types. Secured loans backed by collateral represent 60% of total 84-Month ERC and include performing and non-performing consumer and SME debt. Collections from unsecured loans represent 40% of total 84-Month ERC. The Portfolio Business also benefits from geographic diversification. As of March 31, 2017, 71% of the total 84-Month ERC of the Portfolio Business was attributable to loans originated in Italy and 15% in Portugal, with the balance derived from investments in Spain, Romania and the UK.

This diversification is a differentiator compared to peers as it results from mixed portfolios with varied servicing requirements, which are more complex to underwrite, price and service compared to more homogenous portfolios. The Company believes its capabilities in mixed portfolios are a differentiating factor derived from its ability to segment and analyze such portfolios by asset type on a very granular level using the AnaCap proprietary IT platform.

The following charts illustrate the diversification of 84-Month ERC by asset type and geography as well as the seasoned nature of the debt portfolios as of March 31, 2017. Geographic diversity provides resilience to economic cycles in any one country and local market trends, and combined with the asset diversity provides access to a greater investment opportunity set. The seasoned nature of the debt portfolios within the Portfolio Business gives the Company greater visibility on expected collections.







Early-mover Advantage Across Attractive European Markets, with a Leading Position in Italy

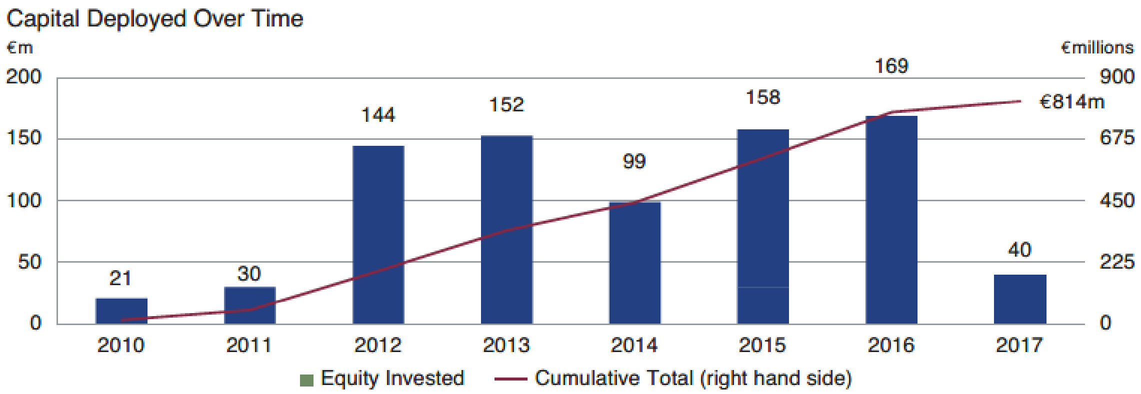
The Company's activities are spread across select geographies that are strategically aligned with what the Company believes to be attractive non-performing debt markets, and in particular, Italy. AnaCap entered the UK debt market in 2010, Italy, Spain and Portugal in 2012 and Romania in 2014. Since 2012, the Portfolio Business has invested approximately €258 million in Italy, €56 million in Portugal, €64 million in Spain, €29 million in Romania and €18 million of capital in the UK. Nine investments were made in Italy, and the remainder were distributed across the other geographies. As of the Issue Date, the Company estimates the Portfolio Business will achieve an average 84-month Gross Money-on-Money Multiple of 2.07x.

The Company's strong position in Italy reflects its view of the continued attractiveness of the Italian non-performing debt market. Italian financial institutions hold the largest stock of non-performing debt in Europe, with total non-performing exposure levels as of June 2016 estimated to be €331 billion according to the PwC Market Report. The Italian government has recently introduced new measures to promote the disposal of such exposures by financial institutions, including changes to Italian bankruptcy and tax law. These measures are expected to result in Italian financial institutions disposing of around €50 billion of non-performing debt in 2017, according to PwC Market Reports. The Company plans to leverage its longstanding relationships in Italy to benefit from the anticipated disposals.

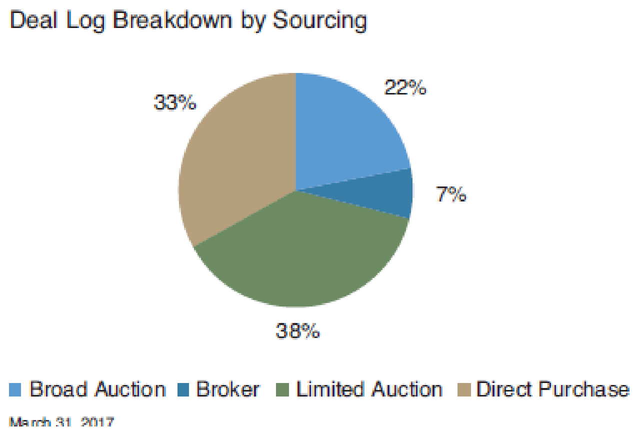
AnaCap has Strong Origination Capabilities Across the Financial Services Sector in Europe, Through its Track Record and Deep Relationships

AnaCap has diverse and established origination capabilities driven by strong relationships with vendors, advisers and servicers gained through its experiences and reputation as a financial services specialist. AnaCap has a long and successful history in credit investing through the Other AnaCap Credit Funds as well as its AnaCap Private Equity Funds, investing in and developing credit intensive businesses. AnaCap Private Equity Funds owned two debt purchasers in the UK, Apex Credit Management and Cabot Credit Management, which they successfully combined and grew into the largest debt purchaser in the UK. The Company believes AnaCap is considered by select sellers to be a trusted financial services specialist resulting in repeat transactions from multiple sellers. This has resulted in a steady pipeline of investment opportunities. Over the last twelve months, AnaCap reviewed more than 82 debt portfolios, of which it took 25 through to a preliminary round, ten through to a final round and ultimately purchased five. Of the 82 portfolios, 58% were sourced through narrow sale process, 32% through broad sale process, 6% through proprietary channels and 4% through other channels. By operating across well-established geographies and granular asset types, AnaCap is able to remain highly selective and disciplined in pricing.

Since 2010, AnaCap has completed 43 transactions from 33 different sellers with total capital deployed of €814 million including 11 transactions with repeat sellers. From March 31, 2012 to March 31, 2017, AnaCap has deployed an average of approximately €145 million per year, with capital deployment ranging from €3.9 million to €64.6 million per transaction.



As sellers continue to divest assets across Europe, AnaCap's strong relationships and its ability to develop new relationships will allow the Company to benefit from the further opportunities in its existing core geographies as well as select additional geographies. In addition, the Company believes that AnaCap's relationships are expected to support more targeted and proprietary sourcing efforts directly with sellers. For example, the chart below illustrates the deal log of AnaCap by sourcing since the initiation of its credit strategy in 2010 to March 31, 2017:



AnaCap has a track record of being able to develop and manage transaction execution required to effect debt purchasing successfully in often complex legal and regulatory environments delivering innovative and effective solutions to debt sellers across geographies. AnaCap has frequently worked with financial institutions in the process of restructuring their balance sheet over protracted periods of time, helping to analyze portfolios for disposal and providing extensive feedback to assist them in price discovery and ultimately facilitate a sale. In one such example, AnaCap completed such a process in an 18-month exercise that eventually led to multiple additional sales.

Ability to Underwrite Mixed Portfolios of Unsecured and Secured, Consumer, SME and Mortgage Debt, Combining Statistical and Loan Level Analysis

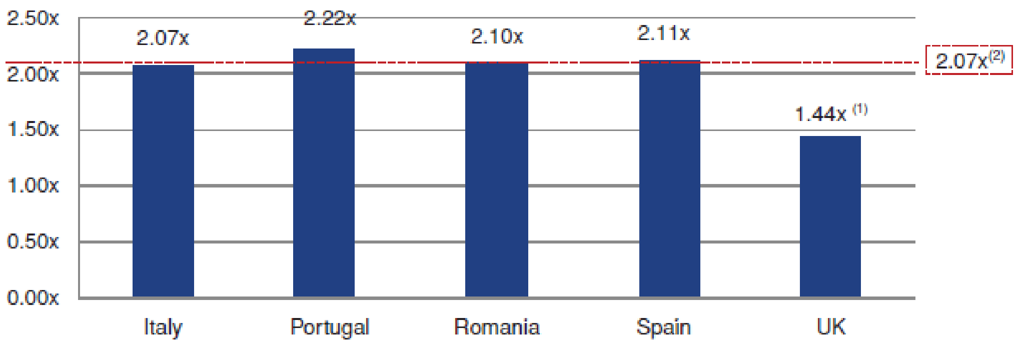
The Company has access to AnaCap's disciplined underwriting and pricing methods benefiting from seasoned in-house diligence capabilities and an extensive database of comparable portfolio data to enable granular analysis, supported by Minerva. Established partnerships with local servicers and advisers and the combined knowledge of select local legal frameworks, including court and debt recovery procedures, provides a competitive advantage and an ability to price debt portfolios including complex mixed portfolios. Proprietary modelling capabilities combining statistical and forensic analysis are used to analyze, price and actively manage a broad range of debt portfolios.

The regular data mining and analysis of portfolio performance provides feedback to third-party servicers to adjust strategies, resourcing and business plans to meet its targets. The regular review of servicing activity and revision of processes results in improved servicer efficiencies, all of which are designed to improve portfolio performance. In turn, these procedures help further customize the analysis and due diligence required to price future debt portfolios.

To realize favorable returns on its investments, the Company will rely upon detailed analysis of underlying receivables and/or hard assets, where applicable, taking into account not only past and expected future credit performance, but also servicing history to date and other specific attributes.

The following charts demonstrate the ability of the Portfolio Business to underwrite and deliver an attractive Gross Money-on-Money Multiple across a broad range of geographies and asset classes.

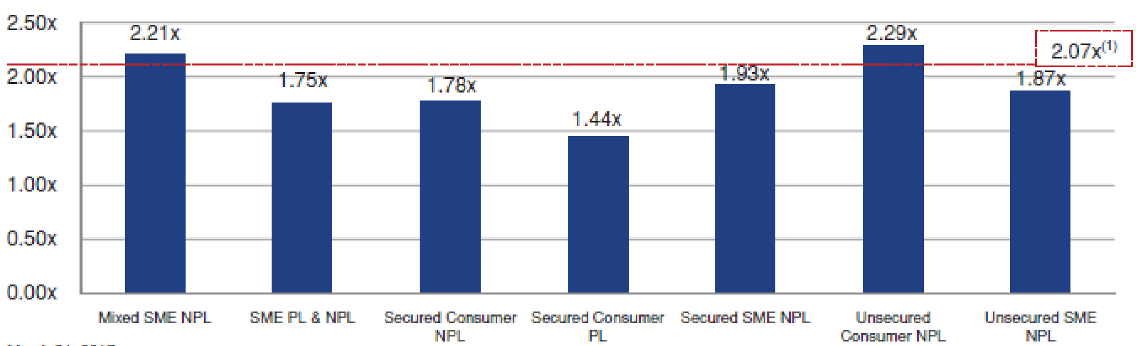
Gross Money-on-Money Multiple by Geography (based on 84-Months ERC)



March 31, 2017

(1) Reflects an acquisition a portfolio of performing debt.
(2) Weighted average.

Gross Money-on-Money Multiple by Asset Type (based on 84-Month ERC)



March 31, 2017.

(1) Weighted average.

Master-Servicing Model, Enabled with Data and Analytics, Allows Flexibility, and Collection-Optimization

A master-servicing model tailored to the Company's multi-geographical and multi-asset type business is a key enabler of its ability to purchase and manage debt and is a source of competitive strength. AnaCap has adopted a disciplined approach to servicer selection and ongoing master-servicing that includes active engagement with, and regular audits of, servicers. The approach includes having a panel of servicers that leverage the strengths of what the Company believes are the best suited servicers for each geography and specific asset type, specifically selected to support tailored recovery strategies and also assist in underwriting and due diligence pre-acquisition. This approach enables the selection of the most appropriate servicer based on an individual servicer's core competencies and track record, which also ensures flexibly to help minimize fixed costs and benchmark performance.

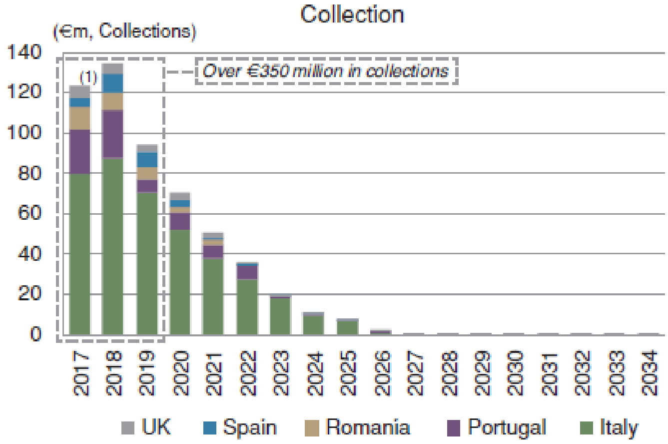
The master-servicer model is supported by Minerva, which provides a centralized data warehouse for reporting, data mining and analytics to support both underwriting new investments as well as ongoing master-servicing activities. Daily, weekly and monthly performance data feeds from servicers into Minerva, which drives reporting and master-servicing decision-making. This flexible model allows the Company to benefit from tailored expertise across geographies while mitigating risk in monitoring servicing and portfolio performance. AnaCap works with servicers to improve their practices and enhance their end-to-end servicing capabilities.

The master-servicing approach varies based on specific portfolio requirements. On smaller, homogeneous portfolios, one servicer is often used with alignment of interests encouraged through co-investment and/or incentive fees linked to a defined business plan. On larger, mixed portfolios, it is often necessary to have more tailored servicing requirements where servicers and advisers are selected to manage specific segments and types of accounts (e.g. servicers, call centers, lawyers, real estate advisers) to drive optimal performance. On portfolios of significant size or as complexity in a market grows, it may be necessary to form a team in such specific market to support master-servicing requirements. With sufficient scale and complexity, a partner with a more permanent presence locally may also be formed to take more direct control over servicing, such as PAM in Italy.

Strong and Visible Cash Generation and Prudent Financial Leverage Policy

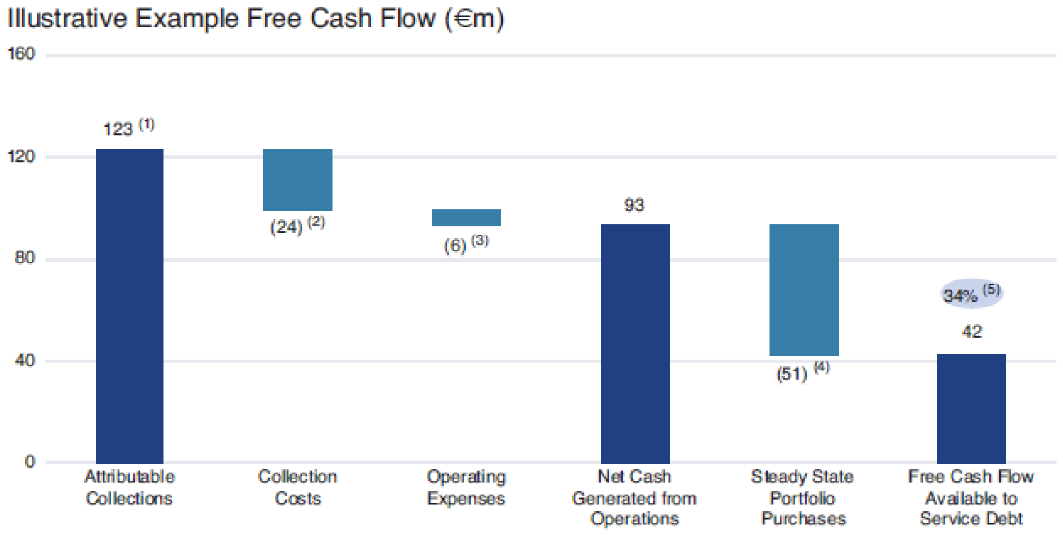
The Company has good visibility on expected cash collections, underpinned by the mature and seasoned book, with 45% of 84-Month ERC being derived from assets purchased between 2012 and 2015. The robustness of cash geenration is also supported by over 81% of 84-Month ERC being backed by secured and mixed portfolios. In addition, historically the Portfolio Business has been able to continually generate new payers with low concentration risk from unsecured portfolios, with over 60% of such accounts historically making at least three payments if one such payment is made.

€508 million 84-Month ERC by Expected Year of Collection



(1) Includes actual collections of €23.2 million for the three months ended March 31, 2017.

The Portfolio Business is highly cash generative due to its business model which benefits from a low-overhead through the use of third-party servicers, third-party data collection and is supported by a dynamic IT platform. This results in significant surplus cash available for debt service, and to reinvest in further assets or to deleverage if reinvestment opportunities are limited. The attractive cash generation profile of the Portfolio Business is supported by prudent financial policies.



(1) Illustrative annual attributable collections for one year.
(2) The average collection cost ratio over the past 3 years has been just over 18%. The Company assumes 19.5% for prudence, and applies this to the Total attributable collections.
(3) Illustrative Operating expenses for one year, including management fee based on NAV of 1.75%.
(4) Steady state portfolio purchases is calculated as the expected difference in 84-Month ERC at the start and end of every year, divided by the historical Gross Money-on-Money Multiple to get the capital required to be deployed in order to maintain 84-Month ERC at a constant €508 million.
(5) Free cash flow margin—free cash flow available to service debt as a percentage of the Total attributable gross collections.

Company's Strategy

Leverage the Origination, Pricing, and Operational Expertise of AnaCap

The Company's strategy is to leverage the origination, pricing, and operational expertise of AnaCap, as well as servicers, advisers and data, to drive returns from its existing and future portfolios. The Company will primarily target non-performing debt portfolios in its markets that are expected to generate a significant Gross Money-on-Money Multiple over an 84-month period and longer. The Company aims to continue monetizing portfolio assets through active master-servicing strategies aimed at maximizing recoveries. Building on that platform, the Company will continue to invest in additional diversified European debt portfolios that primarily comprise non-performing unsecured and secured consumer, SME and mortgage debt. The diversity by geography and asset type and the knowhow such diversity provides, should allow the Company to deploy capital selectively in its chosen markets at an attractive Gross Money-on-Money Multiple.

Given the current market environment, the Company sees significant investment opportunities that match AnaCap's expertise in debt across Europe, and in particular in the countries where it currently operates. The investment focus will be on well-known geographies and asset types where there remains a large market opportunity and where there is proprietary data, underwriting/pricing and servicing experience, such as Italy, Portugal, Spain, Romania and the UK. The Company may also cautiously invest in new geographies, bringing to bear AnaCap's experience, expertise and origination channels into financial institutions operating broadly across Europe, as well as a demonstrable track record entering into new geographies, provided such opportunities offer sufficient risk adjusted returns commensurate with the geography, asset type and servicing requirements.

The European financial crisis and the continuing imbalance of the European financial system has created a significant supply-demand imbalance, with: (i) approximately €2.1 trillion of non-core assets (including non-performing loans) on European banks' balance sheets as of December 31, 2016 (according to the PwC Market Reports) and pressure on financial institutions, driven by increased capital requirements and the implementation of new accounting standards, to sell non-core assets; and (ii) a still limited universe of buyers with deep market knowledge, industry relationships, pricing and servicing expertise. Italy where AnaCap has been one of the most active purchasers, has the highest stock of non-performing loans in Europe.

The Company may also co-invest alongside the Other AnaCap Credit Funds where appropriate, particularly in larger portfolios where portfolios can be split between the Other AnaCap Credit Funds and the Company according to asset type, risk and return profile, and where the size is prohibitive for the Company alone. Allocation of investments will be established pursuant to an established allocation policy. For a summary of the allocation policy, see "*Management and Governance—Conflicts of Interest—Allocation Policy*".

Management and Governance

The Company's management decisions are delegated, through a regulated alternative investment fund manager, to the Portfolio Manager, which is responsible for making portfolio management decisions on a discretionary basis in line with the investment objectives and policies of the Company and subject to the supervision of the Company's Board of Directors. The Portfolio Manager has appointed, pursuant to an advisory agreement, the Investment Adviser to provide investment advice. See "*Management and Governance*".

The Company benefits from the AnaCap infrastructure, operational, IT and risk management systems as well as the access to the team of management and credit professionals responsible for day-to-day management of the Company and its subsidiaries.

Current Trading

Total attributable collections for April and May are ahead of forecast and the Company expects Total attributable collections for the fiscal quarter ended June 30, 2017 to close in line with estimated collections in 84-Month ERC. There were no purchases or sales of loan portfolios and loan notes during the period.

In May 2017, common with past practice, the Portfolio Business made distributions to the Other AnaCap Credit Funds and co-investors of € 18.6 million representing distributions of collections for the three months ended March 31, 2017.

The information above summarizes certain preliminary estimated financial data and has been prepared by, and is the responsibility of the Company, and has not been audited, reviewed or verified by the Company's independent auditors. No procedures have been completed by the Company's independent auditors with respect thereto. This information is therefore subject to change and you should not place undue reliance thereon.

The Transactions

The Acquisition

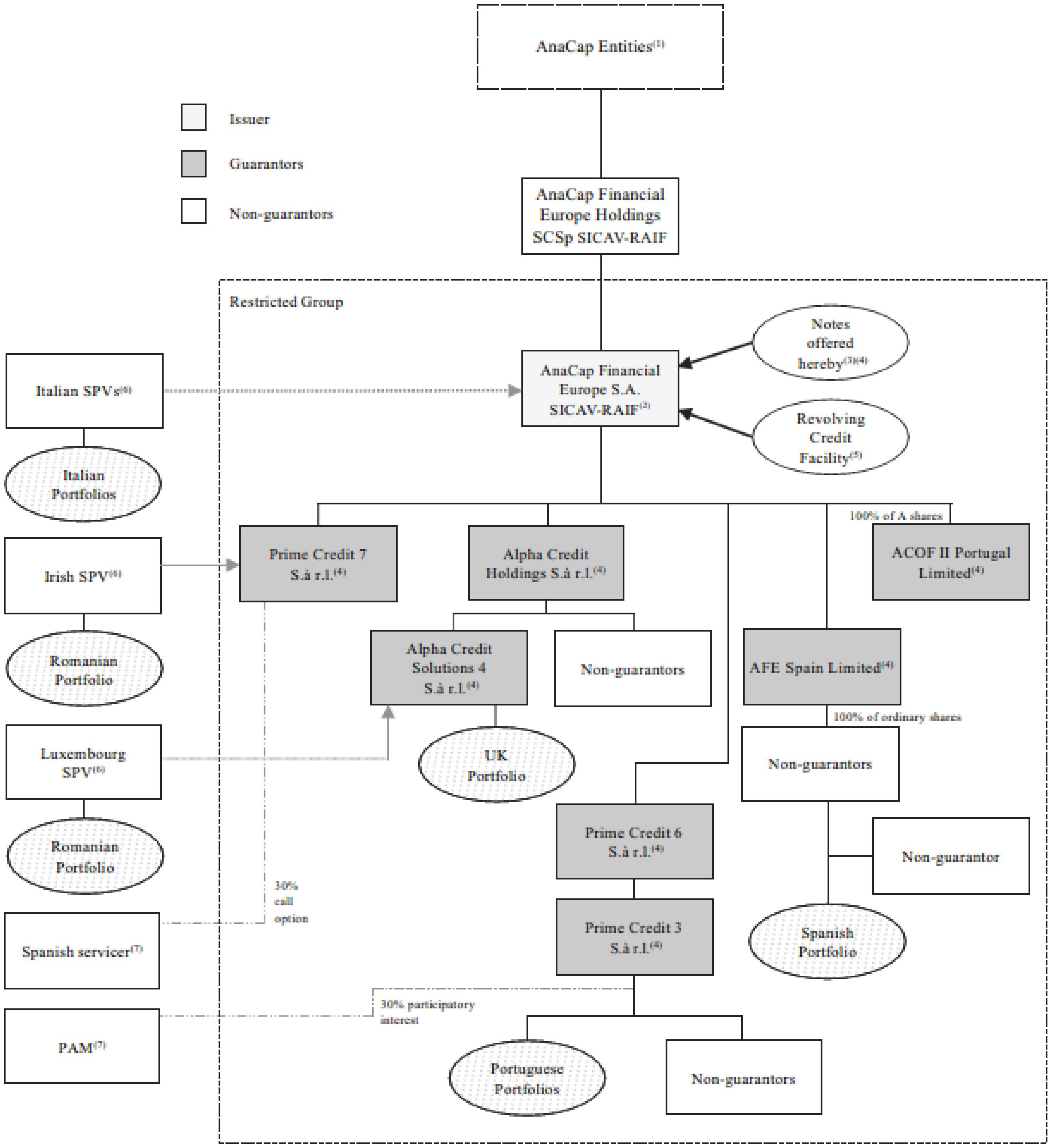
On the Issue Date, the Company will acquire at fair value the Portfolio Business from ACO II and ACO III, the direct subsidiaries of the Other AnaCap Credit Funds, ACOF II and ACOF III.

The Financing

The Company will use the gross proceeds from the offering of the Notes, together with cash on balance sheet, to (i) pay the consideration for the Acquisition of the Portfolio Business, (ii) pay the estimated Total attributable collections for the three months ended June 30, 2017 (net of costs) to the Other AnaCap Credit Funds, (iii) fund cash on the Company's balance sheet for general corporate purposes and (iv) pay certain costs, fees and expenses in relation to the Transactions, including the offering of the Notes. See "*Use of Proceeds*".

CORPORATE AND FINANCING STRUCTURE

The diagram below provides a simplified overview of the Company's corporate and financing structure as of the date of this Offering Memorandum after giving effect to the Transactions. The diagram does not reflect all of the Company's subsidiaries, nor does it show all of the liabilities of the Company and its subsidiaries. For a summary of the material financing arrangements identified in this diagram, please refer to "*Description of the Notes*", "*Description of Certain Financing Arrangements*" and "*Pro Forma Capitalization*". All entities shown below are 100% wholly-owned unless otherwise indicated (not including the Irish SPVs, the Italian SPVs, and the Luxembourg SPV, which are orphan entities). For information on the Company's management and governance structure, see "*Management and Governance*".



(1) The Company is 100% indirectly owned by AnaCap. See "*Principal Shareholders*". ACOF II and ACOF III will retain a residual indirect economic interest in the Company.

(2) The Company, AnaCap Financial Europe S.A. SICAV-RAIF, is a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg as a reserved alternative investment fund (*fonds d'investissement alternatif réservé*) in the form of an investment company with variable capital (*société d'investissement à capital variable*), with registered office at E Building, Parc d'Activités Syrdall, 6, Rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Trade and Companies under number B216080.

(3) On the Issue Date, the Company will issue €325.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2024 offered hereby. The gross proceeds from this offering of the Notes, together with cash on balance sheet, will be used to (i) pay the consideration for the Acquisition of the Portfolio Business, (ii) pay the estimated Total attributable collections for the three months ended June 30, 2017 (net of costs) to the Other AnaCap Credit Funds, (iii) fund cash on the Company's balance sheet for general corporate purposes and (iv) pay certain fees and expenses in relation to the Transactions, including the offering of the Notes. See "*Use of Proceeds*". The Notes will be senior obligations of the Company and will rank equal in right of payment to all existing and future indebtedness of the Company that is not expressly subordinated in right of payment to the Notes, including indebtedness incurred under the Revolving Credit Facility and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), will rank senior in right of payment to all existing and future obligations of the Company that are expressly subordinated in right of payment to the Notes, will be effectively senior in right of payment to existing and future unsecured obligations of the Company to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes, and will be structurally subordinated to all obligations of the Company's subsidiaries that are not Guarantors. See "*Description of the Notes".*

(4) Subject to certain limitations and within 60 days from the Issue Date, the Notes will be guaranteed on a senior secured basis by ACOF II Portugal Limited, AFE Spain Limited, Alpha Credit Holdings S.à r.l., Alpha Credit Solutions 4 S.à r.l., Prime Credit 3 S.à r.l., Prime Credit 6 S.à r.l. and Prime Credit 7 S.à r.l. The Guarantee by each of the Guarantors will be a general senior obligation of the relevant Guarantor, will rank equal in right of payment to all existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to its Guarantee, including its obligations under the Revolving Credit Facility and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), will rank senior in right of payment to all existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to its Guarantee, will be effectively senior in right of payment to existing and future unsecured obligations of such Guarantor to the extent and value of the Collateral that is available to satisfy the obligations under such Guarantor's Guarantee, and will be structurally subordinated to all obligations of such Guarantor's subsidiaries that do not guarantee the Notes.

Subject to the terms of the Security Documents and the Intercreditor Agreement and subject to certain other limitations, the obligations of the Company and of the Guarantors under the Notes and the Guarantees will be secured by first-ranking security interests, subject to certain agreed security principles, as of the Issue Date, in the outstanding capital stock of the Company that is held by AnaCap Financial Europe Holdings SCSp SICAV-RAIF, and within 60 days from the Issue Date, in all of the capital stock of each Guarantor to the extent owned by the Company or another Guarantor, in certain bank accounts of the Company and of the Guarantors, and in receivables from certain inter-company loan notes, the securitization notes held by the Company and the Guarantors in respect of the Italian Portfolios and one of the Romanian Portfolios and receivables from a participation agreement in respect of the other Romanian Portfolio.

As of March 31, 2017, the debt portfolios and loan notes that will be owned by the Company and the Guarantors, giving effect to the Acquisition and the completion of the Transactions, collectively represented 94.6% of 84-Month ERC and 94.8% of book value of the Portfolio Business.

Following the Acquisition, the Company will own directly or indirectly 100% of outstanding shares of each Guarantor and each non-guarantor subsidiary, except for the following: (i) the outstanding shares of ACOF II Portugal Limited are split into A shares and B shares; the Company will own 100% of the outstanding A shares in ACOF II Portugal Limited, while a co-investor will own 100% of the B shares; the A and B shares, through intra-group loan note arrangements, track and correspond to investment percentages in the Portuguese Portfolios that are owned by Prime Credit 3 S.à r.l., with A1 shares representing, as of the March 31, 2017, a 91% investment share in one of the Portuguese Portfolios, the A2 shares representing a 98% investment share in another of the Portuguese Portfolios and the A3 shares representing a 99% investment share in the third Portuguese Portfolio; the B shares have no voting or control rights in respect of ACOF II Portugal Limited; and (ii) AFE Spain Limited will own 100% of the ordinary shares, and a co-investor will own one preferred share, in Alpha Credit Holdings 3 S.à r.l., which is the direct subsidiary of AFE Spain Limited. Additionally, following the Acquisition, the Company will have, through AFE Spain Limited, a 40% holding, and the co-investor will have a 60% holding, of loan notes issued by Alpha Credit Holdings 3 S.à r.l.

(5) On July 7, 2017, the Company entered into the Revolving Credit Facility Agreement. The Revolving Credit Facility Agreement provides for a €45.0 million Revolving Credit Facility, which will mature on the earlier of five years from the Issue Date and the date which is six months prior to the final maturity date of the Notes. The obligations of the borrowers under the Revolving Credit Facility, subject to certain limitations and within 60 days from the Issue Date, will be guaranteed on a senior secured basis by the same Guarantors that Guarantee the Notes and are secured by the same Collateral that secures the Notes and the Guarantees. Holders of the Notes will receive proceeds in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral only after the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations have been repaid in full. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*" and "*Description of the Notes*".

(6) The Company has an economic interest in the Italian Portfolios by way of securitization notes issued by Italian SPVs, the interest on and principal of these securitization notes are paid with proceeds from collections proceeds received by the Italian SPVs from the Italian Portfolios that they own. The Company holds 100% of the securitization notes issued by four Italian SPVs and 84.7% of the securitization notes issued by a fifth Italian SPV (with the balance being held by a co-investor under a profit sharing arrangement). Pursuant to a co-investment participation agreement, Prime Credit 7 S.à r.l. has a 32.0% economic interest in the Romanian Portfolio that is owned by the Irish SPV and Alpha Credit Solutions 4 S.à r.l. has an economic interest in the Romanian Portfolio by way of a 32.3% holding of notes issued by the Luxembourg SPV, the interest and principal of which are paid with proceeds from collections received by the Luxembourg SPV from the Romanian Portfolio. See "*Certain Definitions*" and "*Business—Legal and Financing Structures of Investments*" for further information on how the Company purchases and invests in debt portfolios.

(7) Prime Credit 7 S.à r.l. has a call option in respect of 30% of the outstanding shares of a Spanish servicer with whom AnaCap has a historic relationship and Prime Credit 3 S.à r.l. has a 30% participatory interest in Phoenix Asset Management S.p.A. ("PAM"). For further information, see "*Business*".

THE OFFERING

The following summary of the offering of the Notes contains basic information about the Notes, the Guarantees and the Collateral. It is not intended to be complete, and it is subject to important limitations and exceptions. For a more complete description of the Notes, the Guarantees and the Collateral, including certain defined terms used in this summary, see "Description of Certain Financing Arrangements" and "Description of the Notes".

Company	AnaCap Financial Europe S.A. SICAV-RAIF, a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg as a reserved alternative investment fund (*fonds d'investissement alternatif réservé*) in the form of an investment company with variable capital (*société d'investissement à capital variable*), with registered office at E Building, Parc d'Activités Syrdall, 6, Rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, Grand Duchy of Luxembourg, Luxembourg and is registered with the Luxembourg Register of Trade and Companies under number B216080.
Notes Offered	€325.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2024.
Issue Date	July 21, 2017.
Issue Price	99.50%, plus accrued interest, if any, from the Issue Date.
Maturity Date	August 1, 2024.
Interest Rate	Interest will accrue at a rate per annum, reset quarterly, equal to the sum of the three-month Euro Interbank Offered Rate ("EURIBOR") (which is subject to a 0% floor) plus 5.00%.
Interest Payment Dates	Quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, commencing on November 1, 2017. Interest will accrue from the Issue Date.
Form and Denomination	The Company will issue the Notes on the Issue Date in global registered form in minimum denominations of €200,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than €200,000 will not be available.
Ranking of the Notes	The Notes will: • be general senior obligations of the Company; • be secured by first ranking liens over the Collateral as set forth below under *"—Security"* along with the obligations under the Revolving Credit Facility and certain hedging obligations; however, holders of the Notes will receive proceeds in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral only after the lenders under the Revolving Credit Facility and counterparties to certain hedging agreements have been repaid in full; • rank equal in right of payment to all existing and future indebtedness of the Company that is not expressly subordinated in right of payment to the Notes, including borrowings incurred under the Revolving Credit Facility and certain hedging obligations; • rank senior in right of payment to all existing and future obligations of the Company that are expressly subordinated in right of payment to the Notes; • be effectively senior in right of payment to existing and future unsecured obligations of the Company to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes; and

	• be structurally subordinated to all obligations of the Company's subsidiaries that are not Guarantors. See "*Description of the Notes*".
Guarantees	Subject to certain limitations and within 60 days from the Issue Date, the Notes will be guaranteed on a senior secured basis by ACOF II Portugal Limited, AFE Spain Limited, Alpha Credit Holdings S.à r.l., Alpha Credit Solutions 4 S.à r.l., Prime Credit 3 S.à r.l., Prime Credit 6 S.à r.l. and Prime Credit 7 S.à r.l. As of March 31, 2017, the debt portfolios and loan notes that will be owned by the Company and the Guarantors, giving effect to the Acquisition and the completion of the Transactions, collectively represented 94.6% of 84-Month ERC and 94.8% of book value of the Portfolio Business. The Guarantees may be released under certain circumstances. See "*Description of the Notes—Notes Guarantees*" and "*Risk Factors—The liens over the Collateral, and the Guarantees, could be released in certain circumstances without the consent of the holders of the Notes*". The validity and enforceability of the Guarantees and the liability of each Guarantor will be subject to significant contractual and legal limitations, including under applicable law. See "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*".
Ranking of the Guarantees	Each Guarantee will: • be a general, senior obligation of the relevant Guarantor; • rank equal in right of payment to all existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to its Guarantee, including its obligations under the Revolving Credit Facility and certain hedging obligations; • rank senior in right of payment to all existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to its Guarantee; • be effectively senior in right of payment to existing and future unsecured obligations of such Guarantor to the extent of the value of the Collateral that is available to satisfy the obligations under such Guarantor's Guarantee; • be structurally subordinated to all obligations of such Guarantor's subsidiaries that do not guarantee the Notes.
Security	Subject to the terms of the Security Documents and the Intercreditor Agreement and subject to certain other limitations, the obligations of the Company and of the Guarantors under the Notes and the Guarantees will be secured by a first-ranking security interest, subject to certain agreed security principles, as of the Issue Date: • in the outstanding capital stock of the Company that is held by AnaCap Financial Europe Holdings SCSp SICAV-RAIF; and within 60 days from the Issue Date: • in all of the capital stock of each Guarantor to the extent owned by the Company or another Guarantor; • in certain bank accounts of the Company and of the Guarantors; and

- in receivables from certain inter-company loan notes, the securitization notes held by the Company and the Guarantors in respect of the Italian Portfolios and one of the Romanian Portfolios and receivables from a participation agreement in respect of the other Romanian Portfolio.

(together, the "Collateral").

The Collateral securing the Notes and the Guarantees will also secure the Revolving Credit Facility and certain hedging obligations. Under the terms of the Intercreditor Agreement to be entered into in connection with the offering of the Notes, in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the obligations under or in respect of the Revolving Credit Facility and certain hedging obligations have been repaid in full. See *"Description of Certain Financing Arrangements—Intercreditor Agreement*".

The security interests in the Collateral may be released under certain circumstances. See *"Description of the Notes—Security*" and "*Risk Factors—The liens over the Collateral, and the Guarantees, could be released in certain circumstances without the consent of the holders of the Notes*". There are certain limitations on the validity and enforceability of the security interests under applicable law. See "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*".

Intercreditor Agreement... Each holder of a Note, by accepting such Note, will be deemed to have agreed to and be bound by the terms of the Intercreditor Agreement. The Indenture will be subject to the terms of the Intercreditor Agreement and the rights and benefits of the holders of the Notes will be limited accordingly. The Intercreditor Agreement contains provisions regarding the release of collateral and guarantees, turnover of receipts, application of proceeds and other terms in respect of the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

Optional Redemption.. At any time on or after August 1, 2019, the Company may redeem all or a portion of the Notes at the redemption prices set forth under the caption "*Description of the Notes—Optional Redemption*" plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date.

At any time prior to August 1, 2019, the Company may, at its option, redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date, and the applicable "make-whole" premium as described in this Offering Memorandum.

	At any time prior to August 1, 2019, the Company may also redeem, at its option, up to 40% of the aggregate principal amount of the Notes (including the principal amount of any Additional Notes) with the net cash proceeds from certain equity offerings at a price equal to 100% of their principal amount, plus the interest rate per annum on the Notes applicable on the date on which a notice of redemption is given, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date, if at least 60% of the originally issued aggregate principal amount of the Notes (including the principal amount of any Additional Notes) remains outstanding. See "*Description of the Notes—Optional Redemption*".
Additional Amounts; Tax Redemption.......................	Except as provided under "*Description of the Notes—Additional Amounts*", any payments made by the Company or any Guarantor with respect to the Notes will be made without withholding or deduction for or on account of taxes unless required by law. If the Company or any Guarantor is required by law to withhold or deduct amounts for or on account of tax imposed by the relevant jurisdiction or jurisdictions from or through which payment on any such Note or Guarantee is made, with respect to a payment to the holders of the Notes, the Company or the relevant Guarantor, as applicable, will, subject to certain exceptions, pay the additional amounts necessary so that the net amount received by the holders of the Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction. The Company may redeem the Notes in whole, but not in part, at any time upon giving proper notice if certain changes in the tax law of any relevant taxing jurisdiction become effective that would impose withholding or deduction for taxes on amounts payable on the Notes or the Guarantees, as applicable, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date. See "*Description of the Notes—Optional Redemption—Redemption for Taxation Reasons*".
Change of Control..	Upon the occurrence of certain events defined as constituting a "change of control", the Company may be required to offer to purchase all of the outstanding Notes at a purchase price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of the purchase. See "*Description of the Notes—Change of Control*".
Certain Covenants..	The Indenture will limit, among other things, the Company's ability to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends on, redeem or repurchase capital stock of the Company or its restricted subsidiaries; • make certain investments and other restricted payments; • create or incur certain liens; • create encumbrances or restrictions on the ability of subsidiaries to pay dividends or other distributions, loans or advances to, and on the transfer of assets to, the Company or any of its restricted subsidiaries; • transfer, lease or sell certain assets;

- merge or consolidate with other entities;
- enter into certain transactions with affiliates; and
- impair the security interests in the Collateral.

Each of the covenants is subject to a number of important exceptions and qualifications. See "*Description of the Notes—Certain Covenants*".

Certain of these covenants will be suspended if and for as long as the Notes receive investment grade ratings. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*".

Risk Retention Undertaking.. When applicable, the final credit risk retention rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "U.S. Risk Retention Rules") generally require the "securitizer" of a "securitization transaction" to retain at least 5 percent of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute. Risk retention is not required if the securities issued are not asset-backed securities or if asset-backed securities can be offered in accordance with the foreign safe harbour under the U.S. Risk Retention Rules for transactions that have a limited nexus to the United States. Although AnaCap expects to maintain an equity interest in the Company, no person involved in the offering of the Notes intends to hold interests that would qualify as risk retention interests under the U.S. Risk Retention Rules. See the section entitled "*Risk Factors—Risks Relating to the Company's Business—No person will hold U.S. Risk Retention Interests*".

Transfer Restrictions .... The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Company has not been and will not be registered under the Investment Company Act in reliance on the exemption provided by Section 3(c)(7) thereof. The Notes are subject to restrictions on transferability and resale. See "*Transfer Restrictions*". Holders of the Notes will not have the benefit of any exchange or registration rights.

No Established Market for the Notes.......................... The Notes will be new securities for which there is currently no established market. Although the Initial Purchasers have informed the Company that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, there can be no assurances as to the development or liquidity of any market for the Notes.

Listing... Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange. There can be no assurances that the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, nor that such listing will be maintained.

Use of Proceeds... The Company intends to use the gross proceeds from this offering of the Notes, together with cash on balance sheet, to (i) pay the consideration for the Acquisition of the Portfolio Business, (ii) pay the estimated Total attributable collections for the three months ended June 30, 2017 (net of costs) to the Other AnaCap Credit Funds, (iii) fund cash on the Company's balance sheet for general corporate purposes and (iv) pay certain fees and expenses in relation to the Transactions, including the offering of the Notes. See "*Use of Proceeds*".

Governing Law	The Notes, the Guarantees and the Indenture will be governed by the laws of the State of New York. The Intercreditor Agreement and the Revolving Credit Facility Agreement are governed by English law. The security documents will be submitted to the laws of the jurisdiction in which the Collateral that is the subject of such security documents is located. The provisions of articles 84 to 94-8 of the Luxembourg law of August 10, 1915 on commercial companies, as amended, are excluded.
Trustee	U.S. Bank Trustees Limited.
Security Agent	U.S. Bank Trustees Limited.
Paying Agent, Calculation Agent and Transfer Agent	Elavon Financial Services DAC, UK Branch.
Registrar	Elavon Financial Services DAC.
Listing Agent	Linklaters LLP, Luxembourg.
Risk Factors	Investing in the Notes involves substantial risks. Please see "*Risk Factors*" for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY HISTORICAL COMBINED FINANCIAL AND OTHER DATA

Unless otherwise indicated, this Offering Memorandum does not include any historical financial and other data relating to the Company, as the Company was formed under the laws of the Grand Duchy of Luxembourg on June 28, 2017 for the purpose of facilitating the Transactions contemplated herein, including the Acquisition of the Portfolio Business and the issuance of the Notes. As such, the Company has no material assets or liabilities of its own and it has not engaged in any activities other than those related to its formation in preparation for the Transactions. Therefore, the historical financial and other financial and operating data described in this Offering Memorandum do not reflect any financial position or results of operations of the Company.

The Financial Statements included in this Offering Memorandum relate to the Portfolio Business that will be acquired as part of the Transactions and reflect the results of operations, financial position and cash flows directly attributed to the Portfolio Business. The Portfolio Business has not existed, and will not exist, as a separate legal entity or combined group of entities until the completion of the Transactions and has not historically produced financial statements, including as of and for the years ended December 31, 2014, 2015 and 2016 nor as of and for the three months ended March 31, 2017. The Financial Statements included in this Offering Memorandum have therefore been prepared specifically for the purposes of the Transactions and for inclusion in this Offering Memorandum. The Financial Statements have been prepared on a carve-out basis and the results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Portfolio Business been a separate entity or the future results of the Portfolio Business as it will exist upon completion of the Transactions.

The following tables set forth the summary historical combined financial and other data of the Portfolio Business, as well as certain other financial and operating data. The summary historical combined financial and other data set forth below have been derived from the Financial Statements. The summary historical combined financial data for the twelve months ended March 31, 2017 has been calculated by adding together (i) the audited combined financial information for the year ended December 31, 2016 and (ii) the unaudited combined financial information for the three months ended March 31, 2017 and then subtracting (iii) the unaudited combined financial information for the three months ended March 31, 2016. The financial information as of and for the twelve months ended March 31, 2017 is not necessarily indicative of the results that may be expected for the year ended December 31, 2017 and should not be used as the basis for or prediction of an annualized calculation.

The following tables set forth below also present certain summary pro forma data of the Company. Such summary pro forma data is presented for illustrative purposes only and does not purport to represent what the Portfolio Business' combined statement of comprehensive income, combined statement of financial position or combined statement of cash flows would have been if the Transactions had occurred on the dates indicated and is not intended to project the results of operations or consolidated financial position of the Company for any future period or date.

This summary historical combined financial and other data should be read in conjunction with and is qualified in its entirety by reference to Financial Statements, including the notes thereto, and the information under "Presentation of Financial and Other Information", "Pro Forma Capitalization", "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Historical Combined Financial and Other Data", each of which is included elsewhere in this Offering Memorandum.

Combined Statement of Comprehensive Income of the Portfolio Business

	Year ended December 31			Three months ended March 31,		Twelve months ended March 31,
	2014	2015	2016	2016	2017	2017
			(€'000s)			
Revenue						
Income from purchased loan portfolios	50,890	60,478	64,005	13,235	17,574	68,344
Income from purchased loan notes	2,005	4,834	3,936	624	1,157	4,469
Profit/(loss) on disposal of purchased loan portfolios	—	—	11,874	12,741	—	(867)
Total revenue	**52,895**	**65,312**	**79,815**	**26,600**	**18,731**	**71,946**
Operating expenses						
Collection activity costs	(16,249)	(16,595)	(21,453)	(6,911)	(4,172)	(18,714)
Of which non-recurring items—termination fees	—	—	(1,615)	(1,615)	—	—
Excluding non-recurring items	(16,249)	(16,595)	(19,838)	(5,296)	(4,172)	(18,714)
Impairment—purchased loan portfolios and purchased loan notes	3,799	(13,666)	4,329	9,129	(1,625)	(6,426)
Net foreign currency gains/(losses)	254	(379)	(1,595)	125	272	(1,448)
Other operating expenses	(3,804)	(4,322)	(4,679)	(875)	(1,417)	(5,221)
Total operating expenses	**(16,000)**	**(34,962)**	**(23,398)**	**1,468**	**(6,942)**	**(31,809)**
Operating profit	**36,895**	**30,350**	**56,417**	**28,068**	**11,789**	**40,137**
Finance income	—	304	246	70	48	224
Finance costs	(18,082)	(19,450)	(57,710)	(38,379)	(7,054)	(26,386)
Interest expense—secured loan notes	(2,347)	(979)	(4,098)	(3,180)	(202)	(1,120)
Finance costs—funding loan notes	(15,735)	(18,471)	(53,612)	(35,199)	(6,852)	(25,266)
Share of profit/(loss) in associate	—	(75)	303	—	—	303
Profit/(loss) before tax	**18,813**	**11,129**	**(744)**	**(10,241)**	**4,783**	**14,278**
Taxation charge on ordinary activities	(86)	(140)	(114)	(5)	(2)	(111)
Profit/(loss) for the year	**18,727**	**10,989**	**(858)**	**(10,246)**	**4,781**	**14,167**

Combined Statement of Financial Position of the Portfolio Business

	As of December 31,			As of March 31,	
	2014	2015	2016	2016	2017
			(€'000s)		
Assets					
Non-current assets					
Other receivables	1,304	922	493	750	390
Investment in associate	—	725	1,028	725	1,028
Total non-current assets	**1,304**	**1,647**	**1,521**	**1,475**	**1,418**
Current assets					
Cash and cash equivalents	20,728	15,652	25,896	23,308	17,874
Trade and other receivables	4,424	9,794	3,645	2,525	4,729
Purchased loan portfolios	140,715	169,625	259,710	181,987	295,400
Purchased loan notes	18,933	12,007	15,339	10,593	13,733
Total current assets	**184,800**	**207,078**	**304,590**	**218,413**	**331,736**
Total assets	**186,104**	**208,725**	**306,111**	**219,888**	**333,154**
Liabilities					
Non-current liabilities					
Funding loan notes	88,425	112,746	183,992	133,521	214,374
Total non-current liabilities	**88,425**	**112,746**	**183,992**	**133,521**	**214,374**
Current liabilities					
Secured loan notes	3,513	2,462	25,487	2,181	25,312
Trade and other payables	24,791	17,761	27,418	21,004	19,352
Tax payable	276	370	484	370	484
Total current liabilities	**28,580**	**20,593**	**53,389**	**23,555**	**45,148**
Total liabilities	**117,005**	**133,339**	**237,381**	**157,076**	**259,522**
Invested Capital					
Invested capital	51,019	50,618	51,284	50,647	51,901
Retained earnings	18,080	24,768	17,446	12,165	21,731

	As of December 31,			As of March 31,	
	2014	2015	2016	2016	2017
			(€'000s)		
Total invested capital	**69,099**	**75,386**	**68,730**	**62,812**	**73,632**
Total invested capital and liabilities	**186,104**	**208,725**	**306,111**	**219,888**	**333,154**

Combined Statement of Cash Flows of the Portfolio Business

	For the year ended December 31,			For the three months ended March 31,		Twelve Months ended March 31,
	2014	2015	2016	2016	2017	2017
				(€'000)		
Net cash generated from/(used in) operating activities	14,639	6,729	(26,989)	23,867	(23,408)	(74,266)
Net cash used in investing activities	—	(800)	—	—	—	—
Net cash (used in)/generated from financing activities	(1,049)	(11,005)	37,233	(16,211)	(15,386)	68,832
Net movements in cash and cash equivalents	**13,590**	**(5,076)**	**10,244**	**7,656**	**(8,022)**	**(5,434)**
Cash and cash equivalents at period end	**20,728**	**15,652**	**25,896**	**23,308**	**17,874**	**17,874**

Other Financial and Operating Data of the Portfolio Business

	As of and for the year ended December 31,			As of and for the three months ended March 31,		As of and for the twelve months ended March 31,
	2014	2015	2016	2016	2017	2017
84-Month ERC(1) (€'000)	335,377	359,551	460,031	370,257	508,174	508,174
84-Month Gross ERC(2) (€'000)	345,119	370,912	508,007	378,680	555,271	555,271
Cumulative purchases of loan portfolios and loan notes(3) (€'000)	191,011	238,818	335,432	233,053	375,112	375,112
Number of debt portfolios(4)	10	12	14	10	15	15
Number of accounts(5)	241,382	262,690	210,168	134,929	210,783	210,783
Disposals of purchased loan portfolios and loan notes(6) (€'000)	37,040	2,827	55,264	55,264	—	—
Total attributable collections(7) (€'000)	85,118	70,569	139,861	73,803	22,356	88,412
Total gross collections(8) (€'000)	93,676	72,595	144,155	77,264	22,732	89,622
Core collections(9) (€'000)	56,636	69,768	88,891	22,000	22,732	89,622
Operating expenses(10) (€'000)	20,053	20,917	24,517	6,171	5,589	23,935
Core collection cost ratio(11) (%)	35.4%	30.0%	27.6%	28.1%	24.6%	26.7%
Normalized Adjusted EBITDA(12) (€'000)	28,025	46,825	60,080	12,368	16,767	64,477
Adjusted EBITDA(13) (€'000)	65,065	49,652	115,344	67,632	16,767	64,477

(1) 84-Month ERC means the Portfolio Business's estimated remaining collections on purchased loan portfolios and purchased loan notes over an 84-month period, assuming no additional purchases are made and on an undiscounted basis. 84-Month ERC excludes any proportionate share of remaining cash collections that may be payable to a co-investor holding secured loan notes. 84-Month ERC includes estimated collections on sold portfolios where part of the sale proceeds are based on future collections from that underlying portfolio.

(2) 84-Month Gross ERC means 84-Month ERC plus any proportionate share of remaining cash collections that may be payable to a co-investor holding secured loan notes.

(3) Cumulative purchases of loan portfolios and loan notes includes the purchase price of acquired loan portfolios and loan notes, related capitalized costs (including due diligence, legal and other fees relating to the acquisition but excluding future litigation costs) less pre-determination cash (consisting of collections during the period between pricing of a portfolio and the closing of its acquisition) up to the specified date, less the purchase price for all fully sold portfolios prior to the specified date, including the purchase price attributable to co-investors.

(4) Number of debt portfolios represents the number of individual debt portfolios as of the specified date, including portfolios held by entities which are not under the control of the Company, but give the Company proportionate rights to the cash flows from such portfolio through loan notes.

(5) Number of accounts represents the number of individual accounts acquired at the time of purchase or investment with respect to loan portfolios, including portfolios held by entities which are not under the control of the Company, but give the Company proportionate rights to the cash flows from such portfolio through loan notes.

(6) Disposals of purchased loan portfolios and loan notes represents sale proceeds and deferred consideration, including an estimate of a variable component which is recognized within other receivables at fair value in the Financial Statements.

(7) Total attributable collections represents Total gross collections, excluding any proportionate share of cash collections that relate to the interests of co-investors holding secured loan notes.

(8) Total gross collections represents cash collected from debtors in connection with purchased loan portfolios and net cash collections (after servicing costs) for purchased loan notes as well as Disposals of purchased loan portfolios and loan notes. Total gross collections include any proportionate share of cash collections that relate to the interests of co-investor holdings of secured loan notes.

(9) Core collections represents Total gross collections, less Disposals of purchased loan portfolios and loan notes.

(10) Operating expenses represents direct costs of collections related to purchased loan portfolios and other operating expenses, excluding impairment of purchased loan portfolios and loan notes, net foreign currency (losses)/gains and non-recurring items.

(11) Core collection cost ratio represents the ratio of Operating expenses to Core collections.

(12) Normalized Adjusted EBITDA represents Adjusted EBITDA excluding Disposals of purchased loan portfolios and loan notes.

(13) Adjusted EBITDA represents (loss)/profit before tax adjusted to exclude the effects of finance costs and finance income, share of profit/(loss) in associate, net foreign currency losses/(gains), impairment of purchased loan portfolios and loan notes, disposals and repayments of secured loan notes, and non-recurring items. Revenue on purchased loan portfolios and loan notes and costs on secured loan notes calculated using the effective interest rate method are replaced with Total gross collections in the period. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Revenue Recognition, Impairment of Purchased Loan Portfolios and Purchased Loan Notes and Estimates of Cash Flows*". For further information, please also see "*Presentation of Financial and Other Information—Non-IFRS Financial Measures*".

The following table sets forth the reconciliation of profit/(loss) before tax for the period to Adjusted EBITDA. For supplemental purposes, the below also includes the reconciliation of Net cash generated by/(used in) operating activities to Adjusted EBITDA and Collections to Adjusted EBITDA.

Reconciliation of profit/(loss) before tax to Adjusted EBITDA

	Year ended December 31,			Three Months ended March 31,		Twelve months ended March 31,
	2014	2015	2016	2016	2017	2017
				(€'000)		
Profit/(loss) before tax	18,813	11,129	(744)	(10,241)	4,783	14,278
Finance income	—	(304)	(246)	(70)	(48)	(224)
Finance costs	18,082	19,450	57,710	38,379	7,054	26,386
Share of profit/(loss) in associates	—	75	(303)	—	—	(303)
Operating profit	**36,895**	**30,350**	**56,417**	**28,068**	**11,789**	**40,137**
Net foreign currency (gains)/losses	(254)	379	1,595	(125)	(272)	1,448
Impairment—purchased loan portfolios and purchased loan notes	(3,799)	13,666	(4,329)	(9,129)	1,625	6,426
Collections from portfolios	56,636	69,768	88,891	22,000	22,732	89,622
Disposal of purchased loan portfolios and purchased loan notes	37,040	2,827	55,264	55,264	—	—
Revenue	(52,895)	(65,312)	(79,815)	(26,600)	(18,731)	(71,946)
Repayment of secured loan notes	(8,558)	(2,026)	(4,294)	(3,461)	(376)	(1,210)
Non-recurring items	—	—	1,615	1,615	—	—
Adjusted EBITDA	**65,065**	**49,652**	**115,344**	**67,632**	**16,767**	**64,477**

Reconciliation of net cash generated by/(used in) operating activities to Adjusted EBITDA

	Year ended December 31,			Three Months ended March 31,		Twelve months ended March 31,
	2014	2015	2016	2016	2017)	2017
				(€'000)		
Net cash generated by/(used in) operating activities	14,639	6,729	(26,989)	23,867	(23,408)	(74,266)
Acquisition of purchased loan portfolios	39,100	47,806	140,464	46,984	39,680	133,159
Acquisition of purchased loan notes	20,175	—	8,900	—	—	8,900
Management fees	(3,278)	(3,715)	(3,847)	(742)	(1,165)	(4,269)
Taxation paid	25	45	1	5	2	(2)
Repayment of secured loan notes	(8,558)	(2,026)	(4,294)	(3,461)	(376)	(1,210)
Working capital adjustments	3,216	434	(589)	(511)	2,227	2,149
Net foreign currency (gains)/losses excluding foreign currency on portfolios	(254)	379	83	(125)	(193)	16
Non-recurring items	—	—	1,615	1,615	—	—
Adjusted EBITDA	**65,065**	**49,652**	**115,344**	**67,632**	**16,767**	**64,477**

Reconciliation of core collections to Adjusted EBITDA

	Year ended December 31,			Three Months ended March 31,		Twelve months ended March 31,
	2014	2015	2016	2016	2017	2017
				(€'000)		
Core collections/Collections in the period........	**56,636**	**69,768**	**88,891**	**22,000**	**22,732**	**89,622**
Disposal of purchased loan portfolios and purchased loan notes.......................................	37,040	2,827	55,264	55,264	—	—
Operating expenses	(16,000)	(34,962)	(23,398)	1,468	(6,942)	(31,809)
Net foreign currency losses/(gains)	(254)	379	1,595	(125)	(272)	1,448
Impairment—purchased loan portfolios and purchased loan notes.......................................	(3,799)	13,666	(4,329)	(9,129)	1,625	6,426
Repayment of secured loan notes	(8,558)	(2,026)	(4,294)	(3,461)	(376)	(1,210)
Non-recurring items	—	—	1,615	1,615	—	—
Adjusted EBITDA..	**65,065**	**49,652**	**115,344**	**67,632**	**16,767**	**64,477**

Pro Forma and Other Financial Information

	As of and for the twelve months ended March 31, 2017
	(€ in millions except ratios)
84-Month ERC[(1)]	508.2
Pro forma core collections[(2)]..	114.0
Pro forma Normalized Adjusted EBITDA[(3)]	80.1
Pro forma interest expense[(4)]	16.8
Pro forma total debt[(5)]..	325.0
Cash and cash equivalents[(6)]	17.9
As adjusted cash and cash equivalents[(7)]	27.9
Pro forma net debt[(8)]	297.1
Ratios:	
Ratio of pro forma Normalized Adjusted EBITDA to pro forma interest expense	4.77x
Ratio of pro forma total debt to pro forma Normalized Adjusted EBITDA..	4.06x
Ratio of pro forma net debt to pro forma Normalized Adjusted EBITDA[(3)(8)]....................................	3.71x
Ratio of pro forma net debt to 84-Month ERC (LTV Ratio)[(1)(8)]...	0.58x

(1) 84-Month ERC means the Portfolio Business's estimated remaining collections on purchased loan portfolios and purchased loan notes over an 84-month period, assuming no additional purchases are made and on an undiscounted basis. 84-Month ERC excludes any proportionate share of remaining cash collections that may be payable to a co-investor holding secured loan notes. 84-Month ERC includes estimated collections on sold portfolios where part of the sale proceeds are based on future collections from that underlying portfolio.

(2) Pro forma core collections means Core collections after giving pro forma effect to €24.4 million of collections, including the proportionate share of cash collections that relate to the interests of co-investor holdings of secured loan notes, relating to portfolios acquired during the twelve months ended March 31, 2017 (including one portfolio in each of Italy, Spain, Romania and the UK) as if such portfolios had been acquired at the beginning of such period.

(3) Pro forma Normalized Adjusted EBITDA represents Normalized Adjusted EBITDA after giving pro forma effect to (i) €20.9 million of attributable collections and (ii) €5.3 million of costs relating to portfolios acquired during the twelve months ended March 31, 2017 (including one portfolio in each of Italy, Spain, Romania and the UK) as if such portfolios had been acquired at the beginning of such period.

(4) Pro forma interest expense means the interest expense on pro forma total debt as if the Transactions, including the offering of the Notes and the application of the proceeds therefrom as described under "*Use of Proceeds*", had taken place on April 1, 2016. Pro forma interest expense is based on a margin of 5.00% for the Notes and assumes (i) a constant EURIBOR rate for the twelve months ended March 31, 2017 based on the current three-month EURIBOR spot rate (with a 0% floor) and (ii) that the Revolving Credit Facility was undrawn during the period and therefore pro forma interest expense includes the undrawn commitment fee equal to 1.225% per annum applied to the undrawn amount under the Revolving Credit Facility.

(5) Pro forma total debt means the total principal amount of debt as if the Transactions, including the offering of the Notes and the application of the proceeds therefrom as described under "*Use of Proceeds*", had taken place on April 1, 2016. Pro forma total debt assumes the Revolving Credit Facility was undrawn as of March 31, 2017.

(6) Cash and cash equivalents are stated as of March 31, 2017 without any adjustments. The cash and cash equivalents set out in the table above are for illustrative purposes only because such cash has been distributed to the Other AnaCap Credit Funds as required under the Portfolio Business' historical equity funding structure. However, the Company expects to generate similar levels of cash following the Transactions. There can be no assurance that the Company will actually generate similar levels of cash and cash equivalents in future periods.

(7) As adjusted cash and cash equivalents represents cash and cash equivalents as of March 31, 2017, as adjusted to give effect to the € 10.0 million of cash for general corporate purposes from the offering of the Notes.

(8) Pro forma net debt means pro forma total debt less as adjusted cash and cash equivalents.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with the other information contained in this Offering Memorandum before deciding whether to invest in the Notes. The occurrence of any of the events discussed below could have a material adverse effect on the Company's business, prospects and financial condition. If these events occur, the trading price of the Notes could decline, the Company may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to the Company or which are presently deemed immaterial may also adversely affect the Company's business, results of operations, financial condition or the Company's obligations under the Notes and the Guarantors' obligations under their Guarantees. The following risk factors must be read in conjunction with the information contained in the "Business" and "Regulation and Compliance" sections of this Offering Memorandum.

This Offering Memorandum contains "forward-looking statements" that involve risks and uncertainties. Actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below. See "Forward-Looking Statements".

This section of this Offering Memorandum presents the information giving effect to the Transactions, including the Acquisition of the Portfolio Business by the Company, throughout unless the context indicates or specifies otherwise.

Risks Relating to the Company's Business

The Company has a limited operating history and may not be able to develop a strong operating history and achieve its investment objectives.

The Company was formed under the laws of the Grand Duchy of Luxembourg on June 28, 2017 as a reserved alternative investment fund (*fonds d'investissement alternatif réservé*) in the form of an investment company with variable capital (*société d'investissement à capital variable*) for the purpose of facilitating the Transactions contemplated herein, including the Acquisition and the issuance of the Notes. As a fund, its business is primarily purchasing, investing in, financing and management of non-performing, semi-performing and performing debt portfolios across Europe, directly or through its subsidiaries and/or through Asset SPVs. Its investment history is limited. It is therefore difficult to evaluate the Company's ability to achieve its investment objectives in the longer term and its ability to make payments under its borrowings as they fall due, including in connection with the Notes, as prospective investors in the Notes have limited performance and financial data to assist them in evaluating the prospects of the Company and the related merits of an investment in the Notes. This makes assessing the Company's potential future operating results difficult, and will limit the comparability of the Company's results from period to period until the Company has a longer, more established track record. Any investment in the Notes is, therefore, subject to all of the risks and uncertainties associated with a young fund, including the risk that the Company will not achieve its investment objectives. If the Company is unable to develop a strong operating history and achieve its investment objectives, it will have a material adverse effect on its business, results of operations, financial condition and prospects.

The past performance of the Company's investments is not a guarantee of future performance and the Company's future results depend upon the performance of its current and future investments.

This Offering Memorandum includes certain information regarding the past performance of the Portfolio Business that, giving effect to the Transactions, has been acquired by the Company, as well as the past performance of the Other AnaCap Credit Funds and AnaCap more broadly. However, such past performance is not indicative, nor intended to be indicative, of the future performance or results of the Company.

The previous experience of AnaCap with the Other AnaCap Credit Funds and other companies and ventures advised and/or managed by AnaCap, may not be directly comparable with the Company's business. Differences between the circumstances of the Company and the circumstances under which the track record information included in this Offering Memorandum of the Portfolio Business, the Other AnaCap Credit Funds and AnaCap more broadly, include (but are not limited to) actual acquisitions and investments made, investment objectives, fee arrangements, structure (including for tax purposes), contractual terms, leverage, geography, performance targets, market conditions and investment horizons. All of these factors can affect returns and impact the usefulness of performance comparisons. The Company may not be able to execute investment objectives or generate returns commensurate with the risks of investing in the types of transactions described in this Offering Memorandum. Additionally, as the Company's performance depends upon the performance of the Portfolio Business and its future investments, any significant decline in the value of the Portfolio Business or inability to adequately identify, purchase and invest in future assets and investments would have a material adverse effect on its business, financial performance and results of operations.

The Company is dependent on the performance of certain investments.

The Company's performance may be adversely affected by the unfavorable performance of any single portfolio investment. In order for the Company to achieve attractive returns when at least one portfolio investment is likely to underperform, one or more of its other portfolio investments must perform above expectations to avoid a loss by the Company on its portfolio investments in the aggregate. There can be no assurance that this will be the case. For example, by the inherent nature of non-performing debt, the Portfolio Business has historically experienced both significant under-performance and over-performance in individual investments. Any significant under-performance of a material investment unaccompanied by over-performance in other investments sufficient to offset any such under-performance could have a material adverse effect on the Company's results of operations and financial performance.

Further, the Company, either directly or through its subsidiaries, has several investments in SME debt, which have larger balances and by their nature have more volatile collection rates due to the SME debt typically being secured (by property, equipment, inventory or otherwise) and/or guaranteed (personal or corporate guarantees). In particular, the amount of proceeds realized through liquidation or the enforcement of the security interests over the collateral will depend upon many factors, including, among others, general market and economic conditions, the condition of the market for the collateral, the ability to sell collateral in an orderly sale, the fair value of the collateral, the timing and manner of the sale, the ability to readily liquidate the collateral, whether any restriction on collection, assignment or onward sale was placed on the collateral by the debt seller, the availability of buyers and the condition of the collateral and exchange rates. The Company's long-term performance may be adversely affected by the volatile nature of the returns from SME investments which could also have a material adverse effect on its results of operations and financial condition.

As of March 31, 2017, 71% of the Portfolio Business' 84-Month ERC was attributed to Italy. The concentration of 84-Month ERC to a particular geography, or limited number of geographies, makes the Company vulnerable to changes in the economic and/or political environment in such markets.

The Portfolio Business has predominantly purchased and invested in non-performing debt in Italy and, therefore, its business is exposed to adverse changes in Italian economic and political conditions. The Company is also exposed, to a lesser extent, to adverse changes in the economic market and fiscal conditions in Portugal, Spain, Romania and the UK. In October 2016, for example, Fitch Ratings Inc. revised Italy's economic outlook to negative from stable, reflecting its views on the uncertainty of the Italian government meeting fiscal targets for 2017 to 2019, as well as Italy's high sovereign debt level and the significant holdings of non-performing debt by major Italian banks. The country has had weak economic growth and unemployment rates have remained high since 2007. These factors, coupled with political uncertainty in Italy, which was recently exacerbated by the result of a referendum on December 4, 2016, resulting in the resignation of the former Italian government until national elections can be held in 2018, make it more difficult to reduce government debt, write down non-performing debt and reduce unemployment. This could therefore have an adverse effect on the environment in which the Company derives a substantial portion of its ERC. If the economy in any particular geography where the Company has a concentration of investments suffers a prolonged, material downturn resulting in, among other things, increased unemployment rates, increased inflation, the implementation of austerity measures (such as reductions in the relevant government's provisions of public benefits and/or public sector employment), reduced disposable income, increased interest rates and limitations on lending, debtors may be unable or unwilling to continue repaying debt, and the Company's servicers may be unable to collect in a manner consistent with past practice. Similarly, the value of the collateral underlying the debt assets within purchased portfolios may be negatively impacted and accordingly recoveries from the enforcement and sale of such collateral could be correspondingly reduced. If debtors are unable or unwilling to pay their debts, the Company could face increased servicing costs and lower collections, thereby reducing its cash generation and returns on capital, and, in turn, its ERC.

Additionally, adverse economic conditions could lead to a reduction in the propensity of financial institutions or other credit institutions to lend to corporations and individuals, as was the case during the global financial crisis of 2008–2009. This, in turn, may lead to fewer opportunities for the Company to purchase or invest in new debt portfolios. Reduced lending by financial or other credit institutions may also negatively affect debtors by reducing disposable income levels or otherwise impairing their ability to fulfill their payment obligations. Furthermore, such a reduction in the propensity of financial institutions or other credit institutions to lend to corporations could adversely affect the Company's own ability to obtain financing, and this may adversely impact its business, results of operations or financial condition by, *inter alia*, limiting the Company's ability to purchase portfolios.

Conversely, an improvement in the economic conditions in the countries in which the Company operates could have both positive and negative impacts on its business. Although improved economic conditions may lead to higher debt repayment due to the improved financial position of debtors, this may also lead to more competitive pricing for debt portfolios because of improved collections prospects. In addition, rising interest rates due to a change in the economic environment or other factors beyond the Company's control may increase its financing costs, which may result in an inability to finance debt portfolio purchases at profitable levels or at all. Any of these developments could have a material adverse effect on the Company's business, results of operations or financial condition.

The valuation of the Company's investments is subjective.

Valuations of the Company's investments have not been audited and are subjective by their nature. There can be no assurance that such investments will ultimately be realized for amounts equal to, or greater than, these valuations. Given the nature of the investments, valuation may be difficult. There may be a relative scarcity of market comparables on which to base the value of its assets. The Company also indirectly holds minority interests in some of its investments through its subsidiaries which results in less control over the management of those investments and in turn less control over the recoveries to be made under those investments. See "—*The Company and its subsidiaries do not have control over the Asset SPVs' operations and have limited enforcement rights*". Any of the foregoing could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company may face a lack of liquidity as a result of the composition of its investments.

The Company purchases and invests in debt portfolios, primarily through its subsidiaries or through Asset SPVs, consisting of various types of debt, including loans, residential mortgage loans, commercial mortgage loans and/or loans to SMEs. Some of these underlying debts may be unsecured or may be subordinated to higher ranking amounts of indebtedness. Accordingly, there can be no assurance that the Company will be able to attain its investment objectives or targeted returns.

Further, debt portfolio investments are not as liquid as other types of investments, and this lack of liquidity may limit the Company's ability to invest promptly in response to changes in economic or other conditions. For example, although not part of its strategy, should the Company wish to sell certain of its investments, it may not be able to do so at prices that reflect their current market value or at all. Therefore, dispositions of its assets may require a lengthy time period or, under certain circumstances, at an undervalue of the assets, which may result in reduced or a lack of liquidity for a period of time.

If the Company is unable to attain its investment objectives or targeted returns or cannot sell certain of its assets or investments within a reasonable timeframe, it could reduce its liquidity and have a material adverse effect on its prospects, financial condition and results of operations.

The Company is reliant on the performance and expertise of the Company's AIFM, the Portfolio Manager and the Investment Adviser.

The Company has no employees and must therefore rely upon the Company's AIFM, the Portfolio Manager and the Investment Adviser to provide risk and portfolio management services, and on other third-party service providers to perform administrative and operational functions on the Company's behalf. See "*Management and Governance*". In particular, as the Company's investments are externally managed, the Company relies on the experience, skill and judgment of the Investment Adviser (on behalf of the Portfolio Manager and the Company's AIFM) and the Portfolio Manager (on behalf of the Company's AIFM) in identifying, selecting, negotiating and managing the acquisition of suitable investments and managing the Company's assets. Furthermore, the Company is dependent upon the successful implementation of its investment policy and investment strategies and, ultimately, on the Portfolio Manager's ability to create an asset investment portfolio capable of generating attractive returns.

The AIFM Agreement governing the relationship between the Company and the Company's AIFM does not require the Company's AIFM to dedicate specific personnel to the Company or to ensure personnel servicing the Company's business allocate a specific amount of time to the Company. Additionally, the Investment Management Agreement between the Company's AIFM and the Portfolio Manager and the Advisory Agreement between the Portfolio Manager and the Investment Adviser do not require the dedication of specific personnel or specific amounts of time to the relevant services. If the Company's AIFM, the Portfolio Manager and/or the Investment Adviser fails, for any reason, to allocate the appropriate personnel, time or resources to the Company's activities, the Company may be unable to achieve its investment objectives. Furthermore, the Company has no direct contractual relationship with the Investment Adviser and is dependent on the Portfolio Manager in procuring, monitoring and maintaining its services. As a result, the Company's recourse against the Investment Adviser in the event it fails to fulfil its obligations will be limited.

There can therefore be no assurance that the Company's AIFM, the Portfolio Manager and the Investment Adviser will adequately perform their functions or that the Investment Adviser and the Portfolio Manager will be successful in achieving the Company's investment objectives.

In addition, in the event of termination of the Investment Management Agreement or the Advisory Agreement, there is no assurance that the Company's AIFM will be able to enter into a replacement agreement with a new portfolio manager and investment adviser on similar terms or on a timely basis, or that such portfolio manager or investment adviser would have expertise comparable to the Portfolio Manager or Investment Adviser. Any entry into an agreement with less favorable terms or a replacement of the Company's AIFM, the Portfolio Manager or the Investment Adviser (whether on a timely basis or not) may have a material adverse effect on the Company's financial condition, business, prospects and results of operations.

AnaCap's team members are important to the Company's success and the loss of one or more members of the AnaCap Credit Team could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The loss of the services of one or more of the team members at AnaCap, in particular the AnaCap Credit Team, could disrupt the Company's operations. AnaCap maintains strong relationships with a number of the largest European debt sellers. Further, some members of the Investment Adviser possess important knowledge of data analytics and technology systems. If any such person no longer worked for the Investment Adviser, its ability to maintain, repair or modify its data analytics systems and platforms may be reduced. The Company's success depends on the continued service and performance of management team members of the Investment Adviser, and it may not be able to retain the services of such individuals. Further, the Investment Adviser may not be able to continue attracting similarly qualified and skilled individuals to join its team.

There can be no assurance that AnaCap, including the Investment Adviser, will be able to attract and retain skilled and motivated staff. Any failure to attract and retain such personnel could have a material adverse effect on the Company's business, financial condition and results of operations.

The statistical models and analytical tools used by AnaCap in investment management, including in calculation of ERC, may prove to be inaccurate and the Company may not achieve anticipated recoveries.

AnaCap uses internally developed models and other data analytics tools extensively in its investment management operations. For example, AnaCap uses portfolio models to project remaining cash flow generation from portfolios and the Company's ERC. At the time of investment, there is likely to be imperfect information about the precise age of the receivables, the ability of the debtor to pay, the time at which the debtor will pay and the cost required to service and collect on such debts. Information based on historical market behavior and statistic-based historical models may not accurately predict, or be indicative of, the characteristics of subsequent debt portfolios originated by the same debt originator or the same industry due to changes in business practices or economic developments. In addition, if the Company wishes to invest in types of debt portfolios with which AnaCap has limited experience, or purchase debt portfolios from debt sellers with whom AnaCap has no prior dealings, the ability to properly price such portfolios may be difficult. Lack of data is exacerbated when entering new markets, where there may not be access to comparable historical debtor collections data. Not having reliable information can lead to mispricing of investments in debt portfolios and difficulty recouping the Company's investment, which may have a material adverse effect on financial returns. As a result of the foregoing, the Company may not be able to achieve the collections or returns forecast that is used to calculate the ERC of a portfolio and to value the Company's portfolios, and models may not appropriately identify or assess all material factors and yield accurate forecasts.

AnaCap uses internally developed models that forecast future collections based on data assets. If assumptions used in models are incorrect or if some of the accounts in a portfolio behave differently from expectations, this value-based segmentation methodology may not provide the Company with the intended level of collections performance and pricing accuracy. AnaCap's statistical models and analytical tools also assess information provided by third-parties, such as credit bureaus and other mainstream or public sources, and from servicers. For example, for the Company's investment in the Portuguese Portfolios through certain of its subsidiaries, where relevant, local collectors produce quarterly forecasts at an account level that are incorporated into the calculation of ERC. The Company has limited control over the accuracy and sufficiency of information received from these third-parties. If such information is not accurate or sufficient, investments may be incorrectly priced or incorrectly valued. This may have a material adverse effect on the Company's portfolio investments, its ability to set commission rates or performance goals and its liquidation rates.

Additionally, there can be no assurance that servicers have conducted sufficient due diligence or obtained accurate data relating to accounts, and there have historically been instances where servicers have not obtained sufficient or accurate data, which can adversely impact collections. In addition, ERC and certain other key performance indicators are forecasted over a 84-month period and the risk of error in these forecasts, such as fewer than expected payment by the debtors in the underlying assets of the Company's investments, is increased by the significant length of these time periods.

If the Company, through external servicers and advisers, is not able to achieve forecasted levels of collections, valuation impairments may be recognized, amortization may increase, and revenue and returns on portfolio investments may be reduced. These risks may be exacerbated to the extent the applied statistical models and analytical tools fail to accurately forecast the key performance indicators.

Any of the foregoing may have a material adverse effect on the Company's financial condition, financial returns and results of operations. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Judgments and Estimates*".

Due diligence may not identify all risks and liabilities in respect of an investment.

Prior to the Company or its relevant subsidiary investing in a debt portfolio, the Investment Adviser performs due diligence on the proposed investment. In doing so, they typically rely on third-parties to conduct some of the due diligence (including providing legal reports on title and property valuations). The Investment Adviser may be able to undertake only a limited scope of due diligence where the portfolios are purchased out of receivership or from administrators whose knowledge of matters occurring prior to their appointment will typically be limited and who may be reluctant or unable to provide all the information relating to the debt portfolio that would usually be provided by a typical seller. There may be limited access provided to information about an investment and the Investment Adviser may instead need to rely on information provided by the administrators of the investment. In addition, if investment opportunities are scarce, the process for selecting bidders is competitive, or the timeframe in which it is required to complete diligence is short, the Investment Adviser's ability to conduct a due diligence investigation may be limited, and the Portfolio Manager would be required to make investment decisions based upon a less thorough diligence process than would otherwise be the case. Accordingly, investments and other transactions that initially appear to be viable may prove not to be over time due to the limitations of the due diligence process or other factors. There can be no assurance that any due diligence examinations carried out by the Investment Adviser, AnaCap more broadly, or third-parties in connection with any debt portfolios the Company may invest in will reveal all of the risks associated with that debt portfolio, or the full extent of such risks. Debt portfolios that the Company invests in have in the past and may in the future be subject to hidden material defects that were not apparent at the time of the investment.

The inability to identify all material risks associated with debt portfolios prior to the Company investing in such portfolios may result in poorer debt portfolio performance and lower than expected returns, which may have a material adverse effect on the Company's financial condition, financial returns and results of operations.

The Company may purchase debt portfolios that contain accounts which are not eligible to be collected, and it may not be possible for the Company to bring successful claims pursuant to purchase contracts or otherwise.

While due diligence is carried out on each of the investments, some of the portfolios that the Company purchases may include some individual accounts which are not eligible to be collected, often due to the inadequate quality and completeness, or total lack, of historical customer documentation needed for servicers to collect on those accounts. In addition, a lack of underlying documentation could render certain accounts unenforceable (see also "—*A portion of the collections from debt portfolios depends on successful legal proceedings and such proceedings may not always be successful*", below). Significant issues with historical customer documentation could additionally impair the ability to correctly assess the value of a portfolio, resulting in the risk of loss or reduction in a particular portfolio's value and the need to make substantial provisions against, or write down acquired assets.

Where individual accounts fail to conform to the terms of purchase contracts entered into with debt sellers, these accounts in some instances may be returned to debt sellers for payment or replacement. However, debt sellers may be unable to meet their obligations under purchase contracts or non-conforming accounts may not be identified soon enough, or at all, which may impair the Company's ability to seek recourse against debt sellers pursuant to the terms of purchase contracts. Contracts entered into with debt sellers have also previously imposed and may in the future impose restrictions on the ability to return non-conforming accounts by imposing a minimum threshold value that must be met. Accounts that would be eligible for recourse if discovered in a timely fashion, but that are not discovered in time for such recourse, are likely to yield no return.

If the Company purchases debt portfolios containing too many accounts that are not eligible for collection and/or that are unenforceable and if the Company is unable to return those accounts to, or have recourse against, the relevant debt sellers, servicers may not recover anticipated returns or anything at all from such accounts, which could make such purchases unprofitable and consequently have a material adverse effect on the Company's financial condition, financial returns and results of operations.

A portion of the collections from debt portfolios depends on successful legal proceedings and such proceedings may not always be successful.

A portion of the Company's revenue has historically been obtained through litigation and the Company expects that a portion of its future revenue will be derived from future litigation. Accordingly, the Company's future revenues will depend on the success of such legal proceedings and should any such proceedings or a higher proportion of such proceeds in comparison to past experience fail to succeed, including due to defective or non-existent documentation that may be required to bring such claims, the failure to successfully conduct proceedings and adhere to procedural rules and/or in instances where the judicial process or regulatory landscape changes in a particular geography, the Company may not obtain the expected returns on its investments, which may have a material adverse effect on the Company's financial condition, financial returns and results of operations.

The Company, its relevant subsidiary or the relevant Asset SPV typically relies on debt sellers to provide account documentation, including notices and correspondence with accountholders, in an accurate and timely fashion. Given the age of certain portfolios and the origination practices of debt sellers, there is a risk of incomplete or unsatisfactory documentation in relation to the underlying accounts within portfolios and a consequential inability to enforce against certain debtors or a limitation on the ability to recover the amount owed. See "—*The Company may purchase debt portfolios that contain accounts which are not eligible to be collected, and it may not be possible for the Company to bring successful claims pursuant to purchase contracts or otherwise*", above. Relevant legislation may contain detailed and, in some cases, prescribed requirements relating to the form, content and execution of loan agreements. When collection actions through legal proceedings are commenced, courts may require a copy of original loan documentation, account statements or applications to be attached to pleadings in order to obtain a judgment against a particular debtor. If any of the account documents possessed by the servicers were found to be inaccurate, non-authentic or otherwise fail to meet such requirements, courts may deny or reduce the value of such claims or the underlying agreements may be unenforceable. A finding of unenforceability could also then require the Company or its relevant subsidiary, in certain instances, to undertake a remediation exercise that may result in balance adjustments and/or cash refunds due on the relevant accounts.

Even if satisfactory documentation is provided to the courts, there can be no assurances that the courts will find the debt enforceable or order judgment in favor of the Company, its subsidiary or the Asset SPV. In addition, if servicers fail to respond to communications in a timely manner, or if they allow any litigation or judicial process to lapse or become delayed, it may negatively impact the success of a lawsuit and have a material adverse effect on collections and consequently on the Company's results of operations and financial condition.

Moreover, changes to laws, regulations or rules that affect litigation and court procedures, including rules affecting documentation or shorter statutes of limitation could result in increased administration costs, limit the likelihood of success in legal proceedings or limit the availability of litigation as a collection tool entirely. For example, in Spain, recent changes to the law have rendered certain terms relating to types of original mortgage contracts unenforceable, while in Portugal, legislative write-offs of loans have prevented debt collectors from recovering certain debts and have resulted in the extinction of court proceedings seeking to recover those types of debt. To the extent that any such changes negatively impact the ability to collect on a portion of accounts within a debt portfolio, the Company may face a significant increase in administrative costs and the likelihood of success in connection with legal proceedings may decline, which could have a material adverse effect on the Company's business and results of operations.

The Company may not be able to sufficiently fund investments in further debt portfolios as they become available.

The Company's operations and further investments depend on its ability to re-invest collections received directly or indirectly from the underlying portfolios, and its ability to raise funding from the debt or equity capital markets or the loan market and/or to raise asset specific funding for certain investments in the future. These will depend on the Company's performance and prospects, as well as factors over which the Company does not exercise control. Such factors may include weak economic, lending environment and capital market conditions during or prior to periods in which attractive debt portfolios are available for purchase, the ability and willingness of banks to lend to its industry generally, or to the Company in particular, and changes in fiscal, monetary and other government policies, among others. The Indenture and the Revolving Credit Facility Agreement will place restrictions on the Company's and its subsidiaries' ability to incur indebtedness. If the Company does not have sufficient headroom in the Revolving Credit Facility, it will be unable to draw down under the Revolving Credit Facility to make investments of amounts larger than the available headroom, limiting the range of investments it could make. Additionally, the Company may otherwise be unable to raise funds on acceptable terms from the debt or equity capital markets or the loan market and/or to raise asset specific funding for certain investments, at all or on a timely basis. This may limit its ability to efficiently or effectively take advantage of opportunities for debt portfolio purchases and/or investments arising in the market and/or to replace serviced portfolios. If the Company is, directly or through its subsidiaries, unable to self-fund, generate or otherwise obtain sufficient funds to purchase or invest in debt portfolios when opportunities arise, its financial condition and results of operations may be materially adversely affected.

Uneven debt portfolio supply patterns may prevent the Company from pursuing all of the debt investments available to it, and may result in the Company experiencing uneven cash flows and financial results.

Opportunities to purchase and invest in debt portfolios, either directly, through its subsidiaries and/or through Asset SPVs, may not be available on a consistent basis during the year. Accordingly, there may be times when a number of portfolios, particularly large portfolios, become available for purchase or investing in concurrently, which may prevent the Company from pursuing all of the debt investment opportunities available to it. Further, the inconsistency in the availability of debt portfolios and varying degrees of quality in portfolio debt available for sale, may mean that, during certain financial reporting periods, the Company will, directly or indirectly, make very few or no purchases of or investments in debt portfolios.

In addition, there can be a gap between the time of purchasing or investing in a debt portfolio and the time that the Company begins earning returns on its investments, as servicers will need to locate customers, build a consolidated profile of each such customer's circumstances and formulate an appropriate repayment solution before they can start to collect on a portfolio. This is particularly apparent in the type of investments that the Company and/or its subsidiaries hold in secured SME portfolios. SME assets that are secured typically require a more lengthy recovery process, at times involving non-amicable solutions to recover debt. Investments in portfolios may also be adversely affected by the migration of accounts to the Company and possible changes in servicers, which inherently involves risks relating to the time and efficiency of such migrations. As a result, the Company may experience uneven cash flows and delays in generating income from the debt portfolios that the Company and/or its subsidiaries purchase or invest in. For example, if the Company and/or its subsidiaries acquire a material portfolio at the end of a reporting period then this would increase net debt or reduce cash on hand without generating cash or contributing to Adjusted EBITDA for the relevant period, thereby limiting the ability to borrow or draw under the Revolving Credit Facility.

The uneven debt portfolio supply patterns and gaps between the time of investing and the time returns on the investments are received could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The value of the Portfolio Business and future investments may deteriorate, or collections and recoveries may not be sufficient for the Company to take advantage of opportunities for debt portfolio investments as they arise.

The Company purchases and invests, directly, through its subsidiaries and/or through Asset SPVs, in portfolios of non-performing debt, which are subject to insolvency or recovery proceedings. Although the Company estimates that the recoveries on its debt portfolios will be in excess of the amount invested, returns may be less than expected and may even be less than the total amount invested for such portfolios. Any condition or development that causes the debt portfolios to lose value, such as a decrease in expected collections or recoveries, will have a material adverse effect on the Company's financial condition, financial returns and results of operations.

As collecting or recovering on the Portfolio Business and any future investments may take longer than originally forecast and the factors affecting debt collection or recovery rates may be volatile and outside the control of the Company, the Company may not be able to identify economic trends or make changes in its purchasing strategies in a timely manner. The Company may not be able to achieve the levels of collections or recoveries forecast prior to directly or indirectly investing in any debt portfolios. In addition, the assumptions used by AnaCap in its models may be incorrect or some of the accounts in a portfolio may behave differently from expectations. Court processing delays and the length of the judicial process generally in geographies such as Portugal and Italy could lead to collections or recoveries failing to meet expectations. Any of these factors could result in a loss of value in a portfolio after the investment and a continuing deterioration in value over time as actual collections can deviate significantly from the collection and recoveries estimates for each investment as accounts age.

Further risks relating to the collection and recovery on the investments of the Portfolio Business and future investments include the reliance on servicers and potential deterioration in the performance of those servicers. Each servicer is carefully selected. Nonetheless, should a servicer relationship come to an end, or be disrupted, for any reason, this could have a material adverse impact on the collection of and recovery on the investments. For example, should the relationship end before its intended term, there will be a transition period to move over to a new partner. Certain of the servicing agreements relating to the Company's investments include provisions that prevent a servicer relationship ending prior to a new relationship being established in order to maintain continuity of the servicing, but there may be an impact in the short term of the rate of recovery. In addition, servicers are carefully selected based on attributes which include the capacity of the servicer team to manage the collections process. Should key employees of a servicer be dismissed or otherwise leave, this could have an adverse effect of the collections process as a new employee is assigned to take over the accounts being managed. Any of these factors may have an impact of the rate of recovery which, if negatively impacted, may have a material adverse effect on the ability of the Company and/or its subsidiaries to take advantage of opportunities in the market and collect on existing portfolios.

If the cash flows from the Portfolio Business (and debt portfolios the Company invests in in the future) are less than anticipated, the Company may have difficulty servicing its indebtedness and may be unable to invest in new debt portfolios. As a result, the Company's future growth, financial condition, financial returns and results of operations could be materially and adversely affected.

There may not be a sufficient supply of debt, or appropriately priced debt, available for purchase and investment, and a significant decrease in the availability of appropriately priced debt could materially and adversely affect the Company's business, financial condition and results of operations.

The availability of debt portfolios at prices that generate profits may be adversely affected by a number of factors, some of which are outside the control of the Company and its subsidiaries, including:

- the level of confidence and spending;

- reduced availability of credit to individuals and businesses, which could be driven by a number of factors, including heightened regulation of the lending industry, changing origination strategies, tighter lending criteria introduced by credit providers and general economic conditions;

- the level of sales of debt portfolios by debt sellers, which could be jeopardized by a change in laws or regulations, a change in accounting policies or practices, the consolidation of creditors, increased reliance on servicers or increased sophistication in internal collection efforts;

- new entrants in the debt purchaser market and the resulting increase in the number of the Company's competitors;

- potential concerns on the part of debt originators that the relatively small value received for defaulted debt portfolios as a percentage of their face value may not outweigh the potential reputational risks or required management attention associated with selling defaulted debt portfolios;

- negative publicity or a loss of trust in the debt investment industry, whether due to the failure of one or more market participants to meet their legal or regulatory obligations or otherwise;

- increased regulation of the circumstances in which debt sellers have a right to collect on debt; and

- the macroeconomic conditions in, and policies of, the countries in which the Company and its subsidiaries have investments. For example, in an improving economic environment there may be a lag in any increase in the supply of debt portfolios available for purchase as debt originators adjust the level of new debt originated to maintain target default levels. Conversely, in a deteriorating economic environment, a high proportion of defaulted debt may be serviced in-house or by debt collection agencies, leaving fewer purchasing opportunities for debt purchasers, such as the Company and its subsidiaries, as debt originators' propensity to sell defaulted debt at prices prevailing in the market declines. Investments in the other countries could be impacted by the factors noted above. While the Company expects the market in Italy to continue to grow, this may not occur.

In addition, debt originators may develop technological tools that they believe are more effective in terms of tracing technology and customer profile development. If debt originators choose to perform more of their debt collections internally as a result of these data quality improvements or otherwise, the volume of debt portfolio sales or the quality of underlying debt sold could decrease and, consequently, the Company may not be able to directly or indirectly buy or invest in the type and quantity of debt portfolios at prices consistent with targets. In addition, there could be a reduction in the availability of debt portfolios sold early in the collections cycle that have been subject to little or no collections activity. This fresher debt typically has higher collection expectations because less work has been applied to the assets to obtain customer payments.

If the Company and its subsidiaries are unable to purchase portfolios from debt sellers or invest in portfolios at appropriate prices, or if one or more debt sellers stop or decrease their sales of portfolios due to any of the factors listed above or for any other reason, or if the Company does not replace the portfolio investments in the Portfolio Business that it collects from with additional portfolio investments, the Company could lose a significant potential source of income and its business, prospects, financial condition and results of operations may be materially and adversely affected.

The Company may be unable to compete with other debt purchasers or investors that offer better terms for purchasing or investing in debt portfolios, or may otherwise face intensive competitive pressure.

Large and established foreign debt purchasers are active in the markets where the Company and its subsidiaries operate. For example, competition in Portugal and Italy recently intensified with the entry of an additional debt purchaser into the market. Further consolidation within the Company's industry is possible. Such competition may lead to an increase in the purchase price demanded by debt sellers for their debt portfolios, which the Company may not be willing or able to offer.

The Company may face similar or more intense competitive pressure in other markets in which it decides to pursue debt investment opportunities, and may be at a competitive disadvantage. The Company's inability to acquire new portfolios directly or through its subsidiaries as a result of competition could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Company and its subsidiaries have limited recourse to the Asset SPVs.

Most of the portfolio purchases and investments the Company makes, directly or through its subsidiaries, are conducted through Asset SPVs. The actual ownership of the debt portfolios ordinarily resides with the Asset SPVs, but the Company or its relevant subsidiary has an economic interest in the portfolios by way of debt instruments issued by the Asset SPVs, such as securitization notes or loan notes or through co-investment participation agreements.

The debt instruments are limited recourse obligations of the Asset SPVs and solely relate to the specific underlying debt portfolios. In particular, the debt instruments are not obligations or responsibilities of the debt seller or the debt originator or any other person. The ability of the Asset SPVs to meet their respective obligations under the debt instruments will be dependent on the collections by servicers and recoveries from the relevant portfolios. Upon enforcement, holders of the debt instruments will have recourse only to the debt portfolios and will not have recourse to the debt seller or any other person including, but not limited to, circumstances where the proceeds received by an Asset SPV from the enforcement of the relevant debt portfolio are insufficient to repay in full the amounts due from such Asset SPV to the holders of the relevant debt instruments. Should one or more of the Asset SPVs fail to meet its obligations under its debt instruments, the Company may be unable to recover its investment and/or receive the expected returns on such investments, which could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company and its subsidiaries do not have control over the Asset SPVs' operations and have limited enforcement rights.

In relation to portfolio purchases conducted through Asset SPVs, the Company and its subsidiaries do not participate in the day-to-day management of the portfolios. The servicing of the portfolios will be carried out by a servicer (or sub-servicer or any delegate thereof) in accordance with the terms of servicing agreements. So long as no default or event of default under the servicing agreement is occurring or will occur, the holders of the related debt instruments will have no right to consent to, or approve of, any actions of the servicer in the conduct of its ordinary course activities with respect to the debt portfolios.

The voting provisions set out in the terms and conditions of the debt instruments issued by the Asset SPVs, in relation to the portfolio investments held by or through the Asset SPVs, provide that certain decisions, amendments and waivers in relation to the portfolio and related transaction documents will have to be consented to by the required majority of holders of the debt instruments. The Company and its subsidiaries hold 100% of some debt instruments issued by the Asset SPVs (i.e. in respect of the majority of the Italian Portfolios), but in other instances hold less than 100% as the debt instruments are shared amongst co-investors (i.e. in respect of one of the Italian Portfolios and the Romanian Portfolios). Therefore, the Company and/or its subsidiaries may not hold the required majority to provide such consent and may be bound by any decisions of other holders of debt instruments. In particular, the other holders of debt instruments may have interests that are different from the Company's and/or its relevant subsidiary's interests and may consent to matters or actions which may be disadvantageous to the Company and its subsidiaries.

In addition, the conditions of the debt instruments limit the ability of individual debt holders to commence proceedings (including proceedings for a declaration of insolvency) against the relevant Asset SPV. Individual debt holders may not be able to commence proceedings or take other individual remedies against the Asset SPV unless such action is approved by a meeting of the debt holders in accordance with the terms and conditions of the debt instruments.

The limited ability to control the Asset SPVs' operations and to control certain decisions in relation to the portfolios and related documentation, to the extent such operational activities and/or decisions are adverse to the interests of the Company, may have a material adverse impact on its results of operations and financial returns. In the event of particularly significant issues in connection with an Asset SPVs operations, this could be exacerbated by the limited enforcement rights against the Asset SPV, which may have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company and its subsidiaries could be adversely affected by the contractual rights of third-parties under joint venture, alliance, consortium or other agreements.

The Company and its subsidiaries may enter into joint ventures, business alliances or consortiums to acquire assets or other types of investments (whether under instruments, participations or sub-participations, a total return or pass-through contracts or any other similar arrangements), which could involve the following risks, among others:

- co-investors may have economic or other interests that are inconsistent with the Company's and/or its relevant subsidiary's interests, as applicable, and are in a position to take or influence actions contrary to its interests and plans, which may create impasses on decisions and affect its ability to implement its strategies with respect to the portfolio;

- disputes may develop between the Company and/or its relevant subsidiary and the relevant co-investors and it may have to bear the cost of any litigation or arbitration proceedings;

- co-investors may fail to fund their share of any capital or debt contribution which may be required, which may result in the Company and/or its relevant subsidiary having to pay the co-investor's share;

- co-investors may breach agreements relating to an investment, which may cause a default under such agreements and result in liability for the Company and/or its relevant subsidiary;

- co-investors may have drag-along rights or rights pursuant to call options which entitle them to compel the Company and/or its relevant subsidiary to sell its share in an asset or instrument before it is entitled to or at a lower price than otherwise expected to receive;

- co-investors may have tag-along rights which entitle them to compel the Company and/or its relevant subsidiary to sell their share in connection with a disposal of an asset or instrument, which may adversely affect the Company's and/or its relevant subsidiary's ability to pursue its sale strategy or to obtain the best price possible;

- co-investors may have rights pursuant to put options which entitle them to compel the Company and/or its relevant subsidiary to purchase their share in an asset or instrument at a lower price than otherwise expected to receive; and/or

- the Company and/or its relevant subsidiary may, in certain circumstances, be liable for the actions of co-investors.

The Company and/or its subsidiaries may also enter into transactions where the Company and/or its subsidiaries may be structurally or contractually subordinated to other investors. They may also make investments through vehicles controlled by third-parties or controlled by trustees on behalf of a group of investors. For further risks relating to this type of arrangement, see "*—The Company and its subsidiaries have limited recourse to the Asset SPVs*".

Any arrangement in which the Company and/or its subsidiaries does not fully control business operations have in the past presented, and may in the future present, greater financial, legal, operational and/or compliance risks including those outlined above. To the extent that any of these risk materialize, they could have a material adverse impact on the Company and its prospects, financial condition and results of operations.

The Company would be adversely affected if third-parties, including servicers servicing the underlying accounts within debt portfolios, perform poorly or fail to comply with applicable laws and regulatory requirements.

Any failure by servicers to adequately perform collection services on a timely basis for any reason (including insolvency) could materially reduce the cash flows, income and profitability of the portfolios, and adversely affect the Company's reputation and results of operation.

The Company relies on third-parties such as servicers, advisers and cash managers to manage collection activities, to ensure compliance, and to prepare forecasted collection estimates in connection with the portfolios it invests in directly and through its subsidiaries. The Company relies on these third-parties to effectively manage and service the portfolios efficiently, but, although steps are taken to ensure that they do, these third-parties may not have the resources, employee training or management experience that is required. There is also a risk that, in the event a portfolio servicer is changed, the migration of the portfolio to the new servicer may prove time-consuming, result in collection delays, cause issues regarding the operations of collection accounts and direction of payments or otherwise negatively impact on the collections process.

These third-parties could commit fraud with respect to the customer accounts in the portfolios or fail to comply with applicable laws and regulations such as data protection requirements or to provide accurate data on the accounts they are servicing. To the extent these third-parties violate laws, other regulatory requirements or their contractual obligations, or act inappropriately in the conduct of their business, the Company's business and reputation could be negatively affected or penalties could be directly imposed on the Company and/or its relevant subsidiaries as owner of the assets. The Company may also suffer losses pursuant to its and its subsidiaries' agreements with debt sellers who have required, and may in the future require, the Company or its relevant subsidiary to ensure compliance by servicers with applicable laws or other regulatory requirements. The occurrence of any of the foregoing events could have a material adverse impact on the Company's reputation, business, prospects, financial condition and results of operations.

The Company is subject to risks related to the servicing agreements for its investments, including potential early termination and the ability to correctly assess pricing terms.

The Company's profitability in relation to its recovery from its investments generally depends on the ability to successfully calculate prices by taking into consideration all relevant economic factors and its ability to assist in managing relationships with the servicers that collect the debt of the portfolios owned or invested in by the Company directly or through its subsidiaries. AnaCap may be unable to accurately predict the costs or identify the risks associated with these collections or the complexity of the services required. Also, if the servicers are unable to fulfil their obligations under these contracts for any reason, the Company risks the loss of revenue and fees under such contracts, the potential loss of a client and significant harm to its reputation.

The liability of the servicers may be limited in accordance with the terms of the servicing agreements, including being subject to a cap. These limitations may restrict the Company, its subsidiaries or the relevant Asset SPV's ability to claim and recover losses incurred by the Company, its subsidiaries or the relevant Asset SPV as a result of bad acts or contractual breaches by such servicers.

The majority of the service agreements have a stated term, and, in some cases, such contracts contain termination clauses permitting the servicer to terminate the contract at their discretion following the expiration of an agreed notice period. There can be no assurances that these contracts will not be terminated early or that the Company, its relevant subsidiary and/or AnaCap will be successful in negotiating new contracts with these servicers as they expire. The Company, its subsidiaries or relevant Asset SPV may have disputes or disagreements with servicers. Any of these developments could have a material adverse effect on the Company's business, results of operations or financial condition.

AnaCap may be unable to maintain key relationships necessary for the Company's operations.

The Company relies on AnaCap's key relationships with servicers, advisers and other third-party service providers, IT providers and data providers, such as OneAdvanced, in order to conduct its operations.

In the event that any of those parties fails to perform their respective obligations under the relevant agreement to which they are a party, the realizable value of the debt portfolio may be adversely affected. For instance, the Company is dependent on AnaCap maintaining and developing relationships with servicers and advisers, including in terms of managing and determining the adequacy, suitability and performance of those servicers and adviser. If AnaCap is unable to continue to do so, the Company could face significant difficulties finding services to service its portfolios and collecting on underlying accounts, which could have a material adverse impact on the Company's financial condition and performance.

AnaCap, and therefore the Company, relies on third-party IT service providers to supply the majority of its core IT applications, systems, infrastructure, back-up, storage, data recovery and disaster recovery systems. The loss of IT support could have a material adverse effect on the Company's business and results of operations. Moreover, if any significant data providers or other credit reference agencies or third-party technology providers terminate or modify their relationship with AnaCap or the Company, the Company's business and results of operations could be materially and adversely affected.

The need to adapt to debtors' changing circumstances or circumstances impacting debtors may result in increased servicing costs, reduced cash flow or imprecise modelling.

If there are adverse changes in the financial circumstances of the debtors, including as a result of any reduction in their income or in government benefits received by them or indirectly as a result of a further general deterioration in the macroeconomic environment, this could lead to reduced collections and/or increased servicing costs on the part of the servicers, which may lead to higher servicing fees for collecting on accounts and, as a result, reduce the Company's returns on its investments. Such reduced collections would negatively impact the Company's ERC, while higher commission costs and lower portfolio returns would impact the Company's results of operations and cash flows. Modelling for future collections may be rendered less reliable if the quantity and identity of debtors who may reduce their debt payments, or the amounts of such reductions, cannot be accurately predicted. As a result, the Company's business and results of operations may be materially and adversely affected.

Further, certain accounts are or may become subject to insolvency procedures under applicable laws. Various economic trends and potential changes to existing legislation may contribute to an increase in the number of debtors subject to insolvency procedures. The ability to successfully collect on the debt portfolios may decline with an increase in personal insolvency procedures or a change in insolvency laws, regulations, practices or procedures. In particular, it should be noted that insolvency regimes in certain European geographies may cause delays to the recovery of amounts owed by the insolvent debtors.

If actual collections with respect to debt portfolios are significantly lower than projected when the Company and its subsidiaries invested in such portfolios, the Company's business and results of operations could be materially and adversely affected.

The Company may make, directly or through its subsidiaries, acquisitions or pursue joint ventures, business combinations or other investments that prove unsuccessful.

In addition to the Company's purchases of and investments in portfolios in the ordinary course, the Company may seek to grow its business by acquiring or combining with other businesses through direct or indirect purchases of assets or corporate entities. Successful growth through future acquisitions is dependent upon the ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms and ultimately complete such transactions and integrate the acquired assets or corporate entities.

If the Company makes acquisitions directly or through its subsidiaries, it may not be able to generate expected margins or cash flows, or to realize the anticipated benefits of such acquisitions, including growth or expected synergies. Its assessments of, and assumptions regarding, acquisition targets may prove to be incorrect, and actual developments may differ significantly from expectations. The Company may not be able to integrate acquisitions successfully or such integration may require more investment than expected, and it could incur or assume unknown or unanticipated liabilities or contingencies with respect to, among others, customers, employees, suppliers, government authorities or to other third-parties, which may impact its results of operations. The Company, or its relevant subsidiary, may also have ongoing obligations to debt sellers under the sale and purchase documentation.

In addition, prior to the completion of acquisitions of corporate entities, the entities in the target group will not be subject to the covenants included in the Indenture. As such, the Company cannot assure you that, prior to such date, the seller or any of the entities in a target group will not take an action that would otherwise have been prohibited by the Indenture had those covenants been applicable.

Once an acquisition has occurred, the process of integrating businesses, may be disruptive to the Company's operations and may cause an interruption of, or a loss of momentum in, such businesses or a decrease in its results of operations as a result of difficulties or risks, including:

- legal, regulatory, contractual and other issues;
- accounting impairments;
- difficulty in standardizing information and other systems;
- difficulty in realizing synergies; and
- diversion of attention from day-to-day business.

Moreover, any acquisition may be funded by additional debt, which could reduce the Company's profitability and harm its business. Any of these risks may have a material adverse impact on the Company's financial condition and results of operations.

The Company and/or its relevant subsidiary may be exposed to future liabilities and/or obligations with respect to investments that it subsequently sells. The Company and/or its relevant subsidiary may be required or may consider it prudent to set aside provisions for warranty claims or contingent liabilities in respect of asset disposals. The Company and/or its relevant subsidiary may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties given to a purchaser prove to be inaccurate or to the extent that the Company and/or its relevant subsidiary breaches any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages. Further, the Company and/or its relevant subsidiary may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as certain environmental liabilities. Any claims, litigation or continuing obligations in connection with the disposal of any assets may subject the Company and/or its relevant subsidiary to unanticipated costs and may require AnaCap to devote considerable time to deal with them. As a result, any such claims, litigation or obligations may have a material adverse effect on the Company's financial condition, business, prospects and results of operations.

Changes to the regulatory environment in the future in Italy, Portugal, Spain, Romania or the UK or an increasing volume of legislation may materially and adversely affect the debt investment industry and impede the Company's operations and/or increase its costs.

The volume of legislation that is applicable to the debt credit market in European countries has been increasing over the last few years, particularly as a result of political change and social protection political agendas, and this trend may continue or further increase depending on the prevailing political environment and attitudes towards consumer protection and the sector. Increasingly, the regulatory focus in the sector is on ensuring that debt servicers treat debtors fairly and that business processes throughout the credit cycle are focused on achieving fair outcomes for debtors, including treating debtors facing financial difficulties with forbearance. New laws or regulations or changes in existing laws or regulations (or the manner in which they are interpreted or applied) could indirectly subject the Company and its subsidiaries to additional costs or potentially expose the Company and its subsidiaries to additional liability, or otherwise adversely impact the manner in which the Company and its subsidiaries operate and consequently have a material adverse effect on the Company's results of operations and financial condition.

The legislative and regulatory environment is also challenging for debt originators and debt sellers, which impacts the Company because it influences the availability and pricing of debt available for purchase and/or investment. Regulators are increasingly requiring lenders to assess affordability and suitability of products offered to debtors and to exercise forbearance in relation to debt, accept low repayment offers and refrain from placing debtors under undue pressure in relation to the repayment of debt. Although focused on particular sectors of the market, and certain types of debtors such as vulnerable persons, such requirements may have an adverse impact on the debt market more broadly. To the extent that new, or amended, laws or regulations in any geography in which the Company and its subsidiaries operate reduce the profitability of issuing credit and result in lower debt issuance volume, there could be a reduced supply of debt portfolios for sale, which could, among other things, lead to increased prices and lower returns on investments.

Depending on their nature and scope, changes to laws, practices, regulations and guidance could require additional investment and resources in the Company's risk and compliance governance frameworks, which could have a material adverse effect on the Company's results of operations.

Any failure to comply with applicable legislation or regulation of the debt investment sector and the broader debt market could have a material adverse effect on the Company's business, prospects and financial condition.

The debt investment sector and the broader debt market in the geographies in which the Company and its subsidiaries operate are highly regulated under various laws and regulations. These laws and regulations are also subject to review from time to time and may be subject to significant change. Any failure by a servicer or adviser to comply with such legislation or regulation may adversely affect the enforceability of the credit agreements underlying the Company's investments (including in and through its subsidiaries).

Failure to comply with any applicable laws, regulations, rules or contractual compliance obligations could result in investigations, information gathering, appointment of a skilled person, public censures, financial penalties, disciplinary measures, liability, harm to reputation and/or enforcement actions being brought against the Company, its subsidiaries, AnaCap, servicers, advisers or agents (including licenses or permissions that the servicers need to do business not being granted or being revoked or the suspension or termination of the servicers' ability to conduct collections). Further, a debt seller could be entitled to repurchase debt portfolios previously purchased from it. Damage to the Company's reputation, whether because of a failure of AnaCap, the Company, its subsidiaries or investment vehicles or external advisers, servicers, agents and consultants of the Company to comply with applicable laws, regulations or rules, revocation of a permission or authorization, any other regulatory action or a failure to comply with contractual compliance obligations, could deter debt sellers from choosing the Company and its subsidiaries as the prospective purchaser or investor. Any of these developments could impair the Company's ability to invest in debt portfolios and could have a material adverse effect on the Company's financial condition, financial returns or results of operations.

Any determination by a regulator, that the Company's key servicers need to change their collections methodology may have a material and adverse effect on the Company's financial condition and results of operations.

The ability to obtain, share and retain customer data is heavily regulated by privacy, data protection and related laws in the geographies in which the Company and its subsidiaries operate.

The EU General Data Protection Regulation (as defined under "*Regulation and Compliance*") came into effect on May 24, 2016, and will become directly applicable in Member States from May 25, 2018. The regulation introduces substantial changes to the EU data protection regime. It will impose a higher compliance burden on the industry and restrict the ability to use data, including through expanding the requirement for informed opt-in consent by debtors to the processing of their personal data, granting debtors a "right to be forgotten" (which may give the debtors the right to have their data deleted in certain cases), imposing restrictions on taking decisions about individuals based solely on automated processing of their data (which may prohibit taking decisions about debtors using its data intelligence systems unless there is manual intervention), imposing disclosure requirements about data sources to debtors and increasing the maximum levels of fines for compliance failures from its current level of €500,000 to 4% of annual worldwide turnover, among other requirements. In addition, the EU General Data Protection Regulation will increase the ability of data subjects to recover substantial damages for breaches of the legislation, and will allow representative bodies (such as consumer organizations) to make claims on behalf of data subjects. The Company, its subsidiaries, AnaCap, servicers and advisers along with other market participants, including debt originators and debt purchasers, may also experience a significant increase in the number of subject access requests. These changes may increase data protection costs and restrict the Company's ability to conduct its operations, which may have a material adverse effect on the Company's results of operations and financial position.

The Company and its subsidiaries, the Company's AIFM, the Portfolio Manager and the Investment Adviser may be held liable if they fail to develop, implement, monitor and enforce risk and compliance policies.

The Company and its subsidiaries, the Company's AIFM, the Portfolio Manager and the Investment Adviser may be held liable if they cannot demonstrate that there are adequate procedures in place to prevent acts of non-compliance with applicable regulations. Failure to develop, implement, monitor and, when necessary, pre-emptively upgrade risk management policies and procedures could result in breaches of regulatory or contractual obligations and for which each may incur substantial losses, reputational harm and face removal from vendors' purchasing panels. Failure or perceived failure to develop, implement, monitor and enforce risk and compliance policies could harm the Company's reputation and have a material adverse effect on the Company's business, prospects, results of operations and financial condition. See "*Regulation and Compliance*".

Limitations and requirements imposed by debt sellers of debt portfolios on the Company and its subsidiaries directly or indirectly, may hinder operational flexibility and limit recourse to the debt sellers.

Contracts entered into with debt sellers have imposed and may impose various restrictions on the Company's realization of value from the portfolios, including restrictions on the ability to assign accounts or resell portfolios or use particular servicers. Debt originators may also restrict the flexibility in pursuing certain enforcement and collection activities, and may have rights to repurchase portfolios if procedures used by or on its behalf are deemed inappropriate or excessive. In addition, debt sellers may have the right to compel the Company and/or its relevant subsidiary, as applicable, to undertake or refrain from taking certain actions, including in respect of litigation claims that relate to the debt portfolios. Further, debt sellers may have rights to repurchase portfolios and require reassignment to protect against factors such as reputational risk, or in instances where accounts are fraud-sensitive, or where an accountholder has raised a complaint against the debt seller with the relevant regulator, among other things. Debt originators may also have rights under such agreements which are triggered upon a direct or indirect change of control. Any of the foregoing may adversely impact the profitability of debt portfolios that the Company has purchased or has investments in and, therefore, have a material adverse effect on its financial condition and results of operations.

The Investment Adviser's and servicers' operations could suffer from telecommunications or technology interruptions.

The Company relies on AnaCap's telecommunications and computer equipment, software and other systems to conduct its day-to-day operations, including services provided by OneAdvanced to AnaCap. In addition, operations are dependent on the systems of the banking sector as a whole. These and other systems could be interrupted by terrorist acts, natural disasters, power losses, computer viruses or similar events. Any failure of such systems or the systems of the banking and other sectors that are integral to the Company's business, especially if it also impacts its backup or disaster recovery systems or the ability to proceed with collections, would disrupt the Company's operations and materially and adversely affect its business. Any resulting temporary or permanent loss of AnaCap's or servicers' ability to use their telecommunications or computer equipment and software systems could disrupt their operations and materially and adversely affect the Company's financial condition, financial returns or its results of operations.

Further, the Company's business depends heavily on services provided to AnaCap by various internet service providers and telecommunications companies. Any interruption in AnaCap's or the servicers' abilities to use the telecommunications and technology systems on which their business relies may have a material and adverse effect on its financial condition, financial returns and results of operations.

The Company, its subsidiaries, AnaCap and servicers may experience security and privacy breaches of their IT systems.

The Company, its subsidiaries, AnaCap and servicers use IT systems and databases that are vulnerable to damage, including telecommunications and network failures, natural disasters and cyber-attacks, as well as fraudulent activities by staff, including identity theft and other misuse of personal data. Despite the security measures and internal controls in place for each, systems may be subject to physical or electronic break-ins, cyber-attacks, computer viruses and similar disruptive problems. Data security procedures may not effectively counter evolving security risks or address all the security and privacy concerns or be fully compliant with laws and regulations in all respects. Any security or privacy breach of these databases could expose the Company and/or AnaCap to liability, including regulatory fines or penalties, disruption to its operations and harm its reputation, which in turn could have a material and adverse effect on the Company's financial condition, financial returns and results of operations due to its reliance on AnaCap's systems and, more broadly, its reputation.

The Company and AnaCap may be unable to successfully anticipate, manage or adopt technological advances within its industry, which would result in increased technology costs and, to the extent not implemented in a timely manner, adversely impact the Company's competitive position in relation to peers.

Computer technology is evolving rapidly and is characterized by short product lifecycles. The Company and AnaCap may not be successful in anticipating, managing or adopting technological changes on a timely basis, which could reduce the Company's profitability or disrupt its operations and harm its business as a result. While the Company believes existing information systems are sufficient to meet its needs and continued expansion, the Company's future growth may require additional investment by AnaCap in these systems. The cost of these improvements could be higher than anticipated or result in AnaCap not being able to devote sufficient attention to other areas of its business. The Company depends on AnaCap having the capital resources necessary to invest in new technologies to acquire advice on the servicing of the debt portfolios owned by the Company, its subsidiaries and the Asset SPVs. The Company cannot assure you that adequate capital resources will be available. Furthermore, if AnaCap becomes unable to continue to acquire, aggregate or use such information and data in the manner or to the extent in which it is currently acquired, aggregated and used, due to lack of resources, regulatory restrictions or any other reason, the Company may indirectly lose significant competitive advantage to competitors who have or have access to newer, better technology that allows for more efficient operations and more effective and efficient acquisition, aggregation and usage of data. Increased technology costs may have a material and adverse effect on the Company's financial condition, financial returns and results of operations.

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Company's investments.

On June 23, 2016, a majority of voters in the United Kingdom elected to withdraw from the EU in a national referendum. The terms of withdrawal are subject to a negotiation period that is expected to last at least two years from when the government of the United Kingdom formally initiated the withdrawal process, which occurred in March 2017. The referendum has led to disruptions in debt, equity and foreign exchange markets and has created significant uncertainty about the future relationship between the United Kingdom and the EU. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. The United Kingdom had a general election on June 8, 2017, without any one party winning the majority and which has created further uncertainty as to the process, negotiations and potential effects of the withdrawal process from the EU. These developments or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of market participants to operate in certain financial markets. The Investment Adviser is also based in England and its ability to operate across the European Union may be impacted by the UK withdrawal due to changes in regulations and access to European markets. Any of these factors could depress economic activity and restrict the Company's access to capital, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Rising interest rates could impair the ability of customers to pay their debts which could have a material adverse effect on the Company's financial condition, financial returns and results of operations.

In recent years, it has generally been expected that central banks ultimately would raise interest rates in the medium-term. Rising interest rates could impair the financial viability of customers who have variable interest rate obligations (such as home mortgages) or other significant debt that bears floating rate interest. This could, directly or indirectly, lead to a reduction in customers' disposable income and, as a result, their ability to repay their debts. If the debtors in the underlying portfolio investments, experience a reduced ability to pay their debts, servicers may require higher fees to address increased collection activity costs, and the Company or its subsidiary, as applicable, could face higher payment plan default rates and lower average payments, any of which could reduce the Company's cash generation, return on capital and ERC. Even if payment plans are able to be developed by the servicers in relation to certain of these obligations, such measures may prove unsuccessful. Further, the accounts underlying the investment could more quickly reach a point of saturation with certain customers (i.e., the number of accounts matched to a customer may reach a point at which that customer lacks the financial means to pay on all of the accounts that it owns). Even if some defaults could be avoided, total collections may still decline and/or the timing of receipt of payments may lengthen, any of which would impair the Company's financial condition and results of operations. In addition, rising interest rates may increase its financing costs, which may result in its inability to finance debt portfolio investments at profitable levels or at all.

Negative attention and news regarding the debt purchase and collection industry and individual debt purchasers or collectors, including the Company and AnaCap, may have a negative impact on a customer's willingness to pay a debt owed and may diminish its attractiveness as a counterparty for debt sellers and other third-parties.

The following factors, among others, may cause debtors to be more reluctant to pay their debts in full or at all, or more willing to pursue legal actions against the Company and/or its subsidiaries (including through claims management companies or other similar third-party agencies), even if such actions are not warranted:

- online, print and broadcast media may publish, from time to time, stories about the debt collection or debt purchasing industry that may cite specific examples of real or perceived abusive collection practices as well as regulatory investigations and enforcement actions. Online articles, blogs and tweets, in particular, can lead to the rapid dissemination of a story and increase the exposure to negative publicity about the debt purchase industry in general, or in relation to the Company or AnaCap;

- the Internet has websites where debtors can list their concerns about the activities of debt collectors and seek online guidance from others on how to react to collection efforts mostly in the UK. These websites are increasingly providing debtors with legal forms and other strategies to frustrate collection efforts and to try to avoid their obligations. To the extent that the advice, forms and strategies frustrate collection efforts, particularly where they are based upon erroneous legal information, the cost of collections may increase; and

- "blog" sites and claims management companies are becoming more common and add to the negative attention given to the debt purchase and debt collection industry. Certain of these organizations may also enable debtors to negotiate a larger discount on their payments than would otherwise be agreed to.

Negative publicity could also result from the Company or AnaCap being named in published industry complaint data sites, or any of the Company's servicer partners violating law or other regulatory requirements or acting inappropriately in their conduct of business. The Company or its relevant subsidiary is, and may in future be, contractually required to reassign debt portfolios if a debt portfolio attracts negative media attention towards a debt seller. Any of the foregoing could impact the Company's ability to purchase and/or investment in debt portfolios, its ability to collect on debt portfolios, and may materially and adversely affect its business and results of operations.

The Company and its subsidiaries are subject to ongoing risks of litigation under collections and other laws.

The Company or one or more of its subsidiaries may in the future be named as defendants in litigation, including under tax, collections, competition and other laws. Such claims against the Company or one or more of its subsidiaries, including bulk litigation, regardless of merit, could lead to costly litigation and the diversion of time and resources. Furthermore, if such claims are adversely determined against the Company or one or more of its subsidiaries, the relevant entity could be subject to enforcement orders and the Company's reputation, financial condition, financial returns and results of operations could be materially and adversely affected. In addition, claims management companies and consumer rights groups could increase their focus on the debt collection industry and, in particular, the collection of debts owed under regulated agreements. Such negative publicity or attention could result in increased litigation against the Company and/or its subsidiaries, including class action suits, which could materially and adversely affect the Company's reputation, financial condition, financial returns and results of operations.

The failure of confidentiality agreements to protect proprietary processes and systems could materially and adversely affect the Company's business.

The Company relies upon AnaCap's proprietary know-how, continuing technological innovation, and other trade secrets, to develop and maintain its competitive position. Certain of AnaCap's staff possess valuable trade secrets about its models, customer databases and business processes, and the risk of disclosure of such proprietary know-how could be heightened if any such person ceased to work for AnaCap. While it is AnaCap's policy to enter into confidentiality agreements with staff and third-parties to protect its proprietary know-how, there can be no assurance that:

- these confidentiality agreements will not be breached or will be of sufficient duration;

- such agreements will provide meaningful protection for AnaCap's trade secrets or proprietary know-how; or

- adequate remedies will be available in the event of an unauthorized use or disclosure of these trade secrets and proprietary know-how.

In addition, others may obtain knowledge of these trade secrets through independent development or other access by legal means.

AnaCap may in the future initiate lawsuits to enforce confidentiality agreements and the ownership of its proprietary processes and know-how. Initiating litigation relating to proprietary rights is costly and may divert the technical and management personnel of AnaCap from their day-to-day responsibilities. In many cases, it may not be possible to initiate a lawsuit prior to the disclosure of its trade secrets or proprietary know-how, at which point the damage to its competitive position may be severe or irreparable. Furthermore, AnaCap may not be successful in any such litigation or proceeding. A determination in a proceeding that results in a finding of non-infringement or non-violation by others to its proprietary processes and know-how or confidentiality agreements may result in the use by competitors of its technologies or processes, which, because the Company is reliant on AnaCap's proprietary processes and systems, may materially and adversely affect the Company's business, prospects, financial condition and results of operations.

No person will hold U.S. Risk Retention Interests.

For transactions involving the issuance of an asset-backed security, the U.S. Risk Retention Rules came into effect on December 24, 2016. An "asset-backed security" is defined in Section 3(a)(79) of the Exchange Act, in relevant part, as a "fixed-income or other security collateralized by any type of self-liquidating financial asset (including a loan, a lease, a mortgage, or a secured or unsecured receivable) that allows the holder of the security to receive payments that depend primarily on cash flow from the asset".

When applicable, the U.S. Risk Retention Rules generally require the "securitizer" of a "securitization transaction" to retain at least five percent of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. Risk retention is not required if the asset-backed securities can be offered in accordance with the foreign safe harbour under the U.S. Risk Retention Rules for transactions that have a limited nexus to the United States. These rules are intended to create a stronger alignment between the interests of the securitizer and the interests of investors. Although AnaCap expects to maintain an equity interest in the Company, no person involved in the offering of the Notes intends to hold interests that would qualify as risk retention interests under the U.S. Risk Retention Rules, and investors will therefore not receive the potential benefit of an alignment of interests created through risk retention interests.

The foreign safe harbour of the U.S. Risk Retention Rules is generally available to a transaction if (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 percent of the dollar value (or equivalent amount in foreign currency) of all relevant securities are sold or transferred to U.S. persons or for the account or benefit of U.S. persons; (3) neither the sponsor nor the issuer of the transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 percent of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

There is little regulatory guidance on the scope or application of the definition of asset-backed security in the context of transactions such as the offering of the Notes. Although AnaCap and the Company believe that the Notes should not be considered to be asset-backed securities, because of that lack of regulatory clarity, AnaCap and the Company have chosen to offer the Notes in accordance with the foreign safe harbour. If the offering of the Notes were determined to be an offering of asset-backed securities, and if the conditions for the foreign safe harbour were determined not to have been satisfied, there can be no assurance that such determinations may not adversely affect the Notes or the market value of the Notes. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. See "*Transfer Restrictions—Investor Representations*" in this Offering Memorandum.

None of AnaCap, the Company, the Initial Purchasers or any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Offering Memorandum are required to comply (or comply) with the U.S. Risk Retention Rules or satisfy the conditions for the foreign safe harbour.

Failure to register under the Investment Company Act may result in a material adverse effect on the Company.

The Company has not been and will not be registered with the SEC as an investment company pursuant to the Investment Company Act in reliance on the exclusion from registration provided by Section 3(c)(7) of the Investment Company Act. No action positions are available for non-U.S. obligors (a) whose outstanding securities owned by U.S. persons are owned exclusively by Qualified Purchasers and (b) which do not make a public offering of their securities in the United States. Accordingly, investors in the Notes will not be accorded the protections of the Investment Company Act. The Company's counsel will opine, in connection with the sale of the Notes, that it is not at such time an investment company required to be registered under the Investment Company Act (assuming, for the purposes of such opinion, the accuracy and completeness of all representations and warranties made or deemed to be made by investors in the Notes). No opinion or no-action position has been requested of the SEC.

If the SEC or a court of competent jurisdiction were to find that the Company is required, but has failed, to register in violation of the Investment Company Act, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors could sue the Company and recover any damages caused by the violation of the registration requirement of the Investment Company Act; and (iii) any contract to which the Company is party that is made in, or whose performance involves a, violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Company be subjected to any or all of the foregoing, there would be a material adverse effect on the Company.

If the Company determines that a purchaser of the Notes that is a U.S. person was not a Qualified Purchaser at the time of its acquisition of the Notes, the Company will have the right, at its option, to require such person to dispose of its Notes to a person or entity that is qualified to hold the Notes immediately upon receipt of a notice from the Company that the relevant Purchaser was not a Qualified Purchaser.

Risks Relating to the Company's Financials and Tax Considerations

The international scope of the Company's operations and its corporate and financing structure may expose it to potentially adverse tax consequences and potentially negatively affect its business.

Changes in tax laws or their interpretation could lead to an increase in the tax liabilities of the Company or its subsidiaries and may affect the intended tax treatment of investments. The Company and its subsidiaries hold a substantial amount of its investments through Asset SPVs. For a variety of reasons, the investments in the Asset SPVs are likely to be funded wholly or partly by way of a series of debt instruments with the equity of certain Asset SPVs held by one or more third-parties. The Asset SPVs are generally substantially exempt from income taxes in their jurisdiction of incorporation, are not subject to, or are subject to minimal, income tax in the jurisdictions in which their assets are located and generally only hold assets that are not subject to withholding taxes on distributions made by, or on realizations of, the assets. However, tax laws may change or be subject to differing interpretations, possibly with retroactive effect, or the relevant tax authority may take a different view, so that the tax consequences of a particular investment or Asset SPV structure may change after the investment has been made or the Asset SPV has been established with the result that assets held by Asset SPVs may be subject to withholding taxes or the Asset SPVs themselves may become liable to tax, in each case resulting in the Company's after-tax returns being reduced. On 5 October 2015, the OECD published final recommendations for new, or amendments to existing, tax laws arising from its BEPS project. One of the recommendations of the OECD in relation to the BEPS project is that double tax treaties modelled on the OECD model convention (such as those of Luxembourg) should include enhanced anti-abuse provisions such as a limitation of benefit or principal purpose clause (BEPS Action 6). The nature and timing of any change in tax laws that may occur (whether as a result of such recommendations or otherwise) is not clear and until further clarity is obtained, the Company, its subsidiaries and the Asset SPVs will continue to be subject to uncertainty as to any potential tax risk in the jurisdictions in which they are incorporated or resident for tax purposes and in each jurisdiction where their assets are located. Although the Company is of the view that it, its subsidiaries and the Asset SPVs have a good commercial purpose for operating, and maintain sufficient substance, in the jurisdictions in which they operate, if the Company, any subsidiary or any Asset SPV were denied treaty benefits following the implementation of BEPS Action 6 by a relevant jurisdiction, this may have a material and adverse effect on the Company's financial condition, financial returns and results of operations or on its ability to make payments on the Notes and its other indebtedness.

The Company, its subsidiaries and the Asset SPVs are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions (including Luxembourg tax laws) as a result of the international scope of their operations and corporate and financing structure. The Company, its subsidiaries and the Asset SPVs are regularly subject to the examination of their corporate income tax arrangements by the competent tax authorities (particularly with respect to their financing and deductibility of interest at the level of subsidiaries and the Asset SPVs), as described in more detail below. The Company, its subsidiaries and the Asset SPVs are also subject to intercompany pricing laws, including those relating to the flow of funds among companies pursuant to, for example, purchase agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on the business of the Company, its subsidiaries or of the Asset SPVs and therefore on the Company's financial condition and results of operations or on its ability to service or otherwise make payments on the Notes and its other indebtedness, including the Revolving Credit Facility. In addition, the tax authorities in any applicable jurisdiction may disagree with the positions the Company, its subsidiaries or Asset SPVs and their respective advisers have taken or intend to take regarding the tax treatment or characterization of any of their transactions, including the tax treatment or characterization of their indebtedness, including the Notes, existing and future intercompany loans and guarantees or the deduction of interest expenses. The Company, its subsidiaries or the Asset SPVs could also fail, whether inadvertently or through reasons beyond their control, to comply with tax laws and regulations relating to the tax treatment of various of their financing arrangements, which could result in unfavorable tax treatment for such arrangements. If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any such intercompany loans or transactions, it could result in the disallowance of deductions, limit the ability to deduct interest expenses, the imposition of withholding taxes, the application of significant penalties and accrued interest on intercompany loans or internal deemed transfers, the application of significant penalties and accrued interest or other consequences that could have a material adverse effect on the Company's returns, financial condition and results of operations or on its ability to make payments on the Notes and its other indebtedness.

Examinations and challenges by tax authorities, or changes in tax laws or regulations, or the application thereof, could materially and adversely affect the Company's business.

The Company's tax returns, and those of its subsidiaries and the Asset SPVs, are prepared in accordance with their understanding of applicable tax legislation and prevailing case law. Certain tax positions taken by the Company, its subsidiaries and the Asset SPVs are based on industry practice, tax advice and drawing similarities from its facts and circumstances to those in case law. These positions may relate to tax compliance, sales and use, value-added, permanent establishment, classification of income, treaty relief, withholding tax, franchise, gross receipts, payroll, property and income tax issues, including tax base and apportionment. The Company cannot be certain that the tax authorities will be in agreement with its view. The Portfolio Business is subject to periodic tax audits and any challenges made by tax authorities to its application of tax rules may result in adjustments to the timing or amount of taxable income or deductions. If any such challenges are not resolved in favor of the Portfolio Business, it could have an adverse effect on the Company's financial condition and result of operations. Additionally, changes in tax laws or rules or the application thereof could increase the amount of tax the Company, its subsidiaries or the Asset SPVs must pay, which may have a material and adverse effect on the Company's financial condition, financial returns and results of operations or on its ability to make payments on the Notes and its other indebtedness.

The Company's effective tax rate in a given financial year reflects a variety of factors that may not be present in the succeeding financial year or years. One such factor affecting this effective tax rate is the special tax regime of the Company in Luxembourg, where it is exempt from income tax and the relevant standard rate of corporation tax assessed against its subsidiaries, which is subject to change. This Company is currently taxed in Luxembourg at a rate of 0.01% on its net assets. Generally, for the Company's subsidiaries or the Asset SPVs, changes in fiscal regulations or the interpretation of tax laws by the courts or the tax authorities including those tax laws relating to the utilization of tax loss or credit carry forwards, and changes in their assessment of certain matters, such as the ability to realize deferred tax assets, may also have a material adverse effect on the business of the subsidiaries or the Asset SPVs. Any additional tax payments due by the Company's subsidiaries or the Asset SPVs could have a material adverse effect on the Company's returns and results of operations and financial condition or on its ability to make payments on the Notes and its other indebtedness.

There is a risk of adverse tax consequences by reason of having a permanent establishment.

If the Company, any of its subsidiaries or any of the Asset SPVs were treated as having a permanent establishment or otherwise creating a taxable presence in any country in which it invests or operates or carries on business, income attributable to such permanent establishment or taxable presence may be subject to tax on a net basis. If this were the case, the Company or the applicable subsidiary or Asset SPV may be subject to an amount of tax that is materially larger than expected. One of the OECD's recommendations in relation to the BEPS project is that the definition of permanent establishment currently used in tax treaties modelled on the OECD model convention (such as those of Luxembourg and the UK) should be broadened to include a wider range of relationships within the scope of the "dependent agent" definition (BEPS Action 7). This could potentially include advisory relationships where the adviser introduces business to the principal, or where the adviser undertakes negotiations on behalf of the principal in circumstances where the principal routinely concludes agreements without material modification. If the definition of permanent establishment changes in any tax treaty applicable to the Company, any subsidiary or any Asset SPV, this may result in the Company or the applicable subsidiary or Asset SPV becoming subject to an amount of tax that is materially larger than expected. In either case, such increased taxation may have a material adverse effect on the Company's business, financial condition and results of operations or on the Company's ability to make payments on the Notes and its other indebtedness.

It can take several years to realize cash returns on the Company's investments.

It may take several years for the Company to recoup its direct and indirect investments in debt portfolios before taking into consideration the Company's operating costs, financing costs, taxes and other factors. The Company's investments are typically measured on a projected return basis over seven or more years. During this period, changes may occur in the economy, the regulatory environment, the Company's business or its industry, any of which could lead to a reduction in its ERC, a significant reduction of which could cause the Company to record an impairment of its purchased debt portfolios. Given the multi-year payback period on substantially all the debt portfolios the Company has invested in, it is exposed to the risk of any such changes for a significant period of time. If any such risks were to materialize, it may have a material and adverse effect on the Company's financial condition, financial returns and results of operations.

A number of estimates and assumptions were used in the preparation of the Financial Statements included herein and the Company will use a number of estimates and assumptions in the preparation of its consolidated financial statements in the future, which could prove to be incorrect or cause its earnings to fluctuate.

Certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities, that are not readily apparent from other sources, were used in the preparation of the Financial Statements included herein. These estimates and 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 recognized in the year in which the estimate is revised. The Company will also be required to make judgments, estimates and assumptions in the preparation of its consolidated financial statements in the future.

Areas requiring more complex judgments may shift over time, based on changes in accounting policies or on changes in the Company's business profile. More complex judgments are required in relation to carrying value and effective interest rate ("EIR") of purchased debt portfolios and associated revenue recognition, and impairment of the debt portfolios among others.

If actual future cash collections are materially different in amount or timing than the ERC, the Company's earnings could be affected, either positively or negatively. Higher collection amounts or cash collections that occur sooner than projected will have a favorable impact on revenue in the form of yield increases or impairment reversals. In addition, higher collection amounts or cash collections that occur sooner than projected will have the effect of reducing the expected future value of the debt portfolios, requiring the Company to invest in additional debt portfolios in order to maintain its level of expected future cash flows and the Company may not be able to invest in such portfolios. Lower collection amounts or cash collections that occur later than projected will have an unfavorable impact and may result in an impairment of the debt portfolio. Impairments cause reduced and fluctuating earnings.

Estimates are reviewed for reasonableness on a semi-annual basis. Changes to carrying values of assets and liabilities are applied in accordance with IAS 39 'Financial instruments: recognition and measurement'.

In the future, should actual results differ from the Company's estimates and assumptions (particularly with respect to revenue recognition and cash flow forecasts), this could have a material adverse effect on its business, prospects, results of operations and financial condition.

The Financial Statements of the Portfolio Business included herein may not be representative of the results that it would have achieved and may not be a reliable indicator of its future results.

The Financial Statements included in this Offering Memorandum relate to the Portfolio Business and reflect the results of operations, financial position and cash flows directly attributed to the Portfolio Business. However, the Portfolio Business has not comprised a separate legal entity or group of entities for the years ended December 31, 2014, 2015 and 2016 and for the three-months ended March 31, 2017 and June 30, 2017. The Financial Statements have therefore been prepared on a carve-out basis and the results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Portfolio Business been a separate entity or the future results of the Portfolio Business as it will exist upon completion of the Transactions. For example, the costs and expenses reflected in the Financial Statements include an allocation for certain fees payable to AnaCap. The allocated charges may be different from the comparable expenses that the Portfolio Business would have incurred had it operated as a separate legal entity or group of entities. The Financial Statements have been prepared specifically for the purposes of the Transactions and for inclusion in this Offering Memorandum and are prepared on a basis that combines the results, assets and liabilities of the Portfolio Business by applying the principles underlying the consolidation procedures of IFRS 10 ('Consolidated Financial Statements'). Upon the establishment and commencement of operations of the Company, the assets and liabilities acquired as part of the Transactions will be recognized at fair value in accordance with the accounting policy for the initial recognition of financial assets and liabilities in accordance with IFRS.

The introduction of new accounting standards may lead to changes in estimations in respect of certain accounting policies.

Following the completion of the Transactions, the financial results of the Company and its subsidiaries will be reported at the Company level on a consolidated basis. The Company will be required to apply IFRS 9 ('Financial Instruments') for periods commencing on or after January 1, 2018. The Company is still in the process of determining the potential impact, but believes that implementation may lead to changes in estimation in respect of revenue recognition, impairment of the debt portfolios it purchase and invests in, collection forecast and impairment tests of its goodwill, among others. In the future, should actual results differ from the Company's estimates and assumptions (particularly with respect to revenue recognition and collection forecast) this could have a material adverse effect on its business, prospects, results of operations and financial condition.

Risks Relating to the Company's Management and Governance

The Company's AIFM is an independent third-party service provider and is not controlled by the Company.

The Company's AIFM is an independent third-party service provider and is not controlled by the Company. The functions and duties that the Company's AIFM will undertake in relation to the Company shall not be exclusive. Accordingly, events beyond the Company's control, including the possibility that the Company's AIFM may encounter financial difficulties, may negatively affect the Company's AIFM, its operations and its services provided to the Company. The insolvency or bankruptcy of the Company's AIFM may negatively affect the Company and its investments.

There may be circumstances where the Company's AIFM, the Portfolio Manager and the Investment Adviser may have a conflict of interest with the Company and circumstances where the Directors of the Company may have a conflict of interest.

The Company's AIFM, the Portfolio Manager, the Investment Adviser and their affiliates manage advise and earn fees from other investment vehicles which have investment objectives that overlap with those of the Company, and they and their affiliates may serve as managers, portfolio managers or advisers to other funds in the future. See "*Overview of AnaCap*" and "*Management and Governance*". In addition, the Portfolio Manager, the Investment Adviser and their affiliates may also encounter potential conflicts of interest with the other activities of AnaCap.

There may be conflicts of interest in allocating investments among the Company and other investment vehicles and in effecting transactions between the Company and other investment vehicles, including transactions in which the Portfolio Manager, the Investment Adviser and their affiliates may have a financial interest. See "*Management and Governance—Conflicts of Interest—Allocation Policy*".

The Portfolio Manager has discretion to allocate capital of the Company or of the other investment vehicles or accounts that it manages. While there is an allocation policy in place, it enables the Portfolio Manager to exercise a certain amount of discretion and therefore the Portfolio Manager is not obligated to allocate capital on a *pro rata* basis. When it is determined that it would be appropriate for the Company and one or more other investment vehicles managed by the Portfolio Manager or its affiliates to participate in the same investment opportunity, the Portfolio Manager will seek to allocate participation levels on an appropriate basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to market trends and the size, liquidity, finance ability and anticipated term of the proposed investment, but there can be no assurances that such participation levels will be met.

The Company has broad investment guidelines and may co-invest with vehicles managed by the Portfolio Manager and its affiliates or invest in securities that are senior or junior to securities owned by such investment vehicles. The investment strategy of such investment vehicles and their investment holding period may differ to the strategy of the Company. Depending on the circumstances, the Portfolio Manager, the Investment Adviser and their affiliates may give advice to or take action with respect to such other investment vehicles that differs from the advice given or action taken in respect of the Company. As of March 31, 2017, the Portfolio Manager managed ACOF II and ACOF III, each focused on investing in credit, with approximately €1 billion in capital commitments. Currently ACOF III remains in its investment period and the Company may co-invest with this fund.

Additionally, some of the members of the Board of Directors of the Company also serve as members, officers and/or directors of other AnaCap entities, as well as entities not affiliated with AnaCap, and may from time to time invest in or otherwise be involved with entities that have investment strategies similar to the Company's and/or with entities that are the subject of transactions with the Company.

Appropriately dealing with conflicts of interest is complex and difficult, and the Company's reputation could be damaged if the Portfolio Manager and/or the Company fails, or appears to fail, to deal appropriately with one or more potential, actual or perceived conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on the Company's reputation, which could materially adversely affect the Company's business in a number of ways, including causing an inability to raise additional funds, a reluctance of counterparties to do business with the Company and a resulting increased risk of litigation and regulatory enforcement actions. The ability of the Portfolio Manager and its affiliates and their officers and employees to engage in other business activities will reduce the time spent managing the Company. The Company may engage in a material transaction with the Portfolio Manager or another entity managed by the Portfolio Manager provided the transaction is on arm's length commercial terms.

While the Company, its Directors, the Company's AIFM, the Portfolio Manager and the Investment Adviser seek to avoid conflicts of interest or to ensure balances are appropriately maintained, there can be no assurance that such conflicts of interest may not have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Broad investment guidelines provide the Portfolio Manager with a wide range of potential investments and its selection could increase or significantly vary the Company's investment risk exposure.

The Portfolio Manager has broad investment authority and the strategies that the Portfolio Manager may pursue for the Company may change and evolve materially over time and are not limited to the strategies described herein. Although the Company's AIFM will maintain internal risk guidelines, such risk guidelines may be subject to change over time and the Company may pursue investment strategies not described herein or may make investment decisions that fall outside such internal risk guidelines. The Portfolio Manager will opportunistically implement whatever strategies, techniques and discretionary approaches, as well as such other investment tactics, as it believes from time to time may be suited to prevailing market conditions. The Portfolio Manager may utilize such position size, duration and other portfolio management techniques as it believes are appropriate for the Company to the extent consistent with the Company's investment objective. New investment strategies, techniques, discretionary approaches and investment tactics may not be thoroughly tested before being employed and may have operational or other shortcomings that could result in unsuccessful investments and, ultimately, losses to the Company. In addition, any new investment strategy, technique and tactic developed by the Portfolio Manager may be more speculative than earlier investment strategies, techniques and tactics and may involve material and as-yet-unanticipated risks that could increase the risk of loss to the Company.

The Company's AIFM and the Portfolio Manager will not be liable to the Company for any acts or omissions performed in accordance with the AIFM Agreement and the Investment Management Agreement, respectively, including with respect to the performance of the Company's investments.

The AIFM Agreement, the Investment Management Agreement and the other agreements between the Company and its service providers contain provisions that, subject to applicable law, reduce or modify the duties and obligations that the Company's AIFM, the Portfolio Manager and such service providers would otherwise owe to the Company. In particular, the Portfolio Manager will not be liable to the Company for losses or liabilities suffered or incurred by the Company as a result of the acts or omissions of the Portfolio Manager in managing the investments of the Company save where it has been ultimately determined by a court of competent jurisdiction that the Portfolio Manager has committed a material violation of the Investment Management Agreement, fraud, willful misconduct, bad faith, or acted with reckless disregard of its duties. Furthermore, the Company has agreed to indemnify the Company's AIFM, the Portfolio Manager and the other service providers against any losses they may suffer in the course of providing services to the Company.

The fees, costs and expenses (whether or not advanced) and other liabilities resulting from the Company's indemnification obligations are generally payable by the Company. The application of the foregoing standards may result in the Company having a more limited right of action in certain cases than they would in the absence of such standards. As a result of these considerations, the Company may bear significant financial losses even where such losses were caused by the negligence (even if heightened) of such persons, which may have a material adverse effect on the Company's business, financial condition and results of operations.

There may be certain limitations of liability under the agreements that enable the Company to operate.

Under the terms of the AIFM Agreement, the Portfolio Management Agreement, any placement or marketing agreements entered into in respect of the Company and, the Depositary Agreement, the liability of the relevant service providers to the Company's AIFM and the Company will be limited in accordance with such terms. Those limitations may restrict the Company and/or the ability of the Company's AIFM to claim and recover losses incurred by the Company as a result of bad acts or contractual breach by such service providers, which may have a material adverse effect on the Company's business, financial condition and results of operations.

Under the terms of the Administration Agreement, the Administrative Agent's liability is subject to an aggregate cap. This cap may have a negative impact on the Company, the Company's AIFM, and investors in the Notes. As a liability cap is not prohibited by the RAIF Law or the AIFM Law for an administrative agent the parties to the Administration Agreement can agree to include such a cap, which may have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Relating to the Company's Indebtedness, Including the Notes and the Guarantees

The Company's substantial leverage and debt service obligations could adversely affect its flexibility in managing its business and could prevent the Company and the Guarantors from fulfilling their obligations under the Notes and the Guarantees.

As of March 31, 2017, on a *pro forma* basis after giving effect to the Transactions, including the use of proceeds from the offering of the Notes, the Company would have had €325.0 million of total debt. See "*Pro Forma Capitalization*". In addition, the Company would also have had €45.0 million available for borrowing under the Revolving Credit Facility.

For a description of its debt, other than the Notes, see "*Description of Certain Financing Arrangements*" and "*Description of the Notes*".

The Company anticipates that its high leverage will continue for the foreseeable future. The Company's high leverage could have important negative consequences to holders of the Notes offered hereby and the Company's and its subsidiaries' business and operations, including, but not limited to:

- making it difficult for the Company to satisfy its obligations with respect to its debt and the Guarantors' obligations with respect to their Guarantees, including the Notes;
- requiring the Company to dedicate a substantial portion of its cash flow from operations to making payments on its indebtedness, thereby limiting the availability of funds for portfolio purchases and investments, working capital, business opportunities and other general corporate purposes;
- negatively impacting credit terms with the Company's and its subsidiaries' creditors;
- increasing its vulnerability, and reducing its flexibility to respond, to adverse general economic or industry conditions;
- limiting its flexibility to react adequately to changes in the Company's business or the industry in which the Company and its subsidiaries operate;
- placing the Company and its subsidiaries at a competitive disadvantage compared to their competitors with lower levels of indebtedness;
- limiting the Company's and its subsidiaries' ability to borrow additional funds or increase the costs of any such additional borrowings; and
- limiting the Company's and its subsidiaries' ability to make acquisitions.

Any of these or other consequences or events could have a material adverse effect on the Company's and its subsidiaries' ability to satisfy the Company's debt obligations, including the Notes. The Company's ability to make payments on and refinance its indebtedness and to fund working capital expenditures and other expenses will depend on the Company's and its subsidiaries' future operating performance and ability to generate cash from operations. The Company's ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond the Company's control. The Company may not be able to generate sufficient cash flow from operations nor obtain enough capital to service its debt or to make acquisitions.

Despite the Company's substantial leverage, the Company and its subsidiaries may incur significant additional amounts of debt, which could adversely affect the Company's business, prevent the Company and the Guarantors from fulfilling their obligations with respect to the Notes and the Guarantees and further exacerbate the risks associated with the Company's substantial indebtedness.

The terms of the Indenture will permit the Company and its subsidiaries to incur substantial additional indebtedness, including in respect of committed borrowings under the Revolving Credit Facility and certain other debt, which may be secured and that shares in the Collateral securing the Notes. Certain creditors in respect of the Company's and its subsidiaries' debt, including lenders under the Revolving Credit Facility Agreement and counterparties to certain hedging obligations (if any) will receive proceeds from the enforcement of security granted over the Collateral prior to the holders of the Notes. In addition, the Indenture will allow non-guarantor subsidiaries to incur additional debt that would be structurally senior to the Notes and will not prevent the Company and its subsidiaries from incurring liabilities that do not constitute "Indebtedness" as defined thereunder. The agreements governing such debt generally limit the Company's and its subsidiaries' ability to incur additional indebtedness, but do not prohibit the Company and its subsidiaries from doing so. Borrowings under debt instruments that contain cross-acceleration or cross-default provisions may as a result also be accelerated and become due and payable. The Company and its subsidiaries may be unable to pay these debts in such circumstances. The incurrence of additional indebtedness would increase the leverage-related risks described in this Offering Memorandum.

The Notes and each Guarantee will be structurally subordinated to the liabilities of non-guarantors.

None of the Company's subsidiaries will initially guarantee the Notes, which means that holders of the Notes will have no direct claims against the assets or the earnings of the Company's subsidiaries to satisfy obligations due under the Notes. Within 60 days following the Issue Date, some, but not all, of the Company's subsidiaries will guarantee the Notes. As of March 31, 2017, the debt portfolios and loan notes that will be owned by the Company and the Guarantors, giving effect to the Acquisition and the completion of the Transactions, collectively represented 94.6% of 84-Month ERC and 94.8% of book value of the Portfolio Business.

The Company's subsidiaries that do not guarantee the Notes do not have any obligation to pay amounts due on the Notes or to make funds available for that purpose. Accordingly, you should only rely on the Company and the Guarantees of the Notes to provide credit support in respect of payments of principal or interest on the Notes.

Generally, holders of indebtedness of, obligations of and trade creditors of, non-guarantors, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such entities before these assets are made available for distribution to any direct or indirect shareholder of any such entity, including the Company and the Guarantors. Accordingly, in the event that any of the non-guarantors becomes insolvent, liquidates or otherwise reorganizes:

- the creditors of the Guarantors or the Company (including the holders of the Notes) will have no right to proceed against such non-guarantor's assets; and
- creditors of such non-guarantor entity, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such non-guarantor entity before any direct or indirect shareholder, including the Company and the Guarantors, will be entitled to receive any distributions from such non-guarantor entity.

As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of the Company's non-guarantor subsidiaries.

The Company and its subsidiaries are subject to restrictive covenants that limit the Company's ability to finance its future operations and capital needs and to pursue business opportunities and activities.

The Indenture and the Revolving Credit Facility Agreement will contain covenants that restrict, among other things, the Company's and its subsidiaries' ability to, as applicable:

- incur or guarantee additional indebtedness and issue preferred stock;
- pay dividends or make other distributions or purchase or redeem the Company's stock;
- make investments or other restricted payments;
- prepay or redeem subordinated debt;
- enter into agreements that restrict the Company's restricted subsidiaries' ability to pay dividends;
- transfer or sell assets;
- engage in certain transactions with affiliates;
- create or permit to exist liens on assets to secure indebtedness;
- impair security interests; and
- merge or consolidate with or into other entities to transfer all or substantially all of the Company's and its restricted subsidiaries' assets or a Guarantor's assets.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*" and "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*". Any future indebtedness may include similar or other restrictive terms. These restrictions could materially and adversely affect the Company's ability to finance its future operations or capital needs or to engage in other business activities or consummate transactions that may be in its best interest.

The Company's failure to comply, or to ensure its subsidiaries' compliance, with applicable debt covenants and certain maintenance covenants, including as a result of events beyond its control, could result in an event of default which could materially and adversely affect its financial condition, financial returns and results of operations.

The Revolving Credit Facility Agreement requires the Company to maintain certain ratios and future debt obligations may contain similar obligations. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*". The Company's ability to meet these financial ratios could be affected by deterioration in its operating results, as well as by events beyond its control, including decreases in collections and unfavorable economic conditions, and the Company cannot assure you that it will be able to meet these ratios.

Moreover, the Revolving Credit Facility Agreement includes certain events of default (such as breach of representations and warranties and cross-payment or cross-acceleration defaults) that are in addition to the events of default set forth in the Indenture. If an event of default occurs under the Revolving Credit Facility Agreement or any other of the Company's debt instruments and is not cured or waived, borrowings and obligations under any other debt instruments that the Company has outstanding, including the Notes, that contain or will contain cross-acceleration or cross-default provisions may also be accelerated or become payable on demand, together with accrued and unpaid interest and other fees payable thereunder. In these circumstances, the Company's assets and cash flow may not be sufficient to repay in full all of its indebtedness that has been accelerated, including the Notes, which could force the Company into bankruptcy or liquidation. The Company might not be able to repay its obligations under the Notes in such an event.

The Company will require a significant amount of cash to service its debt and sustain its operations. The Company's ability to generate sufficient cash depends on many factors beyond its control, and it may not be able to generate sufficient cash to service its debt.

The Company's ability to make payments on and to refinance its indebtedness, and to fund portfolio purchases and investments, working capital and to make capital expenditures to the extent required, will depend on its future operating performance and ability to generate sufficient cash. This depends on the success of its business and investment strategy and on economic, financial, competitive, market, legislative, regulatory and other factors, as well as the factors discussed in these "*Risk Factors*", many of which are beyond its control.

The Company's Revolving Credit Facility Agreement provides for a revolving credit facility with commitments of €45.0 million, which will terminate on the earlier of (i) the date falling five years from the Issue Date and (ii) the date falling six months prior to the final maturity date of the Notes. The Company cannot assure you that its business will generate sufficient cash flows from operations, that turnover growth, cost savings and operating improvements will be realized or that future debt and equity financing will be available to the Company in amounts sufficient to enable the Company to pay its debts when due, including the Notes and any drawings under the Revolving Credit Facility, or to fund its other liquidity needs. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

If the Company's future cash flows from operations and other capital resources are insufficient to pay its obligations as they mature or to fund its liquidity needs, it may be forced to:

- reduce or delay its business and investment activities and any capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of its debt, including the Notes and the Revolving Credit Facility, on or before maturity.

The Company cannot assure you that it would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. Any failure to make payments on the Notes or the Revolving Credit Facility on a timely basis would likely result in the ability of lenders and holders of the Company's debt to accelerate such debt, and to the extent such debt is secured, foreclose on such secured assets. In addition, the terms of the Company's debt, including under the Indenture and the Revolving Credit Facility Agreement, limit, and any future debt may limit, its ability to pursue any of these alternatives. Any refinancing of its debt could be at higher interest rates and may require the Company and its subsidiaries to comply with more onerous covenants, which could further restrict the Company's business and adversely affect its financial condition and results of operations. There can be no assurance that any assets that secure the Company's debt obligations can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable or sufficient to satisfy the Company's obligations. If the Company is unable to satisfy its obligations with respect to its indebtedness, its borrowings under financing agreements or instruments containing cross-default or cross-acceleration provisions (including the Indenture and the Revolving Credit Facility Agreement) may become payable on demand and it may not have sufficient funds to satisfy all of its debt obligations.

Creditors under the Revolving Credit Facility and certain hedging obligations relating to indebtedness permitted to be incurred on the Collateral will be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale or distressed disposal in priority to the Notes. Holders of the Notes will not control decisions regarding the Collateral in certain circumstances.

The Notes and the Guarantees will be secured initially on a first-priority basis by the same Collateral that will secure the obligations under the Revolving Credit Facility and certain hedging liabilities (if any) that may be secured by the Collateral. Pursuant to the Intercreditor Agreement, lenders under the Revolving Credit Facility Agreement and under certain hedging arrangements, the Security Agent, any receiver and certain creditor representatives are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale prior to the holders of the Notes. In addition, the lenders under the Revolving Credit Facility Agreement and certain hedging arrangements (if any) will have priority over any amounts received from the sale of any assets of the Company or any of the Guarantors pursuant to certain distressed disposals. As such, in the event of a foreclosure of the Collateral, you may not be able to recover on the Collateral if the aggregate of the then outstanding claims under the Revolving Credit Facility Agreement, such hedging obligations, or owing to the Security Agent, any receiver and such creditor representatives are greater than the proceeds realized. Any proceeds from an enforcement sale of the Collateral by any creditor will, after all obligations under the Revolving Credit Facility Agreement, such hedging obligations and any sums owing to the Security Agent, any receiver and such creditor representatives have been discharged from such recoveries, be applied *pro rata* in repayment of the Notes and any other obligations secured by the Collateral which are permitted to rank *pari passu* with the Notes.

The Intercreditor Agreement provides that a common Security Agent, who will also serve as the security agent for the lenders under the Revolving Credit Facility Agreement, certain potential future hedging obligations which are permitted by the Indenture to be secured on the Collateral, and any additional debt secured by the Collateral permitted to be incurred by the Indenture, will act only as provided for in the Intercreditor Agreement. The Intercreditor Agreement regulates the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action. In addition, the Intercreditor Agreement includes security enforcement principles with the aim of maximizing, so far as is consistent with prompt and expeditious realization of value from enforcement of the Collateral, the recovery by the secured creditors, however certain amendments, variations and waivers to the security enforcement principals may require the prior written consent of the Company, which may limit the manner the Security Agent, on behalf of secured creditors, including holders of the Notes, can take enforcement action with respect to the Collateral. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

The lenders under the Revolving Credit Facility Agreement and creditors in respect of certain potential future hedging obligations may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the security documents at a time when it would be disadvantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells Collateral comprising the shares of the Company or any of its subsidiaries as a result of an enforcement action or other distressed disposal in accordance with the Intercreditor Agreement, claims under the Notes and the Guarantees against, and the liens over any other assets of, such entities and any subsidiaries of such entity securing the Notes and the Guarantees may be released. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens on the Collateral*".

Delays in enforcement could decrease or eliminate recovery values. In addition, the holders of the Notes will not have any independent power to enforce, or have recourse to, any of the Security Documents or to exercise any rights or powers arising under the Security Documents, except through the Security Agent as provided in the Intercreditor Agreement. By accepting the Notes, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse against the Company and the Guarantors in the event of a default. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

The Revolving Credit Facility and the Notes will bear interest at floating rates that could rise significantly, increasing its interest cost and reducing cash flow.

Borrowings under the Revolving Credit Facility will bear interest at a rate per annum equal to LIBOR or EURIBOR, in each case adjusted periodically, plus a spread, and the Notes bear interest at rates per annum equal to EURIBOR adjusted periodically, plus a spread. These interest rates could rise significantly in the future, thereby increasing its interest expenses associated with these obligations, reducing cash flow available for purchasing and investing in portfolios, making any capital expenditures if needed and hindering the Company's ability to make payments on the Notes. Although the Company may enter into certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that such hedging will be available or continue to be available on commercially reasonable terms. Any such increase in the Company's interest expense could have a material adverse effect on the Company's ability to service its debt obligations, including its obligations under the Notes.

No appraisals of any of the Collateral have been prepared by the Company or on its behalf in connection with the issuance of the Notes. The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and the Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Guarantees.

The Company's obligations under the Notes will be secured only by the Collateral described in this Offering Memorandum, which Collateral also will secure the obligations under the Revolving Credit Facility and may secure certain hedging obligations. Certain creditors in respect of the Company's debt, including lenders under the Revolving Credit Facility Agreement and counterparties to certain potential future hedging obligations (if any) will receive proceeds from the enforcement of security granted over the Collateral prior to the holders of the Notes. In addition, the Company and certain of its subsidiaries have the ability to incur additional indebtedness in an amount provided under the Indenture that will receive proceeds from the enforcement of security granted over the Collateral prior to the holders of the Notes. The Collateral may also secure additional debt ranking *pari passu* with the Notes to the extent permitted by the terms of the Indenture and the Intercreditor Agreement. Your rights to the Collateral may therefore be diluted by any increase in the first-priority debt secured by the Collateral or a reduction of the Collateral securing the Notes.

No appraisals of any of the Collateral have been prepared by the Company or on its behalf in connection with the issuance of the Notes. There is no guarantee that the value of the Collateral and the amount to be received upon an enforcement of such Collateral will be sufficient to satisfy the Company's debt obligations, including under the Notes. There is no requirement to provide funds to enhance the value of the Collateral if it is insufficient. The proceeds of any sale of the Collateral following an event of default with respect to the Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Notes.

The amount of proceeds realized upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among others, general market and economic conditions, the condition of the market for the Collateral, the ability to sell Collateral in an orderly sale, the fair value of the Collateral, the timing and manner of the sale, whether or not its business is sold as a going concern, the ability to readily liquidate the Collateral, whether there was any restriction on collection, assignment or onward sale was placed on the Collateral by the originator, the availability of buyers and the condition of the Collateral and exchange rates. Further, there may not be any buyer willing and able to purchase its business as a going concern, or willing to buy a significant portion of its assets in the event of an enforcement action.

The Company believes its portfolio investments (including through its subsidiaries) represent the significant majority of the value of the Collateral. These assets, in particular, may be subject to significant changes in value due to economic or regulatory trends. In addition, it may be challenging for you to realize the value of its debt portfolios investments as these are financial assets, not physical assets, and represent liabilities of non-performing debtors. Debt portfolio receivables typically decline in value over time. To realize the value of the Collateral, you may need to rely on third-party collection resources. If you have to rely on third-parties, you may be required to make significant upfront payments to cover collection expenses. In addition, the institutions from which the Company purchases receivables may be unwilling to provide you with the account level documentation you may need to successfully collect on accounts, which may significantly reduce the realizable value of the Collateral for you. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. Portions of the Collateral may be illiquid and may have no readily ascertainable market value. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the Company cannot assure you that the proceeds from any sale or liquidation of this Collateral will be sufficient to pay its obligations under the Notes.

By its nature, some or all the Collateral may not have a readily ascertainable market value or may not be saleable or, if saleable, there may be substantial delays in its disposal. To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Company or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent or investors as holders of the Notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Company's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the intercreditor arrangements governing its creditors' rights could reduce the proceeds realized upon enforcement of the Collateral. In addition, there can be no assurance that the Collateral could be sold in a timely manner, if at all.

To the extent that any other first priority and pre-existing security interests permitted under the Revolving Credit Facility Agreement, the Indenture and other rights that encumber the Collateral securing the Notes, those parties may have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the Collateral and the ability of the Security Agent to realize or foreclose on the Collateral.

The granting of the security interests in connection with the issuance of the Notes, or the incurrence of permitted debt in the future, may create or restart hardening periods (i.e., the periods of time following the granting of security interests during which such security interests may be challenged in accordance with the laws applicable in certain jurisdictions).

The granting of security interests to secure the Notes may create hardening periods for such security interests in certain jurisdictions. The granting of shared security interests to secure future indebtedness permitted to be secured on the Collateral may restart or reopen such hardening periods in particular, as the Indenture permits the release and retaking of security granted in favor of the Notes in certain circumstances including in connection with the incurrence of future indebtedness. The applicable hardening period for these new security interests can run from the moment each new security interest has been granted or perfected. At each time, if the security interest granted or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. See "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*".

The same rights also apply following the issuance of the Notes in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Notes. See "*Description of the Notes—Security*".

Derivative transactions may expose the Company to unexpected risk and potential losses and the Company may become subject to requirements under EMIR.

From time to time, the Company may be party to certain derivative transactions, such as interest rate contracts and foreign exchange forward contracts, to hedge against certain financial risks (including interest rate or foreign currency risks arising in connection with the Revolving Credit Facility and the Notes). Changes in the fair value of these derivative financial instruments that are not cash flow hedges are reported in income, and accordingly could materially affect its reported income in any period. Moreover, the Company may be exposed to the risk that its counterparty in a derivative transaction may be unable to perform its obligations as a result of being placed in receivership or otherwise. In the event that a counterparty to a material derivative transaction is unable to perform its obligations thereunder, the Company may experience losses that may have a material and adverse effect on its financial condition, financial returns and results of operations.

As the Company is an alternative investment fund (within the meaning of the AIFMD), it is a financial counterparty for the purposes of EMIR. EMIR regulates derivatives and impacts all entities in the EU derivatives market (including financial counterparties such as alternative investment funds), whether they use derivatives for trading purposes, to hedge themselves against a particular risk or as part of their investment strategy. This means that should the Company enter into OTC derivatives (as defined in EMIR), the Company could become subject to certain obligations under EMIR, including clearing, reporting, collateral and risk mitigation. In such circumstances, the Company would be required to comply with EMIR and would be permitted to do so under the Indenture and the Revolving Credit Facility Agreement in connection with EMIR Requirements. In addition, subsidiaries of the Company may also enter into OTC derivatives although it is expected that such subsidiaries would be categorized as NFC under EMIR. An "NFC" is an entity which is not a financial counterparty. Such entities could be categorized as NFC+ or NFC−, with the latter being subject to less onerous requirements than NFC+ entities. It is not currently expected that any subsidiaries of the Company would be NFC+. For an entity to be categorized as NFC+, it needs to be party to OTC derivatives with a notional amount exceeding certain clearing thresholds (and hedging derivatives are excluded from calculating whether the thresholds are met). Compliance with applicable obligations under EMIR could result in additional costs (including in relation to posting collateral) for the Company and/or any applicable subsidiary.

Any impairment of the Company's ability to draw funds under the Revolving Credit Facility could adversely and materially impact its business operations.

The Company expects that, following the Transactions, its operations will be primarily financed using cash generated in its investment activities and funds drawn under the Revolving Credit Facility. The Company will use the Revolving Credit Facility to service its portfolio investments and working capital needs, and for various other purposes. Should the Company lose the ability to access funds under the Revolving Credit Facility, the Company may not be able to purchase or make new investments in debt portfolios, which would negatively and adversely impact future collections, and consequently future cash flows. If its debt portfolios were to become depleted due to its inability to invest in new debt portfolios, the Company may face difficulty in accessing sources of credit, as potential creditors may require security over its debt portfolios investments. Further, if the Company were unable to draw funds under the Revolving Credit Facility, it may need to decrease its level of debt portfolio investments and the size of its debt portfolios investments would decrease over time. There also can be no assurance that the Company will have sufficient cash resources on hand at any given time to meet its expenses or debt servicing requirements.

The Company's ability to draw under the Revolving Credit Facility depends, among other things, the occurrence of a default under the Revolving Credit Facility Agreement, on its ability to maintain certain ratios and its ability to meet these financial ratios and other required conditions to drawing could be affected by a number of factors, including events beyond its control. Any inability to borrow funds at a time of low levels of cash flow could constrain the Company's ability to invest in portfolios and/or maintain its operations, which could materially and adversely affect its business.

Certain of the Guarantors have no revenue generating operations of their own and depend on cash received from their subsidiaries or affiliates to be able to meet their obligations under their Guarantees.

Certain of the Guarantors do not have any operations or source of income of their own and are therefore dependent upon the cash flow from their subsidiaries or affiliates in the form of dividends and other distributions and payments in connection with certain inter-company loan notes to meet their obligations under their Guarantees. If dividends and distributions to such Guarantors are not made, those Guarantors may be unable to meet their obligations under their Guarantees.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically and under which the Guarantees may not be granted or will be released automatically, without your consent or the consent of the Trustee.

The Indenture and the Intercreditor Agreement provide that the Security Agent or the Trustee, as applicable, is authorized to release the liens over the Collateral and, in the case of the Collateral consisting of shares in the capital of the Company or a Guarantor, assets of the Company or a Guarantee of the Notes provided by the relevant Guarantor, in certain circumstances, including:

- in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets to a person that is not the Company or a Restricted Subsidiary (but excluding any transaction subject to "*Description of the Notes—Certain Covenants—Merger and Consolidation*" and excluding the capital stock of the Company and its restricted subsidiaries), if such sale or other disposition does not violate the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" or is otherwise permitted in accordance with the Indenture;

- in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;

- if the Lien granted in favor of lenders under the Revolving Credit Facility Agreement or such other Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released (other than pursuant to the repayment and discharge thereof);

- if the Company designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and capital stock, of such Unrestricted Subsidiary;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture;

- as permitted by the Intercreditor Agreement and any Additional Intercreditor Agreement;

- upon the full and final payment and performance of all financial obligations of the Company under the Indenture and the Notes;

- as allowed under the amendments and waivers provisions of the Indenture;

- as allowed under the impairment of security covenant of the Indenture; or

- upon a release of the lien that resulted in the creation of the lien under the liens covenant in the Indenture.

Even though the holders of the Notes will share in the Collateral securing the Notes ratably with the lenders under the Revolving Credit Facility, under certain circumstances, the creditors under the Revolving Credit Facility and certain of the Company's hedging arrangements, if any, will control enforcement actions with respect to the Collateral through the Security Agent, whether or not the holders of the Notes agree with those actions. See "*Description of Certain Financing Arrangements*".

In addition, under various circumstances, the Guarantees of a Guarantor will be released automatically, including the following:

- upon a sale or other disposition (including by way of consolidation or merger) of any capital stock of the relevant Guarantor (whether by direct sale or sale of a holding company as a result of which such Guarantor would no longer be a Restricted Subsidiary), or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary), otherwise permitted by the Indenture;

- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture;
- upon the full and final payment and performance of all obligations of the Company under the Indenture and the Notes;
- as permitted by the Intercreditor Agreement and any Additional Intercreditor Agreement;
- as allowed under the amendments and waivers provisions of the Indenture;
- to the extent that such Guarantor is released from its guarantee of the Revolving Credit Facility or from such other guarantee that gave rise to the requirement to guarantee the Notes under the covenant described below under the caption "*Description of the Notes—Certain Covenants—Additional Notes Guarantees*"; provided that no other Indebtedness is at that time guaranteed by the relevant Guarantor that would give rise to a requirement to guarantee payment of the Notes pursuant to the same covenant (it being understood that a release subject to contingent reinstatement is still a release); or
- as a result of a transaction allowed under the merger and consolidation covenant in the Indenture.

In addition, the Guarantees and security interests will be subject to release upon a distressed disposal as contemplated under the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*". In addition, there are certain circumstances where the Guarantees may not be granted pursuant to the Agreed Security Principles. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement—Security*".

The majority of the Collateral will not initially secure the Notes.

As of the Issue Date, the Notes will be secured solely by a first-ranking lien over the outstanding capital stock of the Company held by AnaCap Financial Europe Holdings SCsp SICAV-RAIF. Consistent with the provisions of the Revolving Credit Facility Agreement and the terms of the Indenture, on or within 60 days from the Issue Date, the Notes and the Guarantees will be secured by the remaining Collateral, which will also secure the Revolving Credit Facility. There can, however, be no assurance that the Company will be successful in procuring such liens within the time period specified. In addition, there are certain circumstances where the Notes may not be secured by the Collateral pursuant to the Agreed Security Principles. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement—Security*".

Rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if the Company, or the Security Agent, fails or are unable to take the actions required to perfect any of these liens and the security interests in the Collateral. Furthermore, it should be noted that neither the Trustee nor the Security Agent shall have any obligation to take any steps or action to perfect any of such liens and the security interests created thereby.

Holders of the Notes may not control certain decisions regarding the Collateral.

The Notes will be secured initially by the same Collateral securing the obligations under the Revolving Credit Facility. In addition, under the terms of the Indenture, the Company will be permitted to incur significant additional *pari passu* indebtedness and other obligations that may be secured by the same Collateral, including certain hedging obligations.

As a result of the voting provisions set out in the Intercreditor Agreement, certain amendments and waivers under the Intercreditor Agreement and in relation to the Collateral will have to be consented to by the required majority of holders of the Notes, the required majority of holders of any *pari passu* additional indebtedness, and the required majority "super senior creditors", which include the lenders under the Revolving Credit Facility, and their respective creditor representatives, and any hedge counterparties. The required majority will vary with the type of amendment or waiver being sought. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*". The Intercreditor Agreement provides that a common security agent will serve as the Security Agent for the secured parties under the Revolving Credit Facility, the Notes, any relevant hedging obligations and any additional secured debt permitted to be incurred by the Indenture, and will act only as provided for in the Intercreditor Agreement.

For the purposes of enforcement of the Collateral, the lenders under the Revolving Credit Facility Agreement and their creditor representatives and the hedge counterparties are referred to as the super senior creditors.

If any of the super senior creditors, the holders of the Notes or the *pari passu* creditors wishes to enforce the Collateral, either (i) $66^2/_3$% by credit participation value of the super senior creditors, or (ii) more than 50% by credit participation value (including capitalized interest, if applicable) of the holders of the Notes, *pari passu* creditors and certain hedge counterparties (if any) must give notice of the proposed enforcement instructions to the creditor representatives for the other creditor classes and the Security Agent. The giving of this notice triggers a 15-day consultation period during which time the creditor representatives for each of the creditor classes must consult with each other in good faith as to the manner of enforcement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

Disputes may occur between the holders of the Notes, or between the holders of the Notes and the holders of *pari passu* additional debt or lenders under the Revolving Credit Facility and hedge counterparties (if any) as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral. In such an event, the holders of the applicable Notes may be bound by any decisions of the holders of the *pari passu* additional indebtedness, including the Notes or lenders under the Revolving Credit Facility if the circumstances are such that the instructions of the holders of the *pari passu* additional indebtedness, including the Notes or lenders under the Revolving Credit Facility Agreement prevail, which may result in enforcement action in respect of the shared Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such holders. The creditors under the Revolving Credit Facility or any *pari passu* additional indebtedness may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies under the Security Documents at a time when or in a manner which would otherwise be disadvantageous for the holders of the Notes to do so. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Release of Liens on the Collateral*".

The Company and the Guarantors will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents will, subject to the terms of the Indenture and the Revolving Credit Facility Agreement, allow the Company and the Guarantors to remain in possession of, retain control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Indenture or the Revolving Credit Facility Agreement is occurring or would result therefrom, the Company and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral will be subject to exceptions, defects, encumbrances, liens, security interests and other imperfections permitted under the Indenture or the Revolving Credit Facility Agreement and accepted by other creditors that have the benefit of first priority security interests in the Collateral from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens, security interests and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first priority ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, or statutory liens.

Moreover, the security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests over property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third-party to enforce a security interest. The Company cannot assure you that the Security Agent will be able to obtain any such consents. The Company also cannot assure you that the consents of any third-parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease as a result.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes.

The security interests in the Collateral that will secure the obligations of the Company and the Guarantors under the Notes and the Guarantees, respectively, will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent and in Italy also in favor of the Trustee as representative of the holders of the Notes. The Intercreditor Agreement provides, and the Indenture will provide, that only the Security Agent has the right to enforce the Security Documents. As a consequence, the holders of the Notes will not be entitled to take enforcement action in respect of the Collateral, except through the Trustee, who will provide instructions to the Security Agent in accordance with the terms of the Indenture and the Intercreditor Agreement. Holders of the Notes will also bear some risks associated with a possible insolvency or bankruptcy of the Security Agent.

The appointment of a foreign security agent will be recognized under Luxembourg law, (i) to the extent that the designation is valid under the law governing such appointment and (ii) subject to possible restrictions depending on the type of the security interests. Generally, according to paragraph 2(4) of the Luxembourg Act dated August 5, 2005, as amended, concerning financial collateral arrangement (the "Financial Collateral Act 2005"), a security (financial collateral) may be provided in favor of a person acting on behalf of the collateral taker, a fiduciary or a trustee in order to secure the claims of third-party beneficiaries, whether present or future, provided that these third-party beneficiaries are determined or may be determined. Without prejudice to their obligations *vis-à-vis* third-party beneficiaries of the security, persons acting on behalf of beneficiaries of the security, the fiduciary or the trustee benefit from the same rights as those of the direct beneficiaries of the security pursuant to such law.

Certain debt purchase agreements and debt portfolios acquired pursuant to debt purchase agreements may require the consent of the debt sellers in order for the Company to grant security over its interests in them, which the Company may not be able to obtain.

Certain debt purchase agreements require the consent from the relevant debt seller in order to assign, transfer or charge the Company's or its subsidiaries' rights under the relevant debt purchase agreement, portfolio accounts and receivables.

No security may be granted over those debt purchase agreements, accounts and receivables which are the subject of such restrictions ("Relevant Assets") until such time as consent is granted. The Agreed Security Principles will provide that where assets are subject to third-party arrangements which prevent those assets from being granted as security, they will be excluded from any Collateral; *provided, that*, for material assets, reasonable endeavors to obtain consent to grant security are used by the relevant entity owning such assets. In an enforcement scenario, these assets will not be available to be realized and applied towards repayment of the Notes.

Even where the required consent to grant a security interest has been obtained or where consent is not required, some Relevant Assets may contain a further restriction on the transfer or assignment to third-parties. As a result, to enforce any Collateral, the Security Agent may need to obtain the consent of the relevant vendor prior to any sale of any Relevant Asset. In addition, the nature of the Company's and its subsidiaries' assets and the complex laws and regulations related to the consumer debt ownership and collection industry may limit the number of potential purchasers of such assets.

Applicable law and other limitations on the enforceability of the security may adversely affect its validity and enforceability.

The obligations of the Company under the Notes and of the Guarantors under the Guarantees will be subject to the restrictions and limitations detailed herein, secured by the Collateral. The Collateral may be subject to claims that it should be limited or subordinated under the laws of Italy, Luxembourg, Guernsey and England and Wales or other applicable law. In addition, enforcement of the security will be limited to the extent of the amount that can be secured by the Company and the Guarantors without rendering the security voidable or otherwise ineffective under applicable law. Enforcement of the Collateral against the Company and the Guarantors will be subject to certain defenses available to security providers generally. These laws and defenses include those that relate to insolvency, voidable preference, financial assistance, corporate purpose or benefit, the preservation of share capital, thin capitalization and defenses affecting the rights of creditors generally. See "*Limitation on Validity and Enforceability of the Guarantees and Security Interests*".

If certain changes to tax law were to occur, the Company would have the option to redeem the Notes.

If certain changes in the law of any relevant tax jurisdiction, as defined under "*Description of the Notes—Additional Amounts*" become effective that would impose withholding taxes or other deductions on the payments on the Notes or Guarantees, the Company may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the date of redemption. The Company is unable to determine whether such changes to any tax laws will be enacted, but if such changes do occur, the Notes will be redeemable at the Company's option.

The Volcker Rule may negatively affect the liquidity and the value of the Notes.

The Volcker Rule generally prohibits certain banking entities (including certain of the Initial Purchasers and their affiliates) from engaging in proprietary trading or from acquiring or retaining an ownership interest in, or sponsoring or having certain relationships with, certain private funds (referred to as "covered funds"), subject to certain exclusions and exemptions. The Volcker Rule became effective on July 21, 2012, and the relevant U.S. federal agencies adopted final regulations to implement the Volcker Rule on December 10, 2013. The Federal Reserve issued an order giving banking entities until July 21, 2015 to bring any existing activities and investments into full conformance, subject to up to two one-year extensions granted at the discretion of the Federal Reserve upon a consideration of a variety of factors, including a determination that an extension would not be detrimental to the public interest. On December 18, 2014, the Federal

Reserve granted a one-year extension of the conformance period for legacy covered fund interests (i.e., those acquired on or before December 31, 2013), and announced its intention to grant a further one-year extension until July 21, 2017. Only covered fund interests in place as of December 31, 2013 would be eligible for such additional conformance period extensions. Banking entities are required to develop and implement a conformance plan to terminate prohibited activities and divest impermissible investments by the end of the conformance period.

The Volcker Rule includes as a "covered fund" any entity that would be an investment company but for the exceptions provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. Therefore, as the Company is relying on Section 3(c)(7) as an exception to registration under the Investment Company Act, the Company is considered to be a covered fund. As a result, banking entities that are subject to the Volcker Rule may be prohibited from, among other things, acquiring or retaining an "ownership interest" in the Company as a covered fund unless it is able to rely on an applicable exclusion or exemption. Under the Volcker Rule, "ownership interest" is defined broadly to include any participation or other interest that entitles the holder of such interest to, amongst other things: (a) vote to remove management or otherwise (other than as a creditor exercising remedies upon an event of default), (b) share in the income, gains, profits or excess spread of the covered fund or (c) receive underlying assets of the covered fund.

If the Company does not qualify for an exclusion or exemption to the Volcker Rule, there would be limitations on the ability of banking entities to purchase or retain the Notes if they were deemed to be "ownership interests" for purposes of the Volcker Rule. Depending on market conditions, this could significantly and negatively affect the liquidity and market value of the Notes. While the Company believes that the Notes should not constitute "ownership interests" for purposes of the Volcker Rule, it is important that, although the Volcker Rule provides limited exclusions and exemptions to its prohibitions, each investor in the Notes must make its own determination as to whether it is a covered banking entity or otherwise subject to the Volcker Rule, whether any exclusion or exemption might be applicable to an investment in the Notes by such investor, whether its investment in the Notes would or could in the future be restricted or prohibited under the Volcker Rule, whether any extension of the Volcker Rule conformance period would be applicable to such investor's investment in the Notes, and the potential impact of the Volcker Rule on its investment, any liquidity in connection therewith and on its portfolio generally. The Volcker Rule and interpretations thereunder are still uncertain, may restrict or discourage the acquisition of Notes by covered banking entities, and may adversely affect the liquidity of the Notes. Investors in the Notes are responsible for analyzing their own regulatory position and none of the Company, the Initial Purchasers, the Agents, the Trustee or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the treatment of the Company or the Notes under the Volcker Rule, or to the impact of the Volcker Rule on such investor's investment in the Notes on the Issue Date or at any time in the future.

An active trading market may not develop for the Notes.

Although application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and be admitted to trading on the Euro MTF market, the Company cannot assure you that the Notes will become or will remain listed. In addition, the Company cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which the holders of the Notes may be able to sell them. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and its own financial condition, performance and prospects, as well as recommendations by securities analysts. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that have caused substantial price volatility. The Company cannot assure you that if a market for the Notes were to develop, such a market would not be subject to similar disruptions. The Company have been informed by the Initial Purchasers that they may make a market for the Notes after this offering of the Notes is completed. Nevertheless, the Initial Purchasers are not obligated to do so and may cease their market-making activity at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, the Company cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained, which could further impact your ability to sell the Notes and the prices at which you may be able to sell any Notes.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address the Company's ability to perform its obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of its financings and could adversely affect the value and trading of the Notes.

The transferability of the Notes may be limited under applicable securities laws.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or any other jurisdiction. See "*Transfer Restrictions*". It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

The Notes will initially be held in book-entry form and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the Global Notes will trade in book-entry form only and Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the Global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to the Paying Agent, who will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the Global Notes representing the Notes and credited by such participants to indirect participants. After payment to Euroclear and Clearstream, the Company, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Company's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Description of the Notes—Transfer and Exchange*".

Certain covenants may be suspended upon the occurrence of a change in the Notes' ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of Baa3 or better by Moody's and a rating of BBB- or better by S&P and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time, if any, at which such Notes cease to have such ratings, certain covenants will cease to be applicable to such Notes. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*." If these covenants were to cease to be applicable, the Company would be able to incur additional debt or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

The interests of the Company's indirect shareholders may differ from the interests of the holders of the Notes.

The Company is 100% indirectly owned, through AnaCap Financial Europe Holdings SCSp SICAV-RAIF, by funds managed or advised by AnaCap and its affiliates, including the Portfolio Manager and the Investment Adviser. See "*Principal Shareholders*", "*Related Party Transactions*" and "*Management and Governance*". The interests of such shareholders could conflict with your interests. There may be circumstances in which such indirect shareholders have, directly or indirectly, a material interest in a transaction being considered by the Company or a conflict of interest with the Company. See also "*—Risks Relating to the Company's Management and Governance—There may be circumstances where the Company's AIFM, the Portfolio Manager and the Investment Adviser may have a conflict of interest with the Company and circumstances where the Directors of the Company may have a conflict of interest*". Additionally, the Indenture permits the Company to pay dividends or make other restricted payments under certain circumstances and the Company's indirect shareholders may have an interest in such dividends and payments. You should consider that the interests of these shareholders may differ from yours in material respects.

The Company may not be able to obtain the funds required to repurchase the Notes upon the occurrence of a change of control as required by the Indenture.

The Indenture will contain provisions relating to certain events constituting a Change of Control (as defined under "*Description of the Notes*"). See "*Description of the Notes—Change of Control*". Upon the occurrence of a Change of Control, the Company will be required to offer to repurchase all outstanding Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the date of repurchase. In addition, each lender under the Revolving Credit Facility Agreement may, at each lender's option, require repayment of all amounts due to it and a cancellation of its commitment under the Revolving Credit Facility Agreement upon the occurrence of a Change of Control (as defined therein). If a Change of Control were to occur, the Company cannot assure you that it would have sufficient funds available at such time to pay the purchase price of the outstanding Notes and finally repay amounts outstanding under the Revolving Credit Facility Agreement, or that the restrictions in its Revolving Credit Facility Agreement, the Indenture, the Intercreditor Agreement or its other then-existing contractual obligations would allow the Company to make such required repurchases and final repayments. In the future, a change of control may result in an event of default under, or acceleration of the Company's and its subsidiaries other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of the Company to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control may be limited. In addition, under the terms of the Revolving Credit Facility Agreement, under certain circumstances, the Company is required to repay a proportional or an equal amount of debt under its Revolving Credit Facility Agreement if the Company repays all or a portion of the principal under the Notes. Sufficient funds may not be available when necessary to make any required repurchases and repayments.

If a Change of Control occurs at a time when the group is prohibited under the terms of other indebtedness from providing funds to the Company for the purpose of repurchasing the Notes, the Company may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Company will remain prohibited from repurchasing any Notes. In addition, the Company expects that it would require third-party financing to make an offer to repurchase the Notes upon a Change of Control. The Company cannot assure you that it would be able to obtain such financing. Any failure by the Company to offer to purchase the Notes would constitute a default under the Indenture, and, to the extent the Trustee becomes entitled to declare the Notes as being due and payable, would constitute an event of default under the Revolving Credit Facility Agreement. See "*Description of the Notes—Change of Control*".

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving the Company that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a Change of Control. Except as described under "*Description of the Notes—Change of Control*", the Indenture will not contain provisions that would require the Company to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction. Furthermore, even if a transaction constitutes a Change of Control under the Indenture, the provisions of the Indenture relating to its obligation to make an offer to repurchase the Notes as a result of such Change of Control may be waived or modified with the written consent of the holders of a majority in outstanding principal amount of the Notes.

It may not be certain that a Change of Control has occurred or will occur.

The definition of "Change of Control" in the Indenture will include a disposition of "all or substantially all" the assets of the Company and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no established precise definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Company's assets and their respective restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Company is required to make an offer to repurchase the Notes.

You may be unable to serve process in the United States on the Company or its directors and enforce U.S. judgments.

The Company is a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg as a reserved alternative investment fund (*fonds d'investissement alternatif réservé*) in the form of an investment company with variable capital (*société d'investissement à capital variable*), with its registered office in Luxembourg. The Guarantors are organized and incorporated (as applicable) under the laws of Luxembourg and Guernsey. None of the Company's and the Guarantors' directors are residents or citizens of the United States. Furthermore, the Company's, the Guarantors' assets and all or a majority of the assets of their directors are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, the Company or the Guarantors or to enforce against them, the Company or the Guarantors judgments of U.S. courts, including those predicated upon the civil liability provisions of U.S. federal or state securities laws or other laws despite the fact that, pursuant to the terms of the Indenture, the Company and the Guarantors will appoint an agent for the service of process in New York. See "*Service of Process and Enforcement of Civil Liabilities*".

The Company is incorporated in Luxembourg, and Luxembourg law differs from U.S. law and may afford less protection to holders of the Notes.

Holders of the Notes may have more difficulty protecting their interests than would security holders of a corporation incorporated in a jurisdiction of the United States. As a Luxembourg company, the Company is incorporated under and subject to the Luxembourg law on commercial companies of August 10, 1915 (as amended) (the "Luxembourg Companies Law") and other provisions of Luxembourg law. The Luxembourg Companies Law differs in some material respects from laws generally applicable to U.S. corporations and security holders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, security holder lawsuits and indemnification of directors or managers. Under Luxembourg law, the duties of directors or managers of a company are generally owed to the company only. Creditors of Luxembourg companies generally do not have rights to take action against directors of the company, except in limited circumstances. Directors or managers of a Luxembourg company must, in exercising their powers and performing their duties, act in good faith and in the interests of the company as a whole and must exercise due care, skill and diligence. Directors or managers have a duty not to put themselves in a position in which their duties to the company and their personal interests may conflict and also are under a duty to disclose any direct or indirect, personal financial interest in any contract or arrangement with the company or any of its subsidiaries. If a director of a Luxembourg company is found to have breached his or her duties to that company, he or she may be held personally liable to the company in respect of that breach of duty. A director or manager may be jointly and severally liable with other directors implicated in the same breach of duty.

The insolvency laws of Luxembourg and Guernsey may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.

The Company and most of the Guarantors and providers of security in respect of the Notes are organized in Luxembourg and under the laws of the European Union. The bankruptcy, insolvency, administrative and other laws of Luxembourg may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes and the Guarantees in those jurisdictions or limit any amounts that you may receive.

Under Luxembourg law, certain types of proceedings may be initiated against a company incorporated in Luxembourg having its center of main interests (within the meaning of Council Regulation (EC) No. 1346/2000 on insolvency proceedings and the Council Regulation (EC) No.2015/848 of May 20, 2015 on insolvency proceedings, as amended (together, the "EU Insolvency Regulation")) or an establishment in Luxembourg (in the latter case assuming that the center of main interests is located in a jurisdiction where the EU Insolvency Regulation is applicable) or its central administration (*administration centrale*) is in the Grand Duchy of Luxembourg (within the meaning of the Luxembourg Companies Law. Pursuant to Luxembourg insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under U.S. bankruptcy laws. However, it should be noted that the concepts of a company's center of main interests, central administration and its other establishments are fluid and factual concepts that may change. To the extent the Company or the Luxembourg Guarantors have their center of main interests, central administration or an establishment that is outside Luxembourg, other jurisdictions' insolvency laws may become relevant.

Certain Guarantors and providers of security in respect of the Notes are incorporated under the laws of Guernsey. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Guernsey or other relevant jurisdictions. Such multi-jurisdictional proceedings may be complex and more costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes, the Guarantees and the Collateral will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of the Guarantors' jurisdictions of organization or incorporation may be materially different from, or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes and the Guarantees in those jurisdictions or limit any amounts that you may receive.

For further information, see "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*" and "*Service of Process and Enforcement of Civil Liabilities*".

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than the currency in which the Notes are denominated, an investment in the Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the currency in which the Notes are denominated relative to the currency by reference to which such investors measure the return on their investments. These changes may be due to economic, political and other factors over which the Company has no control. Depreciation of the currency in which the Notes are denominated against the currency by reference to which such investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which such investors measure the return on their investments. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Tax considerations—Certain United States Federal Income Tax Considerations*".

USE OF PROCEEDS

The Company intends to use the gross proceeds from this offering of the Notes, together with cash on balance sheet, to (i) pay the consideration for the Acquisition of the Portfolio Business, (ii) pay the estimated Total attributable collections for the three months ended June 30, 2017 (net of costs) to the Other AnaCap Credit Funds, (iii) fund cash on the Company's balance sheet for general corporate purposes and (iv) pay certain fees and expenses in relation to the Transactions, including the offering of the Notes.

The following table sets forth the estimated sources and uses of funds in connection with the Transactions, including the gross proceeds from this offering of the Notes. Actual amounts will vary from estimated amounts depending on several factors, including (i) changes in fair value of the Portfolio Business between March 31, 2017 and June 30, 2017, (ii) differences in the cash amount actually collected through June 30, 2017 and (iii) differences from the estimate of fees and expenses.

Sources	€ in millions	Uses	€ in millions
Notes offered hereby(1)	325.0	Acquisition consideration and estimated Total attributable collections(3)	316.6
Equity(2)	1.3	Cash for general corporate purposes	10.0
Cash on balance sheet	14.5	Estimated fees and expenses(4)	14.2
Total sources	**340.8**	**Total uses**	**340.8**

(1) Represents the aggregate principal amount of the Notes, without giving effect to original issue discount.

(2) Equity represents the minimum share capital required under applicable regulations.

(3) Represents the amounts payable in connection with (i) the consideration for the Acquisition of the Portfolio Business, which is set forth here at the expected fair value as of June 30, 2017, and (ii) the estimated Total attributable collections for the three months ended June 30, 2017 (net of costs) pursuant to past practice, in each case, to the Other AnaCap Credit Funds. See "*Summary—The Transactions*".

(4) Represents the estimated fees and expenses in relation to the Transactions, including without limitation, original issue discount in connection with the issuance of the Notes, fees and commissions payable to the Initial Purchasers, and other transaction costs and professional fees, inclusive of amounts incurred by the Other AnaCap Credit Funds in connection with the Transactions.

PRO FORMA CAPITALIZATION

The following table sets forth the unaudited cash and cash equivalents and capitalization as of June 30, 2017, of the Company on a pro forma basis to give effect to the Transactions, including the Acquisition and the use of proceeds of the offering of the Notes, as described in "*Use of Proceeds*". The information below is illustrative only and does not purport to be indicative of the Company's capitalization following the completion of the Transactions.

You should read this table together with the sections of this Offering Memorandum entitled "*Use of Proceeds*", "*Selected Historical Combined Financial and Other Data*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements, and related notes, included elsewhere in this Offering Memorandum.

	As of June 30, 2017
	(unaudited) **(€ in millions)**
Cash and cash equivalents[(1)]	**10.0**
Notes offered hereby[(2)]	325.0
Revolving Credit Facility[(3)]	—
Total debt	**325.0**
Equity[(4)]	1.3
Total capitalization	**326.3**

(1) Pursuant to past practice, the Portfolio Business will pay the estimated Total attributable collections for the three months ended June 30, 2017 (net of costs) to the Other AnaCap Credit Funds and therefore the amount shown in the table above reflects the €10.0 million of cash for general corporate purposes from the offering of the Notes.

(2) The Notes offered hereby are shown at aggregate principal amount, which excludes unamortized debt issuance costs and original issue discount.

(3) On July 7, 2017, the Company entered into the Revolving Credit Facility Agreement, which provides for a Revolving Credit Facility in the amount of €45.0 million. The Revolving Credit Facility will mature five years from the Issue Date. The Company expects that the Revolving Credit Facility will remain undrawn on the Issue Date.

(4) Equity represents the minimum share capital required under applicable regulations.

SELECTED HISTORICAL COMBINED FINANCIAL DATA

Unless otherwise indicated, this Offering Memorandum does not include any historical financial data relating to the Company, as the Company was formed under the laws of the Grand Duchy of Luxembourg on June 28, 2017 for the purpose of facilitating the Transactions contemplated herein, including the Acquisition of the Portfolio Business and the issuance of the Notes. As such, the Company has no material assets or liabilities of its own and it has not engaged in any activities other than those related to its formation in preparation for the Transactions. Therefore, the historical financial data described in this Offering Memorandum do not reflect any financial position or results of operations of the Company.

The Financial Statements included in this Offering Memorandum relate to the Portfolio Business that will be acquired as part of the Transactions and reflect the results of operations, financial position and cash flows directly attributed to the Portfolio Business. The Portfolio Business has not existed, and will not exist, as a separate legal entity or combined group of entities until the completion of the Transactions and has not historically produced financial statements, including as of and for the years ended December 31, 2014, 2015 and 2016 nor as of and for the three months ended March 31, 2017. The Financial Statements included in this Offering Memorandum have therefore been prepared specifically for the purposes of the Transactions and for inclusion in this Offering Memorandum. The Financial Statements have been prepared on a carve-out basis and the results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Portfolio Business been a separate entity or the future results of the Portfolio Business as it will exist upon completion of the Transactions.

The following tables set forth the selected historical combined financial data of the Portfolio Business. The selected historical combined financial data set forth below have been derived from the Financial Statements.

This selected historical combined financial data should be read in conjunction with and is qualified in its entirety by reference to Financial Statements, including the notes thereto, and the information under "Presentation of Financial and Other Information", "Pro Forma Capitalization", "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", each of which is included elsewhere in this Offering Memorandum.

Combined Statement of Comprehensive Income of the Portfolio Business

	Year ended December 31			Three months ended March 31,	
	2014	**2015**	**2016**	**2016**	**2017**
			(€'000s)		
Revenue					
Income from purchased loan portfolios	50,890	60,478	64,005	13,235	17,574
Income from purchased loan notes	2,005	4,834	3,936	624	1,157
Profit/(loss) on disposal of purchased loan portfolios	—	—	11,874	12,741	—
Total revenue	**52,895**	**65,312**	**79,815**	**26,600**	**18,731**
Operating expenses					
Collection activity costs	(16,249)	(16,595)	(21,453)	(6,911)	(4,172)
Of which non-recurring items—termination fees	—	—	(1,615)	(1,615)	—
Excluding non-recurring items	(16,249)	(16,595)	(19,838)	(5,296)	(4,172)
Impairment—purchased loan portfolios and purchased loan notes	3,799	(13,666)	4,329	9,129	(1,625)
Net foreign currency gains/(losses)	254	(379)	(1,595)	125	272
Other operating expenses	(3,804)	(4,322)	(4,679)	(875)	(1,417)
Total operating expenses	**(16,000)**	**(34,962)**	**(23,398)**	**1,468**	**(6,942)**
Operating profit	**36,895**	**30,350**	**56,417**	**28,068**	**11,789**
Finance income	—	304	246	70	48
Finance costs	(18,082)	(19,450)	(57,710)	(38,379)	(7,054)
Interest expense—secured loan notes	(2,347)	(979)	(4,098)	(3,180)	(202)
Finance costs—funding loan notes	(15,735)	(18,471)	(53,612)	(35,199)	(6,852)
Share of profit/(loss) in associate	—	(75)	303	—	—
Profit/(loss) before tax	**18,813**	**11,129**	**(744)**	**(10,241)**	**4,783**
Taxation charge on ordinary activities	(86)	(140)	(114)	(5)	(2)
Profit/(loss) for the year	**18,727**	**10,989**	**(858)**	**(10,246)**	**4,781**

Combined Statement of Financial Position of the Portfolio Business

	As of December 31,			As of March 31,	
	2014	2015	2016	2016	2017
			(€'000s)		
Assets					
Non-current assets					
Other receivables	1,304	922	493	750	390
Investment in associate	—	725	1,028	725	1,028
Total non-current assets	**1,304**	**1,647**	**1,521**	**1,475**	**1,418**
Current assets					
Cash and cash equivalents	20,728	15,652	25,896	23,308	17,874
Trade and other receivables	4,424	9,794	3,645	2,525	4,729
Purchased loan portfolios	140,715	169,625	259,710	181,987	295,400
Purchased loan notes	18,933	12,007	15,339	10,593	13,733
Total current assets	**184,800**	**207,078**	**304,590**	**218,413**	**331,736**
Total assets	**186,104**	**208,725**	**306,111**	**219,888**	**333,154**
Liabilities					
Non-current liabilities					
Funding loan notes	88,425	112,746	183,992	133,521	214,374
Total non-current liabilities	**88,425**	**112,746**	**183,992**	**133,521**	**214,374**
Current liabilities					
Secured loan notes	3,513	2,462	25,487	2,181	25,312
Trade and other payables	24,791	17,761	27,418	21,004	19,352
Tax payable	276	370	484	370	484
Total current liabilities	**28,580**	**20,593**	**53,389**	**23,555**	**45,148**
Total liabilities	**117,005**	**133,339**	**237,381**	**157,076**	**259,522**
Invested Capital					
Invested capital	51,019	50,618	51,284	50,647	51,901
Retained earnings	18,080	24,768	17,446	12,165	21,731
Total invested capital	**69,099**	**75,386**	**68,730**	**62,812**	**73,632**
Total invested capital and liabilities	**186,104**	**208,725**	**306,111**	**219,888**	**333,154**

Combined Statement of Cash Flows of the Portfolio Business

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
			(€'000)		
Net cash generated from/(used in) operating activities	14,639	6,729	(26,989)	23,867	(23,408)
Net cash used in investing activities	—	(800)	—	—	—
Net cash (used in)/generated from financing activities	(1,049)	(11,005)	37,233	(16,211)	(15,386)
Net movements in cash and cash equivalents	**13,590**	**(5,076)**	**10,244**	**7,656**	**(8,022)**
Cash and cash equivalents at period end	**20,728**	**15,652**	**25,896**	**23,308**	**17,874**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise indicated, this Offering Memorandum does not include any historical financial and other data relating to the Company, as the Company was formed under the laws of the Grand Duchy of Luxembourg on June 28, 2017 for the purpose of facilitating the Transactions contemplated herein, including the acquisition of the Portfolio Business and the issuance of the Notes. As such, the Company has no material assets or liabilities of its own and it has not engaged in any activities other than those related to its formation in preparation for the Transactions. Therefore, the historical combined financial, operating and other data described in this Offering Memorandum do not reflect any results of operations, financial position or cash flows of the Company.

The Financial Statements included in this Offering Memorandum relate to the Portfolio Business that will be acquired as part of the Transactions and reflect the results of operations, financial position and cash flows directly attributed to the Portfolio Business. The Portfolio Business has not existed, and will not exist, as a separate legal entity or combined group of entities until the completion of the Transactions and has not historically produced financial statements, including as of and for the years ended December 31, 2014, 2015 and 2016 nor as of and for the three months ended March 31, 2017. The Financial Statements included in this Offering Memorandum have therefore been prepared specifically for the purposes of the Transactions and for inclusion in this Offering Memorandum. The Financial Statements have been prepared on a carve-out basis and the results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Portfolio Business been a separate entity or the future results of the Company.

The following discussion and analysis of financial condition and results of operations for the periods indicated sets forth the historical combined financial and other data of the Portfolio Business, as well as certain other financial and operating data. The historical combined financial and other data set forth below have been derived from the Audited Combined Financial Statements and the Unaudited Interim Financial Statements. The following discussion should be read in conjunction with and is qualified in its entirety by reference to the Financial Statements, including the notes thereto, and the information under "Presentation of Financial and Other Information", "Pro Forma Capitalization", "Use of Proceeds" and "Selected Historical Combined Financial and Other Data", each of which is included elsewhere in this Offering Memorandum.

The following discussion also contains forward-looking statements. Actual results could differ materially from those disclosed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussions below and elsewhere in this Offering Memorandum, particularly under "Forward-Looking Statements" and "Risk Factors".

As the context indicates or specifies, certain parts of this section of the Offering Memorandum present the information giving effect to the Transactions, including the Acquisition.

Overview

The Company purchases and invests in a diverse range of primarily non-performing debt across Europe. The Company has the capability to price and purchase a wide range of debt, consisting of portfolios of unsecured and secured consumer, SME and mortgage debt, including portfolios that are a mix of these assets. The Company believes this ability is a key competitive advantage in originating new investment opportunities and further penetrating its current markets, providing it with the opportunity to generate strong returns on an ongoing basis. By establishing a long-term capital structure, the Company will be able to purchase and retain assets over a long-term horizon, in line with other debt purchasers in the market. The Company believes it remains active in geographies that both best match its core competencies and are attractive markets in their own right, including the Italian market which the Company believes remains a significant growth opportunity due to its diverse range of primarily SME debt.

The Company has a diverse portfolio of seasoned and granular consumer, SME, and mortgage debt which is differentiated among debt purchasers in the level of diversification across borrowers, asset types and geographies. The Portfolio Business' aggregate face value at the time of the initial purchases and investments in the portfolio assets was €11.3 billion. As of March 31, 2017, the Portfolio Business had an aggregate face value of €8.9 billion following the historical sale of debt with a face value of €2.4 billion, with an 84-Month ERC of €508 million, with 71% of ERC in Italy, 15% in Portugal and the remaining ERC derived from investments in Spain, Romania and the UK. The Portfolio Business has a strong cash flow underpinned by regular payment plans as well as cash and real estate collateral with an estimated value of approximately € 650 million in aggregate (based on a combination of Company and third-party valuations). Approximately 45% of estimated collateral value has been included for the purposes of calculating 84-Month ERC.

The Company benefits from the network, origination, pricing and operational expertise that AnaCap has developed over twelve years in the European financial services sector. The Company will also benefit from the significant resources and capabilities of AnaCap to conduct its business, and AnaCap will utilize its network, relationships, pricing, due diligence and operational expertise to originate and recommend investments to the Company. AnaCap is a pan-European financial services specialist with a long track record of building, managing and owning financial services businesses and assets, including building and owning Apex Credit Management and Cabot Credit Management as well as five regulated financial institutions across Europe. While operating as a specialist in the credit-intensive financial service businesses, AnaCap has developed proprietary analytical models that, in conjunction with significant proprietary data and expertise, help to optimize pricing and maximize collections over the life of portfolios.

The assets of the Portfolio Business were acquired between 2012 and 2017 from 18 unique sellers, including four follow-on transactions from previous sellers, and is comprised of debt purchased in Italy, Portugal, Spain, Romania and the UK. The Italian assets are a direct result of AnaCap's early entrance in the market in 2012, where it remains among the most active debt purchasers, and its ability to analyze, price and manage a diverse range of consumer and SME debt.

The Company operates a master-servicer model, by which a third-party servicer is selected and managed effectively. The model is designed to vary by specific portfolio requirements and allows pricing and collection practices to be optimized by geography and asset type, while providing additional servicing data that compliments the data available to the Company. As complexity and scale in a market grow, a specific local servicer or adviser may be deployed to support master-servicing requirements, providing dedicated local servicing expertise and oversight as well as enhanced supervision over servicing where required. In line with this approach, the Company has made minority investments in and assisted in the development of two servicers, PAM in Italy and a local servicer in Spain.

The Company also benefits from AnaCap's established competencies in building and managing lending and servicing platforms by selecting, working alongside, and enhancing the performance of servicers with local expertise. This allows the Company to enhance collections practices to more effectively price and collect debt. A combination of economic incentives, servicer competition and co-investment structures are used to incentivize servicer performance. Frequent and regular data feeds from servicers to AnaCap's proprietary IT platform, Minerva, are used to monitor portfolio performance and engage with servicers in order to further optimize collections performance.

Factors Affecting the Comparability of the Financial Statements

The Portfolio Business has not comprised a separate legal entity or group of entities for the three months ended March 31, 2017 and 2016 and the years ended December 31, 2016, 2015 and 2014. The Financial Statements have been prepared specifically for the purpose of this Offering Memorandum and are prepared on a basis that combines the results of operations, financial position and cash flows directly attributed to the Portfolio Business by applying the principles underlying the consolidation procedures of IFRS 10 Consolidated Financial Statements for each of the periods and end dates referenced above.

Because the combined financial statements have been prepared on a carve-out basis, the historical results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Portfolio Business been a separate entity or the future results of the Company (including the Portfolio Business following the Acquisition). The following are certain factors affecting the comparability between the Financial Statements and the financial statements of the Company following the Acquisition.

Removal of the Historical Equity Funding Structure of Debt Portfolio Purchases

Historically, purchases of debt portfolios were partially funded through the issuance of funding loan notes to the Other AnaCap Credit Funds. The funding loan notes attract a variable rate of interest based on the performance of the Portfolio Business and are redeemed as profits are returned to the Other AnaCap Credit Funds. As part of the Acquisition, the Company will receive the funding loan notes, rendering them intragroup obligations that will be eliminated when preparing consolidated financial statements of the Company. In addition to operating cash flow, the purchase and investment in future debt portfolios will be funded through the liquidity provided under the Revolving Credit Facility and any further issuances of Notes. Accordingly, the variable financing costs relating to the funding loan notes will be replaced by the quarterly interest payments on the Notes offered hereby and any additional Notes issued in the future as well as commitment fees on the Revolving Credit Facility and any interest costs on drawings thereunder.

Standalone Costs

The Portfolio Business has not in the past constituted a separate legal group as explained in Note 3 to the Financial Statements included elsewhere in this Offering Memorandum. The Financial Statements reflect certain indirect costs which have been allocated to the Portfolio Business to reflect the fact that the Portfolio Business operates as part of the Other AnaCap Credit Funds. These costs were charged to the Other AnaCap Credit Funds as management fees and relate to pricing, origination, performance, and miscellaneous services provided in procuring and managing the investment for the Other AnaCap Credit Funds acquiring the Portfolio Business. These expenses are included within Operating expenses in the statement of comprehensive income for the periods under review and within "Adjustments arising on combination (carve-out differences)" within the Financial Statements and have been allocated to the Portfolio Business on a basis of the Portfolio Business' net asset value as of the end of the periods under review. Had the Portfolio Business existed as a separate legal group during the period under review, the actual charges may have differed from those presented in the Financial Statements.

Following the Acquisition, the allocation of costs described above will be replaced with a management fee of 1.75% of the Company's NAV.

Additionally, certain asset management services (including liaising with servicers, making certain elections and giving or withholding certain consents) will be undertaken by an AnaCap-owned Luxembourg entity on behalf of the Company and its subsidiaries. See "*Management and Governance—ServiceCo*". Such costs will be re-charged to the Company on an arm's length basis.

Tax charges or credits in the Financial Statements have been determined based on the tax charges or credits recorded in the legal entities comprising the Portfolio Business in the relevant geographies. The tax charges recorded in the combined statements of comprehensive income may not necessarily be representative of the charges that may arise following the Acquisition.

Basis for the Acquired Portfolio Business

The Portfolio Business assets reflected in the Combined Financial Statements are carried at amortized cost as it existed prior to the Transactions. Upon the establishment and commencement of the operations of the Company, the assets and liabilities acquired will be recognized at fair value at the time or approximate time of the Transactions including transaction costs that are directly attributable to the Acquisition. The Company believes that the differences between the amortized cost and the fair value of the assets of the Portfolio Business will amount to a modest future increase in the value of purchase loan portfolios and loan notes on the Company's statement of financial position.

Key Factors Affecting Results of Operations

The Portfolio Business and its results of operations, as well as the key operating metrics discussed below, have been, and the Company expects to be, affected by certain key factors including, the following:

Purchases of Debt Portfolios

The ability of the Portfolio Business to purchase a diverse range of primarily non-performing debt, including the ability to obtain attractive pricing allowing it to maintain an attractive Gross Money-on-Money Multiple, has been a key driver of its results of operations for the periods under review, and the Company expects it will continue to be a key driver going forward. Purchased debt consist of unsecured and secured, consumer, SME, and mortgage debt, including portfolios that are a mix of these assets across the Company's current markets of Italy, Portugal, Spain, Romania and the UK. The Company believes its access to AnaCap's expertise in evaluating and pricing such portfolios puts it in a unique position to source attractive assets. Mixed portfolios require a more complex underwriting and pricing process than those used solely for volume-driven purchases of homogeneous portfolios or segments of such portfolios. Prior to purchasing portfolios, AnaCap employs its relevant industry experience and expertise to investigate and stress key variables which vary by asset type and geography; utilizing not only proprietary data modelling but also intensive diligence with servicer, legal and other outside advisers to produce an assessment of value. See "*Business—Underwriting and Pricing*" for more information regarding the pricing process.

The following are the primary factors affecting the Company's purchases of debt portfolios.

Availability of Debt Portfolios

The Company's activities are spread across select geographies that are strategically aligned with what the Company believes are attractive non-performing debt markets, in particular, Italy, Portugal and Spain. During the periods under review, the volume of sale and outsourcing of debt portfolios has increased, particularly in relation to non-performing debt originated by financial institutions. The global financial crisis (2008-2010) accelerated the build-up of non-performing debt in the European banking system. This opportunity is largely driven by three factors: a large build-up of non-performing debt held by financial institutions, an increased propensity to sell non-performing debt as regulation has put pressure on financial institutions to delever and an increase in the number of financial institutions selling debt as financial institutions have refocused their businesses by exiting non-core operations. The Company expects that the current stock of non-performing debt will remain sufficiently large to provide the Company with opportunities to maintain and grow its 84-Month ERC. However, should there be a shortage of non-performing debt for purchase at attractive prices, the Company may be unable to maintain or grow 84-Month ERC could negatively impact the Company's collections and operating results.

Changes in accounting standards may also impact the availability of debt portfolios. For example, on July 24, 2014, the International Accounting Standards Board (the "IASB") issued the final version of its new standard on financial instruments accounting, IFRS 9—Financial Instruments ("IFRS 9"). IFRS 9 includes revised guidance on the classification and measurement of financial assets and financial liabilities, impairment due to credit losses and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 (if not voluntarily applied earlier). The implementation of IFRS 9 could impact the capital positions and capital adequacy ratios of banks and other financial institutions. As a result, financial institutions that are either existing or potential debt seller counterparties to them may have to further strengthen their balance sheets, which the Company believes may have a positive effect on the amount of debt available for purchase.

For further information on the industry dynamics in the relevant geographies, see "*Industry*".

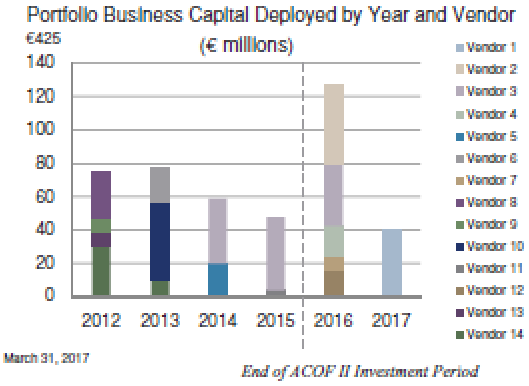
Pricing of Debt Portfolios

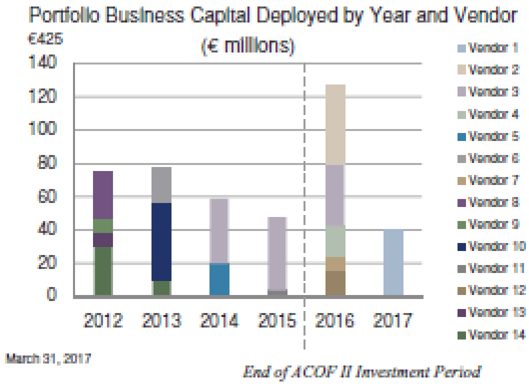
The Portfolio Business' ability to purchase debt portfolios at the right price has been a key driver of its results of operations in the periods under review and will continue to be a key driver going forward. Historically, the Portfolio Business purchased portfolios in spot sales, (where a portfolio of identified claims is purchased in one transaction) and without external asset-level financing. When purchasing portfolios, the Company engages in an extensive diligence and valuation of the portfolio in order to determine what price it should offer the debt seller. The characteristics of the underlying debt affects price, with younger debt portfolios generally being more expensive because they typically generate a higher rate of collections to face value than older debt portfolios. Additionally, debt that is secured by mortgages or personal guarantees tends to be more expensive because recovery rates can be higher upon foreclosure of the underlying property or enforcement of guarantees. Furthermore, the Company's costs associated with evaluating and pricing mixed portfolios including secured debt tend to be higher due to the costs associated with diligencing underlying debt documentation and obtaining valuations for the underlying collateral. This in turn creates upfront costs that may not be recovered, especially if the evaluation process does not result in a recommendation to purchase the portfolio.

Competition among debt purchasers also drives portfolio price. Debt portfolios are typically sold through: (i) direct purchases, (ii) limited auction and (iii) broad auction. According to AnaCap estimates, approximately 30% of the portfolio purchases by AnaCap since 2012 were sourced through direct proprietary transactions, approximately 40% through limited auctions (involving less than four bidders) and approximately 20% through broader auctions (involving more than four bidders). Any type of competitive auction can result in increased purchase prices due to competitive pressure among prospective debt purchasers. Consequently, increased pricing may negatively impact the Company's ability to deploy capital and its Gross Money-on-Money Multiple. However, AnaCap's reputation can be an important mitigating factor because financial institutions often prefer trusted partners with a strong reputation of working in the regulated financial services sector and for whom ethical collection practices are important. AnaCap has diverse and established capabilities driven by strong relationships with vendors, advisers and servicers gained through its experiences and reputation as a financial services specialist, which it aims to leverage to engage in direct purchases.

Debt Portfolio Purchases and Investments During the Periods Under Review

The Portfolio Business purchased debt portfolios of non-performing and/or performing debt that vary by age, size, type and ultimate collectability, which, together with the supply and demand dynamics in the market, results in period-to-period variations in average prices paid and face value purchased. The charts below set forth the Portfolio Business' track record of cumulative capital investment in portfolios since 2012 and the Portfolio Business' projected collections on the basis of its back book (including sold deals), each up to March 31, 2017.





From January 1, 2014 to March 31, 2017, the Portfolio Business deployed €272.4 million to purchase or invest in debt portfolios, with an aggregate face value of €6.8 billion. As of December 31, 2014, 2015 and 2016 the Portfolio Business had 84-Month ERC of € 335.4 million, €359.6 million and €460.0 million, respectively, and as of March 31, 2016 and 2017 it had 84-Month ERC of €370.3 million and €508.2 million, respectively. Each portfolio purchase can impact certain items in the Company's results of operations, liquidity and capital resources, including Total gross collections and collection activity costs depending on asset type. In addition, the timing of the Company's debt portfolio purchases going forward is likely to be uneven during a fiscal year and from year to year due to fluctuating supply and demand within the market and the relatively small number of debt sellers, with a corresponding impact on leverage and earnings. During the periods under review, the Portfolio Business has generally purchased more portfolios, measured by purchase price, in the fourth quarter of each fiscal year (when financial institutions often seek to sell assets) compared to each of the first three quarters of each fiscal year. However, there may be exceptions in certain years where a higher proportion of portfolio purchases or investments are made in other parts of a fiscal year, and the Company's interim results for any given quarter may be impacted by the timing of the closing of a specific portfolio purchase. The seasonality described above impacts the comparability of operating results across interim periods as revenue is calculated by multiplying the carrying value of each debt portfolio as of the beginning of the period by the EIR.

The table below presents information on the debt portfolios that the Portfolio Business purchased, invested in, or sold during the periods under review.

	For the year ended December 31,			For the three months ended March 31,	
	2014	**2015**	**2016**	**2016**	**2017**
Purchases of loan portfolios and loan notes[(1)] (€'000)	59,275	47,806	149,364	46,984	39,680
Face value of loan portfolios acquired (€'000)	2,360,213	1,311,794	2,965,906	2,142,467	176,460
Number of acquired debt portfolios[(2)]	2	2	5	1	1
Number of acquired accounts[(3)]	15,798	21,308	88,063	12,824	615
Number of fully sold loan portfolios	1	0	3	3	0
Disposals of purchased loan portfolios and loan notes[(4)](€'000)	37,040	2,827	55,264	55,264	0

(1) Purchase price of loan portfolios includes the purchase price of purchased loan portfolios and loan notes, related capitalized costs (including due diligence, legal and other fees relating to the acquisition but not future litigation costs) less pre-determination cash (consisting of collections during the period between the pricing of a portfolio and the closing of its acquisition), including the purchase price attributable to co-investors acquired during the period.

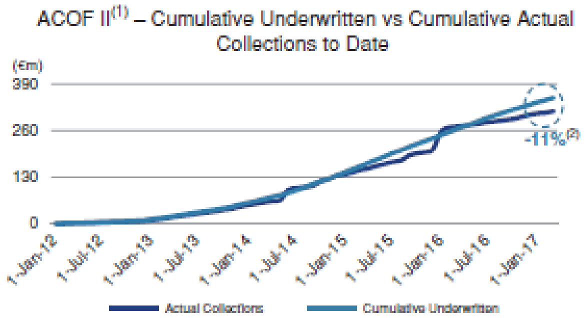
(2) Number of debt portfolios represents the number of individual debt portfolios as of the specified date, including portfolios held by entities which are not under the control of the Company, but give the Company proportionate rights to the cash flows from such portfolio through loan notes.

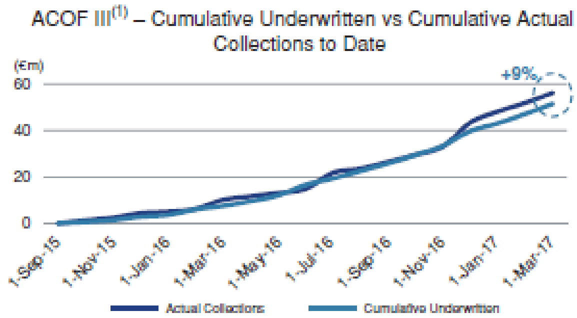
(3) Number of accounts represents the number of individual accounts acquired at the time of purchase or investment with respect to loan portfolios, including portfolios held by entities which are not under the control of the Company, but give the Company proportionate rights to the cash flows from such portfolio through loan notes.

(4) Disposals of purchased loan portfolios and loan notes includes sale proceeds and deferred consideration, including an estimate of a variable component which is recognized within other receivables at fair value in the Financial Statements.

Management of Total Gross Collections

Total gross collections represents cash received from servicers that is collected from debtors in connection with purchased loan portfolios and loan notes as well as proceeds from sales of purchased loan portfolios and loan notes. The amount of Total gross collections generated fluctuates from period to period, partly as a result of the presence of large balance loans and SME loans within the Company's mixed portfolios as well as a result of opportunistic asset sales. On acquiring a debt portfolio, Total gross collections are normally forecasted over 84 months at the time the portfolio is priced. Following completion of the acquisition of such debt portfolio, the cash flow forecast is updated each quarter for a rolling 84-month period for material movements and a formal full reforecast of expected cash flow for all assets is completed at the end of June and December of each fiscal year. AnaCap forecasts cash flow and, if any material negative indicators are identified for any given portfolio, AnaCap adjusts the corresponding cash flow forecast for such portfolio and a possible related impairment charge may be applied. Because forecasted recoveries depend partly on historical collections experience and assumptions made at the time of pricing regarding the likelihood and size of settlements, such forecasts may not accurately reflect actual collections. The data below shows the actual collections relating to the Portfolio Business as compared to AnaCap's pricing model. As AnaCap's credit strategy has matured, its underwriting and pricing has become more accurate. Nevertheless, short-term cash collections are always more difficult to predict, and there can be no assurance that expected cash collections will accurately reflect actual cash collections or that any variance will not impact quarterly results of operations or liquidity. For further information, see *"—Revenue Recognition, Impairment of Purchased Loan Portfolios and Purchased Loan Notes and Estimates of Cash Flows*".





(1) Shows the Portfolio Business assets as originally contributed by ACOF II and ACOF III, respectively.

(2) Exluding one Portuguese portfolio from the ACOF II assets as originally contributed, the difference of cumulative underwritten debt to cumulative actual collections would have been -3%.

The Company generates Total gross collections through amicable solutions and enforcement mechanisms with debtors. Amicable solutions represent a significant means of generating Total gross collections. Certain debtors repay all or a portion of the balance they owe through long-term, periodic instalment plans or one-off discounted settlements. The Portfolio Business's Total gross collections have been additionally supported by its selected servicers' ability to identify and collect from new payers, even after five years. Once a payment is made, over 60% of unsecured debt historically make at least three payments. In such instances, the amount a particular debtor pays generally varies depending on the portion of such debtor's disposable income or the turnover of the SME debtor, as the case may be, available to service its debts, including those owed to us. In more difficult economic times, debtors may repay their outstanding balances over a longer period of time, resulting in lower average monthly instalment payments and fewer one-off settlements.

While an amicable solution is always at the core of an agreed servicing approach, a servicer may have to resort to formal legal proceedings against the debtor or the collateral underlying a debt in order to maximize recovery. Based on a combination of AnaCap and third-party valuations, collateral securing certain loans included in the Portfolio Business has an estimated value of approximately €650 million. Total gross collections through enforcement include the foreclosure of property that secures the underlying debt. For certain debts, the Company or its subsidiaries may acquire directly executable title over property or other assets without the need to obtain a judicial writ, in which case the Company's servicer seeks to enforce on such assets through bailiffs and the Total gross collections generated by such actions are a function of the resale value of the property, less the debtor's obligations to other creditors that also may have security interests in the collateral, which may reduce the Company's *pro rata* recovery. A forced sale of property requires an upfront expenditure of legal and court costs, and, only if successful, results in a large increase in Total gross collections in a period, which affects the comparability of Total gross collections across interim periods. In such circumstances and especially in the case of enforcements against collateral of SME debtors, significant recoveries in court lead to fluctuations across interim periods. Where there is a ramp up of litigation and enforcement activities, there may be an initial period of lower collections and increased collection activity costs, until the litigation and enforcement actions start generating collections.

The Company may also generate Total gross collections through bankruptcy proceedings where assets are auctioned and sold and cash distributions are made to the Company. The cash distributions are a function of the resale value of the property, less other debtor's obligation that rank senior to the Company, less cost associated with the bankruptcy. The timing of the cash distributions from a bankruptcy are highly dependent on individual bankruptcy processes and courts. However, the Company often has a higher degree of certainty as to the amount of Total gross collections it will receive, once the underlying properties are sold. In addition, the expected proceeds from the Portfolio Business are further supported by an expectation of more than €40 million in cash from collateral already liquidated that is to be distributed by the relevant courts.

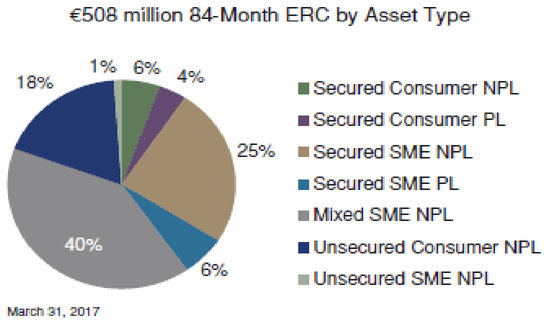
The Company does not receive collections directly from debtors. Collections are remitted to the Portfolio Business primarily on a monthly basis from servicers.

Servicing Costs and Operational Efficiency

The Portfolio Business has historically had a low-cost structure with its collection activity costs representing the largest component of its Total operating expenses. Collection activity costs are largely variable because the Company employs a master-servicing model, whereby it outsources servicing activities and choses different servicers for specific portfolios or even parts of portfolios, with such servicers' compensation being to a significant degree variable and also featuring co-investment by servicers in certain circumstances, in which case such servicers receive a greater proportion of proceeds from the underlying debt portfolios. In addition, the Company predominantly enters into servicing arrangements with a variable fee structure that incentives the servicer to over perform. The Portfolio Business' Core collection cost ratio, defined as the ratio of Operating expense to Core collections (as defined in "*Other Financial and Operating Data of the Portfolio Business*" in the "*Summary Historical Financial and Other Data*" section), decreased from 35% for the year ended December 31, 2014 to 28% for the year ended December 31, 2016, and decreased from 28% for the three months ended March 31, 2016 to 25% for the three months ended March 31, 2017. This decrease was primarily the result of a change in asset mix within the Portfolio Business as a result of sales and acquisitions of portfolios.

After the acquisition of a debt portfolio, there is a ramp up phase during which collections may remain low and costs high. During the ramp up phase, AnaCap works closely with servicers to ensure all data and documentation is migrated from sellers, the servicing team is put in place, local lawyers and other advisers are retained or appointed as necessary and the Company, its subsidiary or the relevant SPV related to any loan notes is subrogated into existing legal proceedings. Once the ramp-up phase is completed, and the full portfolio have been boarded and scrutinized, AnaCap and the servicer agree a final servicing approach, which is then carefully monitored going forward to further maximize collections. For further information on the diligence processes, see "*Business—Servicing Approach*". The servicing approach is tailored to the specific debt portfolios and it, and the related costs, can vary depending on the proportion of a debt portfolio's (i) performing and non-performing debt, (ii) secured and unsecured debt and (iii) consumer and SME debtors. Collection costs are often greater in connection with non-performing debt and may require the continuation of legal proceedings, which ultimately may not result in a significant collection if any. In addition, secured debt further increase collection costs due to the costs associated with reviewing the underlying debt documentation, registration fees and foreclosure and repossession proceedings.

The Company manages servicing arrangements through a master-servicing model that can be varied by specific portfolio requirements, which allows pricing and collection practices to be optimized by geography and asset type. For example, for some small homogenous portfolios, one servicer may be used with alignment created based on co-investment and incentive fees linked to a defined business plan. For larger, more mixed portfolios, servicing partners may be selected to manage specific segments and types of accounts. A "champion-challenger" model is often utilized, which involves the selection of more than one servicer to test the servicer capabilities against each other to find the best servicer for the specific needs in order to maximize collections. For more complex portfolios, the Portfolio Business has arranged in limited circumstances for the creation of an on the ground team to support master-servicing requirements. The master-servicing approach is aimed at maximizing Total gross collections and seeking to lower collection activity costs through efficiencies gained by only engaging those servicers on a portfolio or a part of a portfolio who are experienced in a particular asset class.



Sales of Debt Portfolios

In the period under review, the Portfolio Business opportunistically sold debt portfolios, in whole or part. The purpose of such sales was to opportunistically accelerate cash generation towards the end of the investment period of one of the Other AnaCap Credit Funds, which now comprises the Portfolio Business. The Company's intention going forward is to hold assets for the long-term, and as a result future periods may not contain receipts from sales of debt portfolios or purchased loan notes.

Seasonality

The timing of the Portfolio Business's purchases debt portfolios is likely to be uneven during a fiscal year and from year to year due to fluctuating supply and demand within the market, with a corresponding impact on leverage and earnings. See "*—Debt Portfolio Purchases and Investments During the Periods Under Review*" for further information.

Collections on consumer debt as well as collections on secured portfolios are also affected by seasonal factors, including the number of work days in a given month, the propensity of customers to take holidays at particular times of the year, annual cycles in disposable income as well as seasonal interruptions of court calendars. Collections within portfolios tend to have high seasonal variances, resulting in high variances of collections between quarters.

Regulations and Laws

The Portfolio Business's results of operations are affected by a number of laws and regulations in the geographies in which it operates. The industry in which the Portfolio Business operates is also subject to local political factors and developments, which could lead to changes in laws and regulations. Ultimately, changes in regulations and laws in the geographies in which the Company operates may delay or accelerate collections and judicial proceedings, which could impact the comparability of future results. For further information, see "*Risk Factors—Risks Relating to the Company's Business—Changes to the regulatory environment in the future in Italy, Portugal, Spain, Romania or the UK or an increasing volume of legislation may materially and adversely affect the debt investment industry and impede the Company's operations and/or increase its costs*". The industry is subject to regulatory and compliance requirements relating to labor, license requirements, consumer credit, debt collection, default interest calculation, statutes of limitation, data protection, anti-corruption, tax and other regulatory regimes. While regulations vary across geography, the general legal framework relevant for companies in the industry is similar across the jurisdictions in which the Company operate. For further information on the regulatory and legal framework applicable to the Company, see "*Regulation and Compliance*".

Macroeconomic Conditions

Macroeconomic conditions may either increase or decrease the supply of debt portfolios. Default rates tend to increase during a sustained economic downturn which may lead to more non-performing debt available for purchase. On the other hand, in better macroeconomic environments, banks are better positioned to absorb the loan losses associated with the sale of non-performing debt portfolios. Conversely, as conditions improve, financial institutions may feel less pressure to dispose of non-performing debt portfolios or seek higher prices for such portfolios.

When economic conditions improve, debtors are likely to have an increased ability to repay their debt, which ultimately lifts overall collections. Conversely, deterioration in macroeconomic conditions may reduce the ability of debtors to repay their debt, thereby decreasing the Company's collections. Additionally, the value of property securing debt is a function of macroeconomic and demographic conditions, which may affect Total cash collections as many loans are secured by property. For further information, see "*Risk Factors—Risks relating to the Company's Business—As of March 31, 2017, 71% of the Portfolio Business' 84-Month ERC was attributed to Italy. The concentration of 84-Month ERC to a particular geography, or a limited number of geographies, makes the Company vulnerable to changes in the economic and/or political environment in such markets*".

Revenue Recognition, Impairment of Purchased Loan Portfolios and Purchased Loan Notes and Estimates of Cash Flows

The following paragraphs describe how IFRS accounting under the amortized cost methodology recognizes the carrying value of purchased loan portfolios and purchased loan notes on the balance sheet, and the returns generated through cash collections on such portfolios in the statement of comprehensive income.

Revenue Recognition

Income from purchased loan portfolios and income from purchased loan notes includes the following:

- Purchased loan portfolios and purchased loan notes are accounted for and recorded on the balance sheet under IFRS initially at fair value and subsequently at amortized cost using the effective interest rate ("EIR") method. The EIR method is a method of calculating the amortized cost of a purchased loan portfolio and of allocating interest income over the expected life of the portfolio; the allocated interest income is recorded as income from purchased loan portfolios and income from purchased loan notes in the statement of comprehensive income. During each accounting period, the EIR of each purchased loan portfolio and purchased loan notes is used to calculate the income from purchased loan portfolios and purchased loan notes for the period. Total gross collections in excess of the calculated income from purchased loan portfolios are recognized as reduction of the purchased loan portfolio carrying value.

- The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

- The calculation of the EIR includes all fees integral to the EIR (such as transaction costs) and contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. In most cases, financial assets are acquired at a deep discount that reflects incurred credit losses. Such incurred credit losses are included in the estimated cash flows when computing the EIR as this is consistent with the incurred loss method of impairment under IAS 39.

- When there is a change to the expected amount or timing of cash flows for financial assets and liabilities held at amortized cost, the Portfolio Business recalculates the carrying amount of the financial instrument by computing the present value of estimated future cash flows at the financial instrument's original EIR. Corresponding gains and losses are recognized in the Income from purchased loan portfolios line within Revenue, with any subsequent reversals to increases in carrying value also recorded in this line. If these reversals of increases in carrying value exceed the previously recognized cumulative increases in carrying value, then an impairment is recognized as a separate line in the Combined Statement of Comprehensive Income.

The table below outlines an illustrative example of portfolio revenue recognition and change in portfolio carrying value under the EIR methodology under IFRS.

	(€ '000, unless stated otherwise)
Purchases of loan portfolios and purchases of loan notes(1)	100,000
Purchased loan portfolio and purchased loan notes at the beginning of the month(2)	100,000
EIR(3)	27.7%
Income from purchased loan portfolios and purchased loan notes(4)	2,027
Total gross collections in the month	2,438
Amortization of purchased loan portfolios and purchased loan notes(5)	411
Purchased loan portfolios and purchased loan notes at the end of the month(6)	99,589

(1) Assumed as of the beginning of the month.

(2) Includes the purchase price of acquired loan portfolios and loan notes, related capitalized costs (including due diligence, legal and other fees relating to the acquisition but not future litigation costs) less pre-determination cash (consisting of collection during the period between the pricing of a portfolio and the closing of its acquisition).

(3) EIR is the annual rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

(4) As actually experienced in the month.

(5) Difference between Total gross collections and income from purchased loan portfolios and purchased loan notes recognized.

(6) Opening value netted by amortization recognized in the month.

The foregoing table has been provided for illustrative purposes only, and does not purport to represent actual information relating to the Portfolio Business' purchased loan portfolios.

Impairment of Purchased Loan Portfolios and Purchased Loan Notes

The portfolios are reviewed for indications of impairment at the relevant balance sheet date in accordance with IAS 39. Where portfolios exhibit objective evidence of impairment, an adjustment, being the difference between the current carrying value and the net present value of future estimated cash flows discounted at the original EIR, is recorded to the carrying value of the portfolio, and includes any subsequent reversals of prior impairment charges. Following completion of the acquisition of a debt portfolio and loan notes, the cash flow forecast is updated each quarter for a rolling 84-month period for material movements and a formal full reforecast of expected cash flows for all assets is completed at the end of June and December of each fiscal year.

Estimates of Cash Flows

The estimation of cash flow forecasts is inherently uncertain. The expected cash flows are measured using an 84-month rolling expected life from the balance sheet date. 84-month cash flow forecasts are prepared for each portfolio on an account basis. For larger balances, these forecasts are manually evaluated and underwritten based on the expected cash flows from reviews of underlying detailed loan documentation and the availability of security against the balance. For smaller balances, these forecasts are generated using statistical models incorporating a number of factors, including predictions of payments, which are informed by customer and account level data, credit agency data and historic experience with accounts with similar key attributes. A further key model input is previous payments made by a customer. The assumptions and estimates made are specific to the particular characteristics of each portfolio. The expected cash flows created from the forecasting models are regularly benchmarked at a portfolio level against actual performance; this informs the decision as to whether a change in carrying value of the portfolio may be required.

Core Collections to Revenue

The following table sets forth a reconciliation of Core collections to total revenue.

	For the year ended December 31,			For the three months ended March 31,	
	2014	**2015**	**2016**	**2016**	**2017**
			(€'000)		
Core collections	56,636	69,768	88,891	22,000	22,732
Portfolio amortization due to Core collections[(1)]	3,741	4,456	20,950	8,141	4,001
Income from purchased loan portfolios and purchased loan notes[(2)]	52,895	65,312	67,941	13,859	18,731

(1) Difference between Core collections and income from purchased loan portfolios and purchased loan notes recognized.

(2) Based on the purchase price of acquired loan portfolios and loan notes, related capitalized costs (including due diligence, legal and other fees relating to the acquisition but not future litigation costs) less pre-determination cash (consisting of collection during the period between the pricing of a portfolio and the closing of its acquisition).

During the period under review, Core collections steadily increased as the Company continued to purchase new loan portfolios. In 2016, there was a large increase in amortization due to both the increase in purchased loan portfolios and a material cash recovery in one Italian portfolio.

During the periods under review, income from purchased loan portfolios varied as a percentage of Core collections as described in the table below.

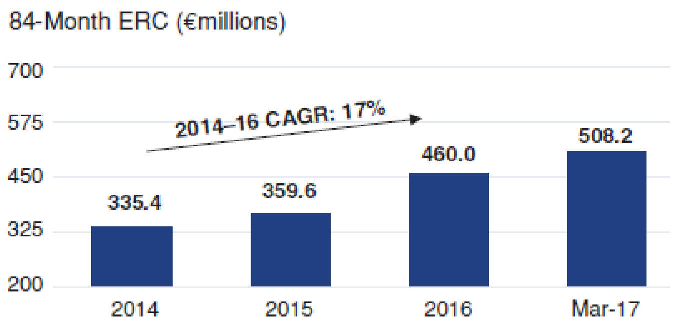
	For the year ended December 31,			For the three months ended March 31,	
	2014	**2015**	**2016**	**2016**	**2017**
Portfolio amortization due to Core collections as a % of Core collections in the period	6.6%	6.4%	23.6%	37.0%	17.6%
Income from purchased loan portfolios and purchased loan notes as a % of Core collections in the period[(1)]	93.4%	93.6%	76.4%	63.0%	82.4%

(1) Based on the purchase price of acquired loan portfolios and loan notes, related capitalized costs (including due diligence, legal and other fees relating to the acquisition but not future litigation costs) less pre-determination cash (consisting of collection during the period between the pricing of a portfolio and the closing of its acquisition).

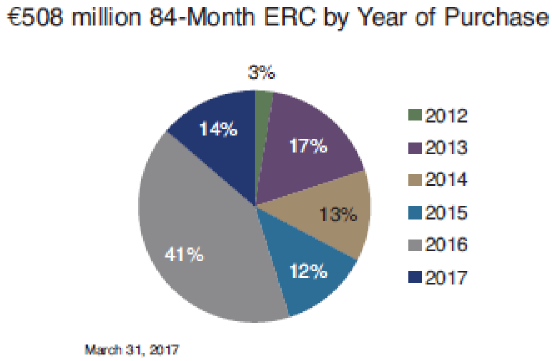
Key Performance Indicators

84-Month ERC

The Portfolio Business has exhibited a significant growth in 84-Month ERC, which the Company believes is the result of the volume of loan portfolios and loan notes has been able to purchase as well as AnaCap's pricing discipline, cost model and the sophistication of its data analytics and due diligence analysis. The following chart sets forth the Portfolio Business 84-Month ERC by year.



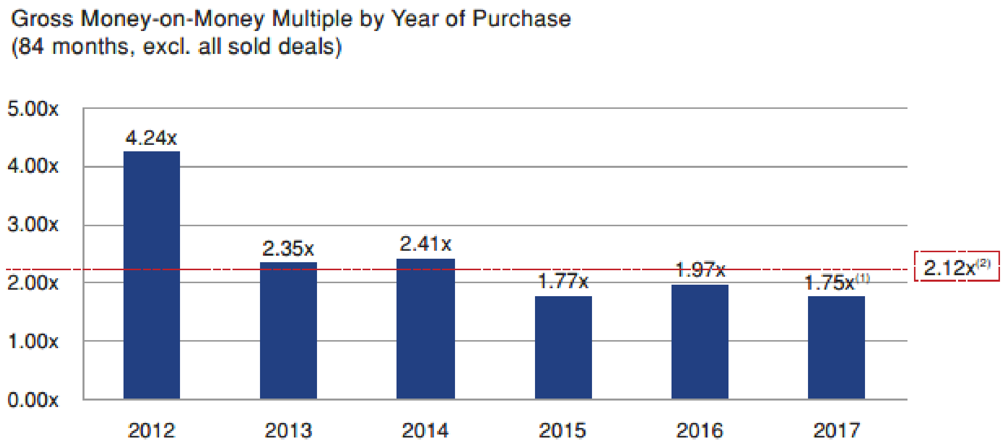
In addition, 84-Month ERC as of March 31, 2017 constitutes a mature and seasoned book. This allows for greater stability in collections and greater accuracy of projections of such collections. As of March 31, 2017, 45% of 84-Month ERC was from loan portfolios and loan notes purchased prior to 2016. The following chart sets forth 84-Month ERC as of March 31, 2017 by year of purchase.



Gross Money-on-Money Multiple

To further understand the underlying trends in the performance of the Portfolio Business and 84-Month ERC development, it is important to analyze the returns and payback period expected on purchased loan portfolios and loan notes.

Gross Money-on-Money Multiple is a key measure of performance for the Portfolio Business because it illustrates the underlying profitability of the purchased loan portfolios and loan notes and assists investors in understanding the performance of companies in the debt purchase industry. The Gross Money-on-Money Multiple may vary by vintage based upon the mix of assets within each vintage. Unsecured loan portfolios attract a higher rate of return than secured loan portfolios. Non-performing loan portfolios also attract a higher rate of return than performing loan portfolios. Thus, on a weighted average basis, the Gross Money-on-Money Multiple may be higher for the entire Portfolio Business than it is for (i) a performing loan portfolio, as was the case with the UK portfolio or (ii) a portfolio with a greater proportion of secured assets, as was the case with a recent Spanish portfolio.

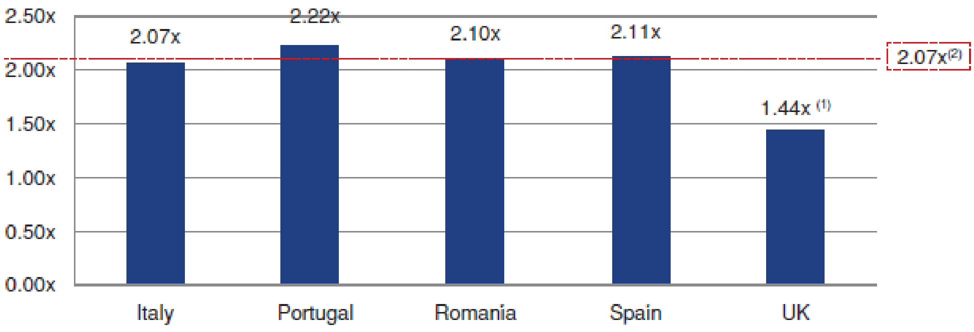


As of March 31, 2017

(1) Portfolio acquired in March 2017 includes 46% performing loans.

(2) Weighted average.

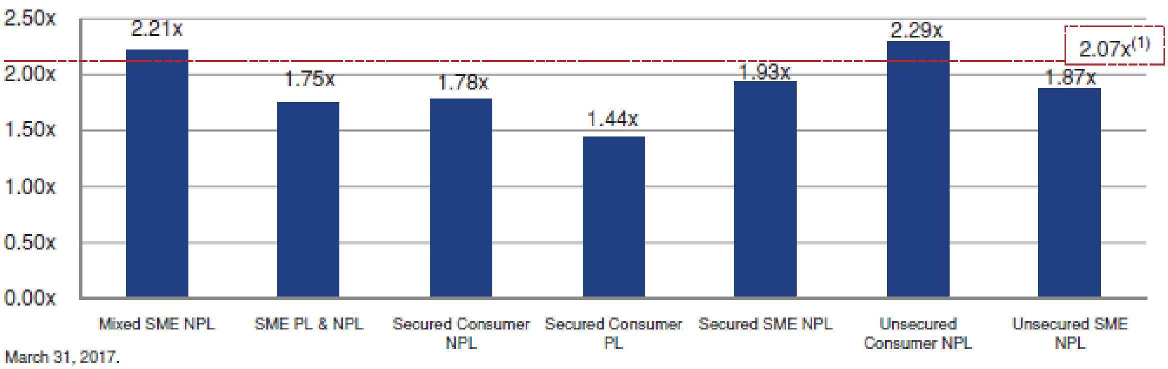
The following chart shows the Portfolio Business' Gross Money-on-Money Multiple by geography based on 84-Months ERC.



March 31, 2017

(1) Reflects an acquisition a portfolio of performing debt.
(2) Weighted average.

The following chart shows the Portfolio Business' Gross Money-on-Money Multiple by asset type based on 84-Month ERC.



March 31, 2017.

(1) Weighted average.

Cash Generation

The Portfolio Business is highly cash generative which results in surplus cash available to reinvest in further assets or deploy cash to deleverage if reinvestment opportunities are limited. The predictability of cash generation is underpinned by the mature and seasoned book, with 45% of 84-Month ERC being derived from assets purchased between 2012 and 2015. The robustness of cash generation is also supported by over 81% of 84-Month ERC being backed by secured and mixed portfolios. Finally, the Company benefits from a low-overhead operational model through the use of third-party servicers, third-party data collection and supported by a dynamic IT platform.

The table below outlines an illustrative example of the free cash flow of the Portfolio Business to meet external financing costs and grow the business after maintaining 84-Month ERC at a steady state.

	(€ millions, unless stated otherwise)
Total attributable collections[1]	123
Collection costs[2]	(24)
Operating expenses[3]	(6)
Net cash generated from operations	93
Steady state portfolio purchases[4]	(51)
Free cash flow available to service debt	42
Free cash flow margin[5]	34%

(1) Illustrative annual attributable collections for one year.

(2) The average collection cost ratio over the past 3 years has been just over 18%. The Company assumes 19.5% for prudence, and applies this to the attributable gross collections.

(3) Illustrative Operating expenses for one year, including management fee based on NAV of 1.75%.

(4) Steady state portfolio purchases is calculated as the expected difference in 84-Month ERC at the start and end of every year, divided by the historical Gross Money-on-Money Multiple to get the capital required to be deployed in order to maintain 84-Month ERC at a constant €508 million.

(5) Free cash flow available to service debt as a percentage of the attributable gross collections.

The Portfolio Business recognizes revenue from purchased loan portfolios and loan notes in accordance with IAS 39 using the EIR method. For further information, see "*—Revenue Recognition, Impairment of Purchased Loan Portfolios and Purchased Loan Notes and Estimates of Cash Flows—Revenue Recognition*" and note 3 to the Financial Statements included elsewhere in the Offering Memorandum.

Income from purchased loan notes represents the proportionate rights of the Portfolio Business (via loan notes) to the cash flows from the underlying portfolios held by entities which are not under the control of the Portfolio Business.

Profit on disposal of purchased loan portfolios represent the profit arising on a sale or partial sale of loan portfolios.

Collection Activity Costs

Collection activity costs represent fees paid to servicers (including promote fees and non -recurring servicer termination fees), legal advisors and other third party consultants.

Impairment—Purchased Loan Portfolio and Purchased Loan Notes

The portfolios are reviewed for indications of impairment at the relevant balance sheet date in accordance with IAS 39. For further information, see "*—Revenue Recognition, Impairment of Purchased Loan Portfolios and Purchased Loan Notes and Estimates of Cash Flows—Impairment of Purchased Loan Portfolios and Purchased Loan Notes*".

Net Foreign Currency (Losses)/Gains

Net foreign currency (losses)/gains includes transaction and translation related exchange differences which are recognized in the year in which they arise. Transactions in currencies other than euro, the Portfolio's functional currency, are recognized at the rates of exchange prevailing on the dates of the transactions. At each relevant balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that 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.

Other Operating Expenses

Other operating expenses includes Operating expenses, including administration, other than those relating to collection activities. Other operating expenses represent primarily payments made to AnaCap in connection with its management services, and professional fees, audit and administration fees, premises, IT services and other administrative expenses.

Finance Income

Finance income represents the unwinding of the imputed interest calculated on any deferred consideration that the Portfolio Business receives from the disposal of portfolio assets.

Finance Costs

Finance costs are comprised of two elements (i) Interest expense—secured loan notes and (ii) Finance costs—funding loan notes.

Interest expense—secured loan notes represent the proportionate rights of co-investors in certain purchased loan portfolios to the cash flows from the underlying portfolios. It also includes subsequent reversals of prior impairment charges.

Finance costs—funding loan notes represent the interest payable on the funding loan notes. The funding loan notes represent the historical way the Portfolio Business funded acquisitions of portfolio assets via the issuance of funding loan notes to the Other AnaCap Credit Funds. The funding loan notes attract a variable rate of interest based on the performance of the Portfolio Business, and are therefore effectively the return of profits between the Portfolio Business and the Other AnaCap Credit Funds during the periods presented. They are carried at amortized cost using the EIR method.

Share of Profit/(Loss) in Associate

Share of profit/(loss) in associate represents the Portfolio Business's interest in the profit/(loss) of PAM accounted for using the equity method. The Portfolio Business has a 30% economic interest in PAM via warrants over 30% of PAM's equity.

Taxation Charge on Ordinary Activities

Taxation charge on ordinary activities have been determined based on the tax charges or credits recorded in each legal entity comprising the Portfolio and represent the applicable tax liability in the jurisdiction of each entities' place of incorporation.

Results of Operations

Combined Income Statement for the Three Months Ended March 31, 2016 Compared to the Three Months Ended March 31, 2017

The table below sets forth the Portfolio Business results of operations for the periods indicated.

	For the three months ended March 31,	
	2016	2017
	(€'000)	(€'000)
Total revenue	**26,600**	**18,731**
Collection activity costs	(6,911)	(4,172)
Impairment—purchased loan portfolios and purchased loan notes	9,129	(1,625)
Net foreign currency gains	125	272
Other operating expenses	(875)	(1,417)
Total operating expenses	**1,468**	**(6,942)**
Operating profit	**28,068**	**11,789**
Finance income	70	48
Finance costs	(38,379)	(7,054)
(Loss)/profit before tax	**(10,241)**	**4,783**
Taxation charge on ordinary activities	(5)	(2)
(Loss)/profit for the period	**(10,246)**	**4,781**

Total Revenue

The following table shows the three contributors to the Portfolio Business' revenue for the periods indicated.

	For the three months ended March 31,	
	2016	2017
	(€'000)	(€'000)
Income from purchased loan portfolios	13,235	17,574
Income from purchased loan notes	624	1,157
Profit on disposal of purchased loan portfolios	12,741	—
Total revenue	**26,600**	**18,731**

Total revenue decreased by €7.9 million, or 29.6%, from € 26.6 million in the three months ended March 31, 2016 to € 18.7 million in the three months ended March 31, 2017. This decrease was primarily due to the disposal of three Spanish debt portfolios during the three months ended March 31, 2016, while no such disposals occurred in the three months ended March 31, 2017. Excluding the profit arising on sale of Spanish portfolios, total revenue increased in the three months ended March 31, 2017 by €4.9 million (35.1%) due to the acquisition of four debt portfolios in the last three quarters of 2016 (one UK, one Spain, one Romania and one Italy), and hence reflected in the results to March 31, 2017, but not March 31, 2016.

Collection Activity Costs

The following table shows the components of the Portfolio Business' collection activity costs for the periods indicated.

	For the three months ended March 31,	
	2016	2017
	(€'000)	(€'000)
Of which non-recurring items—termination fees	(1,615)	—
Excluding non-recurring items	(5,296)	(4,172)
Collection activity costs	**(6,911)**	**(4,172)**

Collection activity costs decreased by €2.7 million, or 39.6%, from €6.9 million in the three months ended March 31, 2016 to €4.2 million in the three months ended March 31, 2017. This decrease was primarily due to a €1.6 million non-recurring termination fee relating to the termination of a servicer upon the sale of a Spanish portfolio. Excluding the non-recurring termination fee, collection costs decreased by € 1.1 million, or 21.2%, primarily reflecting the other costs involved in the sale of a Spanish portfolio realized in January 2016.

Impairment—Purchased Loan Portfolios and Purchased Loan Notes

Impairment changed by €10.7 million from a credit to profit of €9.1 million in in the three months ended March 31, 2016 to a charge against profit of €1.6 million in the three months ended March 31, 2017. This change was primarily due to a large reversal of prior impairment recognized in the three months ended March 31, 2016 upon the sale of three Spanish portfolio. In the three months ended March 31, 2017, the Portfolio Business recognized € 1.5 million of impairments from a Portuguese and an Italian portfolio reflecting weaker collections in the three months ended March 31, 2017 relative to the forecast.

Net Foreign Currency (Losses)/Gains

Net foreign currency gains increased by €0.2 million, or 117.6%, from €0.1 million in the three months ended March 31, 2016 to €0.3 million in the three months ended March 31, 2017. This increase was primarily due to a change in the GBP/EUR exchange rate as of March 31, 2017, which resulted in a €0.2 million change in the period end value of a UK purchased loan portfolio.

Other Operating Expenses

Other operating expenses increased by €0.5 million, or 61.9% from €0.9 million in the three months ended March 31, 2016 to €1.4 million in the three months ended March 31, 2017. This increase was primarily due to an increase in the management fee allocated to the Portfolio Business due to new portfolios purchased subsequent to March 31, 2016.

Finance Income

Finance income remained largely unchanged at €0.1 million in the three months ended March 31, 2016 and at €0.1 million in the three months ended March 31, 2017.

Finance Costs

The following table shows the components of the Portfolio Business' finance costs for the periods indicated.

	For the three months ended March 31,	
	2016	2017
	(€'000)	(€'000)
Interest expense—secured loan notes	(3,180)	(202)
Finance costs—Funding loan notes	(35,199)	(6,852)
Finance costs	**(38,379)**	**(7,054)**

Finance costs decreased by €31.3 million, or 81.6%, from €38.4 million in the three months ended March 31, 2016 to €7.1 million in the three months ended March 31, 2017. This decrease was primarily due to a €28.3 million decrease in the finance costs from funding loan notes. The financing costs for funding loan notes in the three months ended March 31, 2016 were higher due to profits arising from the sale of a Spanish portfolio.

Interest cost on secured loan notes decreased by €3.0 million, or 93.6%, from € 3.2 million in the three months ended March 31, 2016 to €0.2 million in the three months ended March 31, 2017. This decrease was primarily due to the sale of a Spanish portfolio in January 2016, which had €2.4 million of interest cost in the three months ended March 31, 2016.

Discussion and Analysis of the Combined Income Statement for the Years Ended December 31, 2016, 2015 and 2014

The table below sets forth the Portfolio Business results of operations for the periods indicated.

	For the year ended December 31, 2014	For the year ended December 31, 2015	For the year ended December 31, 2016
	(€'000)	(€'000)	(€'000)
Total revenue	**52,895**	**65,312**	**79,815**
Collection activity costs	(16,249)	(16,595)	(21,453)
Impairment—purchased loan portfolios and purchased loan notes	3,799	(13,666)	4,329
Net foreign currency gains/(losses)	254	(379)	(1,595)
Other operating expenses	(3,804)	(4,322)	(4,679)
Total operating expenses	**(16,000)**	**(34,962)**	**(23,398)**
Operating profit	**36,895**	**30,350**	**56,417**
Finance income	—	304	246
Finance costs	(18,082)	(19,450)	(57,710)
Share of (loss)/profit in associate	—	(75)	303
Profit/(loss) before tax	**18,813**	**11,129**	**(744)**
Taxation charge on ordinary activities	(86)	(140)	(114)
Profit/(loss) for the year	**18,727**	**10,989**	**(858)**

Total Revenue

The following table shows the three contributors to the Portfolio Business' revenue for the periods indicated.

	For the year ended December 31,	
	2014	2015
	(€'000)	(€'000)
Income from purchased loan portfolios	50,890	60,478
Income from purchased loan notes	2,005	4,834
Profit on disposal of purchased loan portfolios	—	—
Total revenue	**52,895**	**65,312**

Total revenue increased by €12.4 million, or 23.5%, from €52.9 million for the year ended December 31, 2014 to €65.3 million for the year ended December 31, 2015. This increase was primarily due to the purchase of two Italian portfolios, which contributed €3.0 million revenue to total revenue in 2015 and an additional €9.4 million contribution arising from the full year impact of two portfolios purchased in the previous year.

The following table shows the three contributors to the Portfolio Business' revenue for the periods indicated.

	For the year ended December 31,	
	2015	2016
	(€'000)	(€'000)
Income from purchased loan portfolios	60,478	64,005
Income from purchased loan notes	4,834	3,936
Profit on disposal of purchased loan portfolios	—	11,874
Total revenue	**65,312**	**79,815**

Total revenue increased by €14.5 million, or 22.2%, from €65.3 million for the year ended December 31, 2015 to €79.8 million for the year ended December 31, 2016. This increase was primarily due to the sale of Spanish portfolios in January 2016, which generated €12.7 million of profit on disposal. The remainder of the difference is primarily due to the purchases of five portfolios (1 UK, 1 Romania, 1 Spain and 2 Italy), which contributed €20.2 million to total revenue with an additional €8.0 million contribution arising from the full year impact of two portfolios purchased in the previous year. These were offset by a €14.1 million reduction in revenue from other maturing portfolios.

Collection Activity Costs

The following table shows the components of the Portfolio Business' collection activity costs for the periods indicated.

	For the year ended December 31,	
	2014	2015
	(€'000)	(€'000)
Of which non-recurring items—termination fees	—	—
Excluding non-recurring items	(16,249)	(16,595)
Collection activity costs	**(16,249)**	**(16,595)**

Collection activity costs increased by €0.4 million, or 2.1%, from €16.2 million for the year ended December 31, 2014 to €16.6 million for the year ended December 31, 2015. As a percentage of Core collections, collection activity cost excluding non-recurring items was 28.7% for the year ended December 31, 2014 compared to 23.8% for the year ended December 31, 2015. This decrease was primarily due to a change in asset mix within the Portfolio Business as a result of sales and acquisitions of portfolios during the year ended December 31, 2014.

The following table shows the components of the Portfolio Business' collection activity costs for the periods indicated.

	For the year ended December 31,	
	2015	2016
	(€'000)	(€'000)
Of which non-recurring items—termination fees	—	(1,615)
Excluding non-recurring items	(16,595)	(19,838)
Collection activity costs	**(16,595)**	**(21,453)**

Collection activity costs increased by €4.8 million, or 29.3%, from €16.6 million for the year ended December 31, 2015 to €21.4 million for the year ended December 31, 2016. This increase was primarily due to an increase in fees that were paid to servicers due to an increase in Core collections. As a percentage of Core collections, collection activity cost excluding non-recurring items was 23.8% for the year ended December 31, 2015 compared to 24.1% for the year ended December 31, 2016. In addition, the Portfolio Business incurred a termination fee in the amount of €1.6 million with respect to a servicer that was servicing a Spanish portfolio sold by the Portfolio Business in January 2016.

Impairment—Purchased Loan Portfolios and Purchased Loan Notes.

Impairment changed by €17.5 million from a credit to profit of €3.8 million for the year ended December 31, 2014 to a charge against profit of €13.7 million in the year ended December 31, 2015. In 2014, the Portfolio Business reversed a previous impairment following the sale of an Italian portfolio to a third party. In 2015, the Portfolio Business recognized an impairment change of €12.8 million relating to a Portuguese portfolio and an Italian portfolio.

Impairment changed by €18.0 million from a charge against profit of €13.7 million for year ended December 31, 2015 to a credit to profit of €4.3 million for the year ended December 31, 2016. The positive movement in impairment resulted from an improvement in forecast for a previously impaired portfolio. The Portfolio Business at the time of making the impairment in 2015, took a very prudent view on some loans that had potential prior claims. After a detailed review and further evaluation of judicial proceedings related to collections, the Portfolio Business was able during 2016 to more accurately estimate future collections and reverse a previously impaired position.

Net Foreign Currency (Losses)/Gains

Net foreign currency (losses)/gains decreased by €0.6 million, or 249.2%, from €0.3 million credit to profit for the year ended December 31, 2014 to charge against profit of €0.4 million for the year ended December 31, 2015. This decrease was primarily due to an increase in collection costs payable in RON related to the ramp up costs associated with the Romanian portfolio.

Net foreign currency (losses)/gains increased by €1.2 million, or 320.8%, from negative €0.4 million for the year ended December 31, 2015 to negative €1.6 million for the year ended December 31, 2016. This increase was primarily due to the devaluing of the Euro compared to GBP following the UK Brexit referendum that impacted the estimated future cash flows of a UK portfolio. The 84-month cash flow forecast is converted at the prevailing exchange rate at the balance sheet date.

Other Operating Expenses

Other operating expenses increased by €0.5 million, or 13.6%, from €3.8 million for the year ended December 31, 2014 to €4.3 million for the year ended December 31, 2015. This was primarily due to an increase in management fees and increased audit and administration expenses.

Other operating expenses increased by €0.4 million, or 8.3%, from €4.3 million for the year ended December 31, 2015 to €4.7 million for the year ended December 31, 2016. This increase was primarily due to an increase in management fees and increased audit and administration expenses.

Finance Income

Finance income of €0.3 million for the year ended December 31, 2015 and €0.2 million for the year ended December 31, 2016 represents the unwinding of a discount to fair value on a deferred consideration due on a sale of an Italian portfolio in 2014.

Finance Costs

The following table shows the components of the Portfolio Business' finance costs for the periods indicated.

	For the year ended December 31,	
	2014	**2015**
	(€'000)	**(€'000)**
Interest expense—secured loan notes	(2,347)	(979)
Finance costs—Funding loan notes	(15,735)	(18,471)
Finance costs	**(18,082)**	**(19,450)**

Finance costs increased by €1.4 million, or 7.6%, from €18.1 million for the year ended December 31, 2014 to €19.5 million for the year ended December 31, 2015. This increase related primarily to the increase in funding loan notes finance costs from € 15.7 million to €18.5 million in 2015 as result of the increase in profits of the Portfolio Business. This increase was partially offset by a reduction in secured loan notes interest expense from €2.4 million to €1.0 million as a result of the disposal of an Italian portfolio.

The following table shows the components of the Portfolio Business' finance costs for the periods indicated.

	For the year ended December 31,	
	2015	**2016**
	(€'000)	**(€'000)**
Interest expense—secured loan notes	(979)	(4,098)
Finance costs—Funding loan notes	(18,471)	(53,612)
Finance costs	**(19,450)**	**(57,710)**

Finance costs increased by €38.2 million, or 196.7%, from €19.5 million for the year ended December 31, 2015 to €57.7 million for the year ended December 31, 2016. This increase related primarily to the increase in funding loan notes finance costs from € 18.5 million to €53.6 million as a result of the positive performance of the Portfolio Business subsidiaries primarily due to sale proceeds of €55.3 million received for the sale of three Spanish portfolios. The financing costs—funding loan notes in the year ended December 31, 2016 increased due to profits arising from a Spanish portfolio.

The increase in finance costs was also due in part to the increase in secured loan notes interest expense from €1.0 million to €4.1 million as a result of a secured Spanish portfolio purchased with a co-investor in 2016.

Share of Profit/(Loss) in Associate

Share of profit/(loss) in associate changed from €0.1 million loss for the year ended December 31, 2015 to €0.3 million profit for the year ended December 31, 2016. This reflects the business moving from start-up to first full year of operation.

In the year ended December 31, 2015, the Portfolio Business invested €0.8 million into PAM to start a servicer business in return for a 30% economic interest. In the same year, the Portfolio Business' share of losses amounted to €0.1 million.

Taxation Charge on Ordinary Activities

Taxation charge on ordinary activities remained largely stable at € 0.1 million for the year ended December 31, 2014 and at €0.1 million for the year ended December 31, 2015.

Taxation charge on ordinary activities remained stable at €0.1 million for the years ended December 31, 2015 and at €0.1 million for the year ended December 31, 2016.

Liquidity and Capital Resources

The Company's liquidity requirements consist mainly of cash available for purchase of loan portfolios and loan notes, payment of servicing costs and other operating costs, interest costs on debt funding and funding of working capital. Its principal sources of liquidity will be its net cash generated from operating activities (before portfolio purchases) and borrowings under the Revolving Credit Facility as well as further bank and capital markets debt. Future drawings under the Revolving Credit Facility will be available only if, among other things, the Company meets a financial covenant.

While the Portfolio Business's collections have historically been predictable throughout the year, its debt purchasing activity can vary greatly from one quarter to the next. This is driven by the timing of one-off debt sales by vendors during the year, the timing of which the Company will not control, along with its own desire to purchase a portfolio at a given point in time. This could lead to volatility in its cash balances quarter on quarter.

The Company's ability to generate cash from its operations depends on its future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond the Company's control, as well as other factors discussed in the section titled "*Risk Factors*".

Cash Flows

The following table sets forth the principal components of the Portfolio Business's cash flows for the years ended December 31, 2016, 2015 and 2014 and the three months ended March 31, 2017 and 2016.

	For the year ended December 31,			For the three months ended March 31,	
	2014	**2015**	**2016**	**2016**	**2017**
			(€'000)		
Net cash generated from/(used in) operating activities	14,639	6,729	(26,989)	23,867	(23,408)
Net cash used in investing activities	—	(800)	—	—	—
Net cash (used in)/generated from financing activities	(1,049)	(11,005)	37,233	(16,211)	(15,386)
Net movements in cash and cash equivalents	**13,590**	**(5,076)**	**10,244**	**7,656**	**(8,022)**
Cash and cash equivalents at period end	**20,728**	**15,652**	**25,896**	**23,308**	**17,874**

Operating Activities

During the year ended December 31, 2014, the Portfolio Business generated €14.6 million of net cash from operating activities. This was driven primarily by €56.6 million of collections and €37.0 million arising from sale of an Italian loan portfolio. It was partially offset by €39.1 million acquisition of loan portfolios relating to one portfolio in Italy and a €20.2 million acquisition of purchased loan notes relating to a portfolio in Romania.

During the year ended December 31, 2015, the Portfolio Business generated €6.7 million of net cash from operating activities. This was driven primarily by €69.8 million of collections and €2.8 million received from the partial disposal of a Portuguese portfolio. It was partially offset by €47.8 million acquisition of purchased loan portfolios relating to two portfolios in Italy.

During the year ended December 31, 2016, the Portfolio Business used €27.0 million of net cash in operating activities. This was driven primarily by €140.5 million acquisition of purchased loan portfolios relating to two Italian non-performing debt portfolios, a consumer secured Spanish non-performing debt portfolio and a UK consumer secured performing portfolio, €8.9 million acquisition of purchased loan notes relating to a secured SME Romanian non-performing loan note and €1.6 million non-recurring termination fees relating to a servicer termination in Spain. It was partially offset by €88.9 million of collections and €55.3 million of disposal of three Spanish purchased debt portfolios.

During the three months ended March 31, 2016, the Portfolio Business generated €23.9 million of net cash from operating activities. This was driven primarily by €55.2 million of disposal of three unsecured Spanish purchased loan portfolios in January 2016 and €22.0 million of collections. It was partially offset by €47.0 million acquisition of purchased loan portfolios relating to an Italian SME portfolio and €1.6 million non-recurring termination fees relating to a servicer termination in Spain.

During the three months ended March 31, 2017, the Portfolio Business used €23.4 million of net cash in operating activities. This was driven primarily by €39.7 million acquisition of purchased loan portfolios relating to. It was partially offset by €22.7 million of collections.

Investing Activities

During the year ended December 31, 2015, the Portfolio Business invested €0.8 million in PAM to initiate its Italian servicer business in return for 30% economic interest in the company.

Financing Activities

During the year ended December 31, 2014, the Portfolio Business used €1.1 million of net cash in financing activities. This was driven primarily by €10.0 million of interest on funding loan notes, € 8.6 million cash distribution on co-investor interest in a Spanish portfolio and two Italian portfolios and €5.5 million of invested capital attributable to the historic equity interest structure that will be eliminated going forward. For further information, see "*—Factors Affecting the Comparability of the Financial Statements*". It was partially offset by a net increase of €23.0 million in funding loan notes.

During the year ended December 31, 2015, the Portfolio Business used €11.0 million of net cash in financing activities. This was driven primarily by €19.9 million of interest on funding loan notes, €2.0 million cash distribution on co-investor interest in a Spanish portfolio and two Italian portfolios and €8.4 million of invested capital attributable to the historic equity interest structure that will be eliminated going forward. For further information, see "*—Factors Affecting the Comparability of the Financial Statements*". It was partially offset by a net increase of €19.4 million in funding loan notes.

During the year ended December 31, 2016, the Portfolio Business generated €37.2 million of net cash from financing activities. This was driven primarily by a net increase of € 77.4 million in funding loan notes and €23.8 million cash received from a co-investor interest in a secured Spanish portfolio. It was partially offset €50.0 million of interest on funding loan notes, €4.3 million cash distribution on co-investor interest in a Spanish portfolio, two Portuguese portfolios and two Italian portfolios and € 9.6 million of invested capital attributable to the historic equity interest structure that will be eliminated going forward. For further information, see "*—Factors Affecting the Comparability of the Financial Statements*".

During the three months ended March 31, 2016, the Portfolio Business used €16.2 million of net cash in financing activities. This was driven primarily by €32.0 million of interest on funding loan notes, €3.5 million cash distribution on co-investor interest in a Spanish portfolio, two Portuguese portfolios and two Italian portfolios and € 2.9 million of invested capital attributable to the historic equity interest structure that will be eliminated going forward. For further information, see "*—Factors Affecting the Comparability of the Financial Statements*". It was partially offset by a net increase of €22.1 million in funding loan notes.

During the three months ended March 31, 2017, the Portfolio Business generated €15.4 million of net cash from financing activities. This was driven primarily by a net increase of € 25.8 million in funding loan notes. It was partially offset €9.2 million of interest on funding loan notes.

Contractual Commitments

As of March 31, 2017, on an as adjusted basis giving effect to the Transactions (assuming the Company does not draw any amounts under the Revolving Credit Facility), the Company's only commitments and principal payments will relate to the €325.0 million Notes offered hereby. For further information relating to the terms of the Notes, including with regard to interest payment dates, maturity and optional redemption, see "*Summary—The Offering*" and "*Description of the Notes*".

Off-Balance Sheet Arrangements

As of March 31, 2017, the Portfolio Business had no off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

See "Note 17" to the Portfolio Business's Audited Combined Financial Statements as of and for the year ended December 31, 2016 included elsewhere in this Offering Memorandum for additional information on the Portfolio

Business's exposure to market risk and the risk of loss that may result from the potential change in exchange rates, interest levels, refinancing and credit risks.

Market Risk

The Company is exposed to various market risks.

Exchange Rate Risk

The Company has no significant exposures to foreign exchange rate risk as the majority of the Company's Total gross collections, expenses and indebtedness are denominated in euro.

Credit Risk

The main source of credit risk in the Company's business is the potential losses resulting from debtors being unable to fulfill their contractual obligations on the debt purchased and servicers being unable to remit any payment from debtors to the Company. The underwriting process helps AnaCap assess and mitigate credit risk by conducting due diligence into accounts and by pricing debt portfolio purchases accordingly, with the Company purchasing such debt at a discount to face value. The underlying debt claims from debtors within the Portfolio Business are highly diverse in nature, spread across Italy, Portugal, Spain, Romania and the UK. Additionally, the Portfolio Business includes debts of both consumers and SMEs. The Company does not therefore believe that it has a significant risk to any single counterparty. The Company monitors its exposure to the geographic concentration risk of its debt assets. 71% of 84-Month ERC as of March 31, 2017 for the Portfolio Business was in Italy.

Liquidity Risk

The Company maintains cash and cash equivalents to fund the day-to-day requirements. The Company holds cash primarily in euro. Following the Transactions, cash from operations and the Revolving Credit Facility will sustain the Company's liquidity needs for the medium-term.

The Company manages its liquidity risk through what it believes to be a conservative underwriting policy related to debt portfolio purchases.

Interest Rate Risk

The interest payable on the Notes offered hereby and the New Revolving Credit Facility will both be linked to EURIBOR. The Company may consider entering into derivative transactions to manage its interest rate exposure.

Critical Accounting Judgments and Estimates

Critical accounting policies are those that require application of difficult, subjective or complex judgments often as a need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting the estimate may differ significantly from current judgments.

The preparation of the Portfolio Business's Financial Statements required the application of accounting methods and policies that are based on judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances, including the following:

- Due to the nature of the business, the expected cash flows on financial assets are measured using an 84-month rolling expected life from the date of the statements of financial position. 84-month cash flow forecasts are prepared for each portfolio on an account basis. For larger balances, these forecasts are manually evaluated and underwritten based on the expected cash flows from reviews of underlying detailed loan documentation and the availability of security against the balance. For smaller balances, these forecasts are generated using statistical models incorporating a number of factors, including predictions of payments, which are informed by customer and account level data, credit agency data and historic experience with accounts which have similar key attributes. A further key model input is previous payments made by a customer. The assumptions and estimates made are specific to the particular characteristics of each portfolio.

- The expected cash flows created from the forecasting models are regularly benchmarked at a portfolio level against actual performance; this informs the decision as to whether a change in carrying value of the portfolio may be required. The estimated future cash flows generated by the above process are the key estimate and judgment in these combined financial statements.

The application of these estimates and assumptions affected the allocation of historical costs and tax charges as well as the allocation of management fees due to AnaCap. However, the Financial Statements included herein may not necessarily reflect what the Portfolio Business and its subsidiaries' results of operations, financial position and cash flows would have been, had it been operating in the current structure on a stand-alone basis during the periods presented. For information regarding critical accounting policies, see note 4 to the Audited Combined Financial Statements included elsewhere in this Offering Memorandum.

INDUSTRY

The information in this section of this Offering Memorandum gives pro forma effect to the Transactions, including the Acquisition of the Portfolio Business by the Company throughout unless the context indicates or specifies otherwise.

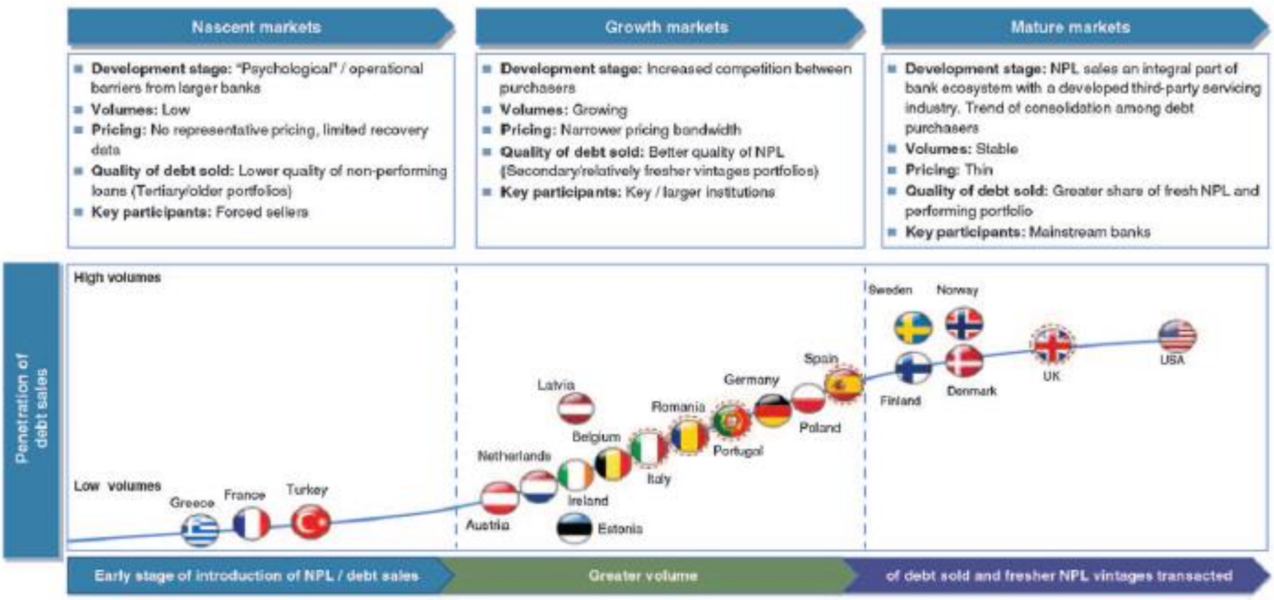
Overview of the European Market for Debt Sales

Since the global financial crisis, the European financial services industry has created an attractive, long-term credit investment opportunity for market participants in debt sales. Whereas the first part of the century was notable for unprecedented growth in lending activity, often accompanied by relatively weak underwriting standards, the landscape has dramatically changed since 2008, typified by a disproportionately large and over-leveraged banking sector where institutions are still burdened with a significant number of impaired or unprofitable legacy assets. In Europe today, bank assets represent around 306% of GDP compared to 86% of GDP in the U.S.

The combination of significant changes to bank risk appetite, regulatory oversight including increased capital requirements and the wider funding environment together with an increasing stock of non-performing debt, is leading to an adjustment and de-leveraging of financial institutions' balance sheets. Despite progress in the overall de-leveraging process in some countries, European banks remain motivated to further de-risking of their balance sheets through the sales of non-performing debt and assets identified as non-core, with the banks of many European countries being at an early stage in this process. According to PwC Market Reports, it is estimated that €2.1 trillion of non-core assets are held by European banks as December 31, 2016. This process is likely to be further accelerated by the implementation of IFRS 9 accounting which comes to effect from January 1, 2018, as per which the banks will have to move from incurred to expected loss provisioning in order to recognize bad debts earlier. As a result disposal of capital intensive non—core assets becomes a natural step for banks operating in Europe.

Given these trends, there is a considerable opportunity for market participants across a growing range of European jurisdictions. The Company continues to see a pipeline of opportunities from Southern, Central and Eastern Europe where markets are relatively underpenetrated with lower propensity to sell. In the UK, which is a relatively mature market, relatively high levels of consumer indebtedness and a well-developed financial services industry with high propensity to sell performing and non-performing loans also provides opportunities for the Company to grow its portfolio.

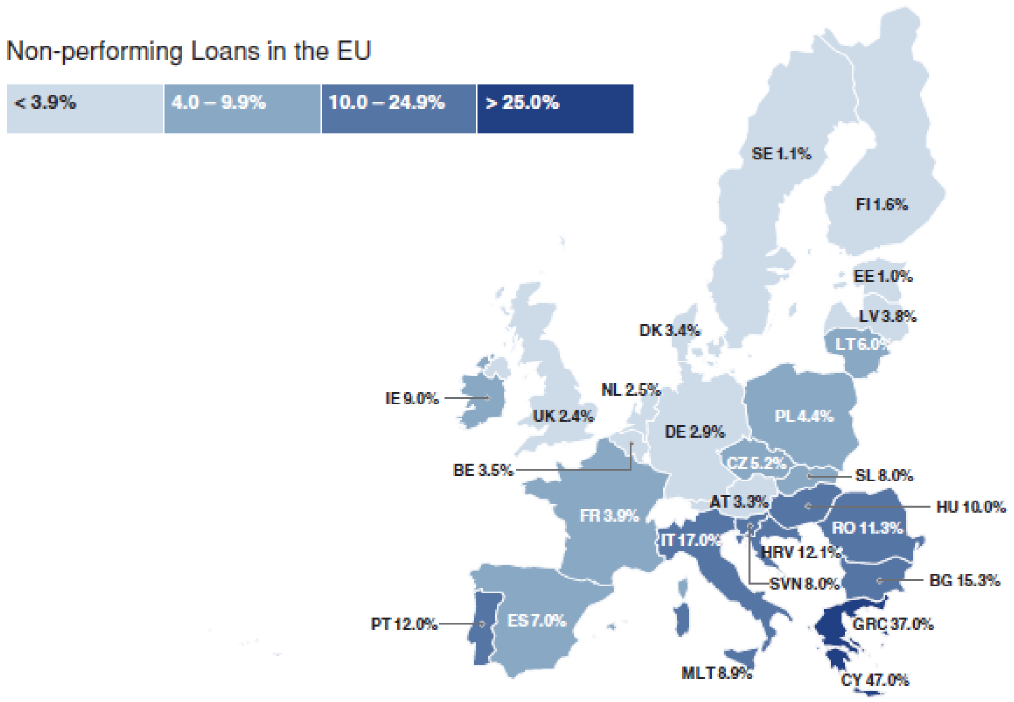
The Company's current geographical footprint comprises Italy, Portugal, Spain, Romania, and the UK. The exhibit below illustrates the relative maturity of the debt purchasing industry in these markets in comparison to other key international markets. As the chart indicates, the Company is focused on geographies offering considerable growth potential over the medium-term, with Italy, Portugal, Spain and Romania all identified as growth markets, while the UK also provides opportunities given the large scale of the economy and overall levels of indebtedness.



Source: Company estimates

In addition to addressing some of the markets displaying significant growth, the Company is present in some of the most significant markets in terms of the overall stock of non-performing debt, expressed as a proportion of banking sector assets. The following diagram illustrates the distribution of non-performing debt across Europe, with banks in Italy, Portugal and Romania all having reported an NPL ratio of more than 10%.

When disposing of non-performing debt, banks generally first outsource or sell unsecured consumer debt, followed by SME debt and then, if necessary, ultimately sell their secured debt.



Source: The World Bank, EBA, KPMG International Cooperative, European debt sales (2016)

Introduction to the Credit Management Services Industry

Debt purchasing and debt servicing are two sub-segments of a wider Credit Management Services ("CMS") industry, where a receivables management company or investor either purchases debt from a debt originator, often taking legal ownership of the debt and acquiring the right to collect it for its own account, or manages the debt on behalf of a debt originator pursuant to a servicing agreement. An alternate business model used widely in the industry is of debt purchasing where collection activity may be outsourced to a third-party servicer. Such a model, also called the master-servicing model, minimizes fixed costs and provides flexibility to the debt purchaser.

The debt purchase and servicing industry is still in its relatively early stage of development, in a number of European markets, where it is growing through increased outsourcing and sale of defaulted debt by financial institutions. The Company believes that this will become a structural component of the debt recovery process enabling financial institutions to reduce the operational and financial burdens associated with debt collection and better manage the increasing capital and liquidity requirements.

The Credit Lifecycle

Debt is created when a lender extends credit to a person or company, who in turn becomes a debtor. These arrangements include financial institutions extending loans or trade sector companies issuing invoices for services rendered or goods delivered. However, the financial services sector has historically been the largest source of credit for consumers and SME. Debtors default on their payment obligations when they do not repay the debt according to the terms on which it was extended, which results in the debt becoming overdue. This generally happens due to a change in circumstances, for example, the loss of a job (for a consumer) or of a major customer and/or a wider market slowdown (for an SME), or because debt arrangements for the debtor became unmanageable. Overdue debt is a structural component of the credit industry, as lender typically expect a certain percentage of debtors to default and price debt accordingly.

Debt, whether it is overdue or not, may be collected by either the lender itself or by a third-party to whom the originator has either sold the debt or merely outsourced its collection. Generally, the originator attempts to recover the obligation through its internal resources. However, when lenders are unable to make contact with the defaulted debtor, unable to recover the amounts due after an initial attempt, or are simply insufficiently resourced to effectively collect, they generally outsource or sell off portfolios of non-performing debt to participants in the CMS industry, which provide debt purchasing and debt servicing.

Credit Management Services' Business Models

Various sub-segments of the CMS industry are addressed below:

Debt Purchasing

Debt purchasing entails the sale of financial debt by a debt originator to a specialist debt purchaser or investor who acquires the right to collect the debt for its own account and retain the cash collected. The purchaser then typically seeks to reinvest this cash, net of collection costs, in acquisitions of new portfolios. Originators may sell portfolios of performing or non-performing debt to CMS companies for a number of reasons relating to operational and economic efficiency. Selling non-performing debt enables originators to, among other things, increase liquidity, strengthen their balance sheets, liberate internal resources to focus on core competencies and reduce back office costs associated with their in-house collection infrastructure. Debt originators generally choose to sell performing debt for similar reasons, though this can also be due to a decision to withdraw from a particular product or geography which is no longer profitable or core to its future strategy.

Methods of Debt Sale

Debt originators may structure their sales of debt portfolios in one of the following ways:

- *Off-market sales/bilateral agreements:* financial institutions generally use off-market transactions to simplify the sale process, where the transaction size does not justify running a competitive process or for the sale of complex portfolios. In off-market sales, the vendor considers just one party for the sale (typically a reputed and trusted partner with whom it has a long-standing relationship), and if the price offered by the buyer is considered appropriate, the vendor bank sells the debt portfolio to the buyer without inviting any other bidders;

- *Limited auction:* for the sale of portfolios with a relatively higher level of complexity, financial institutions will often typically invite four or fewer bidders to a tender process, which involves a greater level of more manual loan file due diligence;

- *Broad auction:* for the sale of some classes of debt, financial institutions will often initiate widely competitive tender processes, including five or more bidders. The relevant portfolios are generally priced by bidders using statistical models, and are often broken down into segments, with each segment being sold to the highest bidder. Such auctions become more difficult when portfolios are more complex and data quality is poor, including in less mature markets; and

- *Forward flow agreements:* involve an agreement to sell several similar debt portfolios over a period of time at a predetermined price and for a specified quality of debt, avoiding fluctuations caused by changes in macroeconomic conditions and outcomes of precedent auctions. However, the Company does not currently participate in such agreements.

Debt Servicing

Debt servicing is a service provided by a CMS company that collects financial debt on behalf of a third-party (typically the debt originator). Servicers generally receive a fee related either to the face value of the debt portfolios they manage or the collections generated, depending on the nature of the managed portfolio. CMS companies may provide debt collection services to debt originators for either performing or non-performing debt. Collections of non-performing debt can be particularly burdensome for banks because it can be time consuming and costly, especially when compared to specialists who have the key competencies, experience and are appropriately structured to do so more efficiently. Additionally, debt originators may choose to outsource the collection of some of their accounts to a CMS company in order to benchmark their internal debt recovery performance against that of a third-party. Collection of performing debt may be outsourced because of a desire to reduce back office or IT costs (to turn fixed overhead costs into variable costs) or to benefit from economies of scale that can be offered by CMS companies.

Methods of Debt Servicing

The terms and the fee structure of a servicing agreement typically depend on whether it concerns the servicing of non-performing or performing debt and the type of debt, such as consumer or corporate and secured or unsecured.

Non-performing debt service agreements: Debt servicing agreements for non-performing debt outsourced by banks typically have a defined minimum term with tacit renewal and normally at least a three-month termination notice by either party. Service agreements for non-performing debt can take a wide variety of forms with specific guidelines regarding reporting obligations, thresholds for debt forgiveness and guidelines regarding incurrence of costs. Service agreements for non-performing debt also tend to have customary confidentiality, compliance and data privacy clauses, as well as an audit clause and limitation of financial responsibility for the servicer.

Performing debt service agreements: Debt servicing agreements for performing debt, typically have a stated term commensurate with the remaining life of the portfolio but can be terminated with an advance notice. Performing debt servicing agreements can take a wide variety of forms that typically include either a flat fee per month and/or per loan which varies depending upon the size, duration and nature of the loans, or a variable fee based on assets under management, which also varies depending upon the size, duration and nature of the claims. Service agreements for performing debt tend to have customary confidentiality, compliance and data privacy clauses, as well as a service level agreement and an audit clause that permits the bank to monitor the quality of the provider's services. Typically, these agreements also limit the financial responsibility for the servicer.

Debt Purchasing with Outsourced Servicing

Companies operating under this model purchase debt from sellers and then outsource the collection activity to a third-party under a master-servicer agreement where the third-party debt servicer collects the debt based on a sophisticated data-driven approach.

This approach becomes more relevant and optimal for European markets such as Italy, Portugal and Spain where banks may sell mixed portfolios of secured and unsecured debt, sometimes including both individual and corporate borrowers, which are difficult to price and service across a single servicing platform. The master-servicing approach provides flexibility and a relatively low fixed cost based versus traditional debt purchasers. It also allows the company operating this model to use the third-party debt servicers with the greatest specialism in the asset classes or regions relevant to the underlying portfolio, as well as refine the panel of chosen agencies based on their performance track record. The master-servicing agreements typically include longer term three to five years on variable fee structures with alignment of interest via co-investment and/or incentive payments, with termination clauses for underperformance which is also the case with non-performing debt servicing agreements with debt servicing agencies.

Overview of the Competitive Environment for Debt Purchasing

Europe is expected to continue to see a wealth of transaction opportunities going forward for appropriately focused market participants in debt purchasing. The impact of the global financial crisis is still being felt, with the fundamental restructuring of the European banking sector described previously showing no signs of slowing down. According to PwC Market Reports, it is estimated that at the end of December 2016 European banks held about €2.1 trillion of non-core assets (including non-performing debt), a quantum which has remained consistent over the past several years despite accelerating debt sales as additional assets are designated non-core. Moreover, while non-performing debt disposals are more widely publicized, sales of performing asset portfolios have also increased in recent years.

Although competition among market participants, including credit investors, has increased in a number of asset types and geographies, the vast majority of large credit investors, including a growing range of global private equity firms, real estate investors and hedge funds often focus on single name corporate credit and large portfolios of debt secured against real estate, or tend to focus on larger and more mature markets like the UK. The Company believes this backdrop leaves it well positioned in its chosen markets to acquire attractive debt portfolios over time.

Key European Non-performing Debt Markets for the Company

Italian Debt Purchase Market

As of December 31, 2016, Italy had a population of 60.7 million, GDP of €1,672 billion and an unemployment rate of 11.7% as per IMF. Whilst Italy's GDP per capita is lower than France or Germany, its household wealth is higher, driven by high savings rates and high proportion of home ownership. According to the OECD, household wealth represents 551% of net disposable income. Despite the relative wealth of consumers, the Italian debt purchase market is a particularly attractive market, as Italian banks have the largest non-performing debt stock in Europe as well as a growing pipeline of debt for sale.

Italian banks have had a history of significant non-performing debt relative to other European markets. The current high level of non-performing debt has been impacted by a number of factors, including the challenging macroeconomic environment, with very low or negative GDP growth for a decade, aggressive collateral valuations which distorted real LTVs making it difficult to refinance when banks were in a liquidity crunch and finally lengthy timeframes for recovery on some non-performing asset types. There is mounting pressure on Italian banks to sell non-performing debt and to improve their balance sheets, as seen in other European countries in recent years. For example, the European Banking

Authority's stress test results in July 2016 highlighted challenges for Italian banks at current asset quality, capital adequacy and profitability levels, which could potentially support sales of non-performing debt to improve these metrics.

As of December 31, 2016, NPLs outstanding in Italy were valued at approximately €184 billion representing an NPL ratio of 17% and making it the largest non-performing debt market in Europe. Also, as per PwC Market Reports, Italy has an estimated c. €120 billion of unlikely to pay debt, a significant portion of which could turn into NPLs expanding the market size significantly. According to PwC Market Reports, in 2017, banking market transaction volumes (includes loan divestment, foreclosure and collection) in Italy are expected to be approximately €50 billion, including sales of NPLs, a significant portion of which is SME debt. Expected sales represent a modest proportion of the total stock of debt held by Italian banks, suggesting there is a long period of growth ahead.

Non-performing debt within the Italian banking system have a large proportion of corporate loans, with corporate loans constituting 73% of the bad loans while the household segment accounts for 17% of the bad loans and the rest is from family businesses (8%) and others (2%) as per Bank of Italy statistics. For Italian families', purchasing a residence is the main and often the only form of household debt. Household mortgage loans were severely affected by the global financial crisis; however, 2014 was the start of the turnaround when mortgages for residences grew by 13% compared to the year before. The positive trend continued in 2015, but at an even greater pace, with a 71% jump over 2014. This growth highlights the renewed interest of the finance industry in the real estate sector, which is observable throughout the country. Continuation of the positive momentum in the housing market would be beneficial for the institutions collecting housing debt as the value of underlying collateral as well as the ability to sell the underlying asset increases. Given 48% of Italy's non-performing debt is secured it therefore seems beneficial for companies investing in secured non-performing debt.

The Italian government has recently introduced new measures to promote the disposal of large non-performing debt exposures by financial institutions, including changes to Italian bankruptcy and tax law. These measures are expected to result in Italian financial institutions disposing of around €50 billion of non-performing debt in 2017, according to PwC Market Reports. The Italian government has also allowed government guarantees to support non-performing loans being offered for sale as part of its new regulatory regime. These guarantees further enable the transfer of non-performing debt portfolios into securitization vehicles, which can issue notes to investors.

The attractions of the Italian market have seen a number of strategic participants enter the sector through the purchase of debt servicing companies, including Värde Partners' acquisition of a minority stake in Guber (2017), Lindorff's acquisition of Gextra (2017), Arrow's acquisition of Zenith (2017), Fortress' purchase of UCCMB (2015), Lone Star's purchase of CAF (2015), and Hoist's acquisition of TRC (2014). Similarly, the Company has been able to develop a significant presence in the attractive Italian market through Phoenix Asset Management, whose capabilities have expanded significantly across an increasing variety of debt, and developed the skillset and track record to service in-house a wide range of non-performing debt asset types.

Portuguese Debt Purchase Market

As of December 31, 2016, Portugal had a population of 10.3 million, GDP of €185 billion and an unemployment rate of 11.1% as per IMF. The Portuguese private sector continues to be heavily indebted both in household and corporate debt. As of the fourth quarter of 2016, household debt and corporate debt amounted to 77.6% of GDP and 143% of GDP, respectively. The Portuguese housing market has also seen an uptick in growth with the housing sales growing considerably in 2016 to more than 130,000 units sold resulting in an year-on-year growth of 20%. The household wealth in Portugal is 405% of net disposable income as per OECD. In 2016, there was a significant price upsurge in the region of 7% against the background of economic recovery, falling mortgage interest rates and supply constraints.

The Portuguese debt purchase market is an attractive market, due to its comparatively early stage of development, significant stock of defaulted loans, an increase in banks' propensity to sell, and the existence of an established regulatory framework for debt purchasers. As of December 31, 2016, non-performing debt outstanding in Portugal was valued at approximately €19 billion, representing an NPL ratio of 12%.

The market is characterized by a less sophisticated approach to segmenting and pricing portfolios as well as lower competition compared to more mature markets. In Portugal, unlike the UK, there is a lack of standardized structured flow for defaulted debt sales, as a result of the market being relatively less developed and the lack of experienced broker-led sales that generated significant growth in the UK market in the period 2005-2008. As a result, there is an opportunity for debt purchasers to establish direct relationships with debt sellers to pursue attractive opportunities through strong local partnerships. The limitation period for debt collection in Portugal currently is 20 years for amounts constituting principal and five years for amounts constituting interest or lease payments, in each case prior to the commencement of legal action. As a result, amicable debt collection strategies in the Portuguese market are significantly enhanced by the legal collection route.

Spanish Debt Purchase Market

As of December 31, 2016, Spain had a population of 46.1 million, GDP of €1,114 billion and an unemployment rate of 19.6% as per IMF. The global recession acted as a catalyst for significant non-performing debt growth in Spain from 2007 onwards. The evolution of non-performing debt volumes in Spain increased over the period from 2008 to 2012 at a compound annual growth rate of approximately 26%.

As of December 31, 2016, approximately €213 billion of non-performing debt were still held on the banks' balance sheets, representing an NPL ratio of 7%, with approximately €21.5 billion of non-performing debt portfolios placed on the market in 2016.

The Spanish unsecured debt market has been the most active in Europe over the last few years, but in 2016 there was also an increase in secured debt transactions. Improvements in Spanish housing market are benefiting both banks' asset quality and structured deal performance, amid a recovering domestic economy showing one of the strongest growth rates in the Euro area. Rising house prices improve potential collateral recoveries and lower loan-to-value ratios on the existing stock of mortgages. An increase in house prices is positively affecting the performance of residential mortgages in banks' loan portfolios, from which their non-performing debt exposure has declined from its peak in early 2014. Rising house prices translate into lower loan-to-value ratios within the existing stock of mortgages, reducing default rates and increasing potential recoveries from the residential properties. The stock of repossessed real estate assets on banks' balance sheets also reduced in 2016.

Given the attractive Spanish market growth dynamics, Spain has had numerous investments from European CMS players and private equity houses in the form of non-performing debt purchases and acquisitions of Spanish debt servicing companies. Such acquisitions include Lindorff's acquisitions of Aktua (2016), Axactor's acquisition of Geslico (2016), Cabot's acquisition of Gesif (2015), Apollo's acquisition of Altamira (2014) and Cerberus' acquisition of Haya (2014).

Romanian Debt Purchase Market

As of December 31, 2016, Romania had a population of 19.8 million, GDP of €169 billion and an unemployment rate of 6.0% as per IMF. According to the IMF, Romania will experience the highest economic growth in Europe in 2017. The real estate sector in Romania is one of the largest in the Central and Eastern Europe region and is attracting significant amounts of foreign investment, across both residential and non-residential construction as well as growth in the housing market.

As of December 2015, the value of non-performing debt within the Romanian market was estimated to be €12 billion, of which €3.5 billion was sold as of December 31, 2015. There is further scope for market expansion as many banks have not yet brought their non-performing debt portfolios to the market, and may now consider selling given recent successful sales. Central banks measures around provisioning requirements and pressure on banks to dispose non-performing debt are also expected to have a positive impact on non-performing debt sales activity.

As of March 2017, Romania had a total of 37 credit institutions of which eight are international banks according to Central Bank of Romania statistics. Consolidation in the fragmented banking sector is expected, with foreign banks exiting the country and selling their Romanian subsidiaries, and further M&A amongst the local banks. This activity combined with banks focus on deleveraging and de-risking their balance sheets, is expected to give rise to opportunities to purchase non-performing debt share.

Romania has seen an increasing number of non-performing debt sales in recent years. In addition to the Company's two acquisitions, large sales have included the €1.2 billion non-performing debt sale by Banca Comerciala Romana (Erste Group) to Deutsche Bank and Bancpost's sale of a € 597 million non-performing debt portfolio to KRUK and IFC. Eurobank Ergasias is currently focusing on divestments as well and considering reducing its stake in its Romanian subsidiary, Bancpost. Eurobank is also expected to take measures to resolve problems related to accumulated non-performing debt. There has also been interest from international CMS players to acquire platforms in Romania, such as Intrum Justitia's acquisition of Top Factoring (2017).

UK Debt Purchase Market

As of December 31, 2016, the UK had a population of 65.6 million, GDP of €2,374 billion and an unemployment rate of 4.9% as per IMF. The UK debt purchase market underwent significant growth from 2000 to 2008, fueled by a rapid rise in outstanding consumer debt together with increasing default rates. The onset of the financial crisis in 2008 resulted in a substantial withdrawal of funding supply from the debt purchasers operating in the sector and an increased cost of funding for those debt purchasers that remained active. Reduced funding supply, coupled with a difficult collections environment in which debt purchasers were no longer able to agree settlements with borrowers, resulted in the exit of many debt purchasers from the market. Since 2010, however, the UK debt purchase market has experienced a recovery and is now one of the largest defaulted consumer debt markets is Europe.

According to the PwC Market Reports, it is estimated that the value of non-performing debt portfolio transactions totaled around €20 billion (by face value) in 2016 in the UK, representing a significant market. It is expected to remain a large market as consumer debt levels remain very high and banks continue to actively manage risk. According to the PwC Market Reports, the household debt to income ratio is projected to reach 170% by 2020.

BUSINESS

The information in this section of the Offering Memorandum gives pro forma effect to the Transactions, including the Acquisition of the Portfolio Business by the Company, unless the context indicates or specifies otherwise.

Overview

The Company purchases and invests in a diverse range of primarily non-performing debt across Europe. The Company has the capability to price and purchase a wide range of debt, consisting of portfolios of unsecured and secured consumer, SME and mortgage debt, including portfolios that are a mix of these assets. The Company believes this ability is a key competitive advantage in originating new investment opportunities and further penetrating its current markets, providing it with the opportunity to generate strong returns on an ongoing basis. By establishing a long-term capital structure, the Company will be able to purchase and retain assets over a long-term horizon, in line with other debt purchasers in the market. The Company believes it remains active in geographies that both best match its core competencies and are attractive markets in their own right, including the Italian market which the Company believes remains a significant growth opportunity due to its diverse range of primarily SME debt.

The Company has a diverse portfolio of seasoned and granular consumer, SME, and mortgage debt which is differentiated among debt purchasers in the level of diversification across borrowers, asset types and geographies. The Portfolio Business' aggregate face value at the time of the initial purchases and investments in the portfolio assets was €11.3 billion. As of March 31, 2017, the Portfolio Business had an aggregate face value of €8.9 billion following the historical sale of debt with a face value of €2.4 billion, with an 84-Month ERC of €508 million, with 71% of ERC in Italy, 15% in Portugal and the remaining ERC derived from investments in Spain, Romania and the UK. The Portfolio Business has a strong cash flow underpinned by regular payment plans as well as cash and real estate collateral with an estimated value of approximately € 650 million in aggregate (based on a combination of Company and third-party valuations). Approximately 45% of estimated collateral value has been included for the purposes of calculating 84-Month ERC.

The Company benefits from the network, origination, pricing and operational expertise that AnaCap has developed over twelve years in the European financial services sector. The Company will also benefit from the significant resources and capabilities of AnaCap to conduct its business, and AnaCap will utilize its network, relationships, pricing, due diligence and operational expertise to originate and recommend investments to the Company. AnaCap is a pan-European financial services specialist with a long track record of building, managing and owning financial services businesses and assets, including building and owning Apex Credit Management and Cabot Credit Management as well as five regulated financial institutions across Europe. While operating as a specialist in the credit-intensive financial service businesses, AnaCap has developed proprietary analytical models that, in conjunction with significant proprietary data and expertise, help to optimize pricing and maximize collections over the life of portfolios.

The assets of the Portfolio Business were acquired between 2012 and 2017 from 18 unique sellers, including four follow-on transactions from previous sellers, and is comprised of debt purchased in Italy, Portugal, Spain, Romania and the UK. The Italian assets are a direct result of AnaCap's early entrance in the market in 2012, where it remains among the most active debt purchasers, and its ability to analyze, price and manage a diverse range of consumer and SME debt.

The Company operates a master-servicer model, by which a third-party servicer is selected and managed effectively. The model is designed to vary by specific portfolio requirements and allows pricing and collection practices to be optimized by geography and asset type, while providing additional servicing data that compliments the data available to the Company. As complexity and scale in a market grow, a specific local servicer or adviser may be deployed to support master-servicing requirements, providing dedicated local servicing expertise and oversight as well as enhanced supervision over servicing where required. In line with this approach, the Company has made minority investments in and assisted in the development of two servicers, PAM in Italy and a local servicer in Spain.

The Company also benefits from AnaCap's established competencies in building and managing lending and servicing platforms by selecting, working alongside, and enhancing the performance of servicers with local expertise. This allows the Company to enhance collections practices to more effectively price and collect debt. A combination of economic incentives, servicer competition and co-investment structures are used to incentivize servicer performance. Frequent and regular data feeds from servicers to AnaCap's proprietary IT platform, Minerva, are used to monitor portfolio performance and engage with servicers in order to further optimize collections performance.

During the twelve months ended March 31, 2017, the Company generated Pro Forma Core Collections of €114.0 million and Pro Forma Normalized Adjusted EBITDA of €80.1 million.

Competitive Strengths

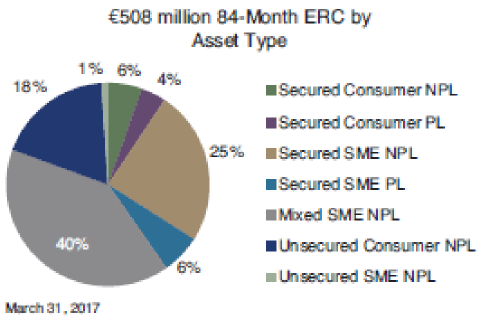
Sizable, Diverse and Seasoned Granular Portfolio Across Asset Types and Geographies

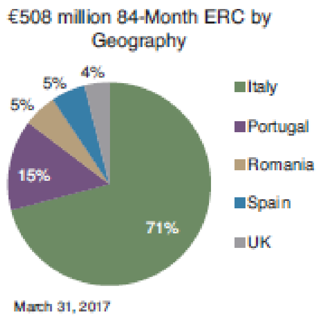
The Portfolio Business reflects a historical capital deployment from 2012 onwards of €425 million through acquisitions of and investments in 19 portfolios with an aggregate face value of €11.3 billion and over 500,000 accounts. During this period, four portfolios have been fully sold. As of March 31, 2017, the Portfolio Business consisted of over 200,000 accounts in five countries with a face value of €8.9 billion. Aggregate gross collections of the Portfolio Business since 2012 amount to €370 million with an 84-Month ERC of €508 million as of March 31, 2017. The Portfolio Business comprises mature and seasoned loans that were acquired between 2012 and 2017, and it has relatively high cash flow predictability underpinning its 84-Month ERC, as compared to newer portfolios.

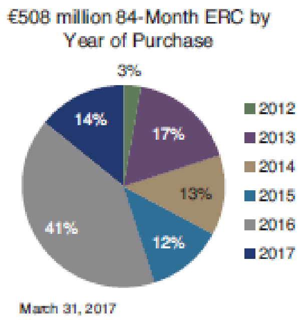
The Portfolio Business is highly diversified across asset types. Secured loans backed by collateral represent 60% of total 84-Month ERC and include performing and non-performing consumer and SME debt. Collections from unsecured loans represent 40% of total 84-Month ERC. The Portfolio Business also benefits from geographic diversification. As of March 31, 2017, 71% of the total 84-Month ERC of the Portfolio Business was attributable to loans originated in Italy and 15% in Portugal, with the balance derived from investments in Spain, Romania and the UK.

This diversification is a differentiator compared to peers as it results from mixed portfolios with varied servicing requirements, which are more complex to underwrite, price and service compared to more homogenous portfolios. The Company believes its capabilities in mixed portfolios are a differentiating factor derived from its ability to segment and analyze such portfolios by asset type on a very granular level using the AnaCap proprietary IT platform.

The following charts illustrate the diversification of 84-Month ERC by asset type and geography as well as the seasoned nature of the debt portfolios as of March 31, 2017. Geographic diversity provides resilience to economic cycles in any one country and local market trends, and combined with the asset diversity provides access to a greater investment opportunity set. The seasoned nature of the debt portfolios within the Portfolio Business gives the Company greater visibility on expected collections.







Early-mover Advantage Across Attractive European Markets, with a Leading Position in Italy

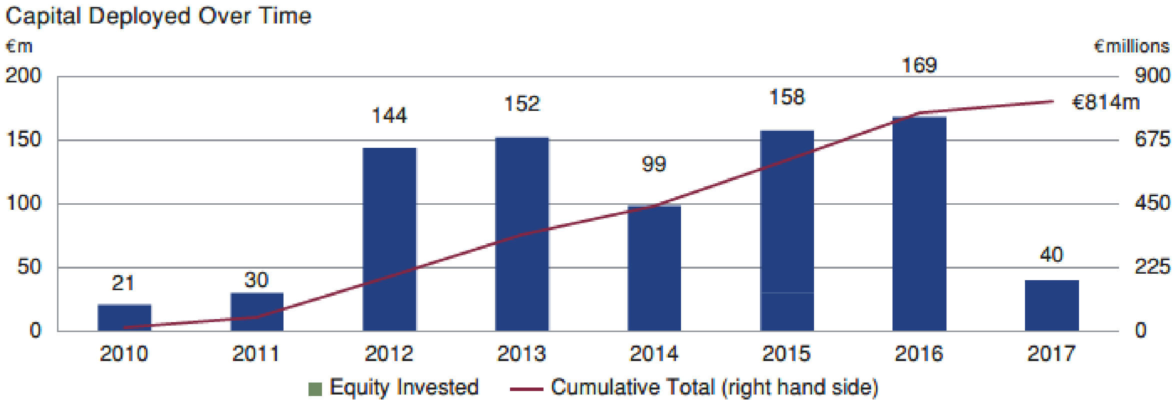
The Company's activities are spread across select geographies that are strategically aligned with what the Company believes to be attractive non-performing debt markets, and in particular, Italy. AnaCap entered the UK debt market in 2010, Italy, Spain and Portugal in 2012 and Romania in 2014. Since 2012, the Portfolio Business has invested approximately €258 million in Italy, €56 million in Portugal, €64 million in Spain, €29 million in Romania and €18 million of capital in the UK. Nine investments were made in Italy, and the remainder were distributed across the other geographies. As of the Issue Date, the Company estimates the Portfolio Business will achieve an average 84-month Gross Money-on-Money Multiple of 2.07x.

The Company's strong position in Italy reflects its view of the continued attractiveness of the Italian non-performing debt market. Italian financial institutions hold the largest stock of non-performing debt in Europe, with total non-performing exposure levels as of June 2016 estimated to be €331 billion according to the PwC Market Report. The Italian government has recently introduced new measures to promote the disposal of such exposures by financial institutions, including changes to Italian bankruptcy and tax law. These measures are expected to result in Italian financial institutions disposing of around €50 billion of non-performing debt in 2017, according to PwC Market Reports. The Company plans to leverage its longstanding relationships in Italy to benefit from the anticipated disposals.

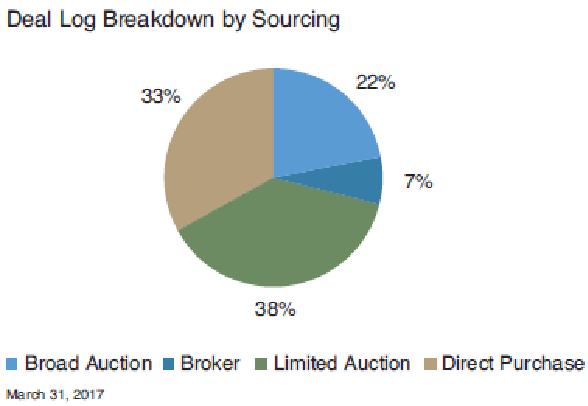
AnaCap has Strong Origination Capabilities Across the Financial Services Sector in Europe, Through its Track Record and Deep Relationships

AnaCap has diverse and established origination capabilities driven by strong relationships with vendors, advisers and servicers gained through its experiences and reputation as a financial services specialist. AnaCap has a long and successful history in credit investing through the Other AnaCap Credit Funds as well as its AnaCap Private Equity Funds, investing in and developing credit intensive businesses. AnaCap Private Equity Funds owned two debt purchasers in the UK, Apex Credit Management and Cabot Credit Management, which they successfully combined and grew into the largest debt purchaser in the UK. The Company believes AnaCap is considered by select sellers to be a trusted financial services specialist resulting in repeat transactions from multiple sellers. This has resulted in a steady pipeline of investment opportunities. Over the last twelve months, AnaCap reviewed more than 82 debt portfolios, of which it took 25 through to a preliminary round, ten through to a final round and ultimately purchased five. Of the 82 portfolios, 58% were sourced through narrow sale process, 32% through broad sale process, 6% through proprietary channels and 4% through other channels. By operating across well-established geographies and granular asset types, AnaCap is able to remain highly selective and disciplined in pricing.

Since 2010, AnaCap has completed 43 transactions from 33 different sellers with total capital deployed of €814 million including 11 transactions with repeat sellers. From March 31, 2012 to March 31, 2017, AnaCap has deployed an average of approximately €145 million per year, with capital deployment ranging from €3.9 million to €64.6 million per transaction.



As sellers continue to divest assets across Europe, AnaCap's strong relationships and its ability to develop new relationships will allow the Company to benefit from the further opportunities in its existing core geographies as well as select additional geographies. In addition, the Company believes that AnaCap's relationships are expected to support more targeted and proprietary sourcing efforts directly with sellers. For example, the chart below illustrates the deal log of AnaCap by sourcing since the initiation of its credit strategy in 2010 to March 31, 2017:



AnaCap has a track record of being able to develop and manage transaction execution required to effect debt purchasing successfully in often complex legal and regulatory environments delivering innovative and effective solutions to debt sellers across geographies. AnaCap has frequently worked with financial institutions in the process of restructuring their balance sheet over protracted periods of time, helping to analyze portfolios for disposal and providing extensive feedback to assist them in price discovery and ultimately facilitate a sale. In one such example, AnaCap completed such a process in an 18-month exercise that eventually led to multiple additional sales.

Ability to Underwrite Mixed Portfolios of Unsecured and Secured, Consumer, SME and Mortgage Debt, Combining Statistical and Loan Level Analysis

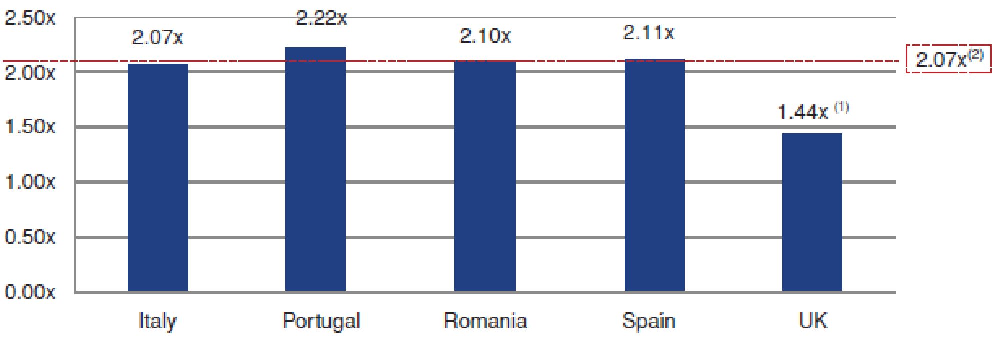
The Company has access to AnaCap's disciplined underwriting and pricing methods benefiting from seasoned in-house diligence capabilities and an extensive database of comparable portfolio data to enable granular analysis, supported by Minerva. Established partnerships with local servicers and advisers and the combined knowledge of select local legal frameworks, including court and debt recovery procedures, provides a competitive advantage and an ability to price debt portfolios including complex mixed portfolios. Proprietary modelling capabilities combining statistical and forensic analysis are used to analyze, price and actively manage a broad range of debt portfolios.

The regular data mining and analysis of portfolio performance provides feedback to third-party servicers to adjust strategies, resourcing and business plans to meet its targets. The regular review of servicing activity and revision of processes results in improved servicer efficiencies, all of which are designed to improve portfolio performance. In turn, these procedures help further customize the analysis and due diligence required to price future debt portfolios.

To realize favorable returns on its investments, the Company will rely upon detailed analysis of underlying receivables and/or hard assets, where applicable, taking into account not only past and expected future credit performance, but also servicing history to date and other specific attributes.

The following charts demonstrate the ability of the Portfolio Business to underwrite and deliver an attractive Gross Money-on-Money Multiple across a broad range of geographies and asset classes.

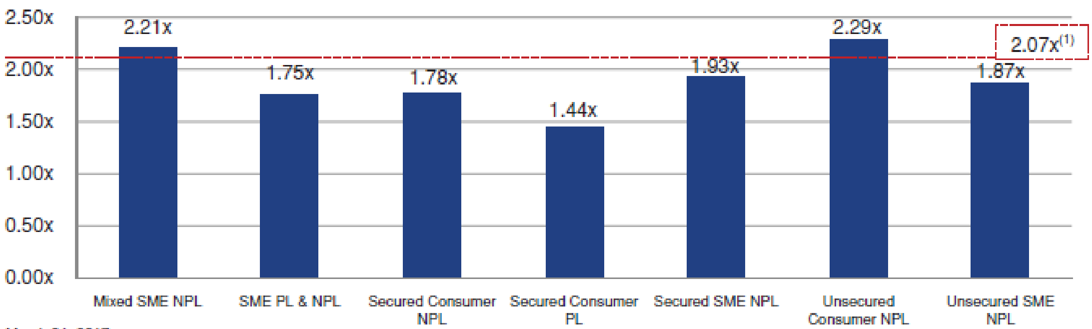
Gross Money-on-Money Multiple by Geography (based on 84-Months ERC)



March 31, 2017

(1) Reflects an acquisition a portfolio of performing debt.
(2) Weighted average.

Gross Money-on-Money Multiple by Asset Type (based on 84-Month ERC)



March 31, 2017.

(1) Weighted average.

Master-Servicing Model, Enabled with Data and Analytics, Allows Flexibility, and Collection-Optimization

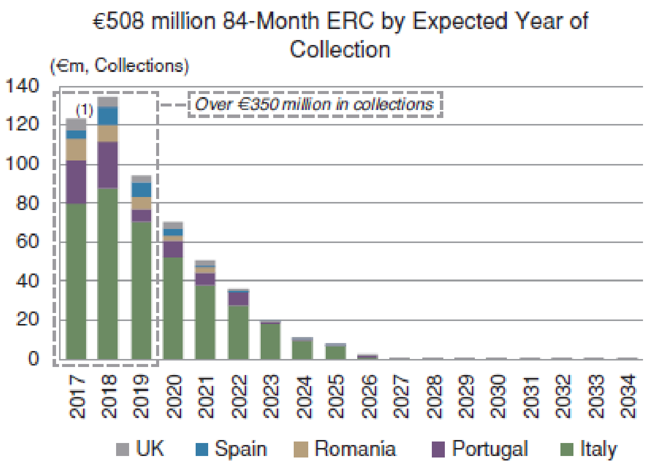
A master-servicing model tailored to the Company's multi-geographical and multi-asset type business is a key enabler of its ability to purchase and manage debt and is a source of competitive strength. AnaCap has adopted a disciplined approach to servicer selection and ongoing master-servicing that includes active engagement with, and regular audits of, servicers. The approach includes having a panel of servicers that leverage the strengths of what the Company believes are the best suited servicers for each geography and specific asset type, specifically selected to support tailored recovery strategies and also assist in underwriting and due diligence pre-acquisition. This approach enables the selection of the most appropriate servicer based on an individual servicer's core competencies and track record, which also ensures flexibly to help minimize fixed costs and benchmark performance.

The master-servicer model is supported by Minerva, which provides a centralized data warehouse for reporting, data mining and analytics to support both underwriting new investments as well as ongoing master-servicing activities. Daily, weekly and monthly performance data feeds from servicers into Minerva, which drives reporting and master-servicing decision-making. This flexible model allows the Company to benefit from tailored expertise across geographies while mitigating risk in monitoring servicing and portfolio performance. AnaCap works with servicers to improve their practices and enhance their end-to-end servicing capabilities.

The master-servicing approach varies based on specific portfolio requirements. On smaller, homogeneous portfolios, one servicer is often used with alignment of interests encouraged through co-investment and/or incentive fees linked to a defined business plan. On larger, mixed portfolios, it is often necessary to have more tailored servicing requirements where servicers and advisers are selected to manage specific segments and types of accounts (e.g. servicers, call centers, lawyers, real estate advisers) to drive optimal performance. On portfolios of significant size or as complexity in a market grows, it may be necessary to form a team in such specific market to support master-servicing requirements. With sufficient scale and complexity, a partner with a more permanent presence locally may also be formed to take more direct control over servicing, such as PAM in Italy.

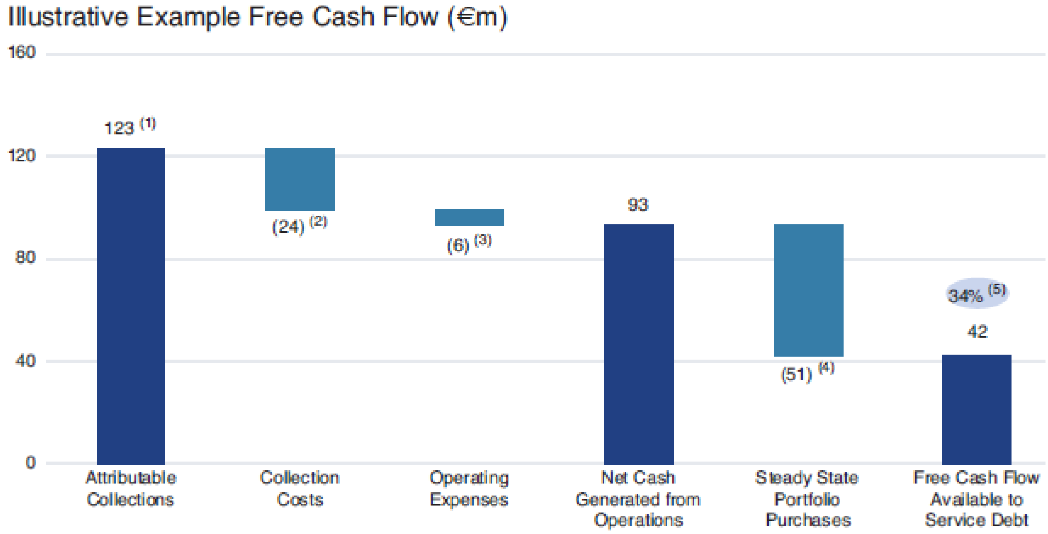
Strong and Visible Cash Generation and Prudent Financial Leverage Policy

The Company has good visibility on expected cash collections, underpinned by the mature and seasoned book, with 45% of 84-Month ERC being derived from assets purchased between 2012 and 2015. The robustness of cash geenration is also supported by over 81% of 84-Month ERC being backed by secured and mixed portfolios. In addition, historically the Portfolio Business has been able to continually generate new payers with low concentration risk from unsecured portfolios, with over 60% of such accounts historically making at least three payments if one such payment is made.



(1) Includes actual collections of €23.2 million for the three months ended March 31, 2017.

The Portfolio Business is highly cash generative due to its business model which benefits from a low-overhead through the use of third-party servicers, third-party data collection and is supported by a dynamic IT platform. This results in significant surplus cash available for debt service, and to reinvest in further assets or to deleverage if reinvestment opportunities are limited. The attractive cash generation profile of the Portfolio Business is supported by prudent financial policies.



(1) Illustrative annual attributable collections for one year.

(2) The average collection cost ratio over the past 3 years has been just over 18%. The Company assumes 19.5% for prudence, and applies this to the Total attributable collections.

(3) Illustrative Operating expenses for one year, including management fee based on NAV of 1.75%.

(4) Steady state portfolio purchases is calculated as the expected difference in 84-Month ERC at the start and end of every year, divided by the historical Gross Money-on-Money Multiple to get the capital required to be deployed in order to maintain 84-Month ERC at a constant €508 million.

(5) Free cash flow margin—free cash flow available to service debt as a percentage of the Total attributable gross collections.

Company's Strategy

Leverage the Origination, Pricing, and Operational Expertise of AnaCap

The Company's strategy is to leverage the origination, pricing, and operational expertise of AnaCap, as well as servicers, advisers and data, to drive returns from its existing and future portfolios. The Company will primarily target non-performing debt portfolios in its markets that are expected to generate a significant Gross Money-on-Money Multiple over an 84-month period and longer. The Company aims to continue monetizing portfolio assets through active master-servicing strategies aimed at maximizing recoveries. Building on that platform, the Company will continue to invest in additional diversified European debt portfolios that primarily comprise non-performing unsecured and secured consumer, SME and mortgage debt. The diversity by geography and asset type and the knowhow such diversity provides, should allow the Company to deploy capital selectively in its chosen markets at an attractive Gross Money-on-Money Multiple.

Given the current market environment, the Company sees significant investment opportunities that match AnaCap's expertise in debt across Europe, and in particular in the countries where it currently operates. The investment focus will be on well-known geographies and asset types where there remains a large market opportunity and where there is proprietary data, underwriting/pricing and servicing experience, such as Italy, Portugal, Spain, Romania and the UK. The Company may also cautiously invest in new geographies, bringing to bear AnaCap's experience, expertise and origination channels into financial institutions operating broadly across Europe, as well as a demonstrable track record entering into new geographies, provided such opportunities offer sufficient risk adjusted returns commensurate with the geography, asset type and servicing requirements.

The European financial crisis and the continuing imbalance of the European financial system has created a significant supply-demand imbalance, with: (i) approximately €2.1 trillion of non-core assets (including non-performing loans) on European banks' balance sheets as of December 31, 2016 (according to the PwC Market Reports) and pressure on financial institutions, driven by increased capital requirements and the implementation of new accounting standards, to sell non-core assets; and (ii) a still limited universe of buyers with deep market knowledge, industry relationships, pricing and servicing expertise. Italy where AnaCap has been one of the most active purchasers, has the highest stock of non-performing loans in Europe.

The Company may also co-invest alongside the Other AnaCap Credit Funds where appropriate, particularly in larger portfolios where portfolios can be split between the Other AnaCap Credit Funds and the Company according to asset type, risk and return profile, and where the size is prohibitive for the Company alone. Allocation of investments will be established pursuant to an established allocation policy. For a summary of the allocation policy, see "*Management and Governance—Conflicts of Interest—Allocation Policy*".

Management and Governance

The Company's management decisions are delegated, through a regulated alternative investment fund manager, to the Portfolio Manager, which is responsible for making portfolio management decisions on a discretionary basis in line with the investment objectives and policies of the Company and subject to the supervision of the Company's Board of Directors. The Portfolio Manager has appointed, pursuant to an advisory agreement, the Investment Adviser to provide investment advice. See "*Management and Governance*".

The Company benefits from the AnaCap infrastructure, operational, IT and risk management systems as well as the access to the team of management and credit professionals responsible for day-to-day management of the Company and its subsidiaries.

Business Platform

The business platform available to the Company leverages the significant resources and capabilities of AnaCap to conduct its business, and utilizes AnaCap's network, relationships and in particular significant proprietary data tools and expertise.

Minerva

The Company has access to Minerva, which is AnaCap's proprietary IT system and data intelligence-gathering platform developed in-house by AnaCap and supported by a team of 14 professionals. Minerva is a centralized IT system that provides a common portal for portfolio monitoring, pipeline management, team collaboration and research. It gives access to granular historic data built from AnaCap's portfolio assets along with pipeline data, data from servicers and other external data, enabling instant access to granular reporting, data mining and analytics that is used to optimize performance and price new portfolios. Knowledge is shared through automated reporting, document management and activity tracking with relevant information from a spectrum of internal and external data presented alongside portfolio assets and pipeline deals. AnaCap believes that Minerva provides it with a competitive advantage through the scale of its data and its ability to make use of that data to improve its business practices.

Origination

Debt purchasing consists of the sale of financial debt by a seller to a specialist debt purchaser who acquires the right to collect the debt for its own account and retain the cash collected. The purchaser then typically seeks to reinvest this cash, net of collection costs, in acquisitions of new portfolios. Sellers may dispose of portfolios of performing, semi-performing or non-performing debt for a number of reasons relating to operational and economic efficiency.

Sourcing

The Company has several channels for sourcing investments. These are largely enabled by AnaCap's industry reputation and established relationships with financial institutions and non-financial institutions. AnaCap is seen as a credible counterparty able to execute deals effectively, discreetly and in a timely manner, benefitting from in-house expertise and relationships. Its solutions-based approach allows AnaCap to adapt to seller needs through its broad specialist capabilities and network across financial institutions. Primary sources of deal flow include:

- direct relationships with financial institutions, non-financial institutions and/or asset managers, which either hold target assets or are active in the credit sector;

- servicers who do not have debt purchasing capabilities or, if they do, have insufficient capital to complete an acquisition themselves;

- advisers and brokers, particularly those specialized in selling debt, often varying by asset type and geography;

- investment banks looking to provide financing and/ or advise to those they believe represent a credible investor for a particular investment opportunity; and

- financial sponsors seeking to partner with AnaCap due to its proven pricing, execution and servicing capabilities in particular geographies and asset types.

The Investment Adviser reviews and analyzes a significant number of opportunities each year and then selects and recommends a selected number of opportunities.

The Investment Adviser is invited to auctions for the sale of debt portfolios and is regularly contacted by vendors, servicers and advisers regarding potential bilateral non-core business and asset sales, including during financial institution restructurings.

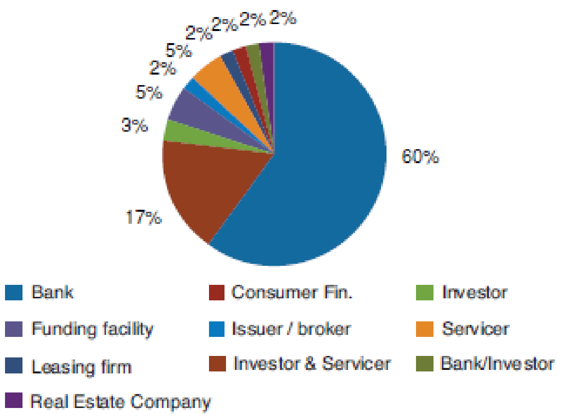
The assets of the Portfolio Business were acquired between 2012 and 2017 from 18 different sellers, as highlighted in the table below.

Overview of Key Seller Relationships

Seller	Since	Amount Invested (€425m Total)
1	2013	57
2	2013	47
3	2016	47
4	2015	44
5	2012	41
6	2017	40
7	2014	39
8	2012	28
9	2014	20
10	2016	18
11	2016	15
12	2012	9
13	2016	9
Other		9

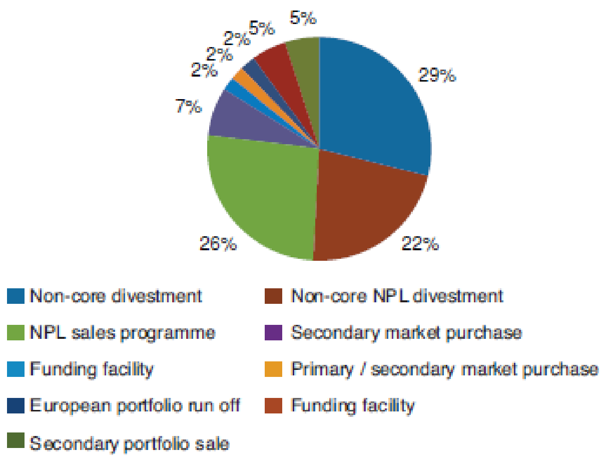
Debt portfolios are typically sold through: (i) direct purchases, (ii) limited auction (involving four or less bidders) and (iii) broad auction (involving more than four bidders). Proprietary acquisition methods of developing a transaction opportunity include bilateral transactions from primary sellers as well as secondary market transactions from investors and/or servicers. The Company has not entered into any forward flow agreements. For example, the charts below illustrate the deal log of AnaCap by seller type and by transaction type since the initiation of its credit strategy in 2010 to March 31, 2017:

Deal Log Breakdown by Seller Type



March 31, 2017

Deal Log Breakdown by Transaction Type

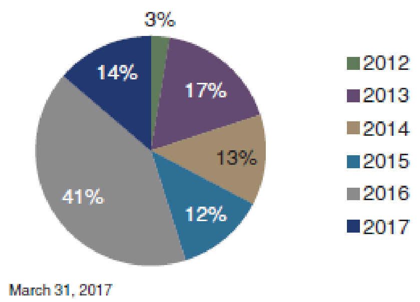


March 31, 2017

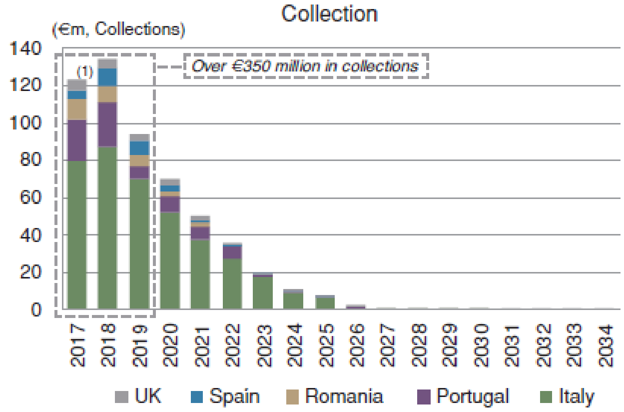
Asset Base

The Portfolio Business has an 84-Month ERC of €508 million. It consists of a wide range of assets types, including consumer loans (granular portfolios of unsecured consumer debt, including personal loans, overdrafts, auto loans, leases and other receivables), SME debt (granular portfolios of unsecured and secured SME debt across a range of product types, often with personal guarantors) and mortgages (diversified portfolios of retail and smaller ticket commercial/SME mortgages secured by real estate and/or other hard asset collateral). The Portfolio Business is also spread across a number of geographies, with Italy accounting for 71% of 84-Month ERC and Portugal accounting for 15% of 84-Month ERC, with the remainder from Spain, Romania and the UK, in each case as of March 31, 2017. Finally, the Portfolio Business also represents a mature and seasoned book with 45% of 84-Month ERC as of March 31, 2017 purchased prior to 2016. The charts below illustrate this diversification of ERC by year of purchase, as well as and the breakdown of 84-Month ERC by expected year of collection, as of March 31, 2017:

€508 million 84-Month ERC by Year of Purchase



€508 million 84-Month ERC by Expected Year of Collection



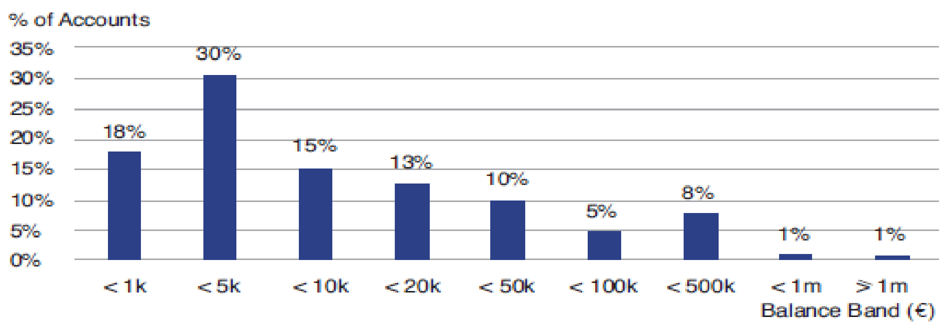
(1) Includes actual collections of €23.2 million for the three months ended March 31, 2017.

The Portfolio Business is currently weighted towards non-performing debt, which accounted for approximately 90% of the Company's 84-Month ERC as of March 31, 2017. Loans are considered to be non-performing when they are more than 90 days overdue or unlikely to be repaid. The nature of non-performing means such loans have typically been exposed to some degree of prior attempts to recover the debt through an amicable or legal process depending on the amount of time that has elapsed since the default occurred. Over one-third of the Portfolio Business has multiple obligors under the loan documentation, thereby increasing the potential sources of recovery. Performing loans make up 10% of the Company's 84-Month ERC as of March 31, 2017. The performing loans in the Portfolio Business require customer service to debtors (including responding to loan inquiries from debtors), recording debtors' new contact or payment details, implementing and monitoring direct debits for loan repayments and taking action to prevent loan arrears.

The secured loans within the Portfolio Business are backed by significant collateral. Based on a combination of Company and third-party valuations, the estimated value of collateral is approximately €650 million. Approximately 45% of such value is included in 84-Month ERC to reflect the significant discount required in a forced sale. In addition, the expected proceeds from the Portfolio Business are further supported by an expectation to receive more than €40 million in cash from collateral already liquidated that have yet to be distributed by the relevant courts.

In addition to the collateral and multiple obligor support underpinning ERC, the Portfolio Business continues to generate new payers with low concentration risk. Unsecured portfolios consistently continue to generate new payers over time, even after five or more years of ownership. Once a payment is made, over 60% of unsecured loans historically make at least three payments. Overall, accounts with a balance below € 5,000 comprise approximately half of the Portfolio Business with the remaining accounts having balances above €5,000. The diagram below sets out the outstanding balance distribution of loans within the Portfolio Business in bands as of March 31, 2017.

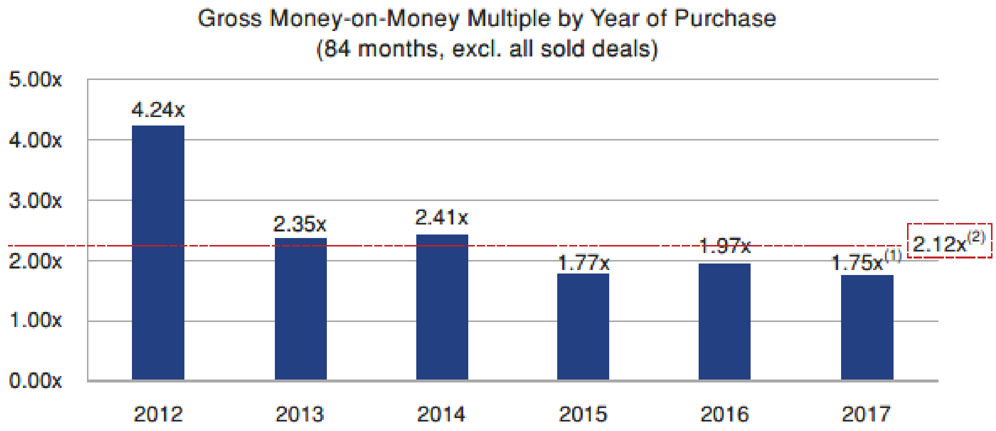
Outstanding Balance Distribution by Balance Band



Underwriting and Pricing

Overview

AnaCap has extensive experience in acquiring portfolios of performing and non-performing debt. Among the investment criteria that Portfolio Manager currently considers when deciding whether to purchase a portfolio is the portfolio's expected return and whether it matches its strict pricing discipline to maintain high portfolio returns and avoid overbidding as well as a number of other factors. The Investment Adviser follows an established review process when recommending any investment to the Portfolio Manager. The Investment Adviser follows a conservative approach to the portfolio analysis and pricing of investments to protect against downside risk in stressed scenarios. When analyzing and pricing target investments, the Investment Adviser leverages its relevant industry experience and expertise along with servicers and advisers to address and stress key variables which vary by asset type and geography; utilizing a proprietary modelling approach to produce an assessment of value.



As of March 31, 2017

(1) Portfolio acquired in March 2017 includes 46% performing loans.

(2) Weighted average.

Screening and Desktop Analysis

The first step in identifying investment opportunities for potential underwriting is a screening process, which AnaCap performs on behalf of the Company. Opportunities will initially be assessed based on geography and asset type. During the screening process, key data points are compiled on the basis of the specific opportunity and used to filter investment opportunities. These include a variety of macro and micro data points such as price expectations, consumer and SME indebtedness, secured collateral ability to collect, available enforcement procedures and the servicing landscape.

If an opportunity passes the initial screening process, it undergoes a desktop analysis whereby often limited available data at that stage is aggregated to prepare high-level indicative pricing terms and identify due diligence and servicing requirements that are likely to be applicable. Data used to analyze an opportunity can be static data points, such as accounts, product details and guarantor details, or dynamic data points, such as account level, monthly records covering previous payments made, historical settlement offers and/or amicable payment plans and litigation procedures as well as comparable data, where applicable. Base case recovery curves are then produced as result of the desktop analysis that can be sorted by debtor type, product, seasoning and management strategy, and ultimately, a segment level forecast to produce 84-months of cash flow projections. Once the desktop analysis is completed, the Investment Recommendation Committee can preliminarily recommend to the Portfolio Manager the opportunity and a budget for the subsequent steps in the portfolio underwriting and due diligence process should a preliminary offer be accepted by the Seller.

Detailed Due Diligence and Valuation

After the Portfolio Manager's initial approval, the opportunity is further validated through a detailed due diligence process led by the Investment Adviser and, as necessary, supported by local servicers and advisers (lawyers, real estate valuers, accountants, etc.). The Investment Adviser focuses on deriving statistically significant asset level drivers of value which can be validated through historical performance from a target portfolio and/or comparable portfolios, where possible, while individually underwriting larger individual positions, including specific legal status and valuation of underlying collateral, where applicable.

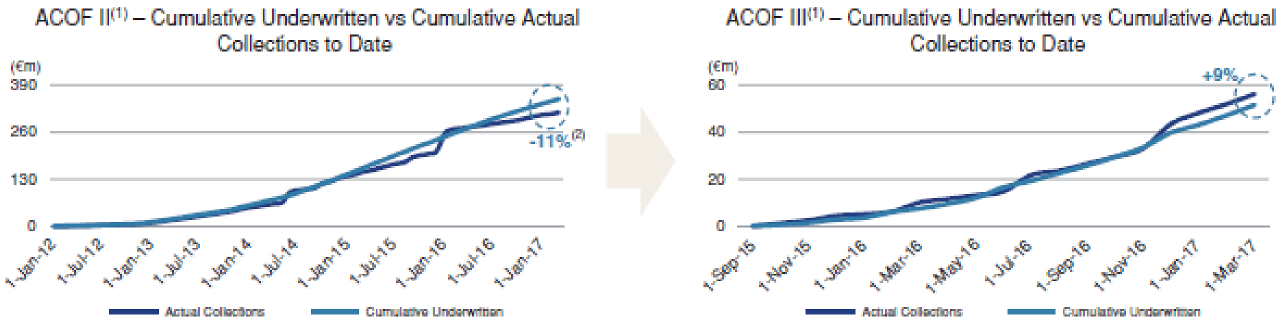
This considers both past and future intended servicing strategies as well as the associated risks around available documentation, servicing transfer and implementation, and includes external servicers and advisers to deepen the due diligence review when appropriate.

Once the due diligence process is completed, the Investment Adviser prepares a valuation of the opportunity using proprietary models to the extent possible across asset classes, which are in turn adjusted to take into account the nuances of each geography and data set. AnaCap's holistic proprietary pricing models take into account, among other factors, an analysis by asset type, balance size, year of origination, and default date. Assumptions are made on among other things, conversion rates and average payment levels using benchmark portfolios with a high level of granularity as well as enforcement and recovery by way of collateral sales where applicable.

The primary method the Investment Adviser uses to make a pricing valuation is based on discounted forecast cash flow analysis adjusting for relative risk profile of the geography and expected volatility of forecast cash flow under different scenarios. However, pricing models vary significantly across asset types and may incorporate a wide range of variables that rely on a variety of factors such as:

- macroeconomic factors such as path future interest rates, unemployment/growth and refinancing availability;
- debtor behavior, including propensity to perform, prepay or default, timing thereof as well as post-default recovery drivers, i.e. affordability, guarantors, other assets;
- legal factors such as judicial enforcement framework, ability to attach to income/other assets, timing and costs;
- underlying collateral (where applicable) value, market liquidity and timing/cost of liquidation; and
- servicing migration, resource requirements, strategies, timing and cost and incentives.

The historical ability to successfully price portfolios is illustrated by the comparison of the cumulative underwritten amounts of ACOF II and ACOF III as compared to the actual collections over time. For information on the risks and uncertainties related to the Investment Adviser's ability to price portfolios, see "*Risk Factors*".



(1) Shows the Portfolio Business assets as originally contributed by ACOF II and ACOF III, respectively.
(2) Exluding one Portuguese portfolio from the ACOF II assets as originally contributed, the difference of cumulative underwritten debt to cumulative actual collections would have been -3%.

Approval, Contract and Closing, and Back-testing of Models

Any investment requires the unanimous recommendation of the Investment Recommendation Committee. The committee comprises four highly experienced AnaCap executives. The following AnaCap members hold positions on the Investment Recommendation Committee as of the date of this Offering Memorandum: Joe Giannamore, Justin Sulger, Chris Patrick and Chris Ross-Roberts. For further information on these members, see "*Overview of AnaCap*". The Investment Recommendation Committee then presents the investment to the Portfolio Manager for the final approval ahead of presenting a binding bid. For further information, see "*—Origination—Sourcing*". If the Portfolio Manager approves the transaction, then a bid is placed and to the extent such bid is accepted by the seller, the transaction is signed and completed. The Investment Adviser, working closely with servicers, then screens individual claims against various databases to determine whether any of the individual claims do not meet the specified criteria and should be returned, if contractually permitted. The models used to initially value the opportunity are then retroactively tested and compared against the Investment Adviser's proprietary datasets and external data sources to validate or modify ongoing projections. Each base case forecast is tested for robustness and stress to aim for the full return of capital invested even in the case of extreme underperformance.

Servicing Approach

Master-Servicing Model

The Company operates a master-servicer model that can be varied by specific portfolio requirements which allows collection practices to be optimized for individual geography and asset types and also gives access to additional servicing data.

To realize collections from the debt portfolios owned, or invested in, by the Company, servicers are required to service such debts in line with contractual arrangements and service level conditions, including all the processes and administration associated with recovering debts from customers, such as managing and overseeing any litigation process as well as the foreclosure upon, and the liquidation of, hard assets where applicable. The Company, via its management structure, can manage its assets through the careful selection and active engagement with a panel of specialized third-party servicers and advisers across Europe, including law firms, data providers, debt collection agencies, tracing service providers and real estate advisers. It utilizes an efficient master-servicing model that is tailored for its multi-geographical, multi-asset and multi-strategy business model allowing the Company to leverage the best servicers for each specific geography and asset type. The Company believes this strategy provides a flexible and nimble servicing model that minimizes its fixed cost base, provides an easier entry point into new markets and reduces downside risk through the ability to maintain pricing discipline and not chase volume in a particular geography.

Different servicing approaches are employed depending on the situation. For example, for some small homogenous portfolios, one servicer may be used with alignment created based on co-investment and/or incentive fees linked to a defined business plan. For larger, more mixed portfolios, servicers and advisers may be selected to manage specific segments and types of accounts. A 'champion-challenger' model is often utilized, which involves the selection of more than one servicer to test the servicer capabilities against each other and benchmark performance to find the best partner for the specific servicing requirements in order to drive optimal performance. For more complex and larger-scale portfolios, an on the ground team may be deployed to support master-servicing requirements.

Where the scale of the portfolio investment or investments are sufficiently large and/or complex, the preferred approach is to build or partner with a more permanent local presence to take greater direct control over servicing in that market. This was the origin of AnaCap's relationship with PAM, which started in 2013 with underwriting and due diligence support in early Italian transactions and developed into its current role as lead servicer of the Company's non-performing debt in Italy, and they continue to provide local oversight of all other Italian servicers and advisers. AnaCap has assisted PAM with guidance on operational build-out and its expansion across an increasing variety of debt in Italy, ultimately resulting in the Company making an indirect 30% participatory investment in PAM.

PAM has developed the skillset and track record to service in-house a wide range of non-performing debt portfolios and become a scalable platform with approximately 35 full time employees. The Company believes PAM is among the top five servicers in Italy by assets-under-management, and with an EBITDA of €1.5 million as of December 31, 2016. The relationship between the Company and PAM enhances origination, diligence, pricing and execution capabilities for the Company in the Italian non-performing debt sector by providing additional local expertise and dedicated infrastructure and resources.

Selection and Management of Servicers

Servicer selection is extremely important for efficient realization of ERC of the Portfolio Business, and begins with a rigorous servicer review and due diligence process, including a detailed review of the servicer's management and personnel, IT and operations, policies, procedures and reporting, track record in connection with comparable assets, legal and regulatory compliance and financial stability, among others. An underwriting case for the relevant portfolio will be agreed with the servicer, on which all pricing and return objectives are based, and the servicer will contribute to due diligence on the relevant assets to ensure the alignment of value assessment, return objectives and required strategy. A base and incentive fee structure is often agreed with servicers that will encourage desired servicing outcomes, with servicing agreements typically including service level conditions and performance related covenants, with key performance indicators used to monitor compliance. Sometimes co-investment is also encouraged so that the servicer has a greater vested interest in the success of the portfolio, which results in a "promote structure" relationship with the servicer.

The diligence process continues once a servicer is engaged by utilizing a disciplined approach to targeting, monitoring and regularly reviewing servicer performance, including active engagement, regular onsite visits and periodic audits by independent third-parties. Returns are optimized with active post-acquisition management that includes continually capturing performance data and refining strategies. Servicing strategies and performance (including service-level conditions) are actively monitored and managed using detailed daily, weekly and monthly data feeds to Minerva, which are used to generate standardized key performance indicators to enable flexible analysis and dynamic adjustments. This oversight allows the Company to address any performance issues as well as an ability to implement alternative pro-active servicing strategies.

Active Servicer Engagement Supported by Minerva

The Company believes that the reporting and data analytics through Minerva is a key tool to drive servicer engagement. The detailed reporting that servicers are required to produce is delivered through Minerva with automated data feeds to ensure transparency and ease of access. The data delivered by the servicers includes legal, payments, collateral, cash, borrower and guarantor's data, amongst others, which comes into Minerva daily, weekly and monthly, depending on the type of data.

The servicer often submits weekly performance reports along with trends in the previous week's cash collections, with calls held to discuss performance in previous weeks and effectiveness and feedback from ongoing programs. Monthly performance reports are also sent with detailed information on the overall evolution of performance and service levels. Regular onsite meetings and/or calls are held to discuss performance in the previous month. On a quarterly and annual basis, on-site visits and formal performance reviews are conducted with third-party audits also being conducted annually. The key performance indicators available on a monthly and quarterly basis help guide the strategy for ongoing portfolio management, timing and scope for any required adjustments and updates on applicable trends in particular markets.

The Company believes that an active approach to master-servicing, informed by detailed reporting and frequent servicer and adviser engagement, can have a significant positive impact on overall returns. By maintaining an active approach, with dynamic servicer engagement informed by detailed reporting, emerging performance issues can be addressed. This has included intensive engagement to address shifts in strategy as well as the termination and/or the introduction of new servicers post-acquisition.

Servicer Oversight for Regulatory Compliance

At the core of the business, are servicers who the Company believes share the Company's commitment to ethical behavior and strict compliance with laws and regulations. The laws and regulations under which the Company operates have at their core the fair treatment of all customers, which the Company seeks to integrate into its engagements with servicers. As part of such engagements, servicers are required to agree to maintain and continually seek to improve existing standards for policies and procedures for interacting with debtors, in particular with regard to vulnerable debtors. Mechanisms focus on the regulatory compliance, operational capabilities, financial control and financial position of each servicer that is engaged to service assets held or invested in by the Company and assess servicer performance against any pre-agreed terms. This is reinforced by strategies which typically favor recoveries ultimately achieved by way of amicable resolutions that prove to be more timely, affordable and sustainable.

A "3+2" line of defense model is adopted to ensure regulatory compliance. The first three lines of defense are at the servicer level. The first is that the collection agents employed by the servicer that are managing a claim are required and trained to follow procedures set out by the servicer's management. The second is the managerial oversight at the servicer, with management of the servicer being responsible for the supervision of the collection agents, which are monitored by line managers to ensure that procedures are followed. Regular meetings are held between management and the agents to escalate and resolve any issues that have occurred. The third is the internal control function at the servicer, which is required to be independent from the operations of the servicer and is responsible for investigating any incident and monitoring compliance with internal procedures. The fourth and fifth lines of defense are above the level of the servicer. The fourth is monthly reporting by the servicer so the Company may conduct periodical checks and reviews of the performance and standards of the servicer, and third-party specialist consultants are engaged to conduct regular audits in relation to the details regarding complaints and exceptions granted for breaches to policies and processes that were pre-agreed by the terms of engagements. The fifth line of defense is that the Investment Adviser actively manages its servicer panel to ensure that its internal policies and any local regulatory requirements are adhered to and to reduce risks to its business and reputation and to the business and reputation of the funds it directly or indirectly advises from non-compliance with such policies and regulatory requirements.

Legal and Financing Structures of Investments

In addition to direct purchases of portfolios through its subsidiaries, the Company has access to a range of flexible legal structures and financing options that enable it to use the most appropriate purchase structure depending on the circumstances and nature of the portfolio that it seeks to purchase. Portfolio investments have been in the past, and may be in the future, structured in several ways, including:

Italy's Section 130 SPVs

- Most of the portfolio investments the Company makes in Italy are conducted through special purpose vehicles incorporated in the Republic of Italy under article 3 of Italian law No. 130 of April 30, 1999 (*Disposizioni sulla cartolarizzazione dei crediti*) (a "Section 130 SPV").

- The Section 130 SPVs have the benefit of certain protections against the bankruptcy or insolvency of third-parties with which they interact. The sale of portfolios will be subject to reduced claw back periods (i.e. three months and six months rather than the usual six months and one year periods) pursuant to Italian law No. 130 of April 30, 1999, as amended from time to time (*Disposizioni sulla cartolarizzazione dei crediti*) provided the debt seller was not insolvent at the time of the sale. Payment of amounts by debtors in respect of the securitized portfolios will not be subject to claw-back action. In addition, to the extent that Italian insolvency proceedings apply in respect of the servicer, the sub-servicer or the depositary bank with which the accounts for the deposit of the collections received from the debtors in the portfolio have been opened, upon the insolvency of such entities, the amounts credited on such accounts will be immediately and fully returned to the relevant Section 130 SPV in accordance with the provisions of the relevant agreement and without the need for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan.

- In addition, the claims relating to each portfolio will, by operation of law, be segregated for all purposes from all other assets of the Section 130 SPVs which purchase the debt. The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the claims under the portfolios will automatically be transferred to and perfected with the same priority in favor of the Section 130 SPVs, without the need for any formality or annotation. The Section 130 SPVs must use all amounts paid by the debtors under the portfolio exclusively to meet its obligations under the debt instruments and all costs and expenses associated with the transaction.

- Although the Section 130 SPVs own the portfolios, or third-parties own the portfolios and the Section 130 SPVs have an agreement with such third-parties for payments in respect of the collections from a particular portfolio, the Company has economic interests in such portfolios and may share those interests with one or more co-investors. Such economic interests usually take the form of securitization notes issued by the Section 130 SPVs and the size of interest payments may be fixed or variable and equal to the collections or realization proceeds that are realized from the portfolios held by such Section 130 SPVs, minus administrative fees and other expenses payable by the Section 130 SPVs.

Participation SPVs

- Portfolio investments can be made by entering into investment participation agreements with special purpose vehicles (a "Participation SPV"). There are restrictions on the actions the Participation SPVs can take and the relevant entity that enters into the investment participation agreement, along with any other co-investor, will be bound by limited recourse and non-petition obligations, either under the law of the jurisdiction of incorporation or through contractual undertakings.

- Although the Participation SPVs own the debt portfolios, the relevant entity has economic interests in such portfolios and may share those economic interests with one or more co-investors. Such economic interests may take the form of investment participation agreements with, or debt instruments issued by, the Participation SPVs and the size of any participation or interest payments may be fixed or variable and equal to the collections or proceeds that are realized from the portfolios held by such Participation SPVs minus administrative fees and other expenses payable by the Participation SPVs.

- The Investment Adviser may recommend using Participation SPVs in the future in order to leverage the Company's and its subsidiaries' ability to invest in portfolios alongside co-investors as part of its investment strategy.

Litigation Related to Collections

The collections process consists of two key phases: the amicable phase and the litigation phase. When an account is in arrears a servicer typically initiates the amicable phase before pursuing litigation. In the amicable phase, the debtor is contacted by a servicer with the aim of agreeing a payment plan or settlement arrangement. If this does not succeed, servicers on behalf of the Company, may pursue litigation in order to collect the non-performing debt, while continuing to pursue an amicable solution in parallel.

The litigation phase is likely to arise more frequently with certain assets types over others, for example, unsecured consumer loans are less reliant on litigation than mortgages. Throughout the litigation process the defaulted debtor has the opportunity to engage and negotiate an affordable payment plan or settlement, thereby coming to an amicable solution. However, if an amicable solution does not take place, the litigation phase typically proceeds to judgment. If the debtor fails to make a payment as ordered by a judgment, or otherwise fails to demonstrate extenuating circumstances, enforcement of the judgment may be sought by applying for an enforcement order.

Any litigation process is subject to many potential limitations resulting from the responses from the defaulted debtor, the complexity of the underlying contract, the claim amount and the assets over which enforcement may be sought, the application of local law and debtor protection rights, among other variations. All of these factors may significantly affect the timing, process, costs and outcome of the litigation process.

Technology Infrastructure and Business Intelligence

AnaCap's IT, including Minerva, on which the Company relies, is hosted on cloud-based infrastructure that offers cost advantages while also providing efficiency, scalability, security and reliability. The third-party provider, OneAdvanced, principally operates from the UK. They provide a completely managed service, including a help desk, application hosting, network security and communication links to their data centers.

The security and preventative measures in relation to cyber risks, including penetration testing, take place at both AnaCap and OneAdvanced. OneAdvanced is ISO27001, SSAE 16 SOC 1/2/3 and ISAE 3402 accredited and provides secure networks and secure remote access. The technology is modelled with an aim to ensure there is no single point of failure, with contingency plans in place. In addition, the technology infrastructure available to the Company includes business continuity and disaster recovery plans. For risks relating to technology infrastructure, see "*Risk Factors—Risks Relating to the Company's Business—The Investment Adviser's and Servicers' operations could suffer from telecommunications or technology interruptions*", "*Risk Factors—Risks Relating to the Company's Business—The Company and AnaCap may be unable to successfully anticipate, manage or adopt technological advances within its industry, which would result in increased technology costs and, to the extent not implemented in a timely manner, adversely impact the Company's competitive position in relation to peers*" and "*Risk Factors—The Company, its subsidiaries, AnaCap and servicers may experience security and privacy breaches of their IT systems".*

External Consultants

External consultants are used in the investment process for various purposes, including working closely with the Investment Adviser during the due diligence phase, with close oversight from the Investment Adviser. Local counsel for each transaction are appointed to complete legal due diligence. Specialist counsel are appointed when needed, for example for tax structuring. For specific transactions, additional, specialized due diligence advisers may be required as an additional resource. This may include accountants, specialist consultants, and certified local real estate and asset valuers, amongst others.

Legal Proceedings

Other than in the context described above under "*—Litigation Related to Collections*", the Company, the Guarantors and their respective subsidiaries may from time to time be involved in legal proceedings. Neither the Company nor the Guarantors, nor any of their direct or indirect subsidiaries, has been involved in any governmental, legal or arbitration proceedings relating to claims or amounts which are material in the context of the issuance of the Notes, except as otherwise disclosed in this Offering Memorandum. So far as the Company is aware, no such governmental, legal or arbitration proceedings is pending or threatened.

OVERVIEW OF ANACAP

Overview

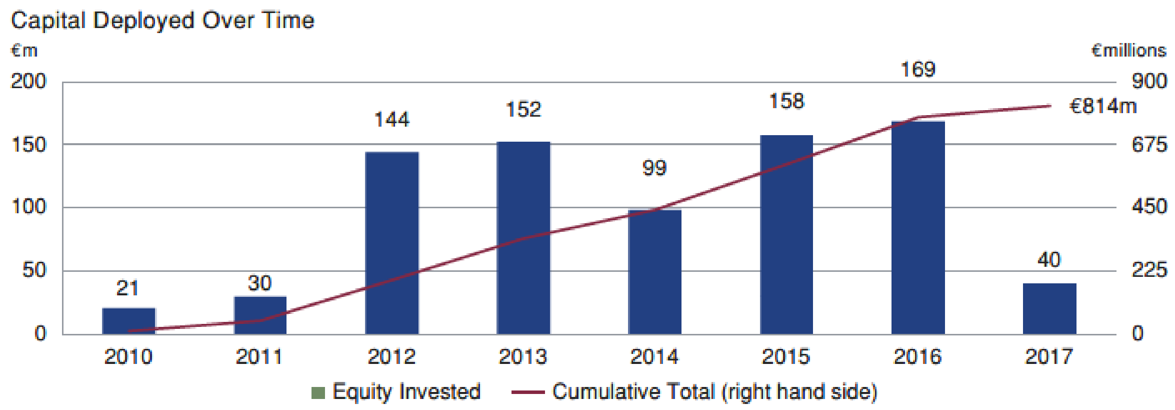
AnaCap is a leading specialist asset manager in the European financial services sector. Since its establishment, AnaCap has raised €3.2 billion of capital across six funds, three focused on a private equity strategy and three focused on a credit strategy. However, the AnaCap Private Equity Funds and the AnaCap Credit Funds complement each other in depth of focus on European financial services.

Complimentary strategies

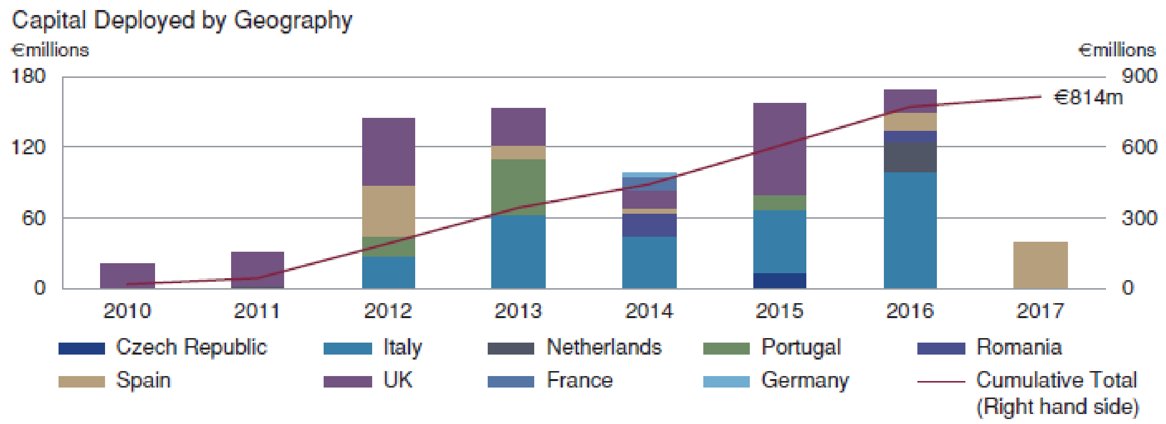
Across the three AnaCap Private Equity Funds an aggregate €2 billion was raised, of which €300 million was raised for PE Fund I in April 2006, €575 million for PE Fund II in May 2009 and €850 million for PE Fund III and a co-investment fund in December 2015. AnaCap's private equity strategy is focused on the transformation and rapid growth of mostly regulated financial services companies by taking advantage of the ongoing regulatory changes and structural dislocation which creates significant restructuring opportunities. AnaCap's track record in the regulated financial services sector (60% of the AnaCap Private Equity Funds' portfolio is in credit intensive financial services companies, including controlling stakes in EU regulated banks, including Aldermore, Nest Bank, Equa Bank, Mediterranean Bank) results in continuous inbound opportunities from sellers and advisers. Those opportunities resulted in the initiation of AnaCap's credit strategy as a complementary part of the solutions it can offer financial institutions operating in Europe.

Across the three Other AnaCap Credit Funds an aggregate €1.2 billion was raised, out of which £59 million (€69 million) was raised for ACOF I in August 2010, £353 million (€436 million) for ACOF II in May 2012 and €595 million for ACOF III in May 2016, with the balance raised as co-invest funds. ACOF I and ACOF II are fully invested and ACOF III is almost 50% invested. AnaCap's credit strategy is focused on highly diversified portfolios of performing and non-performing consumer, SME and mortgage debt. AnaCap's deep relationships, specialization and execution track record lead to numerous proprietary as well as repeat transactions with the same seller.

Within its credit strategy, AnaCap has a strong and consistent track record of investment in granular debt portfolios. AnaCap has deployed an average of approximately €150 million in capital per year for the past five years.



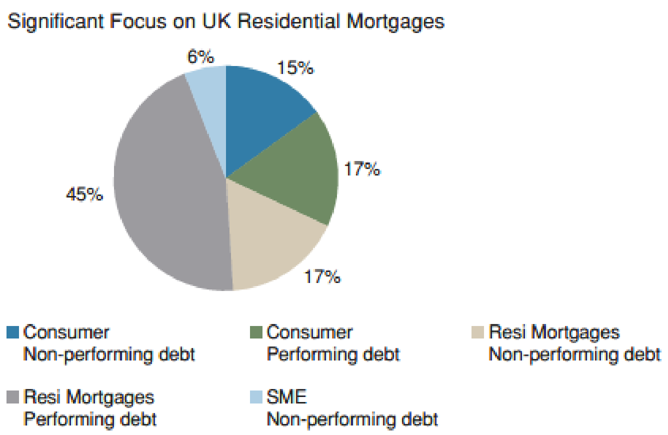
Since the inception of AnaCap's credit strategy in 2009, AnaCap has moved into approximately one new country per year. In order to make a first investment in a new geography, it is necessary to undertake a significant amount of background work on the broader economic, legal, lending/creditor and servicing framework. AnaCap is now able to consistently mine markets where AnaCap has already been active for several years. This principally includes Italy, Portugal, Spain and the UK as well as selectively in Central and Eastern Europe, including Romania, but also other Western European economies where AnaCap funds have acquired portfolios, including France, Germany and the Netherlands. This leaves a number of potential new geographies already available to the Company, but AnaCap expects to approach new geographies with caution, much as AnaCap has done since inception, as it takes time to develop the local networks, partnerships with servicers and advisers and data required to validate pricing and manage assets effectively.

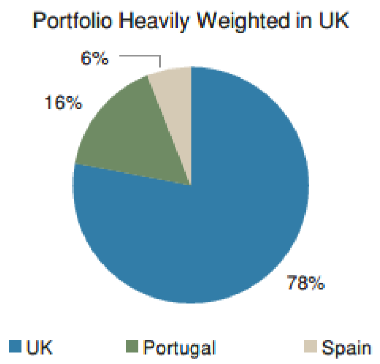


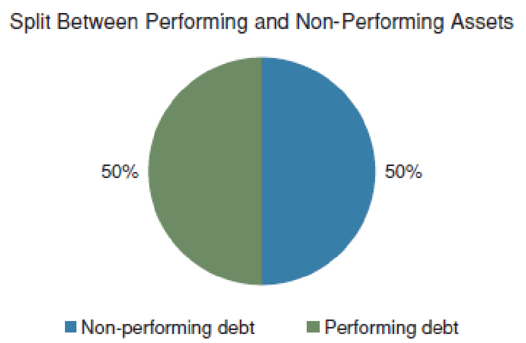
ACOF I

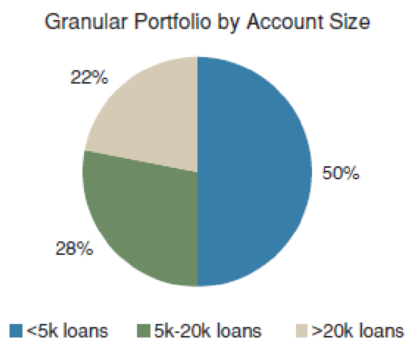
AnaCap began developing its credit strategy in 2009 with the launch of ACOF I as a result of the credit opportunities presented in relation to its specialist private equity activities and general market conditions. ACOF I was launched to prove the concept of the investment opportunity, leveraging the wider in-house experience and expertise of AnaCap as a financial services specialist. After initially targeting UK based credit investments, AnaCap's credit strategy has continued a steady expansion across Europe, targeting approximately one new country per year since inception, across a growing range of diversified performing and non-performing consumer, SME and mortgage debt. ACOF I was 100% invested and made 11 investments, with invested capital totaling €68 million and a realized gross money multiple of 2.15x.

The following charts illustrate the ACOF I investment portfolio as of the end of its investment period.





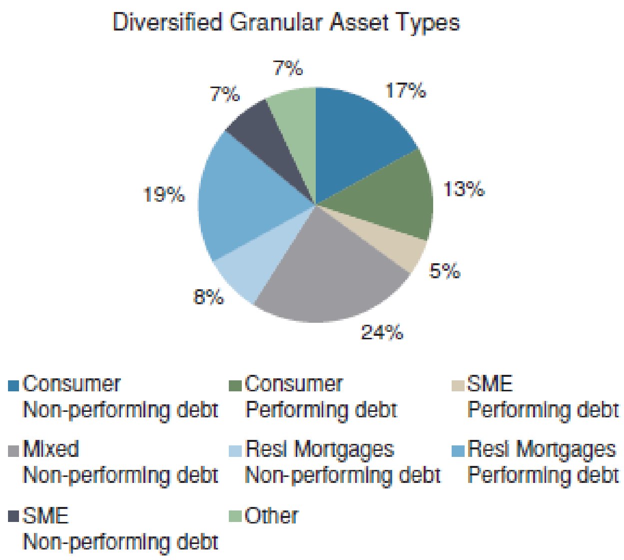


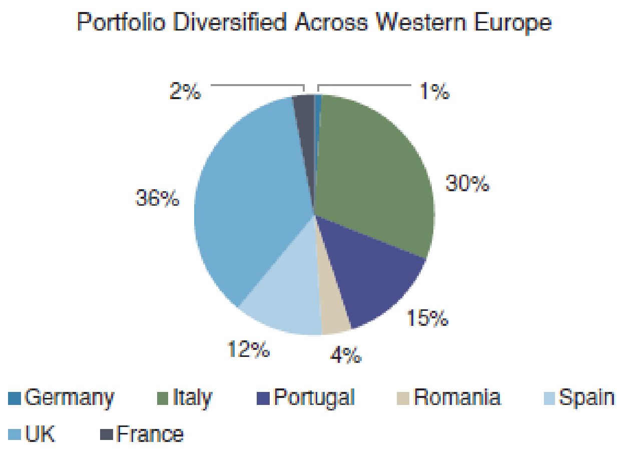


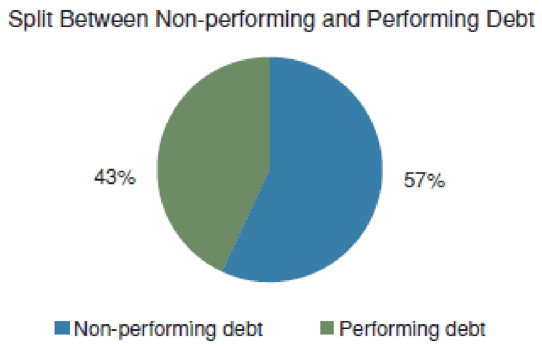
ACOF II

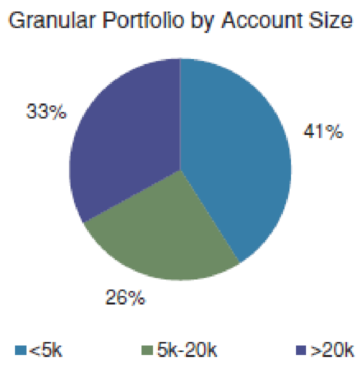
ACOF II was raised in May 2012 to take advantage of the still growing pipeline of European credit opportunities. ACOF II is 100% invested and made 21 investments, with invested capital totaling €473 million and an expected gross money multiple of 1.87x, reflecting the different mix of its portfolio which includes lower-risk performing assets. ACOF II expanded beyond the core geographies of ACOF I, which included the UK, Portugal and Spain, to also include Italy, Romania, France and Germany.

The following charts illustrate the ACOF II investment portfolio as of the end of its investment period.





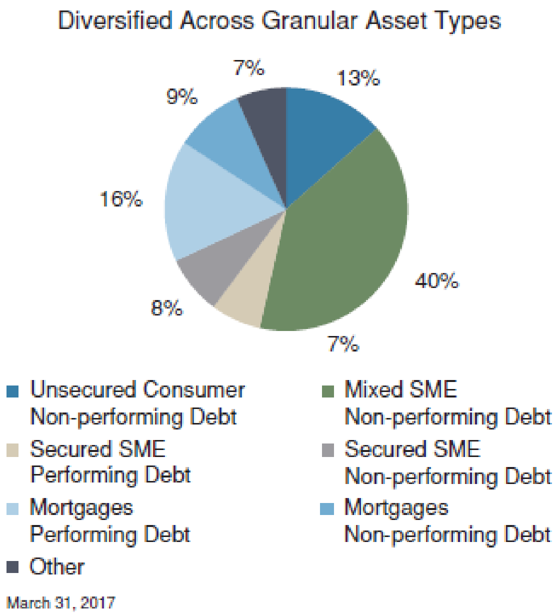


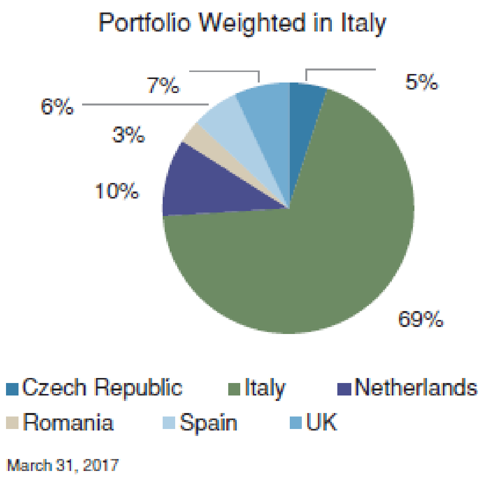


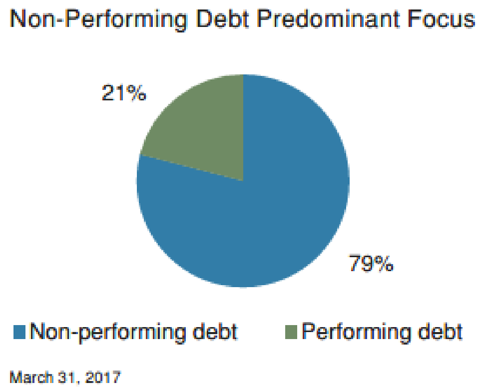
ACOF III

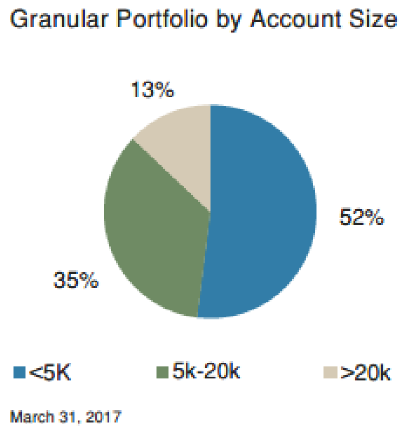
ACOF III was raised in May 2016 and has a total of 12 investments with invested capital totaling €276 million and an expected gross money multiple of 2.03x. ACOF III has further expanded the credit strategy, compared to ACOF I and ACOF II, across the Netherlands and the Czech Republic.

The following charts illustrate the ACOF III investment portfolio as of March 31, 2017.









AnaCap Team

AnaCap has a team of 64 staff, of which 32 are investment professionals with backgrounds as owners, operators and experts in credit and risk management, operations, corporate, structured finance and capital markets.

AnaCap has a dedicated credit team at the Investment Adviser, the AnaCap Credit Team, responsible for originating, analyzing and recommending investments for the AnaCap Credit Funds. The AnaCap Credit Team has advised on the ACOF I, ACOF II and ACOF III investment program, and is focused solely on origination, analysis/pricing, due diligence, deal structuring and ongoing monitoring of fund investments. The experienced investment professionals focused on investment origination and master-servicing are led by Justin Sulger, who has been with AnaCap for 11 years.

The AnaCap team, operates as part of the "one firm" culture at AnaCap, supported by an internal operations team of professionals covering finance, legal, compliance, investor relations and IT.

The AnaCap team will continue to grow to support the Company and the Other AnaCap Credit Funds and credit strategies (see "*Management and Governance*"). AnaCap's history illustrates that it has always scaled its investment team to meet a growing mandate. Processes are continually refined to improve execution and master-servicing capabilities, ensuring active engagement with investments across AnaCap funds. As the existing credit investment portfolio of the AnaCap Credit Funds continues to grow, additional investment and operational resource will be added.

REGULATION AND COMPLIANCE

The Company is registered in the Grand Duchy of Luxembourg as a reserved alternative investment fund (*fonds d'investissement alternatif réservé*) in the form of an investment company with variable capital (*société d'investissement à capital variable*) pursuant to the Luxembourg law dated 23 July 2016 relating to reserved alternative investment funds, as amended from time to time (the "RAIF Law").

Pursuant to the RAIF Law, the Company is not subject to the supervision of the Luxembourg supervisory authority of the financial sector, the Commission de Surveillance du Secteur Financier ("CSSF"), or any other supervisory authority. This means, *inter alia*, that neither the incorporation and establishment of the Company, nor any amendment to the Company's constitutional documents or any other documents governing the operation of the Company, require the approval or authorization of any supervisory authority. As a consequence, investors in the Company will not benefit from the investment protection regime applicable to regulated Luxembourg collective investment funds.

Interests in the Company may not be beneficially or legally held or owned by any person who is not a "well-informed investor" (*investisseur averti*) as defined in Article 2 of the RAIF Law. Under Article 2 of the RAIF Law, a well-informed investor is:

(i) an institutional investor;

(ii) a professional investor;

(iii) a person who is a director of the Company or otherwise involved in the management of the Company; or

(iv) any other investor who (a) has confirmed in writing that he adheres to the status of well-informed investor; and (b) either invests a minimum of €125,000 (or its equivalent in another currency) in the Company; or has been the subject of an assessment made by a credit institution (within the meaning of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012), by an investment firm (within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22 /EEC), or by a management company (within the meaning of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities), or by an authorized alternative investment fund manager (within the meaning of the AIFMD) certifying his expertise, his experience and his knowledge in adequately apprising an investment in the Company.

Although the Company itself is not subject to the supervision of any supervisory authority, as a consequence of the Company's status as an alternative investment fund (as defined in AIFMD), the persons responsible for the management of the Company and the safekeeping of the Company's assets are subject to the relevant provisions of the AIFMD. Carne, the Company's AIFM, is registered as a Chapter 15 management company pursuant to the Luxembourg law dated 17 December 2010 on collective investment undertakings, is authorized as an AIFM in accordance with the AIFM Law, and is subject to the prudential supervision of the CSSF.

Relevant Regulatory Framework in Italy

Traditionally, pursuant to the Italian Banking Law ("IBL"), provision of financing in any form may only be carried out by duly licensed banks or financial intermediaries.

The scope of application of the banking license is further specified in Ministerial Decree no. 53/2015, which identifies, *inter alia*, the type of transactions amounting to the provision of financing in accordance with the IBL. The purchase of receivables for consideration is expressly included in the list of transactions falling within the scope of this definition. The performance of financing activities, including through the purchase of receivables, by non-authorized entities is subject to criminal sanctions, and the relevant agreement might be deemed to be null and void.

As part of its response to the financial crisis, since 2014, the Italian legislator has permitted collective investment schemes (namely, certain alternative investment funds within the meaning of the AIFMD ("AIFs"), the Section 130 SPVs and Italian insurance companies) to provide financing, including indirect lending, through the purchase of existing receivables, in each case subject to certain conditions.

In the case of Section 130 SPVs, the Italian Securitization Law was amended in 2014 to allow Section 130 SPVs to provide financing when the following conditions (set out in Bank of Italy Circular no. 288) are met:

- The borrowers (which cannot be an individual or a micro-enterprise) shall be identified by a bank or a financial intermediary.

- The securities issued by the Section 130 SPVs for funding its originating activity are placed exclusively to qualified investors.

- The bank or the financial intermediaries shall maintain an economic interest equal to at least 5% of the value of the transaction in the financing (retention).

The law and regulation concerning the provision of financing by Section 130 SPVs also places a number of additional obligations both on the bank or the financial intermediary involved in the securitization transaction, as well on the servicer (when it is a different entity from the bank or financial intermediary).

In the case of AIFs, the Bank of Italy's Act of 23 December 2016 amended the Bank of Italy's Regulation on collective asset management of 19 January 2015 (the "BoI Regulation") implemented the measures introduced by Law Decree No.18 of 14 February 2016 setting out the licensing process of EU AIFs to conduct direct lending activity in Italy (including through the purchase of receivables for consideration). In particular, the BoI's Regulation sets out (i) the application process (in terms of contents and timing) to be followed by an AIFM in order to obtain the "passport" to perform direct lending activities in Italy (including through the purchase of receivables for consideration) and (ii) certain ongoing reporting requirements to the BoI. It is worth noting that loans disbursed to consumers cannot be purchased by AIFs. The passport will be granted to EU AIFs to the extent they satisfy the requirements provided under Article 46-*ter* of the Legislative Decree No.58 of 24 February 1998 (the "Italian Financial Act"):

a) the EU AIF is authorized by its home Member State competent authority to lend directly in its home jurisdiction;

b) the EU AIF is set up as a closed-end AIF and its operational scheme, with particular reference to the rules of participation in the AIF, is equivalent to the operational scheme of Italian collective investment funds; and

c) the risk mitigation and diversification rules, including those concerning limits on leverage ratios, applicable in the EU AIF's home Member State are equivalent to the provisions applicable to Italian AIFs. Equivalence can be assessed through the constitutional documents of the AIFs (i.e., its management rules or by-laws), provided that the home Member State competent authority ensures compliance by EU AIFs with their constitutional documents.

According to the BoI Regulation, the AIFM intending to advance or invest directly in loans granted to Italian borrowers, is required to send a prior communication to the BoI (the "Notice") in order to inform the Italian authority of their intention to operate in Italy with respect to each relevant EU AIF, which will contain, *inter alia*, the following information:

a) name, registered office and head office of the AIFM;

b) name of the EU AIF or the relevant fund's compartment which it is intended to operate in Italy;

c) complete and detailed personal information and legal capacity of the signatory of the Notice; and

d) list of the set of documents attached to the Notice as set forth under the BoI Regulation.

The Notice shall be transmitted to the BoI at least 60 days prior to the commencement of credit investments activity in Italy. Upon receipt of the Notice, the BoI will check the completeness of the documentation and will be entitled to require supplemental documents. The application process provides for a "silent-consent" mechanism. Once verified the completeness of the documentation received (including any supplemental documents required), the BoI shall serve to the AIFM a notice to acknowledge the receipt of the documentations. Within 60 days from the receipt of such notice of acknowledgment, the BoI may decide to prevent the EU AIF from credit investment in Italy should the conditions above not being met. If no such decision is taken and notified by the BoI, after the above 60-day period expires, the EU AIF may commence its lending activity. It shall be noticed that any subsequent change to the information provided at the time of the application process shall be promptly communicated to the BoI. If any of the conditions set forth under Article 46-*ter* of the Italian Financial Act are not met as a result of the amendments, the BoI may prohibit the EU AIF from investing in loans. Furthermore, the AIFM is required to provide the BoI with the financial report of the EU AIF within 10 days from the approval. Finally, while the BoI Regulation is silent on the point, in order to ensure sound and prudent management, the BoI may deem necessary the participation of the EU AIFs at the "central credit register" (*centrale dei rischi*), also through banks or a financial intermediary duly authorized to operate in Italy, which will most likely act as agent.

Recently, additional changes have been introduced in the regulatory framework to simplify the purchase of non-performing monetary claims. In particular, no licensing requirements apply when the purchaser is authorized by the local government (pursuant to Article 115 of the public security act of 1926 (the "Public Security Act")) to carry out collection activities and the purchased claim is sold by (i) a bank or a financial intermediary subject to prudential supervision by the Bank of Italy and is classified as "defaulted" (*sofferenza*) and fully accelerated or (ii) by other entities which are insolvent (including where insolvency is not adjudicated by a court), provided that in each case the purchaser: (i) may not consent to any novation/restructuring (other than a postponement of payments) with the borrower(s) and (ii) may not borrow from third-parties an amount which is greater than its net assets.

Servicers must be licensed as a financial intermediary under Article 106 of the Banking Act whenever they act as servicers in the context of a securitization transaction pursuant to Italian law No. 130 of April 30, 1999 (*Disposizioni sulla cartolarizzazione dei crediti*) ("Section 130 Securitizations"). Servicers acting in the context of a Section 130 Securitization are vested by law with certain regulatory duties to, *inter alia*, monitor compliance of the securitization transaction with the law and make periodic reporting to the Bank of Italy on the securitized portfolio. Outside Section 130 Securitizations, the servicing activity may be conducted also by a collection agency registered under Article 115 of the Public Security Act. The mere collection activity in the context of Section 130 Securitizations may be delegated by Article 106 servicers to debt collection agency licensed under Article 115 provided however that the monitoring, compliance and reporting duties as well as overall responsibility and liability for the actual collection activity remain vested with the Article 106 servicers.

The Article 106 eligibility requirements are pervasive and similar to the ones needed to obtain a banking license in terms of governance, prudential requirements, control systems, and financial reporting. Collection agencies licensed under Article 115 are not supervised by the Bank of Italy but simply need to obtain a license from the Central Police Station with a lower level of supervision and qualifying requirements.

Article 106 financial intermediaries can engage in financing activities in addition to the collection of receivables and payment services relating to securitizations, whereas Article 115 collection agents may only conduct credit recovery.

Relevant Regulatory Framework in Portugal

In Portugal, while purchases of fully drawn non-paying debt portfolios from Portuguese credit institutions are generally not considered to constitute a regulated activity, they, together with the engagement of local agencies, fall under the general rules of the Portuguese Civil Code. In addition, companies in the industry must comply with Portuguese law on personal data (Law 67/98), directly implementing an EU Directive (1995/46/EC), and must obtain approval from the Comissão Nacional de Protecção de Dados ("CNPD"), the local data protection authority, in respect of the purchase and processing of personal data.

Relevant Regulatory Framework in Spain

In Spain, while the debt purchase and collection businesses are not regulated activities for which a licence is required and there are no special industry regulations, there are still regulations of a more general nature that must be observed when carrying out the debt purchase and collection businesses, including, among others, the general principles of the Spanish Civil Code (Royal Decree of 24 July 1889) and the Spanish Commercial Code (Royal Decree of 22 August 1885). Regulation on data protection and regulation regarding the criminal responsibility of companies would also be applicable.

Relevant Regulatory Framework in Romania

The regulatory environment for debt purchase and debt collection in Romania is subject to certain regulatory and general law requirements that are overseen by the National Bank of Romania, the National Authority for Consumer Protection, the National Supervisory Authority for Personal Data Processing and the courts of law. The regulatory framework that must be complied with in relation to the debt purchase and debt collection activities performed in Romania is, to a large extent, in line with the European Union legislation, however there are certain particularities.

The Transferability of Receivables

The receivables arising from performing loan agreements may only be transferred to regulated entities (i.e. credit institutions, non-banking financial institutions or securitization vehicles (i.e. entities operating in accordance with Law No. 31/2006 on receivables securitization)).

Receivables arising under a loan agreement could be transferred by credit institutions to non-regulated entities only to the extent the relevant loan is qualified as "loss" in accordance with the Romanian law and the regulations of the National Bank of Romania. The National Bank of Romania officially confirmed that the transfer of receivables resulting from non-performing debt does not represent a lending activity and therefore, it does not fall under its scope of authority and supervision. Accordingly, a non-regulated entity can acquire such non-performing debt.

In order to be qualified as "loss", a loan must be overdue for at least 90 days or the creditor must have accelerated the loan or initiated enforcement proceedings against the borrower.

To the extent the Romanian Portfolios included receivables that were erroneously qualified as "loss" at the moment of their acquisition, the transfer of such receivables may be cancelled if they were acquired by the non-regulated entity (such cancellation could only be made by a court decision). Due to the structure of the transactions, this is only relevant for one of the Romanian Portfolios. This should not have any effects on the transfer of the other loans in the Romanian Portfolio Business, that were correctly qualified as "loss". Consequently, the economic effects of a potential application of such legal provisions should be limited, as they may only occur in isolated cases.

Consumer Protection

The regulatory framework relating to the consumer protection in Romania changed in September 2016, as part of the transposition of Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property (the "Mortgage Credit Directive"). Although the Mortgage Credit Directive refers to retail mortgage loans only, the legal regime applicable in other types of consumer loans suffered certain amendments as well. Moreover, the scope of the transposition legislation enacted by Romania is not limited only to the provisions of the Mortgage Credit Directive, as it contains additional requirements, especially with respect to the collection activities.

As both of the Romanian Portfolios are predominantly corporate portfolios, the impact of regulatory requirements applicable to retail activities is limited.

The Registration as a Collection Entity

Following the transposition of the Mortgage Credit Directive and the introduction of the aforementioned legislative changes, collection activities may only be performed by entities which are registered with the National Authority for Consumer Protection. The consumer protection legislation provides that both the entity that performs the collection activities and the entity which acquires the rights over outstanding debt resulting from loan agreements, must be registered as a collection entity. More specifically, a company which owns a non-performing debt portfolio will be qualified as a receivable collection entity (and will be bound to comply with the requirements set forth by the consumer protection legislation) irrespective if it carries on any collection activities or if it contracts collection services with a third-party servicer.

The registration requirement is only applicable to companies acquiring or servicing retail loans while the debt collection and purchasing activities with respect to the corporate loans fall outside the scope of the supervision of the National Authority for Consumer Protection or of the National Bank of Romania. The failure to comply with the aforementioned registration provisions may be sanctioned by the National Authority for Consumer Protection with a fine.

Debt Collection Activities (Retail Clients)

A debt collection entity is bound to draw up, along with each retail debtor, a debt/liability repayment plan adjusted to the debtor's current incomes. The plan may include: (i) scheduling the repayment of the due amounts; (ii) reducing the total due amount; (iii) allowing a grace period; or (iv) consolidating several debts. The debt collection entity cannot, inter alia: (i) charge fees, interests or penalty interests, except for legal penalty interests, or to charge costs ancillary to the collection process, except for the costs related to enforcement proceedings; or (ii) contact consumers at their work places, or to contact any other person that the latter (with limited exceptions), as well as to communicate with consumers between 8 p.m. and 9 a.m. Failure to systematically observe these obligations would give the National Authority for Consumer Protection the possibility to cancel the registration of the relevant debt collection entity and impose certain fines amounting from RON 20,000 (approx. EUR 4,400) to RON 100,000 (approx. EUR 22,000).

Unfair Terms

The Romanian consumer protection legislation provides that the agreements concluded with consumers must not contain any unfair terms or clauses. In order to be qualified as a consumer, a person must be a natural person or a group of natural persons acting in association, in each case who is acting outside of that person's profession or commercial, industrial or production activities.

In accordance with the relevant consumer protection legislation, a clause may be qualified as abusive if it meets, cumulatively, the following conditions: (i) it was not directly negotiated with the consumer; (ii) it creates a significant imbalance between the rights and obligations of the parties, to the detriment of the consumer; and (iii) it does not observe the principle of good-faith. A clause is deemed not to be negotiated if (among other things) it was set out in a pre-formulated standard agreement, without the consumer having the opportunity to substantially modify its content. The National Authority for Consumer Protection has the power to verify the contractual terms and to file legal actions for eliminating the unfair terms from retail loan agreements.

Enforceable Titles

The recently enacted legislation applicable to retail mortgage loans provides that, following the assignment of receivables resulting from loan agreements, to non-regulated entities, the underlying loan agreements, the mortgage agreements as well as any other ancillary security documents, will no longer represent enforceable titles. The fact that a document is deemed to represent an enforceable title accelerates the enforcement proceedings, as the creditor does not need to obtain a court decision on the merits prior to enforcing its rights against the defaulting borrowers. The provision refers specifically only to retail mortgage loans. Therefore, loan agreements (together with the mortgage agreements, as well as any other ancillary security documents) which are not retail mortgage loans, are not affected by these legal provisions and should not lose the quality of an enforceable title because of a transfer to a collection entity. The above limitation would also not be applicable to retail mortgage loans where the original creditor has started enforcement proceedings before assigning those receivables to the collection entity. The above-mentioned restrictions also do not apply to non-performing debt which were assigned by the originating lenders prior to the date when GEO 52/2016 entered into force.

Personal Insolvency Law

The personal insolvency law (the "Personal Insolvency Law") was enacted in May 2015, but it has not been applied to date as the necessary institutions and infrastructure do not yet exist. The deadline for its implementation has been extended to August 1, 2017. The purpose of the Personal Insolvency Law is to create a procedural instrument for insolvent individuals to discharge their debts and to enable a fresh start from a financial perspective, following the implementation of a debt reimbursement plan, the liquidation of assets or a simplified procedure.

Data Protection

The entities involved in the debt purchase and collection business in Romania must comply with the personal data protection requirements of the Romanian law, which are supervised and enforced by the National Supervisory Authority for Personal Data Processing (the "Data Protection Authority"). The Romanian legal provisions on personal data protection are to a large extent in line with the provisions of Directive 95/46/CE on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

In order to process personal data, the prior consent of the data subject (with respect to the processing) is required. The consent can be given by the data subject at the moment of concluding the loan agreement, assuming that the relevant clauses are included in the loan documentation. A consent is not required when the processing is necessary for the purposes of the legitimate interests pursued by the data controller or by a third-party to whom the data are disclosed, except where such interests are overridden by the interests for fundamental rights and freedoms of the data subject.

The Settlement Law

The Settlement Law was enacted on 13 May 2016. The purpose of the law is to give certain retail borrowers the option and the legal mechanism for settling all their (re)payment obligations under mortgage loan agreements by transferring to the lenders or to the assignees of the corresponding receivables the title to the immovable assets which were given as collateral for securing the obligations under the loan agreements.

In order to file a successful settlement application, a debtor, the debtor's debt and the debtor's mortgaged property should meet certain conditions. In addition, the Romanian Constitutional Court decided that the debtor must prove in court that hardship occurred with respect to the debtor's obligation under the loan agreement. If the relevant court rules that hardship did not occur, the settlement application will be dismissed. This additional condition (i.e. obtaining a court decision rendering that hardship occurred) has made the entire settlement mechanism less attractive to the debtors.

From a timing perspective, the Settlement Law applies irrespective if such loans are ongoing at the date of enactment or are concluded after the law becomes effective. Moreover, the Settlement Law applies to loans/collaterals which have been subject to enforcement prior to the law's enactment, including in cases where the collateral has already been sold through enforcement, but only to the extent there are other enforcement proceedings (related to the same loan) which are ongoing against the debtor.

Relevant Regulatory Framework in United Kingdom

The regulatory framework in the UK applicable to debt purchasers depends on the type of loans acquired. There are no special product-related regulations that apply to loans to corporates, including SMEs, although general English law is applicable. Loans to consumers which fall within the definition of "regulated mortgage contract", such as residential mortgage loans, are principally regulated by the FCA and the provisions of FSMA. Loans to consumers which fall within the definition of "regulated credit agreement", such as consumer loans, are principally regulated by the FCA and the provisions of the CCA.

A firm must be authorized to carry on regulated activities, such as entering into or administering a regulated mortgage contract or regulated credit agreement. If requirements as to authorization of lenders are not complied with, the contract may be unenforceable except with the approval of a court or the FCA, as applicable. Therefore, debt purchasers who acquire the lender's rights and duties under regulated mortgage contracts or regulated credit agreements must either itself be authorized to carry out regulated activities or it must arrange for an authorized servicer to carry out such activities on its behalf.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("MCOB") sets out the FCA's rules for regulated mortgage activities. These rules cover, among other things, certain pre origination matters such as financial promotion and pre application illustrations, pre contract and start of contract and post contract disclosure, contract changes, charges and arrears and repossessions. Failure to comply with the provisions of MCOB will not necessarily render a regulated mortgage contract unenforceable. However, breaches of the rules in MCOB are actionable by customers who suffer loss as a result of the breach.

The FCA's Consumer Credit sourcebook ("CONC") sets out the FCA's rules for regulated credit agreements. It includes rules and guidance related in relation to, *inter alia*, the handling of vulnerable customers, communications with customers, arrears, default and recovery of debt. According to CONC, a firm which undertakes consumer credit regulated activities would be required to treat customers fairly, which would include, for example, suspending, reducing or waiving interest payments for a customer in default or arrears difficulties. Breaches of the rules in CONC are also actionable by customers.

In addition, loans to consumers are also subject to the requirements of the CCA. The CCA imposes various obligations on persons who exercises the rights and duties of lenders, including to provide post-contract information such as statements of account, notices of sums in arrears and default notices. Any failure to comply with CCA requirements may have serious consequences on the enforceability of the loan agreements.

None of the Company, its subsidiaries, nor the Asset SPVs are or propose to be authorized by the FCA. However, entities which have acquired debt portfolios and Asset SPVs will engage servicers who are authorized by the FCA to carry out regulated activities in respect of the debt portfolios. The rules and requirements mentioned above are applicable to servicers who performs the rights and duties of lenders on behalf of such entities or any Asset SPV.

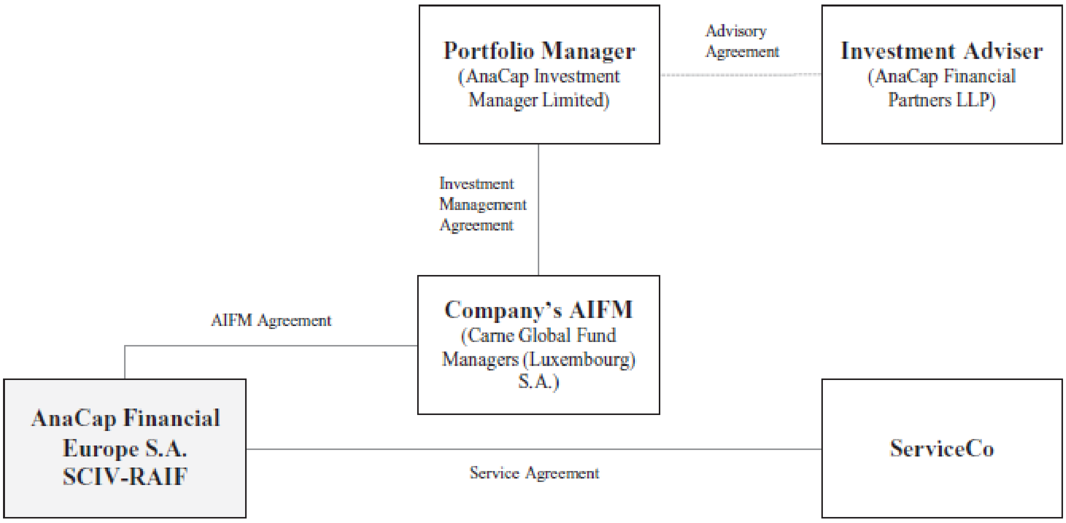
Entities which have acquired debt portfolios and the servicers must also comply with the requirements set out in the Data Protection Act 1998 (as amended) in relation to processing the personal data of debtors. Any business controlling the processing of personal data (that is, determining the purposes of the processing and the manner in which it is carried out), such as debt purchaser firms or debt collection firms, must maintain a data protection registration with the Information Commissioner's Office (the "ICO"). The servicers have data protection policies and established data protection processes to comply with the requirements of the DPA and applicable guidance issued from time to time by the ICO.

Data Protection

The Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("EU Data Protection Regulation") came into effect on May 24, 2016 and will become directly applicable in Member States from May 25, 2018. The EU Data Protection Regulation introduces substantial changes to the EU data protection regime and will impose a substantially higher compliance burden on the Company, its subsidiaries and the Asset SPVs, may increase the Company's and its subsidiaries' data protection costs and may restrict the Group's ability to use data. Examples of this higher burden include expanding the requirement for informed opt-in consent by customers to processing of personal data and granting customers a right to be forgotten, restrictions on the use of personal data for profiling purposes—disclosure requirements of data sources to customers, the possibility of having to deal with a higher number of subject access requests, among other requirements. The EU Data Protection Regulation also increases the maximum level of fine for the most serious compliance failures in the case of a business to the greater of 4% of annual worldwide turnover or €20,000,000.

MANAGEMENT AND GOVERNANCE

The Company is an alternative investment fund within the meaning of the AIFMD and the AIFM Law, and is a reserved alternative investment fund within the meaning of the RAIF Law. As required by the AIFMD, the Company's Board of Directors has appointed an AIFM, initially Carne Global Fund Managers (Luxembourg) S.A. ("Carne"), as the Company's AIFM. As the Company's AIFM, Carne is responsible, subject to the supervision of the Company's Board of Directors, for: (i) the Company's investment management functions (including portfolio management and risk management); (ii) administration of the Company (including accounting and calculation of the Company's NAV); (iii) valuation of the Company's assets; and, (iv) distribution and marketing of any equity interests in the Company. The Company's AIFM may, however, delegate certain of these functions and, as of the date of this Offering Memorandum, Carne has delegated portfolio management services to AnaCap Investment Manager Limited as the portfolio manager (the "Portfolio Manager") and administration services to Augentius (Luxembourg) S.A. as the administrator (the "Administrator"), in each case as described more fully below under "*—Portfolio Manager*" and "*—Administrator*", respectively. In connection with the provision of its services pursuant to the Investment Management Agreement (as defined and described below), the Portfolio Manager will receive assistance and advice from AnaCap Financial Partners LLP in its capacity as the investment adviser (the "Investment Adviser"). In addition, it is anticipated that the Company and/or the Company's subsidiaries will appoint an AnaCap entity that is yet to be incorporated ("ServiceCo"), an affiliate of the Portfolio Manager and the Investment Adviser, to perform certain administrative services to the Company and its subsidiaries in connection with the assets comprised in the underlying debt portfolios and to provide master-servicing support. The below diagram shows the governance structure of the Company's management, giving effect to the Transactions and the appointment of ServiceCo.



Board of Directors of the Company

The persons set forth below are the current members of the Board of Directors of the Company. The business address of each member of the Board of Directors of the Company is E Building, Parc d'Activités Syrdall, Rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg.

Name	Age	Position
Chris Ross-Roberts	54	Director
Tim Ayerbe	38	Director
Audrey Lewis	48	Director
Hugo Neuman	56	Director
Duncan Smith	53	Director

Chris Ross-Roberts. Mr. Ross-Roberts became a Director of the Company on June 28, 2017. Mr. Ross-Roberts was previously the Chief Financial Officer of Cabot Credit Management from July 2012 to December 2015. Prior to joining Cabot Credit Management, Mr. Ross-Roberts worked as the group finance director of BPP Holdings PLC (included in the FTSE 250 Index), which was sold to Apollo Global, Inc. in 2009, following which he assisted with the integration of BPP Holdings PLC into Apollo Global, Inc. He has over 22 years of board level experience in business services, including a period as chief executive officer. Mr. Ross-Roberts has strong experience in acquisitions and disposals, including two public- to-private transactions, and for private equity portfolio companies. Mr. Ross-Roberts holds a BSC in Accounting and Finance from Loughborough University.

Tim Ayerbe. Mr. Ayerbe became a Director of the Company on June 28, 2017. Mr. Ayerbe joined AnaCap in 2013 and is Head of Asset Management for AnaCap's credit investment strategies. He is responsible for oversight of portfolio performance, including master-servicing, servicer selection and due diligence and ongoing engagement and review of all servicers and advisers. Prior to joining AnaCap, Mr. Ayerbe worked as a senior adviser for KPMG in their Credit Portfolio Management team where he worked on several large European financial services implementation, restructuring and insolvency projects. Prior to this, Mr. Ayerbe spent time at Chanel Capital Advisors in credit fund structuring and ANZ Banking Group where he worked in various roles across the Consumer and Institutional divisions. Mr. Ayerbe is a CFA charterholder, holds a Masters in Applied Finance and Investment from FINSIA, Australia and a BEng (Hons)/BSc degree from The University of Melbourne, Australia.

Audrey Lewis. Ms. Lewis became a Director of the Company on June 28, 2017. Ms. Lewis is a UK qualified Chartered Accountant and Chartered Company Secretary with over 20 years experience in the banking and financial services sector in Bermuda and Luxembourg. She has been acting as an independent director for Luxembourg regulated funds and domiciled companies, linked to private equity funds and funds regulated and listed in other jurisdictions, for 10 years. She has experience in structures investing in real estate, European infrastructure, real estate debt, distressed debt and business turnarounds. Prior to this, Ms. Lewis worked at HSBC Security Services Luxembourg S.A., formerly the Bank of Bermuda Luxembourg S.A. Ms Lewis is a member of the UK Institute of Directors and has the IOD Diploma in Company Administration and is a Certified Director with the Institut Luxembourgeois des Administrateurs (ILA). Ms. Lewis has a BCom (hons) degree from Birmingham University, England.

Hugo Neuman. Mr. Neuman became a Director of the Company on June 28, 2017. Mr. Neuman is a qualified lawyer in Dutch Civil and Tax law with over 25 years experience in the corporate services and financial services sector in The Netherlands, Switzerland, United Kingdom and Luxembourg. He has been acting as an independent director for Luxembourg domiciled companies and regulated funds, linked to private equity funds, pension funds and listed companies mainly from North America and Europe, for 12 years. These Luxembourg companies and funds invest in a wide range of assets including real estate in various European jurisdictions, energy production and infrastructure, debt portfolios, including distressed debt and structured finance products, and various commercial businesses. Mr. Neuman worked for a corporate services provider in various European jurisdictions with a focus on corporate finance. Mr. Neuman is a member of the Institut Luxembourgeois des Administrateurs (ILA) and holds two degrees from Leiden University, The Netherlands.

Duncan Smith. Mr. Smith became a Director of the Company on June 28, 2017. Mr. Smith is Managing Director of the Administrator, Augentius (Luxembourg) S.A. (see "—*Administrator*"). He has been resident in Luxembourg since 1995 and joined Augentius in 2013. Mr. Smith is an experienced Chartered Accountant with fund services background in Luxembourg, Ireland and the UK. Resident in Luxembourg for over 20 years, he has held a number of senior operational management roles overseeing Fund Administration, Transfer Agency and Custody/Depositary oversight at both niche third-party administrators and large global banks, including HSBC and BNP Paribas, giving an excellent experience across the Luxembourg Fund Industry. Duncan has served as a Director of Luxembourg Funds and Investment Management Companies covering long only, fund of fund, hedge and private equity investment strategies.

Company's AIFM

Carne Global Fund Managers (Luxembourg) S.A. is a public limited company (*société anonyme*), incorporated and existing under the laws of Luxembourg, having its registered office at 6b, Route De Treves, L-2633 Senningerberg, Grand Duchy of Luxembourg, incorporated on September 17, 2009 and registered with the Luxembourg Register of Trade and Companies under number B148258. Carne is registered as a Chapter 15 management company pursuant to the Luxembourg law dated 17 December 2010 on collective investment undertakings, is authorized as an AIFM in accordance with AIFM Law, and is subject to the prudential supervision of the Luxembourg supervisory authority, the *Commission de Surveillance du Secteur Financier* (the "CSSF").

Pursuant to an alternative investment fund management agreement dated June 28, 2017 between the Company and Carne, (the "AIFM Agreement"), the Company has appointed Carne to be its AIFM and to perform the following functions in accordance with the AIFM Law and the RAIF Law:

- investment management functions for the Company including portfolio management and risk management services;
- administration services (including the various functions listed under Annex I 2(a) of the AIFM Law, notably accounting and NAV calculation services, fund administration services and registrar and transfer agency services);
- valuation of the Company's assets, it being understood that the Company's AIFM may appoint one or more external valuers within the meaning of Article 17(4)(a) of the 2013 Law; and
- distribution and marketing services and activities related to the Company's shares.

Subject to the functions described above, the Company's AIFM shall not make any strategic decisions without the Company's prior written consent, including the termination of any agreements that delegate the responsibilities of the Company's AIFM.

The AIFM Agreement shall continue in force until terminated by either party on a minimum of three months' written notice. In addition to termination on notice, either party may terminate the AIFM Agreement immediately in certain circumstances, including if required by law, if the other party is in breach of the AIFM Agreement and has failed to remedy that breach within 30 days of receiving notice of the breach, if the other party is insolvent or goes into liquidation, or if the other party is guilty of fraud, willful misconduct or bad faith.

None of the Company's AIFM nor its officers, employees, directors, agents or delegates shall be liable to the Company for any actions taken or omitted to be taken by it or for any losses suffered by the Company except where such liability or loss arises out of conduct ultimately determined by a court of competent jurisdiction to be a material violation of the AIFM Agreement, fraud, willful misconduct, bad faith or negligence or reckless disregard of the duties of such person. Each of the Company's AIFM and its officers, employees, directors, agents and delegates shall be entitled to be indemnified by the Company for losses or liabilities it may suffer or incur as a consequence of acting as the Company's AIFM except where such loss or liability arises out of conduct ultimately determined by a court of competent jurisdiction to be a material violation of the AIFM Agreement, fraud, willful misconduct, bad faith or negligence or reckless disregard of the duties of such person.

The AIFM Agreement is governed by the laws of the Grand Duchy of Luxembourg.

The Company's AIFM will receive a fee for its services from the Company pursuant to the AIFM Agreement as described below under "—*Fees*".

In due course, it is anticipated that an entity affiliated with the Portfolio Manager may seek to obtain authorization from the CSSF as an AIFM, in which case the AIFM Agreement may be novated from Carne to such entity. That entity may elect to retain the portfolio management functions described below, which Carne has delegated to the Portfolio Manager.

Portfolio Manager

The Company's AIFM has delegated in full the portfolio management of the Company's assets to the Portfolio Manager pursuant to an investment management agreement dated June 28, 2017 between Carne, the Portfolio Manager and the Company (the "Investment Management Agreement").

The Portfolio Manager is a non-cellular limited company incorporated under the laws of Guernsey, having its registered office at Ground Floor, Cambridge House, Le Truchot, St Peter Port, Guernsey GY1 1WD.

The duties of the Portfolio Manager are to invest the assets of the Company in accordance with the Company's investment objectives and, in particular:

- determining from time to time what investments, securities or instruments shall be purchased, retained or sold, what contracts shall be entered into by the Company in respect of its assets and what portion of the assets shall be invested or held uninvested as cash;

- monitoring the performance of each issuer or borrower in which the assets are invested;

- exercising, on behalf of Company, all rights, powers, privileges and other incidents of ownership or possession with respect to its assets, including, without limitation, the right to possess, lend, transfer, mortgage, pledge or otherwise deal in, and to secure the payment of obligations in respect of the assets by mortgage upon or hypothecation or pledge of, all or part of the assets, whether at the time owned or thereafter acquired, to vote securities and to participate in arrangements with creditors, institute and settle or compromise suits and administrative proceedings and other similar matters;

- entering into, making and performing all contracts, agreements, instruments and other undertakings as the Portfolio Manager may determine to be necessary, advisable or incidental to the carrying out of the purposes of the Investment Management Agreement and the Company's constitutional documents;

- supervising the preparation and review of all documents required to complete each investment;

- selecting brokers, dealers, banks and other intermediaries or service providers by or through whom any transactions shall be executed or carried out;

- providing information and assistance to the Depositary, the Administrator and the Company's other service providers;

- providing strategic and financial planning, including advice on use of the assets;

- authorizing any director, officer, manager, partner, member, shareholder, employee, agent and/or legal representative of the Portfolio Manager to act for and on behalf of the Company in all matters incidental to the foregoing; and

- possessing, transferring, or otherwise dealing in, and exercising all rights, powers, privileges and other incidents of ownership or possession with respect to, assets held or owned by the Company.

The Portfolio Manager's appointment shall remain in force until the termination of the Investment Management Agreement. The Investment Management Agreement may be terminated by the Portfolio Manager by giving a minimum of three months' notice to the Company's AIFM or immediately if the Company's AIFM goes into liquidation or is insolvent, commits a material unremedied breach of the Investment Management Agreement or ceases to be appropriately authorized to perform its duties in respect of the Company. The Company's AIFM may terminate the appointment of the Portfolio Manager immediately if it determines that it is in the best interests of the Company's investors to do so or, with the consent of the Company, if the Portfolio Manager commits a material unremedied breach of the Investment Management Agreement. The Company's AIFM may also terminate the Investment Management Agreement with the consent of the Company on three months' notice to the Portfolio Manager. The Portfolio Manager may resign its appointment if Carne ceases to be the Company's AIFM. If Carne is replaced as the Company's AIFM by a duly authorized entity that is affiliated with the Portfolio Manager, such new Company's AIFM may, at this time, enter into an equivalent investment management agreement with the Portfolio Manager or, alternatively, may elect to retain the portfolio management function in respect of the Company, in which case portfolio management may be vested in such entity.

None of the Portfolio Manager nor its officers, employees, directors, agents or delegates shall be liable to the Company or the Company's AIFM for any actions taken or omitted to be taken by it or for any losses suffered by the Company except where such liability or loss arises out of conduct ultimately determined by a court of competent jurisdiction to be a material violation of the Investment Management Agreement, fraud, willful misconduct, bad faith, gross negligence or reckless disregard of the duties of such person. Each of the Portfolio Manager and its officers, employees, directors, agents and delegates shall be entitled to be indemnified by the Company for losses or liabilities it may suffer or incur as a consequence of acting as the Company's investment manager except where such loss or liability arises out of conduct ultimately determined by a court of competent jurisdiction to be a material violation of the AIFM Agreement, fraud, willful misconduct, bad faith, gross negligence or reckless disregard of the duties of such person.

The Investment Management Agreement is governed by the laws of the Grand Duchy of Luxembourg.

The Portfolio Manager will receive a fee for its services pursuant to the Investment Management Agreement as described below under "—*Fees*".

The board of directors of the Portfolio Manager comprises the following individuals:

Gavin Davies. Mr. Davies was appointed Director of the Portfolio Manager in May 2015. In 2011, Mr. Davies was appointed as Managing Director Channel Islands and Group Head of Corporate Governance with Augentius (Guernsey) Limited, with responsibility for all aspects of the regulated business, client management and business development. From 2006 to 2011, he served as Managing Partner of Augentius Fund Administration LLP. Prior to that, Mr. Davies spent five years at Ansbacher Fund Services (a division of Ansbacher and Co Ltd) in the role of Business Applications Manager and formed part of the Augentius team that completed a management buyout of the Ansbacher Fund Services business to form Augentius. Previously, he had spent three years at Vector Asset Management (UK) Ltd and Man-Vector Ltd in the roles of Assistant Finance Officer, Senior Fund Administrator and Compliance Officer. Mr. Davies currently acts as a director of a number of offshore regulated and unregulated entities. Mr. Davies holds a BA (Hons) in Applied Economics from the University of East London.

Jonathan Bridel. Mr. Bridel was appointed Director of the Portfolio Manager in May 2015. He is currently a non-executive director of a number of listed and unlisted investment funds, including as chairman, audit committee chairman and risk chairman. Mr. Bridel has over 30 years of international business experience and is a Chartered Accountant, Chartered Fellow of the Chartered Institute for Securities and Investment and a Chartered Marketer. He was previously managing director of the Royal Bank of Canada's offshore investment and fund business in Guernsey and Jersey, and prior to joining Royal Bank of Canada, served in a number of senior management positions in London, Australia and Guernsey in banking, specializing in credit and corporate finance and also in private businesses as chief financial officer or chief operating officer. Prior to this, Mr. Bridel worked at PwC Corporate Finance in the UK. Mr. Bridel holds a Master of Business Administration, postgraduate qualifications in Marketing and Company Directorship and is a member of the Institute of Directors.

Nigel Ward. Mr. Ward was appointed Director of the Portfolio Manager in May 2015. He has over 40 years experience in international investment markets, credit and risk analysis, portfolio management, corporate and retail banking, corporate governance, compliance and the managed funds industry. He is an independent non-executive chairman or director on the board of several offshore funds and companies. These include listings on the premium segment of the Official List of the UK Listing Authority, the Alternative Investment Market, the Specialist Fund Market and the Official List of the Channel Islands Securities Exchange. Mr. Ward's non-executive director investment mandate experience ranges across distressed debt, European SME private debt, ground rents, agricultural land, student accommodation, equity income and UK activist equity. Mr. Ward is an Associate of the Institute of Financial Services, a member of the Institute of Directors and holder of the IoD Diploma in Company Direction.

David Copperwaite. Mr. Copperwaite was appointed Director of the Portfolio Manager in May 2015. He has almost 50 years of financial services experience and was a managing director for Lloyds Bank Fund Managers (Guernsey) Ltd. Mr. Copperwaite worked for Lloyds Banking Group from 1973 and held various positions within the organization, gaining significant experience including the launching Lloyds' first offshore money market fund. Mr. Copperwaite has been appointed as a non-executive director to various boards within the financial services sector, and has been a chairman or president of the International Bankers Association, Association of Guernsey Banks and the Guernsey Fund Managers Association. Mr. Copperwaite is currently a member of the Institute of Directors and the Guernsey Fund Association.

Peter Niven. Mr. Niven was appointed Director of the Portfolio Manager in May 2015. He has a strong financial services background, having worked in the industry in the UK, offshore and internationally for over 37 years. Until 2004, Mr. Niven was a senior executive within the Lloyds TSB Group where he undertook a number of high profile positions including chief executive of its Offshore Financial Services Group. Additionally, Mr. Niven has first-hand board experience with a large number of Lloyds TSB Group companies and is a non-executive director on a number of company boards, with a particular focus on Guernsey-based institutions. In 2004, Mr. Niven achieved the Institute of Directors Chartered Director qualification.

See also "*Overview of AnaCap*".

Investment Adviser

The Portfolio Manager will receive advice and assistance in the performance of its duties from the Investment Adviser pursuant to an advisory agreement dated June 1, 2015 between the Portfolio Manager and the Investment Adviser (the "Advisory Agreement"). The Investment Adviser is a limited liability partnership incorporated under the laws of England and Wales, having its registered office at 1 Stephen Street, London W1T 1AL, UK, and is authorized in the conduct of investment business by the UK Financial Conduct Authority.

The functions to be performed by the Investment Adviser pursuant to the Advisory Agreement include:

- identifying, evaluating and recommending to the Portfolio Manager suitable investments for the Company;
- advising the Portfolio Manager on the merits, structure and financing of any acquisition or disposal of investments and to assist the Portfolio Manager to negotiate and arrange each transaction entered into by the Company;
- monitoring the performance of the Company's investments and make recommendations in relation thereto; and
- procuring that information shall be provided to the Portfolio Manager whenever relevant and at such times as the Portfolio Manager may reasonably request.

Either the Portfolio Manager or the Investment Adviser may terminate the Advisory Agreement immediately upon notice to the other. If Carne is replaced as the Company's AIFM by a duly authorized entity that is affiliated with the Portfolio Manager, such new Company's AIFM may, at this time, elect to retain the portfolio management function in respect of the Company, in which case portfolio management may be vested in such entity. If this is the case, it is anticipated that the Investment Adviser would enter into a new advisory agreement pursuant to which it would provide equivalent services directly to the new Company's AIFM.

The Advisory Agreement is governed by English law.

Investment Recommendation Committee

The Investment Adviser requires unanimous approval from its Investment Recommendation Committee prior to making a recommendation to the Portfolio Manager. The members of the Investment Recommendation Committee are:

Joe Giannamore, CEO/CIO, Partner. Mr. Giannamore founded AnaCap Financial Partners LLP in 2005 as Europe's first specialist private equity firm focusing on the financial services sector. Before founding AnaCap, he co-founded auto finance company On:line Finance, which was the first investment grade rated start-up in Europe and the first lender over the internet in Europe. From launch, On:line grew to over a billion dollars in assets within five years, and was one of the ten fastest growing companies in the UK during that period. On:line was subsequently acquired by GMAC UK, the UK finance arm of General Motors, with Mr. Giannamore becoming CEO of GMAC UK. Previously, he was a Vice President at Salomon Brothers. Mr. Giannamore holds a Bachelor's degree from American University in Washington and an MBA from London Business School.

Justin Sulger, Partner. Mr. Sulger joined AnaCap shortly after inception in July 2006 as part of the Business Services team, before building out AnaCap's Risk & Liability Management function and launching AnaCap's Credit investment strategy. He continues to manage AnaCap's Credit operation, which has grown to more than €1 billion of assets under management since its launch in 2009. Prior to joining AnaCap, Mr. Sulger was a Vice President in Morgan Stanley's Securitised Products Group in London, focusing on debt structuring and principal finance. Mr. Sulger began his career in Fixed Income at Goldman Sachs in New York before relocating to London. He also served as a Managing Director of Lunar Group, a private equity investor in China. Mr. Sulger received a BA cum laude from Princeton University in the United States.

Chris Patrick, Partner. Mr. Patrick heads AnaCap's Risk & Liability Management team and has more than 20 years' experience in the European structured finance and capital markets. Prior to joining AnaCap, he was Managing Director and Head of Principal Finance—European Structured Products at Lehman Brothers. He has also held senior positions in Credit Suisse First Boston Europe's Principal Transactions group and Nomura International's Principal Finance team. Mr. Patrick started his career in Commercial Real Estate at Goldman Sachs in New York before transferring to London and working with Mr. Giannamore in its Global Asset Structuring department. Mr. Patrick holds a B.A. in Economics from Yale University.

Chris Ross-Roberts (Director of the Company). For Mr. Ross-Robert's biography, see "—*Board of Directors of the Company*" above.

Risk and Conflicts Committee

AnaCap has a well-established risk management framework comprising: (i) risk identification; (ii) risk assessment and mitigation; and (iii) risk monitoring and reporting. The Company's AIFM is responsible for risk management for the Company, however the Investment Adviser actively assists the Company's AIFM and the Portfolio Manager in risk management by sourcing and assessing information relevant to risk reporting.

The Risk and Conflicts Management Committee of the Investment Adviser prepares a quarterly risk report for the Portfolio Manager which is also delivered to the Company's AIFM. The quarterly report includes (i) a risk report in respect of each credit investment, including an overview of material risks identified over the prior quarter and an evaluation of the procedures in place to mitigate such risks, and (ii) in all cases where material risks have been identified historically as requiring follow-up and/or resolution, any updates as to the implementation status of such follow-up or resolution. In addition, members of the Investment Recommendation Committee attend meetings with the Portfolio Manager and the Company's AIFM in order to discuss the quarterly risk report, material changes to the risk profile of the Company's portfolio or individual investments and any proposed amendments to the risk management framework.

In addition to the Investment Adviser, the Administrator will also submit quarterly business risk assessments in respect of the Company and its subsidiaries to the Company's Board of Directors and the Portfolio Manager.

See also "*Overview of AnaCap*".

The Investment Adviser will receive a fee for its services pursuant to the Advisory Agreement as described below under "—*Fees*".

Administrator

Augentius (Luxembourg) S.A., public limited company (*société anonyme*), incorporated and existing under the laws of Luxembourg, having its registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg, incorporated on January 19, 2010 and registered with the Luxembourg Register of Trade and Companies under number B150673 (the "Administrator") has been appointed by the Company's AIFM as the Company's administrator to provide fund accounting, administration and registrar services pursuant to an agreement dated June 28, 2017 between Carne, the Company, the Administrator and the Portfolio Manager (the "Administration Agreement").

The Administration Agreement may be terminated at any time by either the Company's AIFM or the Administrator upon 120 days' prior written notice addressed to the other party.

The Administration Agreement contains customary exculpation and indemnification provisions in favor of the Administrator.

The Administration Agreement is governed by the laws of the Grand Duchy of Luxembourg.

In consideration of the services provided, the Administrator shall be entitled to receive a fee payable by the Company as may be agreed between the Administrator and the Company from time to time pursuant to the Administration Agreement.

Pursuant to a separate domiciliation agreement dated June 28, 2017 between the Company and the Administrator (the "Domiciliation Agreement"), the Administrator has also been appointed by the Company as its domiciliation agent (the "Domiciliation Agent"). The Domiciliation Agent is responsible, among other things, for providing a registered office to the Company, retaining certain corporate documents on behalf of the Company, and accepting notices, correspondence and other communications to the Company.

The Domiciliation Agreement may be terminated at any time by either the Domiciliation Agent or the Administrator upon 120 days' prior written notice addressed to the other party.

The Domiciliation Agreement is governed by the laws of the Grand Duchy of Luxembourg.

The Domiciliation Agent will receive a fee for its services pursuant to the Domiciliation Agreement as may be agreed between the Domiciliation Agent and the Company from time to time pursuant to the Domiciliation Agreement.

Depositary

The Company has appointed The Royal Bank of Scotland plc, a company organized and existing under the laws of Scotland, having its registered office at 36 St. Andrew Square, Edinburgh EH2 2YB, UK, acting through its Luxembourg branch, The Royal Bank of Scotland plc, Luxembourg Branch, having its registered office at 46, avenue J.F. Kennedy, L-1855, Luxembourg and registered with the Luxembourg Register of Trade and Companies under number B190468, as depositary and paying agent (the "Depositary").

The Depositary is responsible for: (i) the safekeeping of the Company's assets; (ii) certain oversight duties, (iii) cash flow monitoring; and, (iv) paying agent functions, pursuant to applicable law, and the depositary agreement dated June 28, 2017 between the Company, Carne and the Depositary (the "Depositary Agreement").

The Depositary is authorized to delegate its safekeeping duties to sub-custodians and to open accounts with such sub-custodians, provided that: (i) such delegation is in accordance with, and subject to compliance with, the conditions set out in the applicable Luxembourg laws; and (ii) the Depositary exercises all due skill, care and diligence in the selection, appointment, periodic review and ongoing monitoring of its sub-custodians.

The Depositary will:

- ensure that the sale, issue, repurchase, redemption and cancellation of shares in the Company is carried out in accordance with applicable law and the Company's constitutional documents;
- ensure that the value of the shares is calculated in accordance with applicable law, the Company's constitutional documents and the procedures laid down in Article 19 of the AIFMD;
- carry out the instructions of the Company's AIFM, unless they conflict with applicable law or the Company's constitutional documents;
- ensure that, in transactions involving the Company's assets, any consideration is remitted within agreed time limits; and
- ensure that income is applied in accordance with applicable law and the Company's constitutional documents.

The Depositary's cash flow monitoring duties require it to:

- reconcile all cash flow movements and perform such a reconciliation on a daily basis;
- identify cash flows, which are in its reasonable opinion, significant, and in particular those which could be inconsistent with the Company's operations. The Depositary will perform its review using the previous Business Day end-of-day records;
- ensure that the Company's bank accounts are held in the Company's name;
- ensure that the relevant banks are EU credit institutions or equivalent; and
- ensure that the monies paid by investors have been received and booked in cash accounts and booked in either cash accounts or third-party accounts.

The Depositary Agreement may be terminated at any time by either the Company or the Depositary upon 90 days' prior written notice addressed to the other party. In addition, the Depositary Agreement may be terminated by either party without notice in certain circumstances, including where one party becomes subject to bankruptcy or insolvency proceedings or where there is an unremedied material breach of the Depositary Agreement.

The Depositary must be replaced within two months of notice to terminate the Depositary Agreement by a new depositary and paying agent that agrees to assume the responsibilities, duties and obligations of the Depositary. The Depositary shall, in the event of termination of the Depositary Agreement, deliver or cause to be delivered to the succeeding depositary and paying agent, in bearer form or duly endorsed form for transfer, at the expense of the Company, all securities and cash of the Company with or held by the Depositary and all certified copies and other documents related thereto in the Depositary's possession which are valid and in force at the date of termination.

The Depositary, its affiliates or third-parties to whom safekeeping duties are delegated may not reuse the assets of the Company without the prior agreement of the Company or the Company's AIFM and any rights of reuse of the assets will be subject to such conditions as the Company or the Company's AIFM may impose.

The Depositary is a service provider with respect to the Company, is not responsible for the preparation of this document and will not have any responsibility or authority to make investment decisions, nor render investment advice, with respect to the assets of the Company.

The Depositary Agreement is governed by the laws of the Grand Duchy of Luxembourg.

The Depositary will receive a fee for its services pursuant to the Depositary Agreement as described below under "—*Fees*".

ServiceCo

It is expected that the Company and/or the Company's subsidiaries will appoint ServiceCo to perform certain corporate servicing and asset management services in connection with the assets comprised in the underlying debt portfolios. The appointment will be made pursuant to a services agreement between ServiceCo and certain of the Company's subsidiaries (the "Service Agreement").

The functions to be performed by ServiceCo pursuant to the Service Agreement include corporate servicing, liaising with the third-party servicers appointed in respect of each of the debt portfolios, and making certain elections and giving or withholding certain consents on behalf of the Company's subsidiaries. ServiceCo will have no authority under the Service Agreement to provide any services that would constitute investment services.

The ServiceCo will receive a fee for its services pursuant to the Service Agreement as to be agreed between the Company's subsidiaries and ServiceCo.

Fees

Company's AIFM Fees and Expenses

The Company will pay a management fee (the "Management Fee") to the Company's AIFM in an amount equal to 1.75% per annum of the Company's NAV.

The Company's AIFM shall bear the expenses of its registration with any regulatory authority and the costs of its operations including, but not limited to, any personnel, IT, office and all other expenses that it may necessarily incur in the performance of the services under the AIFM Agreement. The Company's AIFM is not required to incur on its own account any costs or expenses directly incurred on behalf of the Company and properly payable by the Company in accordance with the terms of the AIFM Agreement, and the Company shall reimburse the Company's AIFM for such costs and expenses. The Company's AIFM shall not incur fees, costs and expenses payable by the Company in excess of €500 in any calendar month without the consent of the Company.

Portfolio Manager Fees and Expenses

The Company's AIFM shall arrange for the Company to make payments to the Portfolio Manager for its services under the Investment Management Agreement in such amount as may be agreed between the Company's AIFM and the Portfolio Manager from time to time. The Portfolio Manager is responsible for its own overhead costs and expenses and shall not receive reimbursement from the Company or the Company's AIFM for this, except as otherwise agreed to be borne by the Company. The Portfolio Manager shall pay the Investment Adviser an advisory fee, which shall be determined by the Portfolio Manager and not be directly payable by the Company or the Company's AIFM.

Investment Adviser Fees and Expenses

The Portfolio Manager shall pay to the Investment Adviser, as compensation for the Investment Adviser's services, an advisory fee, in the amounts and at the times as may from time to time be agreed between the Portfolio Manager and the Investment Adviser.

Depositary Fees and Expenses

In consideration for its services to the Company, the Depositary is entitled to a depositary fee payable quarterly out of the assets of the Company at a maximum rate of 3.00 basis points of the Company's NAV. The Depositary may also be reimbursed by the Company for certain reasonable and duly documented expenses.

Conflicts of Interest

Allocation Policy

The Company's AIFM, the Portfolio Manager and the Investment Adviser and their affiliates manage, advise and invest in other investment vehicles which have investment objectives that overlap with those of the Company and some of the members of the Board of Directors also serve as officers and/or directors of entities within AnaCap, including the Other AnaCap Credit Funds and/or their subsidiaries.

The Portfolio Manager will consider all investment opportunities presented to the Company individually, based on its good faith judgement as to the best interests of the Company, taking into account available capital, the nature of the investment, the relevant concentration limits of the Company, and also the skills and availability of its chosen servicers and advisers (where relevant), as well as the results of due diligence on the portfolio.

Where investment opportunities fall within the investment objectives of the Company and one or more of the Other AnaCap Credit Funds, the allocation of such investment opportunities between the Company and such Other AnaCap Credit Funds will be determined by the Portfolio Manager in good faith on a basis that it considers fair and reasonable taking into account factors such as the size, nature and type of investment, the capital that is available to the Company and the Other AnaCap Credit Funds, the risk profile of the investment and any fund specific restrictions. In particular, where an investment opportunity is suitable for both the Company and ACOF III (or any successor to such fund), the opportunity will be allocated between them in such proportion as the Portfolio Manager determines is appropriate and subject to any specific allocation guidelines. At the date of this Offering Memorandum, the Portfolio Manager has adopted guidelines specifying that ACOF III will generally not invest in transactions where the purchase price is less than €10 million and/or where the expected break-even or overall duration of the investment exceeds an investment horizon suitable for ACOF III's remaining fund life.

Servicers

The Company believes it is critical to maintain flexibility in the selection of servicers and advisers. As such, while the Company may, where appropriate, utilize servicing capabilities from servicers in which the Other AnaCap Credit Funds have an interest, there is no obligation on the Company to do so. Any such servicing arrangement between the Company and/or its subsidiaries, any Asset SPV and such servicers must be on arm's length terms, consistent with market practice and pricing, and negotiated independently with input from external legal advisers for the Company. The specific terms of any such servicing arrangements will be disclosed to the Board of Directors of the Company and the relevant committees of the relevant AnaCap entities. A critical part of the investment process will be to ensure that any chosen servicer and adviser not only has the appropriate capabilities but is also engaged on competitive terms in order to optimize the Company's performance.

PRINCIPAL SHAREHOLDERS

The Company is 100% indirectly owned by AnaCap. See "*Overview of AnaCap*". ACOF II and ACOF III will retain a residual indirect economic interest in the Company.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company enters into transactions with its shareholders and other entities owned by, or affiliated with, its direct and indirect shareholders in the ordinary course of business. These transactions include, among others, professional advisory, consulting and other services. See "*Management and Governance*", "*Overview of AnaCap*" and note 15 to the Annual Combined Financial Statements and note 11 to the Unaudited Interim Financial Statements, each included elsewhere in this Offering Memorandum.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a summary of certain terms of the Company's principal financing arrangements in addition to the Indenture after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms that are not defined in this section "Description of Certain Financing Arrangements" shall have the meanings ascribed to such terms elsewhere in this Offering Memorandum, including in the "Description of the Notes".

Revolving Credit Facility Agreement

Overview and Structure

Prior to the Issue Date, the Company, Morgan Stanley Bank International Limited and The Royal Bank of Scotland plc as mandated lead arrangers (together the "Mandated Lead Arrangers"), the financial institutions named therein as original lenders, the Security Agent and The Royal Bank of Scotland plc as agent, entered into the Revolving Credit Facility Agreement.

The Revolving Credit Facility Agreement provides for a revolving credit facility (the "Revolving Credit Facility") up to an aggregate principal amount of €45.0 million on a committed basis. The Revolving Credit Facility may be utilized by the Company or any of its Restricted Subsidiaries which may accede as a future borrower (subject to certain exceptions) under the Revolving Credit Facility in euro or certain other currencies (subject to certain conditions) by the drawing of cash advances or the issue of bank guarantees and documentary credits (including letters of credit and performance bonds) and by way of ancillary facilities. Borrowings will be available to be used for general corporate and working capital purposes of the Company and its Restricted Subsidiaries and, without prejudice to the generality of the foregoing, to fund acquisitions, working capital-related purchase price adjustments and certain fees and costs and expenses.

Additional Facilities

The Revolving Credit Facility Agreement includes an ability to increase the amount of the Revolving Credit Facility in a maximum amount not to exceed (after taking account of the commitments under the Revolving Credit Facility) the amount able to be incurred under clause (1) of the second paragraph of the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Indebtedness*".

Availability

The Revolving Credit Facility may, subject to satisfaction of customary conditions precedent, be utilized from the Issue Date until the date falling one month prior to the maturity date of the Revolving Credit Facility.

Borrowers and Guarantors

The Company is the original borrower and a Guarantor under the Revolving Credit Facility. The Revolving Credit Facility also requires that in the future each Restricted Subsidiary of the Company which is a Material Company (as defined in the Revolving Credit Facility Agreement) becomes a Guarantor (subject to Agreed Security Principles).

Maturity and Repayment Requirements

The Revolving Credit Facility matures on the date which is the earlier of (i) the date falling five years from the Issue Date and (ii) the date falling six months prior to the final maturity date of the Notes. Each advance will be repaid on the last day of the interest period relating thereto, subject to a rollover mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility must be repaid in full on or prior to the maturity date for the Revolving Credit Facility.

Amounts repaid by the borrowers under the Revolving Credit Facility may be re-borrowed during the availability period for that facility, subject to certain conditions.

Interest Rate and Fees

The interest rate on cash advances under the Revolving Credit Facility will be the rate per annum equal to the aggregate of 3.50 percent per annum and, as applicable, the relevant LIBOR, or in relation to cash advances in euro, EURIBOR rate.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from (and including) the Issue Date to (and including) the last day of the availability period for the Revolving Credit Facility at a rate of 35% of the margin for the Revolving Credit Facility. The commitment fee will be payable quarterly in arrears, on the last day of the availability period of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment. No commitment fee shall be payable unless the Issue Date occurs.

Default interest will be calculated as an additional 1% on the overdue amount.

The Company is also required to pay customary fees to the arrangers, facility agent and the Security Agent in connection with the Revolving Credit Facility.

Guarantees

The Company will provide a senior guarantee of all amounts payable to the finance parties under the Revolving Credit Facility and a guarantee will be provided by any of its Restricted Subsidiaries which accedes to the Revolving Credit Facility Agreement as an additional borrower or an additional guarantor.

The Revolving Credit Facility Agreement requires that (subject to the Agreed Security Principles) each subsidiary of the Company that is, or becomes, a Material Company (as defined in the Revolving Credit Facility Agreement, which definition includes, among other things, any member of the restricted group that has an individual attributable ERC representing more than 5% of the aggregate ERC of the restricted group or any wholly-owned member of the restricted group that is the direct holding company of a borrower or guarantor)) following the Issue Date will be required to become a Guarantor under the Revolving Credit Facility Agreement.

If on the last day of each financial year of the Company, the guarantors represent less than 80% of the aggregate attributable ERC of the Company and its Restricted Subsidiaries (subject to certain exceptions) (the "Guarantor Coverage Test"), within 90 days of delivery of the annual financial statements for the relevant financial year, such other subsidiaries of the Company (subject to the Agreed Security Principles and certain other exceptions) are required to become guarantors until the Guarantor Coverage Test is satisfied (to be calculated as if such additional guarantors had been guarantors on the last day of the relevant financial year).

Security

It is expected that from and after the Completion Date, the Revolving Credit Facility (subject to the Agreed Security Principles set out in the Revolving Credit Facility Agreement) will be secured by security over certain assets of the holding company of the Company, the Company and certain of its Restricted Subsidiaries as further described in the section entitled "*Description of the Notes—Security*".

Representations and Warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties, subject to certain customary materiality, actual knowledge and other qualifications, exceptions and baskets, and with certain representations and warranties being repeated, including: (i) status and incorporation; (ii) binding obligations; (iii) non-conflict with constitutional documents, laws or other obligations; (iv) power and authority; (v) validity and admissibility in evidence; (vi) governing law and enforcement; (vii) accuracy of most recent financial statements delivered; (viii) *pari passu* ranking; (ix) good title to assets; (x) legal and beneficial ownership; (xi) sanctions and anti-money laundering and (xii) anti-corruption.

Covenants

The Revolving Credit Facility Agreement contains certain of the same incurrence covenants and related definitions (with certain adjustments) that apply to the Notes. In addition, the Revolving Credit Facility also contains certain affirmative and negative covenants. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge or other qualifications, exceptions and baskets.

Affirmative Covenants

The affirmative covenants include, among others: (i) providing certain financial information, including annual audited and quarterly financial statements and compliance certificates (confirming compliance with the financial covenants described below); (ii) authorizations; (iii) compliance with laws; (iv) payment of taxes; (v) maintenance of material assets; (vi) maintenance of *pari passu* and priority and payment ranking of the Revolving Credit Facility; (vii) maintenance of

Guarantor Coverage Test; (viii) granting of additional guarantees and security in prescribed circumstances and (ix) further assurance provisions.

In addition, the Revolving Credit Facility Agreement requires the Company to ensure that not more than 17.5% of the aggregate ERC held by the Company and its Restricted Subsidiaries will be attributed to direct economic interests held by the Company and its subsidiaries in Portfolio Assets located outside certain permitted jurisdictions, which has been defined as the United Kingdom, Spain, Portugal, Romania, Italy, Ireland, France, Switzerland, Belgium, the Netherlands, Luxembourg, Denmark, Norway, Sweden, Austria, Germany, the Channel Islands and Gibraltar.

Negative Covenants

The negative covenants in the Revolving Credit Facility Agreement are substantially the same as the negative covenants in the Indenture aside from the restrictions with respect to entering into treasury transactions for speculative purposes, changing the centre of main interest of a borrower or guarantor and changing the general nature of the business of the Company and its Restricted Subsidiaries or the borrowers and guarantors taken as a whole.

In addition, the Revolving Credit Facility Agreement restricts the Company and its Restricted Subsidiaries from repaying, purchasing or otherwise directly or indirectly acquiring any of the Notes unless (i) funded with the proceeds of indebtedness incurred to refinance the Notes; (ii) following a Change of Control; (iii) funded with a permitted equity injection not resulting in a Change of Control, or (iv) no Event of Default is continuing or would arise from the purchase of the Notes and the Company matches the purchase by a simultaneous cancellation and, if necessary, prepayment of outstanding utilisations under the Revolving Credit Facility so that (X) the Revolving Credit Facility commitments are reduced in the same amount, and/or (Y) (provided the commitments have so been reduced under (X) to an amount equal to 50% of the Revolving Credit Facility commitments immediately before the purchase), the Revolving Credit Facility commitments are thereafter further reduced in the same proportion as that by which the amount of the purchase reduces the principal amount of the Notes.

Mandatory Prepayment Requirements upon a Change of Control

The Company is required to notify the agent under the Revolving Credit Facility Agreement of a Change of Control (as defined in the Revolving Credit Facility Agreement), following which each lender under the Revolving Credit Facility Agreement is entitled to notify the Company if it requires a prepayment of all outstanding amounts owed to that lender and the cancellation of that lender’s commitments under the Revolving Credit Facility.

Financial Covenant

The Company’s financial and operating performance will be monitored by two financial covenants, which require the Company to ensure that the “LTV Ratio”, which is tested by reference to all of the indebtedness of the Company and its Restricted Subsidiaries, does not exceed 0.75:1, and the “SSRCF LTV Ratio”, which is tested by reference to the amount of the indebtedness of the Company and its Restricted Subsidiaries under the Revolving Credit Facility Agreement, does not exceed 0.25:1. “SSRCF LTV Ratio” means, in respect of any date of calculation, the aggregate amount of outstanding liabilities (including outstanding liabilities under the Revolving Credit Facilities) permitted to rank on a super senior basis under the terms of the Intercreditor Agreement less cash and cash equivalents held by the restricted group (excluding certain trapped cash), divided by the aggregate ERC held by the Company and its Restricted Subsidiaries. These financial covenants are tested quarterly. Subject to certain restrictions, the Company has certain rights to cure any breach of these financial covenants.

Events of Default

The Revolving Credit Facility Agreement provides for some of the same events of default, with certain adjustments, as under the Notes. In addition, the Revolving Credit Facility provides for certain customary events of default, all of which are subject to customary materiality and other qualifications, exceptions, baskets and/or grace periods, as appropriate, including: (i) failure to pay (a) any principal when due subject to a three business day grace period, and (b) any other amount when due subject to a 15 day grace period; (ii) failure to comply with any other provision of the Revolving Credit Facility Agreement and/or any other Finance Document subject to a 45-day grace period; (iii) representations or warranties found to be untrue or misleading when made or deemed repeated subject to a 45-day grace period; (iv) cross default and cross-acceleration where the aggregate amount of indebtedness (subject to certain exceptions) is in excess of €15 million; (v) unlawfulness and invalidity subject to a 30 business day grace period; (vi) failure to comply with a material term of, or breach of representation or warranty by certain parties under, the Intercreditor Agreement subject to a 30 business day grace period; (vii) cessation of business; (viii) repudiation and rescission subject to a 30 business day grace period and (xi) material adverse change.

Intercreditor Agreement

Intercreditor Agreement

To establish the relative rights of the Senior Secured Creditors (as defined below), the Future Senior Subordinated Creditors (as defined below), the Company and any Guarantors in respect of the Notes and any obligor in respect of the Revolving Credit Facility, Future Pari Passu Debt (as defined below) and Future Senior Subordinated Debt (as defined below) (collectively, the "Obligors"), the Intragroup Lenders (as defined below) and the Shareholder Subordinated Lenders (as defined below) will enter into an intercreditor agreement dated on or about the Issue Date. By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and shall be deemed to have authorized the Trustee to enter into the Intercreditor Agreement on its behalf.

The following description is a summary of certain provisions, among others, that will be contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of the Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes. Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the Revolving Credit Facility Agreement, the Indenture and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail.

Overview

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain debt of the Company and certain of its subsidiaries in respect of Revolving Credit Facility liabilities, the Senior Secured Note liabilities, Future Pari Passu Debt (as defined below), the Super Senior Hedging Liabilities (as defined below), the Pari Passu Hedging Liabilities (as defined below), Future Senior Subordinated Debt (as defined below), the Intra-Group Liabilities (as defined below) and the Subordinated Debt Liabilities (as defined below);
- the relative ranking of certain security granted by certain members of the Group (as defined below);
- when payments can be made in respect of certain indebtedness of the Group;
- when enforcement action (including acceleration and/or demand for payment and certain similar actions) ("Enforcement Action") can be taken in respect of the Transaction Security (as defined below);
- provisions relating to the making of any acceleration or demand for payment in respect of the Notes;
- the terms pursuant to which certain indebtedness will be subordinated upon the occurrence of certain insolvency events;
- the requirement to turnover amounts received from enforcement of the Transaction Security and certain payments;
- when the Transaction Security and any guarantee(s) issued by certain Obligors will be released to permit an enforcement sale;
- the circumstances in which creditors' claims (including noteholders' claims against the Company) might be required to be transferred to third parties or released to assist in enforcement; and
- the order for applying proceeds from the enforcement of the Transaction Security, certain guarantees and other amounts received by the Security Agent.

Parties

The senior secured creditors (together the "Senior Secured Creditors") will include the agent under the Revolving Credit Facility (the "Senior Agent"), the Security Agent, the lenders under the Revolving Credit Facility (the "RCF Lenders"), issuing banks and ancillary lenders under the Revolving Credit Facility and the Trustee for the holders of the Notes. The Intercreditor Agreement will also allow for accession by creditors of future loan or bond indebtedness of the Obligors (which is permitted by the terms of the Revolving Credit Facility, the Notes, the Future Pari Passu Debt (as defined below) and the Future Senior Subordinated Debt (as defined below)), including any senior secured notes issued after the Issue Date pursuant to the Indenture ("Additional Senior Secured Notes"), to share in the relevant security shared by the Senior Secured Creditors (the "Future Pari Passu Debt") and hedge counterparties party to interest rate or foreign exchange hedging agreements referred to below, which are secured on a super senior basis (the "Super Senior Hedging Agreements") (the "Super Senior Hedging Banks") and hedge counterparties party to interest rate or foreign exchange hedging agreements referred to below which are secured on a pari passu basis (the "Pari Passu Hedging Agreements") (the "Pari Passu Hedging Banks") and, together with the Super Senior Hedging Banks, the "Hedging Banks". Holders of Future Pari Passu Debt and such hedge counterparties are also Senior Secured Creditors.

The Intercreditor Agreement will also allow for accession by creditors of future indebtedness of the Obligors (which is permitted by the terms of the finance documents relating to debt owing to the Senior Secured Creditors as senior secured creditors (the "Senior Secured Debt") and the Future Senior Subordinated Debt (as defined below)) and provided that such future indebtedness complies with agreed parameters (if any) for the relevant class of such future indebtedness. Any such future indebtedness that is subordinated to the Senior Secured Debt and complies with agreed parameters (if any) for senior subordinated debt shall be "Future Senior Subordinated Debt" for the purposes of the Intercreditor Agreement. Holders of Future Senior Subordinated Debt are "Future Senior Subordinated Creditors".

There will be a single Security Agent appointed to act at all times on behalf of all Senior Secured Creditors and Future Senior Subordinated Creditors.

Neither the Company nor any of its Restricted Subsidiaries (each a member of the "Group") nor shareholder of a member of the Group which is not otherwise party to (1) a document creating security in favour of the Senior Secured Creditors or the Future Senior Subordinated Creditors or (2) the debt documents thereby secured, will be party to the Intercreditor Agreement save for (i) any shareholder of the Company in respect of any existing or future loan made to the Company or any of its Restricted Subsidiaries (each a "Shareholder Subordinated Lender") (and the Intercreditor Agreement will contain customary subordination provisions and restrictions relating to the receivables owing from any member of the Group to any Shareholder Subordinated Lender (the "Subordinated Debt Liabilities")) and (ii) certain members of the Group that lend to an Obligor (each an "Intragroup Lender") that will accede to the Intercreditor Agreement with respect to the loans or indebtedness owing from such Obligor to such member of the Group in respect of intra-group loans (the "Intra-Group Liabilities"). The Intercreditor Agreement will contain subordination provisions relating to any Intra-Group Liabilities. However, Obligors will not be prohibited from incurring, amending or making payments in respect of any Intra-Group Liabilities until an acceleration event under the Revolving Credit Facility or the Indenture is continuing.

Ranking and Priority

Priority of Indebtedness

The Intercreditor Agreement will provide that the liabilities of the Obligors, as the case may be, in respect of the Revolving Credit Facility (the "Revolving Credit Facility Liabilities"), the Notes (the "Senior Secured Notes Liabilities"), the Future Pari Passu Debt (the "Future Pari Passu Debt Liabilities"), the amounts owing to the Super Senior Hedging Banks under the Super Senior Hedging Agreements (the "Super Senior Hedging Liabilities") and the amounts owing to the Pari Passu Hedging Banks under the Pari Passu Hedging Agreements (the "Pari Passu Hedging Liabilities"), and certain customary costs and expenses of the Trustee (the "Senior Secured Trustee Liabilities") will rank equally (without preference among them) in right and priority of payment and in priority to the liabilities of the Obligors, as the case may be, in respect of the Future Senior Subordinated Debt (the "Future Senior Subordinated Debt Liabilities"), Intra-Group Liabilities and the Subordinated Debt Liabilities.

The Future Senior Subordinated Debt will rank in priority to the Intra-Group Liabilities and the Subordinated Debt Liabilities.

The Intra-Group Liabilities will rank in priority to the Subordinated Debt Liabilities.

Priority of Security

The Intercreditor Agreement shall provide that the Transaction Security (as defined below) shall rank and secure the following liabilities in the following order (and subject to the proceeds of such security being distributed in accordance with the Payments Waterfall described below):

- *first*, the Revolving Credit Facility Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Future Pari Passu Debt Liabilities, certain customary costs and expenses of the Senior Secured Trustee Liabilities and the Pari Passu Hedging Liabilities; and

- *second*, the Future Senior Subordinated Debt Liabilities.

If security is to be granted for Future Pari Passu Debt then, to the extent such Future Pari Passu Debt cannot be secured on a *pari passu* basis with the Senior Secured Debt without existing security first being released, the Parties agree that such Future Pari Passu Debt will (to the extent permitted by applicable law) be secured pursuant to the execution of additional security documents securing the same assets subject to the relevant security on a second- or lesser- ranking basis and such Future Pari Passu Debt will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement to be secured by such security *pari passu* with Senior Secured Debt which would otherwise have the same ranking as contemplated above and any amounts to be applied towards such Future Pari Passu Debt shall be applied accordingly. In the event that it is not possible to enter into additional Transaction Security as referred to above, amendments or release and retaking of security under the existing Transaction Security shall be permitted in certain circumstances.

If security is to be granted for Future Senior Subordinated Debt then, to the extent such Future Senior Subordinated Debt cannot be secured on a subordinated basis with the Senior Secured Debt and/or on a pari passu basis with other Future Senior Subordinated Debt without existing security first being released, the Parties agree that such Future Senior Subordinated Debt will (to the extent permitted by applicable law) be secured pursuant to the execution of additional security documents securing the same assets subject to the relevant security on a lesser-ranking basis and such Future Senior Subordinated Debt will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement to be secured by such security as contemplated above and any amounts to be applied towards such Future Senior Subordinated Debt shall be applied accordingly. In the event that it is not possible to enter into additional Transaction Security as referred to above, amendments or release and retaking of security under the existing Transaction Security shall be permitted in certain circumstances.

Equivalent provisions to the two paragraphs above are included in the Intercreditor Agreement in respect of additional credit facilities that are to benefit from a similar position under the terms of the Intercreditor Agreement to that of the Revolving Credit Facility. See the section entitled "*General*" below.

Any guarantees to be provided by a Restricted Subsidiary of the Company in respect of the Future Senior Subordinated Debt shall be given on a subordinated basis and shall not be given if such entity has not given a guarantee in relation to any Senior Secured Debt.

Payments and Prepayments; Subordination of the Future Senior Subordinated Debt

The Obligors may make payments and prepayments in respect of the Revolving Credit Facility, the Super Senior Hedging Liabilities, the Pari Passu Hedging Liabilities, and the Notes at any time in accordance with their terms and may prepay or acquire the Notes subject to compliance with any conditions relating to purchases of Notes described in the Indenture.

Prior to the discharge of all Senior Secured Debt, neither the Company nor any Guarantor may make payments in respect of the Future Senior Subordinated Debt Liabilities without the consent of the Majority Super Senior Secured Creditors (as defined below) and Majority Senior Secured Creditors (as defined below) except for the following:

(1) if:

(a) the payment is:

(i) any of the principal or interest (including capitalized interest and default interest) amount of the Future Subordinated Debt Liabilities which is either (1) not prohibited from being paid by a Revolving Credit Facility finance document, the Indenture or any Future Pari Passu Debt finance document or (2) is paid on or after the final maturity of the Future Senior Subordinated Debt Liabilities; or

(ii) any other amount which is not an amount of principal or capitalized interest and default interest on the Future Senior Subordinated Debt Liabilities accrued due and payable in cash in accordance with the terms of the relevant debt documents for the Future Senior Subordinated Debt, additional amounts payable as a result of the tax gross up provisions relating to the Future Senior Subordinated Debt Liabilities and amount in respect of currency indemnities in the relevant debt documents for the Future Senior Subordinated Debt;

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Future Senior Subordinated Debt Liabilities (a "Payment Blockage Notice") is outstanding; and

(c) no payment default under the Revolving Credit Facility and no payment default of €100,000 (or its equivalent) or more in respect of the Senior Secured Notes Liabilities or Future Pari Passu Debt Liabilities is continuing (a "Senior Payment Default"); or

(2) costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Future Senior Subordinated debt documents (including in relation to any reporting or listing requirements under the Future Senior Subordinated debt documents);

(3) costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Future Senior Subordinated Debt in compliance with the Intercreditor Agreement, the Revolving Credit Facility Agreement, the Indenture and any Future Pari Passu Debt document; or

(4) in respect of any Future Senior Subordinated Debt issued in the form of notes, certain customary costs and expenses payable to the Future Senior Subordinated Debt Representative.

Prior to the discharge of all the Senior Secured Debt, if a Senior Payment Default has occurred and is continuing, all payments in respect of the Future Senior Subordinated Debt Liabilities (other than certain very limited exceptions) are suspended.

Prior to the discharge of all the Senior Secured Debt, if an event of default (other than a Senior Payment Default) under the finance documents in respect of the Senior Secured Debt (a "Senior Default") has occurred and is continuing and the creditor representative of the Future Senior Subordinated Creditors (the "Future Senior Subordinated Debt Representative") has received a Payment Blockage Notice from either the Senior Agent or the Trustee or the representative of the Future Pari Passu Debt representing Future Pari Passu Debt (as the case may be) (the "Relevant Representative") within 60 days of the date such Relevant Representative receives notice in writing of the occurrence of such Senior Default, confirming that it is a Senior Default and specifying the relevant Senior Default; all payments in respect of the Future Senior Subordinated Debt liabilities (other than those consented to by the Majority Super Senior Creditors and Majority Senior Secured Creditors and certain specified exceptions) are suspended until the earliest of:

(i) the date on which there is a waiver, remedy or cure of such Senior Default in accordance with the relevant finance documents; or

(ii) the date on which a default under the Future Senior Subordinated Debt occurs for failure to pay principal at the original scheduled maturity of the Future Senior Subordinated Debt;

(iii) 179 days after the receipt by the Future Senior Subordinated Debt Representative of the Payment Blockage Notice;

(iv) the repayment and discharge of all obligations in respect of the Senior Secured Debt;

(v) the date on which the Relevant Representative which issued the Payment Blockage Notice (and, if at such time an event of default is continuing in relation to the Senior Secured Debt (other than the Senior Secured Debt in respect of which the notice was given), the Relevant Representative(s) in respect of that other Senior Secured Debt) notify/ies the Future Senior Subordinated Debt Representative that the Payment Blockage Notice is cancelled;

(vi) the date on which the Security Agent or Future Senior Subordinated Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in accordance with the Intercreditor Agreement;

(vii) the date on which the relevant event of default is no longer continuing and if the Senior Secured Debt has been accelerated such acceleration has been rescinded (and if such acceleration consisted solely of declaring the relevant debt payable on demand such rescission can be effected by the relevant majority creditors in respect of the relevant debt); or

(viii) if a Standstill Period (as defined below) is in effect at any time after delivery, of a Payment Blockage Notice, the date on which the Standstill Period expires.

No Payment Blockage Notice may be served by a Relevant Representative unless 360 days have elapsed since the immediately prior Payment Blockage Notice. No Payment Blockage Notice may be served in respect of a Senior Default more than 60 days after the date that the Relevant Representative received notice of that Senior Default.

If a Payment Blockage Notice ceases to be outstanding or the relevant Senior Default or Senior Payment Default has ceased to be continuing (by being waived by the relevant creditors/creditor's representative or remedied) the relevant debtor may then make those payments it would have otherwise been entitled to pay under the Future Senior Subordinated Debt and if it does so promptly any event of default under the Future Senior Subordinated Debt caused by such delayed payment shall be waived and any notice commencing a Standstill Period which may has been issued as a result of such non-payment shall be waived. A Senior Payment Default is remedied by the payment of all amounts then due.

Restrictions on Enforcement by the Future Senior Subordinated Debt; Standstill

Prior to the discharge of all the Senior Secured Debt, neither the Future Senior Subordinated Debt Representative nor the holders of the Future Senior Subordinated Debt may take Enforcement Action with respect to the Future Senior Subordinated Debt (including any action against the Company or the guarantors of the Future Senior Subordinated Debt (if any)) or direct the Security Agent to enforce or otherwise require the enforcement of any relevant Transaction Security document without the prior consent of or as required by an Instructing Group (as defined below), except if:

(a) an event of default under the debt documents for the Future Senior Subordinated Debt is continuing;

(b) the Senior Agent and the other representatives of the Senior Secured Debt have received notice of the specified event of default from the Future Senior Subordinated Debt Representative;

(c) a Standstill Period (as defined below) has expired; and

(d) the relevant event of default is continuing at the end of the Standstill Period,

provided that, no such action may be taken if the Security Agent is acting in accordance with the instructions of the Instructing Group to take steps for Enforcement and such action might reasonably likely adversely affect such Enforcement.

A "Standstill Period" shall mean the period starting on the date that the Future Senior Subordinated Debt Representative serves an enforcement notice on the Senior Agent and the Future Senior Subordinated Debt Representative and the representative of any Future Pari Passu Debt until the earliest of:

(a) 179 days after such date;

(b) the date on which the Senior Secured Creditors take Enforcement Action (including the enforcement of any Transaction Security permitted to be enforced under the terms of the Intercreditor Agreement), provided that the Future Senior Subordinated Debt Representative and holders of Future Senior Subordinated Debt may only take the same Enforcement Action against the same entity as is taken by the Senior Secured Creditors and may not take any other action against any other member of the Group or Parent;

(c) the date on which an insolvency event occurs in respect of the Company or any guarantor of the Future Senior Subordinated Debt against whom Enforcement Action is to be taken;

(d) the date on which a default under the Future Senior Subordinated Debt occurs for failure to pay principal at the original scheduled maturity of the Future Senior Subordinated Debt; and

(e) the expiration of any other Standstill Period which was outstanding at the date that the current Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

If an Event of Default ceases to be continuing then (provided the relevant parties are made aware of such fact) any relevant enforcement process (including any requirement of consultation relating to enforcement) relying solely on that Event of Default shall cease to continue.

Enforcement by Holders of Secured Debt

Prior to the date upon which all amounts (actual or contingent) owing under the Revolving Credit Facility are fully discharged and paid in full and all commitments thereunder are irrevocably cancelled (the "RCF Discharge Date"), the Security Agent will act on the instructions of (i) the RCF Lenders and the Super Senior Hedging Banks whose super senior credit participations represent more than 50% of the aggregate super senior credit participations of all RCF Lenders and such Super Senior Hedging Banks and their relevant representatives (the "Majority Super Senior Creditors") and/or (ii) the holders of the Notes, the holders of Future Pari Passu Debt and the Pari Passu Hedging Banks (collectively, the "Pari Passu Creditors") whose aggregate senior secured credit participations represent more than 50% of the aggregate senior secured credit participations of all such creditors (the "Majority Senior Secured Creditors"), in each case subject to the consultation period referred to below and provided that such instructions are consistent with the security enforcement principles set forth below.

Following the RCF Discharge Date, the Security Agent will act on the instructions of the Majority Senior Secured Creditors.

Consultation

Prior to giving any instructions to the Security Agent to commence enforcement of all or part of the Transaction Security and/or the requesting of a distressed disposal and/or the release or disposal of claims or Transaction Security on a distressed disposal ("Enforcement"), the relevant representative of the Senior Secured Debt shall notify the other Senior Secured Debt representatives that the applicable Transaction Security has become enforceable. As soon as reasonably practicable after receipt of such a notice instructing the Security Agent to solicit instructions to enforce security given by the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors, the Security Agent shall distribute such notice to the relevant addressees promptly upon receipt, following which, the Senior Agent (acting on the instructions of the Majority Super Senior Creditors), the Trustee and the representative of the holders of Future Pari Passu Debt will consult in good faith with each other and the Security Agent for a period of 15 days from the date such notice is received by such persons (or such shorter period as the relevant parties may agree) with a view to coordinating the instructions to be given by an Instructing Group and agreeing an enforcement strategy (the "Consultation Period").

No such consultation shall be required (and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action prior to the end of the Consultation Period, in each case provided such instructions comply with the Security Enforcement Principles set forth below ("Qualifying Instructions")) where:

(a) any of the Transaction Security has become enforceable as a result of an insolvency event affecting the Company or a borrower or a guarantor or any subsidiary that is a "Significant Subsidiary" or "Material Company" or a group of subsidiaries that combined would constitute a "Significant Subsidiary" or "Material Company" under the Indenture or the Revolving Credit Facility (as applicable) (each a "Relevant Company"); or

(b) the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors (each an "Instructing Group") determine in good faith (and notifies each other representative agent of the other creditors party to the Intercreditor Agreement) that any delay caused by such consultation could reasonably be expected to reduce the amount likely to be realised to a level such that (following application thereof in accordance with the Payments Waterfall described below) the Super Senior Liabilities would not be discharged in full and in this case any instructions will be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors on behalf of which the relevant Instructing Group is acting and the Security Agent shall act in accordance with the instructions first received.

If following the Consultation Period, the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors have agreed on an enforcement strategy, the Security Agent shall be instructed to implement the same.

Subject to the paragraph below, in the event that conflicting instructions (and for these purposes silence is deemed to be a conflicting instruction) are received from either Instructing Group by the end of the Consultation Period, the Security Agent shall enforce the Transaction Security and/or refrain from enforcing the Transaction Security and/or take the relevant other Enforcement Action in accordance with the instructions provided by the Majority Senior Secured Creditors, in each case provided such instructions are Qualifying Instructions and the terms of all instructions received by the Majority Super Senior Creditors during the Consultation Period shall be deemed revoked.

If prior to the RCF Discharge Date:

(a) the Super Senior Liabilities have not been repaid in full in cash within six months of the end of the Consultation Period;

(b) the Security Agent has not commenced any Enforcement (or any transaction in lieu) or other Enforcement Action within three months of the end of the Consultation Period; or

(c) an insolvency event has occurred with respect to a Relevant Company and the Security Agent has not commenced any Enforcement (or any transaction in lieu) or other Enforcement Action at that time with respect to such Relevant Company,

then the Security Agent shall thereafter follow any instructions that are subsequently given by the Majority Super Senior Creditors (in each case provided the same are Qualifying Instructions) to the exclusion of those given by the Majority Senior Secured Creditors (to the extent conflicting with any instructions previously given by the Majority Senior Secured Creditors).

Security Enforcement Principles

Unless otherwise agreed between the Majority Super Senior Creditors and the Majority Senior Secured Creditors, enforcement of the Transaction Security must be conducted in accordance with the "Security Enforcement Principles", which are summarized as follows:

(a) It shall be the aim of any enforcement of the Transaction Security to maximize, so far as is consistent with a prompt and expeditious realization of value from enforcement of the Transaction Security, and in a manner consistent with the Intercreditor Agreement, the recovery of the RCF Lenders, the Hedging Banks, the holders of the Notes, the holders of the Future Pari Passu Debt and the holders of the Future Senior Subordinated Debt (to the extent the Transaction Security is expressed to secure such debt) (in each case without prejudice to the Payments Waterfall) (the "Security Enforcement Objective").

(b) The Security Enforcement Principles may be amended, varied or waived with the prior written consent of Senior Secured Notes Required Holders (as defined below), the Future Pari Passu Debt Required Holders (as defined below) and the Majority Super Senior Creditors.

(c) The Security Enforcement Principles are for the benefit of the Super Senior Creditors, the Future Pari Passu Creditors and the Security Agent only.

(d) Without prejudice to the Security Enforcement Objective, the Transaction Security will be enforced such that either (1) to the extent the Instructing Group is the Majority Super Senior Creditors, all Enforcement Proceeds are received by the Security Agent in cash for distribution in accordance with the Payments Waterfall; or (2) to the extent the Instructing Group is the Majority Pari Passu Creditors, either (i) all Enforcement Proceeds are received by the Security Agent in cash for distribution in accordance with the Payments Waterfall, or (ii) sufficient Enforcement Proceeds will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the Payments Waterfall, the Super Senior Liabilities are repaid and discharged in full.

(e) On (i) a proposed enforcement of any of the Transaction Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds €5 million (or its equivalent); or (ii) a proposed enforcement of any of the Transaction Security over some or all of the shares in a member of the Group over which Transaction Security exists, the Security Agent shall (unless such enforcement is made pursuant to a public or private auction or other competitive sale process in which one or more bidder participates or is invited to participate (including any person invited that is a Primary Creditor at the time of such invitation), which may or may not be conducted through a court or other legal proceeding, and which is conducted (i) with the advice of a reputable internationally recognised investment bank, firm of accountants or independent third party professional firm which is regularly engaged in such sale processes or (ii) carried out by way of auction or other competitive sales process pursuant to the requirements of any applicable law (a "Competitive Process")) obtain an opinion from a reputable internationally recognized investment bank or international accounting firm or other reputable, third-party professional firm that is regularly engaged in providing valuations of businesses or assets similar or comparable to those charged under the Transaction Security to be enforced (a "Financial Advisor") to opine (A) on the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Principles and maximize recovery, (B) that the proceeds received from enforcement is fair from a financial point of view after taking into account all relevant circumstances (provided that the provider of such opinion may limit its liability in respect of such opinion to the amount of its fees in respect of such engagement), and (C) that such sale is otherwise in accordance with the Security Enforcement Objective.

(e) The Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement or any other provision of the Intercreditor Agreement.

Turnover

The Intercreditor Agreement will also provide that if any Primary Creditor (as defined below) receives or recovers the proceeds of any enforcement of any Transaction Security and in addition if any noteholder under the Future Senior Subordinated Debt receives or recovers any payment or distribution not permitted under the Intercreditor Agreement or applied other than in accordance with the "Application of Proceeds/Waterfall" described below that it shall (subject to certain prior actual knowledge qualifications in the case of the notes trustees):

- in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds/Waterfall

All amounts received or recovered by the Security Agent in connection with the realisation of all or any part of the Transaction Security or on an Enforcement or otherwise paid to the Security Agent in accordance with the Intercreditor Agreement for application in accordance with the Payments Waterfall (the "Enforcement Proceeds") will be paid to the Security Agent for application in accordance with the following payments waterfall (the "Payments Waterfall"):

- *first*, in payment of the following amounts in the following order (i) *pari passu* and *pro rata* any sums owing to the Trustee and Security Agent in respect of their costs and expenses and then (ii) pari passu and *pro rata* to each other creditor representative to the extent not included in (i) above in respect of their costs and expenses;

- *second*, *pari passu* and *pro rata*, in or towards payment of all costs and expenses incurred by the holders of Super Senior Liabilities in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

- *third*, *pari passu* and *pro rata* to (i) the RCF Lenders in respect of all amounts then due and payable to the RCF Lenders at such time; and (ii) to the Super Senior Hedging Banks in respect of amounts then due and payable under any Super Senior Hedging Agreements (a) relating to hedging interest rate exposures under the Notes, Additional Senior Secured Notes, Future Pari Passu Debt, Future Senior Subordinated Debt or any other financial indebtedness which, in each case, is floating rate debt and (b) relating to hedging exchange rate exposures under any Future Pari Passu Debt, Future Senior Subordinated Debt or any other financial indebtedness which, in each case, is not denominated in Euros;

- *fourth*, *pari passu* and *pro rata* to the Trustee (and/or the representative of any Future Pari Passu Creditors) for application towards any unpaid costs and expenses incurred by or on behalf of any holders of Notes, holders of Future Pari Passu Debt or holders of Pari Passu Hedging Liabilities in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

- *fifth*, *pari passu* and *pro rata* to the Trustee on behalf of the holders of the Notes for application towards the discharge of all Senior Secured Notes Liabilities, to the representative of the holders of Future Pari Passu Debt on behalf of such holders of Future Pari Passu Debt for application towards the discharge of all Future Pari Passu Debt Liabilities and to the Pari Passu Hedging Banks in respect of amounts then due and payable under any Pari Passu Hedging Agreements;

- *sixth*, *pari passu* and *pro rata* in or towards payment to the Future Senior Subordinated Debt Representative of all costs and expenses incurred by the holders of Future Senior Subordinated Debt in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

- *seventh*, *pari passu* and *pro rata* in or towards payment to the Future Senior Subordinated Debt Representative on behalf of the holders of Future Senior Subordinated Debt for application towards the discharge of all amounts then due and payable to the holders of Future Senior Subordinated Debt at that time; and

- *eighth*, after the final discharge date, to any relevant Debtor or such other person as may be entitled thereto.

For the avoidance of doubt (other than as provided above) payments of Enforcement Proceeds may only be made to the Trustee for the holders of the Notes, if all payments then due and payable under the Revolving Credit Facility to the RCF Lenders, ancillary lenders and issuing bank and to the Super Senior Hedging Banks in respect of the Super Senior Hedging Liabilities and the other payments referred to under "thirdly" above (together, the "Super Senior Liabilities") have been paid in full.

Acceleration

If an event of default occurs under the Revolving Credit Facility Agreement, the Notes or Future Pari Passu Debt then any decision to accelerate the Revolving Credit Facility or Notes or Future Pari Passu Debt and, subject as provided below, to take any other Enforcement Action will be determined in accordance with the provisions of the Revolving Credit Facility Agreement or the Indenture or in accordance with the terms of the Future Pari Passu Debt (as applicable). The Intercreditor Agreement will contain provisions requiring each representative of any Pari Passu Creditors, the Senior Agent and the Trustee to notify the other representatives of the Senior Secured Creditors and the Future Senior Subordinated Creditors of any instructions to accelerate the Revolving Credit Facility, Notes or Future Pari Passu Debt (as applicable).

Non-distressed Disposal

In circumstances where a disposal or certain other specified transactions are not being effected pursuant to a Distress Event (as defined below) (a disposal effected pursuant to a Distress Event being a "Distressed Disposal") and are otherwise permitted by the terms of the Indenture and the debt documents for the Future Pari Passu Debt and the Future Senior Subordinated Debt and the finance documents for the Revolving Credit Facility, the Intercreditor Agreement will provide that the Security Agent is authorized (i) to release the Transaction Security (and in connection with such release, execute any related documents); and (ii) if the relevant asset consists of shares in the capital of an Obligor or Parent, to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security over the assets of that Obligor or Parent (as applicable) and the shares in and assets of any of its subsidiaries.

Distressed Disposal

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will provide that the Security Agent is authorized: (i) to release the Transaction Security, or any other claim over that asset; (ii) if the asset which is disposed of consists of shares in the capital of an Obligor, to release (a) that Obligor and any subsidiary of that Obligor from all or any part of its liabilities to the Senior Secured Creditors or Future Senior Subordinated Creditors or others or otherwise in connection with the Transactions ("Primary Liabilities") or other liabilities it may have to Shareholder Subordinated Lenders, Intragroup Lenders or Obligors ("Other Liabilities"); (b) any Transaction Security granted by that Obligor or any subsidiary of that Obligor over any of its assets; and (c) any other claim of a Shareholder Subordinated Lender, Intragroup Lender, or another Obligor over that Obligor's assets or over the assets of any subsidiary of that Obligor; (iii) if the asset which is disposed of consists of shares in the capital of any holding company of an Obligor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its Primary Liabilities and Other Liabilities; (b) any Transaction Security granted by any subsidiary of that holding company over any of its assets; and (c) any other claim of a Shareholder Subordinated Lender, Intragroup Lender or another Obligor over the assets of any subsidiary of that holding company; and (iv) if the asset which is disposed of consists of shares in the capital of an Obligor or a holding company of an Obligor, to provide, for (1) the transfer of liabilities to another Obligor and/or (2) at the discretion of the Security Agent (provided that it is acting in accordance with the Security Enforcement Principles) the disposal, to third parties, of creditor's claims against that Obligor or holding company (which may include claims against the Company).

If a Distressed Disposal is being effected such that the claims of the holders of the Future Senior Subordinated Debt against the Company, any guarantees in respect of the Future Senior Subordinated Debt and/or Transaction Security securing the Future Senior Subordinated Debt will be released, it is a condition to the release that either:

(i) the Future Senior Subordinated Debt Representative has approved the release on the instructions of the Future Senior Subordinated Debt Required Holders; or

(ii) each of the following conditions are satisfied:

  (A) the proceeds of such sale or disposal are in cash (or substantially in cash);

  (B) all present or future obligations owed to the secured parties under the Senior Secured Debt documents by a member of the Group all of whose shares pledged under the Transaction Security are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security in respect of the assets that are sold or disposed of is simultaneously and unconditionally released concurrently with such sale; and

  (C) such sale or disposal (including any sale or disposal of any claim) is made:

    (I) pursuant to a Competitive Process; or

    (II) where an internationally recognized investment bank or an internationally recognized firm of accountants selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale, provided that the liability of such investment bank or internationally recognized firm of accountants in giving such opinion may be limited to the amount of its fees in respect of such engagement.

Application of Proceeds of a Distressed Disposal

The net proceeds of a Distressed Disposal (and the net proceeds of any disposal of liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set forth under "*—Application of Proceeds/Waterfall*" as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities has occurred, as if the disposal of liabilities had not occurred.

Voting and Amendments

Voting in respect of the Revolving Credit Facility, the Notes and/or Future Pari Passu Debt will be in accordance with the relevant documents.

Except for amendments of a minor, technical or administrative nature which may be effected by the Security Agent and subject to the paragraph below, amendments to or waivers and consents under the Intercreditor Agreement shall require the written agreement of:

(a) the Majority Super Senior Creditors;

(b) the Senior Secured Notes Required Holders and the Future Pari Passu Debt Required Holders;

(c) the Future Senior Subordinated Creditors whose aggregate senior subordinated secured credit participations represent more than 50% of the aggregate senior subordinated secured credit participations of all such creditors;

(d) the Security Agent; and

(e) the Company,

provided that to the extent an amendment, waiver or consent only affects one class of secured party, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of secured party, only written agreement from the affected class shall be required.

Notwithstanding the paragraph immediately above, an amendment or waiver relating to provisions dealing with (i) definition of "Instructing Group", (ii) ranking and priority, (iii) turnover of Receipts, (iv) redistribution, (v) enforcement of Transaction Security, (vi) disposal proceeds, (vii) application of proceeds, (viii) amendments, and (ix) certain provisions relating to the instructions to and exercise of discretion by the Security Agent or the order of priority or subordination under the Intercreditor Agreement, shall not be made without the written consent of:

(a) the RCF Lenders;

(b) the Trustee;

(c) the representative of the holders of Future Pari Passu Debt;

(d) each Hedging Bank (to the extent that the amendment or waiver would adversely affect such Hedging Bank);

(e) the Future Senior Subordinated Debt Representative; and

(f) the Company.

Definitions

The Intercreditor Agreement shall provide that:

(a) "Future Senior Subordinated Debt Required Holders" means, in respect of any direction, approval, consent or waiver, the holders of Future Senior Subordinated Debt holding in aggregate a principal amount of Future Senior Subordinated Debt which is not less than the principal amount of Future Senior Subordinated Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Future Senior Subordinated Debt;

(b) "Future Pari Passu Debt Required Holders" means, in respect of any direction, approval, consent or waiver, the Pari Passu Creditors holding in aggregate a principal amount of Future Pari Passu Debt which is not less than the principal amount of Future Pari Passu Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Future Pari Passu Debt;

(c) "Primary Creditors" means the Super Senior Creditors, the Senior Secured Notes Creditors, the Future Pari Passu Creditors and the Future Senior Subordinated Creditors;

(d) "Senior Secured Notes Required Holders" means, in respect of any direction, approval, consent or waiver, the holders of the Senior Secured Notes holding in aggregate a principal amount of Notes which is not less than the principal amount of Notes required to vote in favor of such direction, consent or waiver under the terms of the Indenture or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Notes (as applicable);

(e) "Transaction Security" means the security created or expressed to be created under or pursuant to the Transaction Security Documents; and

(f) "Transaction Security Documents" means: (i) as defined (or equivalent term) in the Revolving Credit Facility Agreement, any other Credit Facility (as referred to below) and/or a document governing any Future Pari Passu Debt; (ii) any other document entered into at any time by any member of the Group creating any security in favour of any of the secured parties as security for any of the secured obligations; and (iii) any security granted under any covenant for further assurance in any of the documents set out in paragraphs (i) and (ii) above, which in each case, to the extent legally possible and subject to the Agreed Security Principles, is created in favour of (A) the Security Agent as trustee for the relevant secured parties in respect of their liabilities; or (B) in the case of any jurisdiction in which effective security cannot be granted in favour of the Security Agent as trustee for the secured parties, the relevant secured parties in respect of their Liabilities or the Security Agent under a parallel debt structure for the benefit of the relevant secured parties.

The Future Senior Subordinated Creditors may amend or waive the terms of the documents of the Future Senior Subordinated Debt in accordance with their terms at any time.

Option to Purchase

Following:

(a) any notice that the Transaction Security has become enforceable; or

(b) either (i) an acceleration of the Revolving Credit Facility, the Notes, the Future Pari Passu Debt or the Future Senior Subordinated Debt, or (ii) the enforcement of any Transaction Security (a "Distress Event"),

the holders of the Notes and Future Pari Passu Debt shall have an option to purchase all (but not part) of the RCF Lenders' (or their affiliates) commitments under the Revolving Credit Facility Agreement and all their exposures in respect of any Hedging Agreement at par plus accrued interest and all other amounts owing under the Revolving Credit Facility Agreement and Hedging Agreements, with such purchase to occur all at the same time.

Following a Distress Event, the holders of the Future Senior Subordinated Debt shall have an option to purchase all (but not part) of the Senior Secured Debt at par plus accrued interest and all other amounts owing in respect of such Senior Secured Debt, with such purchase to occur all at the same time.

Hedging

All payments permitted under a Hedging Agreement (other than close out payments (or payments when a scheduled payment from the hedging counterparty is due and unpaid)) are permitted payments for the purposes of the Intercreditor Agreement.

The Intercreditor Agreement will contain customary provisions in relation to the circumstances in which a Hedging Bank may take Enforcement Action in relation to its hedging and customary provisions to provide that the Group is not over-hedged.

General

The Intercreditor Agreement will contain provisions dealing with:

(a) close-out rights for the Hedging Liabilities;

(b) permitted payments (including without limitation, the repayment of Subordinated Debt Liabilities and the payment of permitted distributions in each case to the extent permitted under the terms of the finance documents relating to the Senior Secured Debt and the Future Senior Subordinated Debt);

(c) incurrence of Future Pari Passu Debt or Future Senior Subordinated Debt that will allow certain creditors and agents with respect to such Future Pari Passu Debt or Future Senior Subordinated Debt, as the case may be, to accede to the Intercreditor Agreement and benefit from, and be subject to, the provisions of the Intercreditor Agreement (including, without limitation, note trustee protections and permissions associated with the payment of note trustee amounts) so long as not prohibited under the Revolving Credit Facility Agreement or the Indenture and in compliance with the agreed parameters for such class of debt (if any) and the Future Senior Subordinated Debt shall be subject to the relevant subordination provisions under the Intercreditor Agreement;

(d) the ability to incur additional Credit Facilities benefiting from a similar position under the terms of the Intercreditor Agreement as the Revolving Credit Facility (to the extent such additional Credit Facilities are allowed under the terms of the finance documents relating to Notes to share in the Transaction Security with the rights and obligations equivalent to that of the Revolving Credit Facility Lenders and which is permitted by the terms of the finance documents relating to Notes to rank senior to the Senior Secured Notes Liabilities with respect to the proceeds of any Enforcement of the Transaction Security); and

(e) payments received by creditors which are not permitted by the Intercreditor Agreement shall be required to be held on trust for the Security Agent and provided to the Security Agent for application in accordance with the Payments Waterfall.

Governing Law

The Intercreditor Agreement will be governed by and construed in accordance with English law.

DESCRIPTION OF THE NOTES

The Issuer (as defined below) will issue, and the Guarantors (as defined below) will guarantee, €325,000,000 million aggregate principal amount of Senior Secured Floating Rate Notes due 2024 (the "*Notes*") in this offering. The Notes will be issued by AnaCap Financial Europe S.A. SICAV-RAIF (the "*Issuer*"), a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg as a reserved alternative investment fund (*fonds d'investissement alternatif réservé*) in the form of an investment company with variable capital (*société d'investissement à capital variable*), with its registered office at E Building, Parc d'Activités Syrdall, 6, Rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, Grand Duchy of Luxembourg.

In this Description of the Notes, (1) the "Issuer" refers only to AnaCap Financial Europe S.A. SICAV-RAIF, and any successor obligor to AnaCap Financial Europe S.A. SICAV-RAIF on the Notes; and (2) "Parent" refers only to AnaCap Financial Europe Holdings SCSp SICAV-RAIF, and not to any of its subsidiaries, including the Issuer. The Issuer is a wholly-owned subsidiary of the Parent.

The Issuer will issue the Notes under an indenture to be dated as of the Issue Date (the "*Indenture*") among the Issuer, the Guarantors and U.S. Bank Trustees Limited, as trustee (the "*Trustee*") and security agent (the "*Security Agent*"). The Notes will be issued in private transactions that are not subject to the registration requirements of the Securities Act. See "*Transfer Restrictions.*" The terms of the Notes include those stated in the Indenture, but will not incorporate any terms by reference to the U.S. Trust Indenture Act of 1939, as amended.

The Indenture, the Notes and the Notes Guarantees (as defined herein) will be subject to the terms of the Intercreditor Agreement (as defined herein) and any additional intercreditor agreements entered into in the future. The terms of the Intercreditor Agreement are important to understand the terms and ranking of the Liens on the Collateral securing the Notes and the Notes Guarantees. Please see "*Description of Certain Financing Arrangements—Intercreditor Agreement*" for a description of the material terms of the Intercreditor Agreement.

This "*Description of the Notes*" is intended to be an overview of the material provisions of the Notes, the Notes Guarantees and the Indenture and refers to the Intercreditor Agreement and the Security Documents (as defined below). This "*Description of the Notes*" does not restate those agreements in their entirety. Since this description of the terms of the Notes is only a summary, you should refer to the Indenture, the Notes, the Intercreditor Agreement and the Security Documents for complete descriptions of the obligations of the Issuer and the Guarantors and your rights. The Indenture will be subject to the terms of the Intercreditor Agreement, and the rights and benefits of the Holders will be limited accordingly and subject to the terms of the Intercreditor Agreement.

Copies of the Indenture, the form of Notes, the Notes Guarantees and the Intercreditor Agreement are available as set forth under "*Listing and General Information.*"

The Indenture will be unlimited in aggregate principal amount or series of notes, but this issuance of Notes is limited to €325.0 million aggregate principal amount of Notes. The Issuer may issue an unlimited principal amount of additional Notes under the Indenture subject to the procedures described therein (the "*Additional Notes*"); *provided* that we will only be permitted to issue Additional Notes if (i) the Additional Notes will be (x) fungible with the Notes originally issued for U.S. federal income tax purposes or (y) issued with separate Common Code and ISIN numbers, as applicable, from the Notes originally issued and (ii) issued in compliance with the covenants that will be contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "*—Certain Covenants—Limitation on Indebtedness*"). The Notes (and any Additional Notes) will be treated as a single class for all purposes under the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase, except as will otherwise be specified in the Indenture. Unless the context otherwise requires, in this "*Description of the Notes*," references to the "Notes" include the Notes and any Additional Notes that are actually issued.

Summary Description of the Notes and the Notes Guarantees

The Notes:

- will be senior obligations of the Issuer and rank equal in right of payment with any existing or future Indebtedness of the Issuer that is not expressly subordinated to the Notes, including its guarantee of the Revolving Credit Facility and certain Hedging Obligations;
- will be secured by the Collateral on a first-ranking basis, along with obligations under the Revolving Credit Facility and certain Hedging Obligations incurred in compliance with the Indenture (although any liabilities in respect of obligations under the Revolving Credit Facility and certain Hedging Obligations that are secured by the Collateral will receive priority over the Holders with respect to any proceeds received upon any enforcement action over, or a distressed disposal of, the Collateral), as described below under "*—Security—The Collateral*";

- will be senior in right of payment to any existing or future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- will be effectively senior in right of payment to any existing or future unsecured obligations of the Issuer to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes;
- will be structurally subordinated to all obligations of the Issuer's Subsidiaries that are not Guarantors; and
- will be guaranteed on a senior basis by the Guarantors, subject to the guarantee limitations described herein.

The Notes Guarantee of each Guarantor:

- will be a senior obligation of that Guarantor and will rank equal in right of payment with any existing or future Indebtedness of that Guarantor that is not expressly subordinated to its Notes Guarantee, including obligations under the Revolving Credit Facility and certain Hedging Obligations;
- will be secured by the Collateral on a first-ranking basis, along with obligations under the Revolving Credit Facility and certain Hedging Obligations incurred in compliance with the Indenture (although any liabilities in respect of obligations under the Revolving Credit Facility and certain Hedging Obligations that are secured by the Collateral will receive priority over the Holders with respect to any proceeds received upon any enforcement action over, or a distressed disposal of, the Collateral), as described below under "*—Security—The Collateral*";
- will be senior in right of payment to any existing or future Indebtedness of that Guarantor that is expressly subordinated in right of payment to that Guarantor's Notes Guarantee;
- will be effectively senior in right of payment to any existing or future unsecured obligations of that Guarantor to the extent of the value of the Collateral that is available to satisfy the obligations under its Notes Guarantee; and
- will be structurally subordinated to all obligations of a Guarantor's Subsidiaries that are not Guarantors.

Principal, Maturity and Interest

The Issuer will issue €325.0 million in aggregate principal amount of Notes on the Issue Date. The Notes will mature on August 1, 2024. The Notes will be issued in minimum denominations of €200,000 and in integral multiples of €1,000 in excess thereof. The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear or Clearstream (each as defined herein). If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest on the Notes will accrue at a rate per annum (the "*Applicable Rate*"), reset quarterly, equal to the sum of (i) three-month EURIBOR (which is subject to a 0% floor) plus (ii) 5.00% (the "*Margin*"), as determined by the Calculation Agent. Interest on the Notes will be payable, in cash, quarterly in arrear on February 1, May 1, August 1 and November 1 of each year, commencing on November 1, 2017, to holders of record on the immediately preceding January 15, April 15, July 15 and October 15, respectively. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest on the Notes will be computed on the basis of a 360-day year and the actual number of days elapsed. Each interest period shall end on (but not include) the relevant interest payment date.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Notes.

"*Determination Date*" with respect to an Interest Period, means the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

"*EURIBOR*" with respect to an Interest Period, means the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Page 248 as of 11:00 a.m. Brussels time, on the Determination Date. If Reuters Page 248 does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the euro-zone inter-bank market, as selected by the Calculation Agent in consultation with the Issuer, to provide such bank's offered quotation (expressed as a *percentage* per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the euro-zone inter-bank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Calculation Agent will request each of three major banks in London, as selected by the Calculation Agent in consultation with the Issuer, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., Brussels time, on such Determination Date, for loans in a Representative Amount in euro to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided then the rate for the Interest Period will be the rate in effect (plus Margin) with respect to the immediately preceding Interest Period. Notwithstanding the foregoing, if for any Interest Period the rate determined based on the procedure specified in this paragraph is less than 0%, EURIBOR shall mean 0% for purposes of determining the Applicable Rate for such Interest Period.

"*euro-zone*" means the region comprised of Member States of the European Union that at the relevant time have adopted the euro.

"*Interest Period*" means the period commencing on and including an interest payment date and ending on and *including* the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include October 31, 2017.

"*Representative Amount*" means the greater of (i) € 1,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

"*Reuters Page 248*" means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

"*TARGET* Settlement *Day*" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "*Interest Amount*"). The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of each Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 360. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655)). All euro amounts used in or resulting from such calculations will be rounded to the nearest euro cent (with one-half euro cent being rounded upwards). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default or gross negligence, be final and binding on all parties. In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law; *provided, however*, that the Calculation Agent shall not be responsible for determining nor verifying that the rate of interest on the Notes is higher than the maximum rate permitted under any applicable law.

Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts (as defined herein), if any, on the Global Notes (as defined herein) will be payable at the specified office or agency of one or more Paying Agents (as defined herein); *provided* that all such payments with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of a common depository for Euroclear and Clearstream will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents in London maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes.*"

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents (each, a "*Paying Agent"*) for the Notes in London. The initial Paying Agent will be Elavon Financial Services DAC, UK Branch. The Issuer will also maintain a registrar (the "*Registrar*") and a transfer agent (the "*Transfer Agent"*). The initial Registrar will be Elavon Financial Services DAC and the initial Transfer Agent will be Elavon Financial Services DAC, UK Branch. The Registrar, Transfer Agent and Paying

Agent (as applicable) will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer.

Upon written notice to the Trustee, the Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders. However, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market thereof and the rules of such exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes. Upon request of the Issuer, the Registrar shall send a copy of the relevant register to the Issuer who will keep an updated copy of the register at its registered office (the "*Duplicate Register*"). In the event of inconsistency between the Register and the Duplicate Register, for the purposes of Luxembourg law only, the Duplicate Register shall prevail.

Transfer and Exchange

The Notes will be initially issued in the form of registered notes in global form without interest coupons, as follows:

- Each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Notes*").

- The 144A Global Notes will, upon issuance, be deposited with the common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

- Each series of Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*").

- The Regulation S Global Notes will, upon issuance, be deposited with the common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors.*" In addition, transfers of Book-Entry Interests between participants in Euroclear and/or Clearstream will be effected by Euroclear and/or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear and/or Clearstream and its respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

During the 40-day distribution compliance period, ownership of Book-Entry Interests in Regulation S Global Notes may be transferred only to non-U.S. Persons under Regulation S under the Securities Act or to persons (i) whom the transferor reasonably believes are "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions,*" and in accordance with any applicable securities law of any other jurisdiction and (ii) who take delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to such effect.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €200,000 principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions.*"

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged in whole or in part, in minimum denominations of €200,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

Immediately after the issuance of the Notes, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under the definition of "*Unrestricted Subsidiary*," the Issuer will be permitted at any time to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Notes Guarantees

The obligations of the Issuer pursuant to the Notes, including any payment obligation resulting from a Change of Control, will be unconditionally guaranteed, jointly and severally, by ACOF II Portugal Limited, AFE Spain Limited, Alpha Credit Holdings S.à r.l., Alpha Credit Solutions 4 S.à r.l., Prime Credit 3 S.à r.l., Prime Credit 6 S.à r.l. and Prime Credit 7 S.à r.l. Each Restricted Subsidiary that provides a guarantee of the Notes (a "*Notes Guarantee*") is referred to herein as a "*Guarantor*," and together as the "*Guarantors*." The Indenture will require that the Guarantors guarantee the Notes and provide Notes Guarantees on or within 60 days of the Issue Date.

As of March 31, 2017, the debt portfolios and loan notes that will be owned by the Issuer and the Guarantors, giving effect to the Acquisition and the completion of the Transactions, collectively represented 94.6% of ERC and 94.8% of book value of the Portfolio Business. See "*Presentation of Financial and Other Information—Non-IFRS Financial Measures*" and "*Summary Historical Combined Financial and Other Data—Other Financial and Operating Data of the Portfolio Business*."

The Agreed Security Principles apply, or will apply, to the granting of guarantees and security in respect of obligations under the Revolving Credit Facility and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees or security where, among other things, such grant would be restricted by general statutory limitations, capital maintenance, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules, retention of title claims and similar principles.

The Issuer shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes or provide security to the extent and for so long as the Incurrence of such guarantee could reasonably be expected to give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Issuer or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement or the Agreed Security Principles.

Each Notes Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions, or as otherwise required under the Agreed Security Principles to comply with general statutory limitations, capital maintenance, corporate benefit, financial assistance, fraudulent preference, "thin capitalization" rules and other similar laws. By virtue of this limitation, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*."

Release of Notes Guarantees

The Notes Guarantees will terminate and be released:

(1) upon a sale or other disposition (including by way of consolidation, merger, amalgamation or combination) of Capital Stock of the relevant Guarantor or of a Parent thereof, such that such Guarantor ceases to be a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the relevant Guarantor (other than to the Issuer or a Restricted Subsidiary), in each case in a transaction that does not violate the provisions of the Indenture;

(2) upon the designation in accordance with the Indenture of the relevant Guarantor as an Unrestricted Subsidiary;

(3) upon defeasance or discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(4) upon full payment of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(5) in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;

(6) upon the release of the Guarantor's Notes Guarantee under any Indebtedness that triggered such Guarantor's obligation to guarantee the Notes under the covenant described in "*—Additional Notes Guarantees*"; *provided* that no other Indebtedness is at the time Guaranteed by the Guarantor that would result in the requirement that the Guarantor provide a Notes Guarantee;

(7) as a result of a transaction permitted by "*—Certain Covenants—Merger and Consolidation*" or in connection with a Permitted Reorganization; or

(8) as described under the caption "*—Amendments and Waivers*."

Upon any occurrence giving rise to a termination and release of a Notes Guarantee as specified above, the Trustee will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Notes Guarantee. Neither the Issuer, the Trustee nor any Guarantor will be required to make a notation on the Notes to reflect any such release, discharge or termination. Each of the releases set forth above shall be effected by the Trustee without the consent of or liability to the Holders or any other action or consent on the part of the Trustee.

Substantially all the operations of the Issuer are conducted through its Subsidiaries. Claims of creditors of Subsidiaries that are not Guarantors, including trade creditors, secured creditors and creditors holding debt, guarantees and Secured Loan Notes issued by those Subsidiaries, and claims of preferred and minority shareholders (if any) of those Subsidiaries will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer, including Holders. The Notes and each Notes Guarantee therefore will be effectively subordinated to creditors (including trade creditors and co-investors under Secured Loan Notes) and preferred and minority shareholders (if any) of any Subsidiaries of the Issuer that are not Guarantors and any future Subsidiaries of the Issuer that do not become Guarantors.

Security

The Collateral

Pursuant to the Security Documents, including security over the shares of the Issuer in favor of the Security Agent which will be entered into on or prior to the Issue Date and other Security Documents entered into as between the relevant Guarantors and the Security Agent within 60 days after the Issue Date, the obligations of the Issuer and of the Guarantors under the Notes and the Notes Guarantees will be secured by first-ranking security interests, subject to the operation of the Agreed Security Principles summarized below, over (together with the pledge over the shares of the Issuer, the "*Collateral*"):

(1) all of the capital stock of each Guarantor to the extent owned by the Issuer or another Guarantor;

(2) certain bank accounts of the Issuer and of the Guarantors; and

(3) receivables from certain inter-company loan notes, the securitization notes held by the Issuer and the Guarantors in respect of the Italian Portfolios and one of the Romanian Portfolios and receivables from a participation agreement in respect of the other Romanian Portfolio.

The Collateral will also secure the Revolving Credit Facility and certain Hedging Obligations and the proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the Holders under the Notes. In addition, any obligations under the Revolving Credit Facility and certain Hedging Obligations that are secured by the Collateral will receive priority over the Holders with respect to any proceeds received upon any enforcement over, or a distressed disposal of, the Collateral. Notwithstanding the foregoing, certain assets may not be secured or perfected or the Notes Guarantees may be restricted in accordance with the Agreed Security Principles, which include:

(1) general legal and statutory limitations, financial assistance, capital maintenance, corporate benefit, fraudulent preference, interest stripping, controlled foreign corporation, thin capitalization rules, retention of title claims, employee consultation or approval requirements and similar principles may limit the ability of the Issuer or any Guarantor to provide a guarantee or security or may require that the guarantee or security be limited by an amount or otherwise excluded;

(2) the granting of the guarantee or security will not be required to the extent that it would incur any legal fees, registration fees, stamp duty, taxes and any other fees or costs directly associated with such security or guarantee which are disproportionate to the benefit that will be offered by taking or perfecting the relevant security;

(3) if certain third party consents or approvals are required to provide a guarantee or security, such guarantee and/or security shall not be required unless such consent has been received; *provided* that reasonable endeavors have been used by such entity to obtain the relevant consent;

(4) any assets subject to legal requirements, licenses or any other third party arrangements (including, without limitation, any trade receivables) which may prevent those assets from being charged (or assets which, if charged, would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations of the Issuer or any of its Restricted Subsidiaries in respect of those assets or require either the Issuer or any of its Restricted Subsidiaries to take any action materially adverse to the interests of the Issuer or any of its Restricted Subsidiaries) will be excluded from the Collateral (*provided* that in the case of any material asset commercially reasonable endeavors are used to obtain any necessary consent or waiver)

(5) the Issuer and its Restricted Subsidiaries will not be required to give guarantees or enter into Transaction Security Documents if it is not within the legal capacity of the relevant entity or if the same would conflict with the fiduciary duties of those directors or contravene any legal prohibition, bona fide contractual restriction or regulatory condition or result in (or in a material risk of) personal or criminal liability on the part of any officer or result in any significant risk of legal liability for the directors of the Issuer or any of its Restricted Subsidiaries, *provided* that the relevant member of the Group shall use reasonable endeavors to overcome such obstacle;

(6) no perfection action will be required in jurisdictions where a Guarantor is not and shall not be required if perfecting such security would have an unreasonable adverse effect on the ability of the Issuer or the relevant Guarantor to conduct its operations and business in the ordinary course;

(7) guarantees and security will not be required from or over, or over the assets of, any joint venture or similar arrangement or any minority interest or any Permitted Purchase Obligation SPV;

(8) any Restricted Subsidiary of the Issuer which is not (directly or indirectly) a wholly-owned Subsidiary of the Issuer (a "*Non-Wholly Owned Subsidiary*") or a Permitted Purchase Obligation SPV shall not be required to

become a Guarantor and no security shall be required to be given to the extent to do so, in the case of a Non-Wholly Owned Subsidiary, would breach any restriction contained in a shareholders' agreement and all reasonable steps have been taken to avoid or remove that restriction;

(9) neither the Issuer nor any of its Restricted Subsidiaries will be required to create security over or otherwise encumber any Restricted Asset (including, without limitation, any bank accounts which contain or are reasonably likely to contain any Restricted Assets). For these purposes, "*Restricted Asset*" means:

(i) the regulatory capital that a regulated entity is required to maintain pursuant to any applicable law or regulation or the views, guidance or interpretation of any relevant regulator;

(ii) the settlement cash balances of that regulated entity and any other cash held by or on behalf of that regulated entity for merchants, card schemes, cardholders of any card scheme, banks, financial institutions or other similar entity or person;

(iii) any amounts held by or on behalf of that regulated entity in segregated funds under the Payment Services Directive (PSD, 2007/64/EC) (or any relevant local implementing regulation or legislation) for merchants or other payment service users or payment service providers or card schemes, cardholders of any card scheme, banks, financial institutions or other similar entity or person;

(iv) any sums receivable by or on behalf of that regulated entity from or under any card scheme, bank, financial institution or other similar entity or person for onward transmission or remittance to a merchant;

(v) any sums receivable by or on behalf of that regulated entity from a merchant for onward transmission or remittance to a card scheme bank, financial institution or other similar entity or person; and

(vi) any right, title or interest of that regulated entity in or under any letter of credit, guarantee, cash collateral or other financial support or Security provided by a bank, financial institution or other similar entity (or an affiliate thereof) for its account to any card scheme counterparty.

Administration and Enforcement of Security

The Security Documents and Collateral are administered by the Security Agent (or, in certain circumstances, a receiver or delegate) pursuant to the Intercreditor Agreements for the benefit of the secured parties (which, on and from the Issue Date, will include the Trustee on behalf of the Holders and the lenders under the Revolving Credit Facility). For a description of the Intercreditor Agreement, see "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The ability of the Holders to realize the value of the Collateral are subject to various insolvency law limitations in the event of the Issuer's insolvency and various contractual limitations set out in the Intercreditor Agreements. See "*Risk factors—Risks Relating to the Company's Indebtedness, Including the Notes and the Guarantees—The insolvency laws of Luxembourg and Guernsey may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*" and "*Risk factors—Risks Relating to the Company's Indebtedness, Including the Notes and the Guarantees—Applicable law and other limitations on the enforceability of the security may adversely affect its validity and enforceability.*"

The Security Documents and the Intercreditor Agreement will provide that the rights of the Holders with respect to the Collateral must be exercised by the Security Agent. Since the Holders are not a party to the Security Documents, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Security Agent. The Security Agent will agree to release a security interest created by the Security Documents at the direction of the Trustee in certain circumstances in accordance with the Intercreditor Agreement without requiring the consent of the Holders. Subject to the terms of the Intercreditor Agreement, the Holders will, in certain circumstances, share in the ability to direct the Trustee to direct the Security Agent to commence enforcement action under the Security Documents. Please see "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Subject to the terms of the Intercreditor Agreement, Indenture and the Security Documents, the Issuer and the Guarantors have the right to remain in possession and retain exclusive control of the Collateral securing the Notes and the Notes Guarantees, to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

No appraisals of any of the Collateral have been prepared by or on behalf of the Issuer in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral would be sufficient to satisfy the obligations owed to the Holders or any other obligations secured by that Collateral. By its nature, some or all of the Collateral will be illiquid and may not have readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all. See "*Risk Factors—Risks Relating to the Company's Indebtedness, Including the Notes and the Guarantees—No appraisals of any of the Collateral have been prepared by the Company or on its behalf in connection with the issuance of the Notes. The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and the Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Guarantees.*"

The Trustee for the Notes has, and by accepting a Note, each Holder will be deemed to have:

(1) irrevocably appointed U.S. Bank Trustees Limited, as Security Agent, in each case to separately act as its security agent under each Intercreditor Agreement and the other relevant documents to which the Security Agent is a party (including, without limitation, the Security Documents); and

(2) irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, power and discretions that are specifically given to it under each Intercreditor Agreement or the other documents to which the Security Agent is a party, together with any other incidental rights, power and discretions; and (ii) execute each document expressed to be executed by the Security Agent on its behalf (including any waiver, modification, amendment, renewal or replacement or release of any Security Document or other document expressed to be executed by the Security Agent on its behalf).

Release of Liens on the Collateral

Subject to the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, the Security Agent shall release, and the Trustee shall if so requested direct the Security Agent to release, without the need for consent of the Holders, Liens on the Collateral securing the Notes:

(1) upon payment in full of principal, interest and all other amounts under the Notes issued under the Indenture or discharge or defeasance of the Indenture;

(2) upon release of a Notes Guarantee (with respect to the Liens securing such Notes Guarantee granted by such Guarantor);

(3) other than with respect to Liens on the Capital Stock of the Issuer, in connection with any disposition of Collateral to any Person (other than the Issuer or any of its Restricted Subsidiaries) or to the Issuer or a Guarantor; *provided* that if the disposition of the Collateral is to the Issuer or a Guarantor, the relevant Collateral becomes promptly subject to a substantially equivalent Lien in favor of the Security Agent securing the Notes (but excluding any transaction subject to "*—Certain Covenants—Merger and Consolidation—The Issuer*"); *provided*, *further*, that, in each case, such disposition is not prohibited by the Indenture;

(4) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Unrestricted Subsidiary;

(5) as provided under the Intercreditor Agreement or any Additional Intercreditor Agreement;

(6) as may be permitted by the covenant described under "*—Certain Covenants—No Impairment of Security Interest*";

(7) as described under the caption "*—Amendments and Waivers*";

(8) in order to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under "*—Certain Covenants—Merger and Consolidation—The Issuer*" or in connection with a Permitted Reorganization; *provided* that following such merger, consolidation, conveyance or transfer, a Lien of at least equivalent ranking over the same assets or property is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the Holders) to the extent such assets or property continue to exist as assets or property of the Issuer, the Successor Issuer or a Restricted Subsidiary or consist of Capital Stock of the Issuer or the Successor Issuer; or

(9) upon a release of the Initial Lien that resulted in the creation of the Lien under the covenant described under the caption "*—Certain Covenants—Limitation on Liens*."

At the request of the Issuer, the Security Agent and the Trustee will as soon as reasonably practicable take all necessary action required to effectuate any release of Collateral securing the Notes and the Notes Guarantees, in accordance with the provisions of the Indenture. Each of these releases shall be effected by the Security Agent without the consent of the Holders or any further action on the part of the Trustee.

Intercreditor Agreement

On the Issue Date, the Trustee shall enter into the Intercreditor Agreement. Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility and certain Hedging Obligations that are secured by assets that also secure our obligations under the Notes and the Notes Guarantees will receive priority with respect to any proceeds received upon any enforcement action over any such assets. Any remaining proceeds received upon any enforcement action over any Collateral, after all obligations under the Revolving Credit Facility and certain Hedging Obligations have been repaid from such recoveries, will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes and any other *pari passu* indebtedness of the Issuer and the Guarantors permitted to be Incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement.

Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements

The Indenture will provide that, at the request and cost of the Issuer, in connection with the Incurrence or refinancing by the Issuer or its Restricted Subsidiaries of any Indebtedness secured or permitted to be secured on the Collateral, the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into an intercreditor or similar agreement or a restatement, amendment or other modification of the existing Intercreditor Agreement (an "*Additional Intercreditor Agreement*") with the holders of such Indebtedness (or their duly authorized representatives) on substantially the same terms as the Intercreditor Agreement (or on terms that in the good faith judgment of the Issuer are not materially less favorable to the Holders), including containing substantially the same terms with respect to the application of the proceeds of the collateral held thereunder and the means of enforcement, it being understood that an increase in the amount of Indebtedness being subject to the terms of the Intercreditor Agreement or Additional Intercreditor Agreement will not be deemed to be less favorable to the Holders and will be permitted by this covenant if the Incurrence of such Indebtedness and any Lien in its favor is permitted by the "Limitation on Indebtedness" and "Limitation on Liens" covenants; *provided* that (i) such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or the Intercreditor Agreement. As used herein, the term "Intercreditor Agreement" shall include references to any Additional Intercreditor Agreement and (ii) if more than one such Intercreditor Agreement is outstanding at any one time, the collective terms of such Intercreditor Agreements must not conflict.

The Indenture will further provide that, at the written direction and cost of the Issuer and without the consent of the Holders, the Trustee and Security Agent shall, from time to time, enter into one or more amendments to any Intercreditor Agreement to: (i) cure any ambiguity, omission, defect or inconsistency of any such agreement; (ii) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or its Restricted Subsidiaries that is subject to any such agreement (*provided* that such Indebtedness is Incurred in compliance with the Indenture) (including, with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes); (iii) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement; (iv) further secure the Notes (including any Additional Notes Incurred in compliance with the Indenture); (v) make provision for equal and ratable pledges of the Collateral to secure Additional Notes Incurred in compliance with the Indenture or to implement any Permitted Collateral Liens; or (vi) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*" or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted: the terms and conditions of any Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein), and to have authorized the Trustee and Security Agent to enter into any one or more amendments to any Intercreditor Agreement as contemplated above on each Holder's behalf.

Optional Redemption

At any time and from time to time on or after August 1, 2019, the Issuer may redeem the Notes, in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to the applicable percentage of principal amount set forth below plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on August 1 of the years indicated below:

Year	Notes Redemption Price
2019	101.000%
2020 and thereafter	100.000%

At any time and from time to time prior to August 1, 2019, the Issuer may redeem Notes with the Net Cash Proceeds received from any Equity Offering upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 100% of their principal amount, plus the interest rate per annum on the Notes applicable on the date on which a notice of redemption is given, plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes); *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 60% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes) remains outstanding immediately thereafter.

At any time and from time to time prior to August 1, 2019, the Issuer may redeem the Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount of such Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Post Tender Redemption

In connection with any tender offer for the Notes at a price no less than the open market trading price of the applicable Notes on the date such tender offer commences (as determined in good faith by the Issuer), plus accrued and unpaid interest thereon to, but excluding the applicable tender settlement date, if Holders of Notes of not less than 90% in aggregate principal amount of the applicable outstanding Notes validly tendered and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes that remain outstanding in whole, but not in part, following such purchase, at a price equal to the price offered to each other Holder of Notes in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding such redemption date.

General Provisions Related to Optional Redemption

Notice of redemption of the Notes will be provided as set forth under "*—Selection and Notice*" below. If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Luxembourg Stock Exchange and traded on the Euro MTF Market, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes of that series that will remain outstanding immediately after such redemption.

Any redemption of the Notes (including with the proceeds from an Equity Offering) may, in the Issuer's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to the satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (*provided*, *however*, that in any case such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. Notwithstanding anything else in the Indenture or the Notes to the contrary, redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all the Notes are to be redeemed at any time, the Notes for redemption will be selected in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee and Registrar by the Issuer, and in compliance with the rules and procedures of Euroclear and Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream or Euroclear or Clearstream prescribes no method of selection, on a *pro rata* basis; *provided*, *however*, that no Note of €200,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. Neither, the Paying Agent, the Registrar nor the Trustee will be liable for any selection made in accordance with this paragraph.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish any notice of redemption on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and, in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date if the Notes are in definitive certificated form, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution of the aforesaid mailing.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the redemption price is not paid on the redemption date.

Redemption for Taxation Reasons

The Issuer or Successor Issuer, as defined below, may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any, to, but excluding, the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and including all Additional Amounts (see "*—Additional Amounts*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if as a result of:

(1) any change in, or amendment to, the treaties or law (or any regulations, protocols or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below under "*—Additional Amounts*") affecting taxation; or

(2) any change in, or amendment to, the application, administration or interpretation of such treaties, laws, regulations, protocols or rulings (including pursuant to a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) of a Relevant Taxing Jurisdiction

(each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*");

the Issuer, Successor Issuer or any Guarantor are, or on the next interest payment date in respect of the Notes or any Notes Guarantee would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer, Successor Issuer or such Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and, in the case of a payment by a Guarantor, having the Issuer or another Guarantor make the payment, but not including assignment of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this Offering Memorandum, such Change in Tax Law must be formally announced and become effective on or after the date of this Offering Memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this Offering Memorandum, such Change in Tax Law must be formally announced and become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—*Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Issuer will deliver to the Trustee (a) a resolution of its Board of Directors stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer, Successor Issuer or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such resolution of the Board of Directors and opinion as sufficient evidence of the existence and satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Additional Amounts

All payments made by or on behalf of the Issuer, a Successor Issuer or Guarantor (a "*Payor*") on the Notes or the Notes Guarantees, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) the Grand Duchy of Luxembourg or any political subdivision or Governmental Authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such Note or Notes Guarantee is made by the Issuer, Successor Issuer, Guarantor or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which the Payor is incorporated or organized, engaged in business for tax purposes or otherwise considered to be a resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clauses (1), (2) and (3), a "*Relevant Taxing Jurisdiction*"),

will at any time be required from any payments made with respect to any Note or Notes Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by the Holders after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note or Notes Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, but not limited to, being incorporated in or a citizen or resident or national or domiciliary of, or the existence of a business, a permanent establishment, a dependent agent, a place of business or a place of management present or deemed present in the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or enforcement of rights under the Indenture or under a Notes Guarantee or the receipt of any payment in respect thereof;

(2) any Taxes that are imposed or withheld or deducted by reason of the failure by the Holder or the beneficial owner of the Note to satisfy or comply with (or cause any Affiliate to satisfy or comply with) a request, made in writing within a reasonable amount of time before any such withholding or deduction would be payable, by the Payor (or its agents) to provide any certification, information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owners or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, in each case that is required by applicable law, regulation, treaty or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part, or reduction in the rate of deduction or withholding, of such Tax; *provided* that, in each case, the Holder or beneficial owner is legally eligible to do so;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment with respect to the Notes or any Notes Guarantee;

(4) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(5) any Taxes imposed in connection with a Note presented for payment (where presentation is required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent in the United Kingdom or any Member State of the European Union;

(6) any Taxes imposed on or with respect to a payment to a Holder that is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment or Note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such Note;

(7) any Taxes imposed under Sections 1471-1474 of the Code or any amended or successor version of such sections (or any regulations or agreements thereunder, any official interpretation thereof, or any law interpreting an intergovernmental agreement with respect thereto);

(8) any withholding or deduction imposed pursuant to the Law of 23 December 2005, as amended; or

(9) any combination of the above.

Such Additional Amounts will also not be payable (x) to the extent the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is required for payment) within 30 days after the relevant payment was first made available for payment to the Holder, except for Additional Amounts with respect to Taxes that would have been imposed had the Holder presented the Note for payment within such 30-day period or (y) to the extent that, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (5) inclusive above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use commercially reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Issuer, and will provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Issuer. The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of Notes.

If any Payor becomes aware that it will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent a resolution of its Board of Directors stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to or in respect of Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises, or the Payor becomes aware of such obligation, less than 45 days prior to the relevant payment date, in which case the Payor may deliver such resolution as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Paying Agent shall be entitled to rely solely on such resolution without further inquiry, as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes Guarantees or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase or redemption prices in connection with a purchase or redemption of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or Notes Guarantees,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary Taxes, or any other excise, property or similar Taxes that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Indenture, the Intercreditor Agreement, the Security Documents or any other document or instrument in relation thereto (other than a transfer or exchange of the Notes) excluding any such Taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction. However, the Payor will not pay any present or future stamp, court or documentary Taxes, or any other excise, property or similar Taxes when the documents relating to Notes, the Indenture, the Intercreditor Agreement, the Security Documents or any other document or instrument in relation thereto are voluntarily registered in Luxembourg or appended to a document that requires obligatory registration in Luxembourg where such registration is not necessary to enforce, perfect or protect the rights of a Holder.

The foregoing obligations of this "*Additional Amounts*" section will survive any termination, defeasance or discharge of the Indenture and will apply mutatis mutandis to any jurisdiction in which any successor to the Issuer or any Guarantor is organized or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the Indenture, each Holder will have the right to require the Issuer to repurchase all or part (equal to €200,000 or in integral multiples of €1,000 in excess thereof; *provided* that Notes of €200,000 or less may only be redeemed in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obliged to repurchase Notes as described under this "*Change of Control*" section in the event and to the extent that it has unconditionally exercised its right to redeem all the Notes as described under "*—Optional Redemption*" and all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional Redemption*" and all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "*Change of Control Offer*"), to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) (the "*Change of Control Payment Date*") and record date;

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Note or part thereof not tendered will continue to accrue interest;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with an agent to be determined by the Issuer an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee a resolution of its Board of Directors stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent, the Trustee or an authenticating agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee or an authentication agent appointed by the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least € 200,000 or in integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market thereof and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a public announcement with respect to the results of the Change of Control Offer as soon as practicable after the Change of Control Payment Date in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control; *provided* that the purchase date will be no earlier than 30 days from the date a notice of such Change of Control Offer is mailed.

Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third-party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control or make such an acquisition more difficult.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third-party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

Each lender under the Revolving Credit Facility may require repayment of all amounts due to it and a cancellation of its commitment under the Revolving Credit Facility upon the occurrence of a Change of Control. Future debt of the Issuer may prohibit the Issuer from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or require the repurchase or repayment of such debt upon a Change of Control, as the case may be. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer.

Finally, the Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors—Risks Relating to the Company's Indebtedness, Including the Notes and the Guarantees—The Company may not be able to obtain the funds required to repurchase the Notes upon the occurrence of a change of control as required by the indenture*."

The definition of "Change of Control" includes a disposition, in one or a series of related transactions, of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer or a Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries is greater than 2.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of (x) € 90.0 million and (y) 17.5% of ERC, *plus* (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary in each case so long as the Incurrence of such Indebtedness being guaranteed is permitted under the terms of the Indenture; *provided* that if the Indebtedness being guaranteed is subordinated to the Notes or Notes Guarantee, then the guarantee must be subordinated to the Notes or Notes Guarantee to the same extent as the Indebtedness guaranteed; or (b) without limiting the covenant described under "—*Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided*, *however*, that: (a) if the Issuer or any Guarantor is the obligor on any such Indebtedness and the obligee is not a Guarantor or the Issuer, it is either a Working Capital Intercompany Loan or unsecured and expressly subordinated in right of payment to prior payment in full in cash (whether upon Stated Maturity, acceleration or otherwise) and the performance in full of its obligations under the Notes or Notes Guarantee, as applicable; and (b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary, and any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes) and any related Notes Guarantees and any "parallel debt" obligations with respect thereto under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents, (b) any Indebtedness (other than Indebtedness described in clauses (1), (3) or (7)) outstanding on the Issue Date, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (d) Management Advances;

(5) Indebtedness (a) of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (b) Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which a Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary; *provided*, *however*, with respect to this clause (5), that at the time of such acquisition or other transaction (x) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving *pro forma* effect to the relevant acquisition and Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would not be lower than it was immediately prior to giving *pro forma* effect to such acquisition or other transaction and Incurrence of such Indebtedness pursuant to this clause (5);

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for bona fide hedging purposes of the Issuer or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Issuer);

(7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, in each case, Incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Issuer or any of its Restricted Subsidiaries, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of (i) €2.0 million and (ii) 0.5% of Total Assets;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations, indemnities or guarantees Incurred in the ordinary course of business or for governmental or regulatory requirements, in each case, not in connection with the borrowing of money, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business; *provided*, *however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary treasury and/or cash management, cash pooling, netting or setting off arrangements, depository, overdraft and other cash management arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in the case of a disposition, the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within ten Business Days of Incurrence; (b) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business; (c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and (d) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of Receivables for credit management purposes, in each case, not in connection with the borrowing of money and Incurred or undertaken in the ordinary course of business on arm's length commercial terms;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of (a) €30.0 million and (b) 10.0% of Total Assets;

(12) Indebtedness represented by Permitted Purchase Obligations;

(13) Indebtedness in an aggregate outstanding principal amount which, when taken together with any refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares, Excluded Contributions or Parent Senior Debt Contributions) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, Excluded Contributions or a Parent Senior Debt Contributions) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under clauses (c)(ii) and (c)(iii) of the first paragraph and clauses (1), (6), (10) and (14) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Issuer and its Restricted Subsidiaries incur

Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and/or clauses (1), (6), (10) or (14) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;

(14) Indebtedness represented by the unpaid purchase price for Portfolio Assets, acquired in the ordinary course of business; *provided* that such amounts are due within one year of the acquisition of the related Portfolio Assets; and

(15) Indebtedness under daylight borrowing facilities so long as any such Indebtedness is repaid within three days of the date on which it is incurred.

Notwithstanding the foregoing, Restricted Subsidiaries that are not either the Issuer or a Subsidiary Guarantor may not Incur any Indebtedness under the first paragraph or clauses (1), (5)(b) or (11) of the second paragraph of this covenant, unless the aggregate principal amount of such Indebtedness shall not exceed the greater of (a) €20.0 million and (b) 6.0% of Total Assets outstanding at any one time.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may, from time to time, reclassify, such item or any portion of such item of Indebtedness and will only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant; *provided* that Indebtedness Incurred pursuant to clause (1) of the second paragraph of this covenant may not be reclassified, and Indebtedness under the Revolving Credit Facility Incurred or outstanding on the Issue Date will be deemed to have been Incurred on such date in reliance on the exception provided in clause (1) of the second paragraph of this covenant;

(2) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (13) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(5) for the purposes of determining "ERC" under clause (1)(i)(y) of the second paragraph of this covenant, the definition of "Permitted Purchase Obligations," clause (3) of the first paragraph of the covenant described under "*—Limitation on Affiliate Transactions*," or for purposes of interpreting "all or substantially all assets," (a) *pro forma* effect shall be given to ERC on the same basis as for calculating the LTV Ratio for the Issuer and its Restricted Subsidiaries and (b) ERC shall be measured on or about the date on which the Issuer obtains new commitments (in the case of revolving facilities) or incurs new Indebtedness (in the case of term facilities);

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(7) the amount of Indebtedness will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*" covenant. The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "*Indebtedness*."

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on Indebtedness*" covenant, the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Issuer, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in a currency other than euro, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Euro Equivalent of such amount plus the Euro Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement. For purposes of calculating compliance with clause (1) of the second paragraph of this covenant or for calculating the amount of Indebtedness outstanding under the Revolving Credit Facility, to the extent a Credit Facility is utilized for the purpose of guaranteeing or cash collateralizing any letter of credit or guarantee, such guarantee or collateralization and issuance of such letter of credit or guarantee shall be deemed to be an Incurrence utilization of such Credit Facility permitted under clause (1) of the second paragraph of this covenant without double counting.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or other distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

(b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value or return on equity);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any payment on or in respect of, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any:

(a) Subordinated Indebtedness (other than, in each case, any capitalization of Subordinated Indebtedness or (i) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement, (ii) the payment of interest at the applicable interest payment date, and (iii) any

Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*"); or

(b) any Subordinated Shareholder Funding, other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding; or

(4) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) are referred to herein as a "*Restricted Payment*"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph under the "—*Limitation on Indebtedness*" covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5) (without duplication of amounts paid pursuant to any other clause of the second succeeding paragraph), (10) and (11) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from April 1, 2017 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or Subordinated Shareholder Funding refinancing existing Subordinated Shareholder Funding) of the Issuer subsequent to the Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock or Subordinated Shareholder Funding to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made subsequent to the Issue Date from such proceeds in reliance on clauses (1), (6) or (14) of the second succeeding paragraph, (z) Excluded Contributions, or Parent Senior Debt Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Net Cash Proceeds to the extent that any Restricted Payment has been made subsequent to the Issue Date from such proceeds in reliance on clauses (1), (6) or (14) of the second succeeding paragraph, (y) Excluded Contributions and (z) Parent Senior Debt Contributions);

(iv) the amount equal to the net reduction in Restricted Investments made by the Issuer or any of its Restricted Subsidiaries made subsequent to the Issue Date resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "*Investment*") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Issuer or any Restricted Subsidiary in such Unrestricted Subsidiary,

which amount, in each case under this clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); *provided*, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (iv); and

(v) the amount of the cash and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities received by the Issuer or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Issuer; and

(B) any dividend or distribution made by an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary;

provided, *however*, that (1) the amount of any Investment in the relevant Unrestricted Subsidiary will be excluded to the extent it constituted a Permitted Investment made pursuant to clause (11) or (17) of the definition of "*Permitted Investment*" and such amount received replenishes corresponding capacity under such clauses, and (2) no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (v); *provided further*, *however*, that such amount shall not exceed the amount included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c).

The fair market value of property or assets other than cash covered by clause (c) of the preceding paragraph shall be the fair market value thereof as determined in good faith by the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Parent Senior Debt Contribution) of the Issuer; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) or (c)(iii) of the second preceding paragraph and clauses (6) and (14) of this paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*;"

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*," and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only (i) if the Issuer shall have first complied with the terms described under "—

Limitation on Sales of Assets and Subsidiary Stock" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall be required to make a Change of Control Offer under "—*Change of Control*" and shall have complied with the terms described thereunder and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (a) €3.0 million *plus* (b) €1.0 million multiplied by the number of calendar years that have commenced since the Issue Date *plus* (c) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (c), other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or a Parent Senior Debt Contribution) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) or (c)(iii) of the first paragraph describing this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—*Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication): (a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or (b) amounts constituting or to be used for purposes of making payments to the extent specified in clauses (2), (3), (5), (7), (11) and (14) of the third paragraph under "—*Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Issuer from any Public Offering following the Issue Date or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Parent Senior Debt Contribution) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, in each case from the Net Cash Proceeds of a Public Offering and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (x) 7% of the Market Capitalization and (y) 7% of the IPO Market Capitalization; *provided* that, after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio for the Issuer and its Restricted Subsidiaries shall be equal to or less than 3.00 to 1.0, and (ii) the greater of (x) 5% of the Market Capitalization and (y) 5% of the IPO Market Capitalization, *provided* that, after giving *pro forma* effect

to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio for the Issuer and its Restricted Subsidiaries shall be equal to or less than 3.25 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), (a) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed the greater of €25.0 million and 8.0% of Total Assets and (b) any Restricted Payment (including loans or advances); *provided* that, in the case of clause (b), the Consolidated Leverage Ratio on a *pro forma* basis after giving effect to any such Restricted Payment does not exceed 2.75 to 1.0;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock; *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Issuer);

(13) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed the aggregate amount of Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) (a) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (b) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Issue Date; *provided*, *however*, that, in the case of clauses (a) and (b), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or, in the case of Designated Preference Shares issued by any Parent or any Affiliate thereof, the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or Parent Senior Debt Contribution) of the Issuer or loaned as Subordinated Shareholder Funding to the Issuer, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions (including on loan notes) on any minority interests; *provided* that such minority interests are (i) shown on the most recent consolidated income statement of the Issuer prepared in accordance with IFRS and (ii) excluded from ERC pursuant to the definition thereof;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) dividends, loans, distributions, advances or other payments by the Issuer or any of its Restricted Subsidiaries to or on behalf of any Parent to service the substantially concurrent payment of interest amounts and premiums, discounts, fees, break costs, additional amounts and indemnification obligations as and when due under or in respect of any Parent Senior Debt; *provided* that any amounts payable (a) as interest and premiums, discounts, fees, break costs, additional amounts and indemnification obligations on any proceeds loan or other Indebtedness of the Issuer or any Restricted Subsidiary pursuant to which the Parent Senior Debt Contribution was made, or (b) on any Guarantee or other obligation of the Issuer or any Restricted Subsidiary on such Indebtedness will, in each case, reduce the amount available for making Restricted Payments under this clause (17);

(18) Restricted Payments made in connection with the Transactions (including to any Parent to fund such payment); and

(19) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any Restricted Payment by the Issuer or any of its Restricted Subsidiaries to a Parent to facilitate distributions to any Permitted Holder to pay any income taxes arising as a result of a "qualified electing fund" election by such Permitted Holder made in respect of the Issuer or its Subsidiaries for U.S. federal income tax purposes; *provided* that the aggregate amount of all payments pursuant to this paragraph (19) for any fiscal year shall not exceed €1.5 million and, to the extent unused, can be carried over to subsequent years.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Issuer acting in good faith.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if, contemporaneously with the Incurrence of such Initial Lien, the Notes and the Indenture (or a Notes Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) the Revolving Credit Facility, (b) the Notes, any Additional Notes and the Notes Guarantees, (c) the Security Documents, (d) the Intercreditor Agreement, or (e) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary or entered into in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Issuer, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Issuer;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a renewal, refunding, replacement or refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to the Issuer or any Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Issuer);

(4) any encumbrance or restriction:

    (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements, debt purchase, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, the terms of any license, authorization, concession or permit or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (a) the encumbrances and restrictions contained in the Revolving Credit Facility, together with the security documents associated therewith as in effect on the Issue Date or (b) in comparable financings (as determined in good faith by the Issuer) and where, in the case of clause (b), the Issuer determines at the time such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes;

(12) (a) restrictions relating to Permitted Purchase Obligations SPVs effected in connection with the Incurrence of Permitted Purchase Obligations that, in the good faith determination of the Issuer, are necessary or advisable and (b) restrictions relating to Underlying Portfolio Assets owned by any Permitted Loan Portfolio Securitization Fund;

(13) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*";

(14) any encumbrance or restriction on assets held in trust for a third-party, including pursuant to the relevant trust agreement; or

(15) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions described in the foregoing clauses (1) through (14), or in this clause (15); *provided* that the terms and conditions of any such encumbrances or restrictions are, in the good faith judgment of the Issuer, no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced.

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Issuer, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer or such Restricted Subsidiary, as the case may be:

(a) to the extent the Issuer or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (i) to prepay, repay or purchase any Indebtedness of a Restricted Subsidiary that is not a Guarantor (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary or Indebtedness of the Issuer) or Indebtedness Incurred under clause (1) of the second paragraph of "*—Certain Covenants—Limitation on Indebtedness*" (or any Refinancing Indebtedness in respect thereof) within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided, however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any)(except in the case of the Revolving Credit Facility) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided* that the Issuer or a Restricted Subsidiary shall redeem, repay or repurchase Pari Passu Indebtedness pursuant to this clause (ii) only if the Issuer makes (at such time or subsequently in compliance with this covenant) an offer to the Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness;

(b) to the extent the Issuer or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Issuer or another Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided, however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day;

(c) (i) to purchase Notes pursuant to an offer to all Holders at a purchase price equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) or (ii) to redeem the Notes pursuant to the redemption provisions of the Indenture; or

(d) consummate any combination of the foregoing;

provided that, pending the final application of any such Net Available Cash in accordance with clause (a) through clause (d) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph, or offered to be applied in accordance with clause (3)(a)(ii) above, will be deemed to constitute "*Excess Proceeds*" under the Indenture. On the 366th day after an Asset Disposition, or at such earlier date that the Issuer elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds €10.0 million (or equivalent thereof), the Issuer or another Restricted Subsidiary will be required within 10 Business Days thereof to make an offer ("*Asset Disposition Offer*") to all Holders and, to the extent the Issuer or such Restricted Subsidiary elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, and in minimum denominations of €200,000 and in integral multiples of €1,000 in excess thereof; *provided*, *however*, that the Issuer or a Restricted Subsidiary, as the case may be, may make an Asset Disposition Offer prior to the aforementioned 365 day period.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amount into its Euro Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than euro, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in euro that is actually received by the Issuer upon converting such portion into euro.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuer or another Restricted Subsidiary, as applicable, will purchase the principal amount of Notes and, to the extent they elect, Pari Passu Indebtedness required to be purchased pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer or another Restricted Subsidiary, as applicable, will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €200,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee a resolution of its Board of Directors stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or an agent designated by the Issuer, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the Global Note), and the Trustee, upon delivery of a resolution of its Board of Directors of the Issuer, will (via an authenticating agent) authenticate and mail or deliver (or cause to be transferred by book-entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €200,000 or in integral multiples of €1,000 in excess thereof. Any Note not so accepted will be promptly mailed or delivered (or transferred by book-entry) by the Issuer to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following (or any combination thereof) will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Issuer or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Issuer (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of €20.0 million and 6.0% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any such compliance.

Additional Notes Guarantees

The Issuer will cause each Restricted Subsidiary that, after the Issue Date, guarantees any Indebtedness of the Issuer or any Guarantor, or assumes or in any other manner becomes liable with respect to any Indebtedness under the Revolving Credit Facility or any refinancing Indebtedness in respect thereof, to simultaneously or prior thereto execute and deliver a supplemental indenture or other appropriate agreement providing for such Restricted Subsidiary's Notes Guarantee on the same terms and conditions as those set forth in the Indenture.

Notwithstanding the foregoing, the Issuer shall not be obligated to cause any such Restricted Subsidiary to guarantee the Notes to the extent that the grant of such Notes Guarantee would be inconsistent with the Agreed Security Principles.

Notwithstanding the foregoing and the other provisions of the Indenture, any Additional Notes Guarantee by a Restricted Subsidiary of the Notes shall provide by its terms, and the Indenture shall provide, that it shall be automatically and unconditionally released and discharged in the circumstances described under "—*Notes Guarantees*." Any Additional Notes Guarantee shall be considered a "*Notes Guarantee*" as described in "—*Notes Guarantees*."

Each Additional Notes Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes to the extent that such guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or the Restricted Subsidiary or any liability for the officers, directors or shareholders of such Restricted Subsidiary.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Official List of the Luxembourg Stock Exchange and the admission to trading on the Euro MTF Market of the Luxembourg Stock Exchange for so long as such Notes are outstanding; *provided* that if the Issuer is unable to obtain such listing and such admission to trading or if at any time the Issuer determines that it will not maintain such listing and such admission to trading, it will obtain (where the Notes are initially so listed, prior to the delisting of the Notes from the Official List of the Luxembourg Stock Exchange), and thereafter use its best efforts to maintain, a listing of such Notes on another "*recognised stock exchange*" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with or for the benefit of any Affiliate of the Issuer (such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of €2.5 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction, individually or together with other related Affiliate Transactions, involves an aggregate value in excess of €7.5 million, the terms of such transaction have been approved by a resolution of the majority of the members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction, individually or together with other related Affiliate Transactions, involves an aggregate value in excess the greater of €25.0 million and 4.0% of ERC, the Issuer has received a written opinion from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Issuer and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of the preceding paragraph if such Affiliate Transaction is approved by a resolution of a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's length basis.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(b) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11), (14), (15) and (17) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Issuer, in each case, in the ordinary course of business;

(3) any Management Advances;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or an entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business; *provided* that payments under such tax sharing agreement or arrangement shall not exceed, and shall not be duplicative of, the amounts described under clause (2) of the definition of the term "*Related Taxes*" and the related tax liabilities of the Issuer and its Restricted Subsidiaries are relieved and satisfied thereby;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, which, in each case, are in the ordinary course of business and are either fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Issuer or the relevant Restricted Subsidiary or on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate (other than an Unrestricted Subsidiary) of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by the Issuer in its reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(11) transactions with any AIFM, including any related transaction by such AIFM with any portfolio manager or other service providers; *provided* that the aggregate fees per annum pursuant to any such transaction do not exceed 1.75% of NAV;

(12) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent or AIFM) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with corporate acquisitions or divestitures (other than for services provided pursuant to the terms of the investment management agreement with the AIFM, including acquisitions or divestitures of Portfolio Assets in the ordinary course of business, and without duplication with any fees indirectly payable to portfolio managers, investment advisors or other service providers under clause (11) above), which payments are approved by a majority of the Board of Directors of the Issuer in good faith;

(13) co-investment in Portfolio Assets (and related agreements) with any Permitted Holder; *provided* that such co-investment is on the same terms for the Issuer and the Permitted Holder;

(14) any collection and/or asset management services procured on arm's length basis and in the ordinary course of business from a servicer or a serviceco;

(15) any purchase by the Issuer's Affiliates of Indebtedness or Disqualified Stock of the Issuer or any of its Restricted Subsidiaries the majority of which Indebtedness or Disqualified Stock is purchased by Persons who are not the Issuer's Affiliates; *provided* that such purchases by the Issuer's Affiliates are on the same terms as such purchases by such Persons who are not the Issuer's Affiliates;

(16) transactions to effect the Transactions and the payment of fees and expenses related to the Transactions;

(17) transactions with REO entities to facilitate recoveries on REO properties underlying Portfolio Assets in the ordinary course of business; and

(18) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Permitted Loan Portfolio Securitization Fund.

Reports

For so long as any Notes are outstanding, the Issuer will provide to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable the following information: (a) audited consolidated balance sheets of the Issuer or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer or its predecessor for the three most

recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement information and balance sheet information of the Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material corporate acquisitions, dispositions or recapitalizations (excluding any acquisitions or dispositions of Portfolio Assets) that have occurred since the beginning of the most recently completed fiscal year (and provided that such *pro forma* information will be required only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financial statements); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, Adjusted EBITDA, ERC, collection activity costs and liquidity and capital resources of the Issuer, and a discussion of material commitments and contingencies and critical accounting policies; (d) description of the business, management (including investment management) and shareholders of the Issuer, all material affiliate transactions and a description of material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments;

(2) within 90 days of the fiscal quarter ending June 30, 2017, a quarterly report containing the following information: (a) an unaudited condensed combined balance sheet of the Portfolio Business as of the end of such quarter and unaudited condensed combined statements of income and cashflow of the Portfolio Business for such quarter, together with condensed footnote disclosure and (b) a summary review of the consolidated financial condition and results of operations of the Portfolio Business;

(3) within 60 days, in the case of the first and third fiscal quarters, and 75 days, in the case of the second fiscal quarter, in each fiscal year of the Issuer beginning with the quarter ended September 30, 2017, all quarterly reports of the Issuer containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recently completed quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement information and balance sheet information of the Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material corporate acquisitions, dispositions or recapitalizations (excluding any acquisitions or dispositions of Portfolio Assets) that have occurred since the beginning of the relevant quarter as to which such quarterly report relates (and provided that such *pro forma* information will be required only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financial statements); (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, Adjusted EBITDA, ERC, collection activity costs and material changes in liquidity and capital resources of the Issuer, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; and

(4) promptly after the occurrence of any material acquisition, disposition, restructuring, merger or similar transaction, or change in auditors of the Issuer, change of the AIFM of the Issuer, change in the members of the Board of Directors of the Issuer, change in the members of the Investment Recommendation Committee or any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statements and *pro forma* financial information shall be prepared in accordance with IFRS (other than (i) to the extent comparable prior period financial information of the Issuer does not exist, the comparable prior period combined financial information of the Portfolio Business may be provided in lieu thereof and (ii) acquired company financials) in effect on the date of such report or financial statement (or otherwise on the basis of IFRS then in effect) and on a consistent basis for the periods presented; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods. Except as provided for below, no report needs to include separate financial statements for any Subsidiaries of the Issuer. At its election, the Issuer may provide consolidated financial statements of the IPO Entity in lieu of those for the Issuer, in which case references to the Issuer in clauses (1), (2) and (3) of the preceding paragraph will be deemed to be references to the IPO Entity; *provided* that if the consolidated financial statements of the IPO Entity are included in such report, a reasonably detailed description of material differences between the consolidated financial statements of the IPO Entity and the Issuer shall be included for any period after the Issue Date. Following an Initial Public Offering, and subject to the proviso of the preceding sentence, the requirements of clauses (1), (2) and (3) above shall be considered to have been fulfilled if the IPO Entity complies with the reporting requirements of the relevant stock exchange; *provided* that (x) the IPO Entity shall always provide financial statements consistent with the requirements of clause (3)(a) above for any applicable quarterly period pursuant to clause (3) above after the Issue Date and (y) to the extent such IPO Entity relies on such stock exchange reporting requirements to fulfill the requirements of clauses (1), (3) and (4) above, a reasonably detailed description of material differences between the financial statements of the Issuer shall be included for any period after the Issue Date.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Issuer, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Issuer and its Subsidiaries, which reconciliation shall include the following items: revenue, Adjusted EBITDA, ERC, net income, cash, total assets, total debt, shareholders equity and interest expense.

The Issuer shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on a website as may be then maintained by the Issuer and its Subsidiaries or any Parent or (ii) otherwise to provide substantially comparable public availability of such reports (as determined by the Issuer in good faith) or (b) to the extent the Issuer determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes.

The posting on a website maintained by the Issuer and its Subsidiaries or any Parent of the reports required to be furnished pursuant to this covenant will be deemed to satisfy the requirements to furnish such reports. The Issuer or any Subsidiary required to provide a report pursuant to clause (3) of this covenant and relying on this paragraph of this covenant shall notify the Trustee when it has complied with this paragraph of this covenant. The Issuer or any Subsidiary required to provide a report pursuant to clauses (1) and (2) of this covenant and relying on this paragraph of this covenant shall notify the Trustee of the filing deadlines applicable to it with respect to such reports in advance of the first time it relies on this paragraph of this covenant and thereafter of any changes in such deadlines and/or any delays in compliance with this paragraph of this covenant.

The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant at the offices of the Paying Agent or post such reports on the official website of the Luxembourg Stock Exchange at *www.bourse.lu*.

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b) of the Exchange Act, the Issuer shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Issuer will use its commercially reasonable efforts to conduct a conference call to discuss its results of operations for the relevant reporting period within ten Business Days after the delivery of the reports discussed in clauses (1) and (3) of the first paragraph of this covenant.

The subsequent making available of any report required by this covenant shall be deemed automatically to cure any Default or Event of Default resulting from the failure to make available such report within the time frame required under this covenant. Any subsequent restatement of financial statements shall have no retroactive effect for purposes of calculations previously made pursuant to the covenants contained in the Indenture.

Delivery of the reports specified above to the Trustee is for informational purposes only and the Trustee's receipt of such reports shall not constitute actual or constructive notice of any information contained therein, including the Issuer's compliance with any of its covenants under the Indenture.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) either (a) the Issuer is the surviving Person or (b) the resulting, surviving or transferee Person (the "*Successor Issuer*") will be a Person organized and existing under the laws of the United Kingdom, or any Member State of the European Union (other than Greece), or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway, Switzerland, Guernsey or Jersey and the Successor Issuer (if not the Issuer) will expressly assume, (i) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and

the Indenture and (ii) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Issuer would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio for the Successor Issuer and its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee a resolution of its Board of Directors and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture, and that all conditions precedent therein provided for relating to such transaction have been complied with and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer and the Notes constitute legal, valid and binding obligations of the Successor Issuer, enforceable in accordance with their terms (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on a resolution of the Board of Directors as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*."

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer, instead of such Subsidiaries, would constitute all or substantially all the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture and the Notes but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, clause (4) of the first paragraph of this covenant, (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer or a Guarantor and (b) any Restricted Subsidiary that is not a Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.

There is no precise established definition of the phrase "*substantially all*" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "*all or substantially all*" of the property or assets of a Person.

Guarantors

No Guarantor may:

(1) consolidate with or merge with or into any Person;

(2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into a Guarantor;

unless:

(A) the other Person is the Issuer or a Guarantor or becomes a Guarantor concurrently with the transaction; or

(B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes by supplemental indenture, executed and delivered to the Trustee all the obligations of the Guarantor under its Notes Guarantee and, to the extent required by applicable law to effect such assumption, the obligations under the Intercreditor Agreement and the Security Documents; and (2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture.

There is no precise established definition of the phrase "*substantially all*" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "*all or substantially all*" of the property or assets of a Person.

No Impairment of Security Interest

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action, which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens and/or the implementation of a Permitted Reorganization shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral that is prohibited by the covenant entitled "*Limitation on Liens*"; *provided*, that the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the Intercreditor Agreement or the applicable Security Documents. Notwithstanding the above, nothing in this covenant shall restrict the discharge and release of any security interest in accordance with the Indenture, the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; (iv) evidence the succession of another Person to the Issuer or any Restricted Subsidiary and the assumption of such successor of the obligations under the Indenture, the Notes, the Intercreditor Agreement and/or the Security Documents, in each case, including in accordance with the terms under "—*Merger and Consolidation*"; (v) evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent; or (vi) make any other change thereto that does not adversely affect the Holders in any material respect; *provided*, *however*, that, except where permitted by the Indenture or the Intercreditor Agreement, no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Issuer delivers to the Security Agent and the Trustee, either:

(1) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent and the Trustee, from an independent financial advisor or appraiser or investment bank of international standing which confirms the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets);

(2) a certificate from the chief financial officer or a resolution of the Board of Directors of the relevant Person which confirms the solvency of the person granting the security interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), or

(3) an Opinion of Counsel (subject to any qualifications customary for this type of Opinion of Counsel), in form and substance reasonably satisfactory to the Security Agent and the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, modified or released and retaken are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or release and retake and to which

the new Indebtedness secured by the Permitted Collateral Lien is not subject. In the event that the Issuer and its Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Further Assurances

Subject to the Agreed Security Principles, the Issuer and its Restricted Subsidiaries will, at their own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (1) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents and (2) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. Subject to the Agreed Security Principles, the Issuer and its Restricted Subsidiaries will execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request. For the avoidance of doubt, the Security Agent will not have any responsibility or obligation to take any action to perfect the security.

Limitation on Permitted Activities

The Issuer will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Similar Business, except to the extent as would not be material to the Issuer and the Restricted Subsidiaries taken as a whole.

Limitation with Respect to Permitted Loan Portfolio Securitization Fund Documentation

The Issuer will not amend, modify, supplement, restate or replace, or cause or suffer or permit (to the extent it has the right to prevent) to be amended, modified, supplemented, restated or replaced, any articles, by-laws or other constitutional or governing documents of, or any instruments or agreements, issued by, or with regard to, any Permitted Loan Portfolio Securitization Fund existing on the Issue Date in any manner that would be materially adverse to the Holders of Notes (as determined in good faith by the Issuer); *provided* that no amendments or termination with respect to servicers will be deemed to be materially adverse to the Holders.

In addition, the Permitted Loan Portfolio Securitization Funds and the Italian SPVs in which the Issuer has made or makes an Investment, will not Incur Indebtedness at any time outstanding in an amount exceeding the greater of (a) €25.0 million and (b) 8.0% of Total Assets.

Issue Date Collateral and Guarantors

The Issuer will cause the Guarantors to become Guarantors within 60 days of the Issue Date by executing and delivering to the Trustee the supplemental Indenture pursuant to which the Guarantors will provide a Notes Guarantee.

The Issuer will cause the security providers to grant Liens over the Collateral, as further described under the heading "*Security—The Collateral*," to the Security Agent on behalf of, and for the benefit of, the Holders pursuant to the Security Documents, creating a valid and effective Lien over such Collateral within 60 days of the Issue Date.

Financial Calculations

When calculating the availability under any basket or ratio under the Indenture, in each case in connection with any acquisition, disposition, change of control, merger, joint venture, investment or other similar transaction where there is a time difference between commitment and closing or Incurrence (including in respect of Incurrence of Indebtedness, Restricted Payments and Permitted Investments), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such acquisition, disposition, change of control, merger, joint venture, investment or similar transaction are entered into and such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such acquisition, disposition, change of control, merger, joint venture, investment, or similar transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio), and, for the avoidance of doubt, (1) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA or ERC of the Issuer) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (2) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions; *provided*, *further*, that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such transaction.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, the Issuer shall notify the Trustee of this fact (*provided* that such notice will not be a precondition of the suspension of covenants described in this paragraph) and beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: "*—Limitation on Restricted Payments*," "*—Limitation on Indebtedness*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Affiliate Transactions*," "*—Limitation on Sales of Assets and Subsidiary Stock*," and the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation*," and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of the Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Issuer's option, as having been Incurred pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred under the first two paragraphs of the covenant described under "*—Limitation on Indebtedness*," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*." In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status.

Events of Default

Each of the following is an "*Event of Default*" under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of 25% in principal amount of the outstanding Notes with (a) the Issuer's obligations under the covenants described under "*—Change of Control*" or (b) the Guarantors' or the Restricted Subsidiaries' or the Issuer's obligations under the covenants described under "*—Certain Covenants*" (in each case, other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above);

(4) failure to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 25% in principal amount of the outstanding Notes with the Guarantors' or the Issuer's other agreements contained in the Indenture;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee exists on the Issue Date, or is created after the Issue Date, which default: (a) is caused by a failure to pay principal of such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or (b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"); and,

in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates in excess of €15.0 million;

(6) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(7) failure by the Issuer or any Restricted Subsidiary to pay final judgments aggregating in excess of €15.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 90 days after the judgment becomes final (the "*judgment default provisions*");

(8) any security interest under the Security Documents on any Collateral having a fair market value in excess of €5.0 million shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert in writing that any such security interest is invalid or unenforceable and any such default continues for 10 days (the "*security default provisions*"); and

(9) any Notes Guarantee ceases to be in full force and effect, other than in accordance with the terms of the Indenture, or a Guarantor denies or disaffirms its obligations under its Notes Guarantee, other than in accordance with the terms thereof or upon release of the Notes Guarantee in accordance with the Indenture (the "*guarantee default provisions*");

provided, *however*, that a default under clauses (3), (4), (5) or (7) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Notes notify the Issuer of the Default and, with respect to clauses (3), (4), (5) and (7) the Issuer does not cure such Default within the time specified in clauses (3), (4), (5) or (7), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (6) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (5) above has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (5) above shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except non-payment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (6) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of not less than a majority in aggregate principal amount of the Notes then outstanding under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to non-payment of principal, premium, interest, or Additional Amounts, if any and (ii) a covenant or provision which under the Indenture cannot be modified or amended without the consent of the Holders of not less than 90% in aggregate principal amount of the Notes then outstanding, each of which may only be waived with the consent of the Holders of not less than 90% in aggregate principal amount of the Notes then outstanding) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested in writing that the Trustee pursue the remedy;

(3) such Holders have offered in writing to the Trustee security and/or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of such security and/or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security by the Holders satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year (and within 14 days upon request at any time after the 120 days), a resolution of its Board of Directors indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof. The Notes will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured by the Holders to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for the Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes); *provided* that and to the extent applicable, if any amendment, waiver or other modification will only affect one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required. However, without the consent of Holders holding not less than 90% of the then outstanding principal amount of Notes, an amendment or waiver may not, with respect to any such Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described under "—*Optional Redemption*" or "—*Redemption for Taxation Reasons*";

(5) make any such Note payable in currency other than that stated in such Note;

(6) impair the right to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes or any Notes Guarantee in respect thereof;

(7) make any change in the provision of the Indenture described under "*—Additional Amounts*" that adversely affects the right of any Holder of such Notes in any material respect;

(8) release all or substantially all the Guarantors from their obligations under their respective Notes Guarantees or the Indenture, except otherwise in accordance with the terms of the Indenture;

(9) release the security interest granted for the benefit of the Holders in the Collateral other than pursuant to the terms of the Security Documents or as otherwise permitted by the Indenture and the Intercreditor Agreement;

(10) waive a Default or Event of Default with respect to the non-payment of principal, premium, interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, at the request and cost of the Issuer, the Issuer, the Guarantors, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision of the Note Documents to this "*Description of the Notes*," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or the Guarantors under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);

(4) add to the covenants or provide for a Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect or to make any change that would provide any additional rights or benefits to the Trustee or the Holders;

(6) make such provisions as necessary (as determined in good faith by the Issuer) for the issuance of Additional Notes;

(7) provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the covenant described under "*—Certain Covenants—Additional Notes Guarantees*," to add Notes Guarantees, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture or the Security Documents, including the Intercreditor Agreement;

(8) evidence and provide for the acceptance and appointment under any Note Documents of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Note Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of parties to the Revolving Credit Facility, in any property which is required by the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "*—Certain Covenants—No Impairment of Security Interest*" is complied with;

(10) evidence or provide for the release of any Collateral in accordance with the terms of the Indenture, the Intercreditor Agreement and the Security Documents or to evidence or provide for the release of any Notes Guarantee in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(11) with respect to the Intercreditor Agreement, make such amendments as are necessary in order to permit (to the extent not already permitted) any liabilities under any master agreement, confirmation, schedule or other agreement entered into by a "*Debtor*" and a "*Hedge Counterparty*" (each as defined therein) for the purpose of hedging any currency or interest rate exposures (which are, in each case, permitted under the Indenture) to be Secured Liabilities (as defined in the Intercreditor Agreement) and treated in the same manner as either the Super Senior Liabilities (as defined in the Intercreditor Agreement) or the Pari Passu Debt (as defined in the Intercreditor Agreement) for the purposes of clause 16 (Application of Proceeds) of the Intercreditor Agreement.

The consent of the Holders will not be necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For the avoidance of doubt, no amendment to, or deletion of, any of the covenants described under "—*Certain Covenants*" shall be deemed to impair or affect any rights of Holders to receive payment of principal of or interest or Additional Amounts, if any, on the Notes.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

In formulating its decisions on such matters, the Trustee shall be entitled to rely conclusively on such evidence as it deems appropriate, including without limitation opinions of counsel.

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be treated as though they are not outstanding.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and the Guarantors under the Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents in effect at such time will terminate with respect to the Notes (other than with respect to the defeasance trust).

The Issuer at any time may terminate all obligations under the covenants described under "*—Certain Covenants*" (other than clauses (1) and (2) of "*—Certain Covenants—Merger and Consolidation*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*," the operation of the cross default upon a payment default, the cross acceleration provisions, the bankruptcy provisions (other than with respect to the Issuer), the judgment default provision, the guarantee default provision and the security default provision described under "*—Events of Default*" ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of the covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation*"), (4), (5), (6) (other than with respect to the Issuer), (7), (8) or (9) of the first paragraph under "*—Events of Default*."

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or such other entity designated or appointed (as agent) by the Trustee for this purpose) for the benefit of the Holders of the Notes, cash in euros, European Government Obligations, or a combination of cash in euros and European Government Obligations, in such amounts as will be in the good faith determination of the Issuer sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the Issue Date);

(2) a resolution of the Issuer's Board of Directors stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer or the Guarantors;

(3) a resolution of the Issuer's Board of Directors and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act; and

(5) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or such other entity designated or appointed (as agent) by the Trustee for this purpose), for the benefit of the Holders of the Notes cash in euros, European Government Obligations, or a combination thereof in an amount sufficient in the good faith determination of the Issuer to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; and (4) the Issuer has delivered to the Trustee a resolution of the Issuer's Board of Directors and an Opinion of Counsel each to the effect that all conditions precedent under the "*—Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any resolution as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)). If requested by the Issuer in writing, the Trustee or the Paying Agent may distribute any amount deposited in trust to the Holders prior to the Stated Maturity or the redemption date, as the case may be. For the avoidance of doubt, the distribution or payment to Holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break cost or any other premium on such amounts.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or the Guarantors under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

U.S. Bank Trustees Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and their respective Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee. The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses Incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture.

The Indenture will provide that any payment by a Paying Agent under the Indenture will be made without any deduction or withholding for or on account of any Taxes unless such deduction or withholding is required by any applicable law. If Taxes are paid by a Paying Agent or any of its affiliates, the Payor shall promptly reimburse the Paying Agent for such payment to the extent not covered by withholding from any payment. If a Paying Agent is required to make a deduction or withholding referred to above, it will not be required to pay an additional amount in respect of that deduction or withholding to the Payor.

In the Indenture, each Payor will undertake to the Paying Agent that:

(1) it will provide to the Paying Agent all documentation and other information required by the Paying Agent from time to time to comply with any applicable law forthwith upon request by the Paying Agent; and

(2) it will notify the Paying Agent in writing within 30 days of any change that affects the Payor's tax status pursuant to any applicable law.

Under the terms of the Indenture it will be the sole responsibility of the Issuer to determine whether a deduction or withholding is or will be required from any payment to be made in respect of the Notes or otherwise in connection with the Indenture and to procure that such deduction or withholding is made in a timely manner to the appropriate authorities and the Issuer will be required to promptly notify each Paying Agent upon determining or becoming aware of such requirement. The Issuer shall provide such Paying Agent with all information required for such Paying Agent to be able to make any such payment.

Notices

All notices to Holders will be validly given if mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. For so long as any Notes are represented by Global Notes, all notices to Holders will be delivered, in lieu of mailing to Holders, to Euroclear and Clearstream, each of which will give such notices to the holders of Book-Entry Interests. In addition, for so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market and the rules of such exchange so require, notices with respect to the Notes listed on the Luxembourg Stock Exchange and traded on the Euro MTF Market will be published on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or in an English language newspaper having general circulation in Europe.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Person if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes or any Notes Guarantee will be prescribed 10 years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Currency Indemnity

The euro is the sole currency of account and payment for all sums payable by the Issuer and any Guarantor under or in connection with the Notes or any Notes Guarantee relating to the Notes, as applicable, including damages. Any amount received or recovered in a currency other than euros, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or any Guarantor will only constitute a discharge to the Issuer or such Guarantor to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder or the Trustee to certify in a manner satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Notes Guarantee, or to the Trustee.

Enforceability of Judgments

Since all the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against any of them, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, including any Notes Guarantees, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of England and Wales. The Security Documents and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the location of the relevant assets that is part of the Collateral. The provisions of Article 84 to 94-8 of the Luxembourg law dated August 10, 1915 on commercial companies, as amended, will not apply to the Indenture and the Notes.

Certain Definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, (2) assumed in connection with the acquisition of assets from any Person, in each case whether or not Incurred in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Acquisition*" means the acquisition at fair value of the Portfolio Business indirectly from AnaCap Credit Opportunities II, L.P. and AnaCap Credit Opportunities III, L.P.

"*Additional Assets*" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Issuer or a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary engaged in a Similar Business.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "*control*," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "*controlling*" and "*controlled*" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles as set out in an annex to the Indenture as in effect on the Issue Date, as applied reasonably and in good faith by the Issuer.

"*AIFM*" means an alternative investment fund manager, within the meaning of AIFMD, which is regulated pursuant to AIFMD.

"*AIFM Agreement*" means the alternative investment fund management agreement between the Issuer and any AIFM.

"*AIFMD*" means Directive 2011/61/EU of the European Parliament and of the Council of June 8, 2011 on Alternative Investment Fund Managers and its implementing measures.

"*AnaCap*" means one or more investment funds affiliated with or advised by AnaCap Financial Partners LLP and any of their respective Affiliates other than any portfolio companies.

"*Applicable Premium*" means, on any redemption date, the greater of:

(a) 1.0% of the principal amount of such Note; or

(b) the excess of:

(i) the present value at such redemption date of (x) the redemption price of such Note at August 1, 2019 (such redemption price being set forth in the table appearing under the caption "*—Optional Redemption*"), plus (y) all required interest payments due on such Note through August 1, 2019 (excluding accrued but unpaid interest), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points and assuming that the rate of interest on such Notes from the redemption date through August 1, 2019 will equal the rate of interest on such Notes in effect on the date on which the applicable notice of redemption is given; over

(ii) the outstanding principal amount of such Note;

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, Paying Agent or Calculation Agent.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "*disposition*") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction; *provided* that the sale, conveyance or other disposition of all or substantially all the assets of the Issuer and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described under the caption "—*Change of Control*" or the provisions described under the caption "—*Certain Covenants—Merger and Consolidation*" and not by the provisions of the Asset Disposition covenant.

Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of Portfolio Assets (including portfolios thereof and dispositions of Rights to Collect or Rights to Participate) or inventory or other assets, in each case, in the ordinary course of business,;

(4) a disposition of obsolete, surplus or worn out equipment, or equipment or other property that is no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;

(5) transactions permitted under "—*Certain Covenants—Merger and Consolidation—The Issuer*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Issuer or the issuance of director qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) of less than the greater of (i) €7.5 million and (ii) 2.5% of Total Assets;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described under "—*Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, in respect of which (and only to the extent that) the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Liens permitted under the Indenture;

(10) dispositions of Receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or a Restricted Subsidiary;

(11) the licensing or sublicensing of intellectual property or other general intangibles and licenses, sublicenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(14) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(15) dispositions pursuant to the exercise of any tag or drag rights; *provided* that the Net Available Cash from such disposition is applied in compliance with the covenant described under "—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(16) any disposition to REO entities to facilitate recoveries on collateral underlying Portfolio Assets in the ordinary course of business; *provided* that any Net Available Cash related to such disposition is applied in compliance with the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*"; and

(17) the sale, transfer or other disposition of Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for bona fide hedging purposes and not for speculative purposes (such purpose to be determined in good faith by the Issuer).

"*Associate"* means (1) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (2) any joint venture entered into by the Issuer or any Restricted Subsidiary.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Bund Rate*" means, with respect to any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption 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 for such redemption date, where:

(a) "*Comparable German Bund Issue*" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to August 1, 2019, and that would be utilized, 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 outstanding principal amount of the Notes and of a maturity most nearly equal to August 1, 2019; *provided* that if the period from such redemption date to August 1, 2019 is less than one year, a fixed maturity of one year will be used;

(b) "*Comparable German Bund Price*" means, with respect to any redemption date, the average of the Reference German Bund Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) "*Reference German Bund Dealer"* means any dealer of German Bundesanleihe securities appointed by the Issuer; and

(d) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer 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 Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding such redemption date.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in London, United Kingdom or Luxembourg are authorized or required by law to close; *provided*, *however*, that for any payments to be made under the Indenture, such day shall also be a day on which the second generation Trans-European Automated Real-time Gross Settlement Express Transfer payment system is open for the settlement of payments.

"*Calculation Agent*" means a financial institution appointed by the Issuer to calculate the interest rate payable on the Notes in respect of each interest period, which shall initially be Elavon Financial Services DAC, UK Branch.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligation*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS as in effect on the Issue Date. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS as in effect on the Issue Date, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully guaranteed or insured by the government of the United States, Canada, the United Kingdom, a Member State of the European Union (other than Greece and Portugal), Switzerland or Norway or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such Member State is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances (in each case, including any such deposits made pursuant to any sinking fund established by the Issuer or any Restricted Subsidiary) having maturities of not more than one year from the date of acquisition thereof issued by any lender party to a Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named Rating Agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, the United Kingdom, any Member State of the European Union (other than Greece and Portugal), Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or Preferred Stock issued by Persons with a rating of "BBB−" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of twelve months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, the United Kingdom, a Member State of the European Union (other than Greece and Portugal), Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

"*Change of Control*" means:

(1) the Issuer becomes aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) that any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer, *provided* that (i) for the purposes of this clause, any holding company whose only direct or indirect asset is the Capital Stock of the Issuer will not itself be considered a "person" or "group" and (ii) if any such holding company is a partnership, no Change of Control shall be deemed to occur so long as the Issuer is not so aware that such person or group of related persons, other than one or more Permitted Holders, is or becomes the beneficial owner, directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the general partner of such partnership;

(2) following the Initial Public Offering of the Issuer or any Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Issuer or any Parent (together with any new directors whose election by the majority of such directors on such Board of Directors of the Issuer or any Parent or whose

nomination for election by shareholders of the Issuer or any Parent, as applicable, was approved by a vote of the majority of such directors on the Board of Directors of the Issuer or any Parent then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Issuer or any Parent, then in office; or

(3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"*Clearstream*" means Clearstream Banking, S.A., or any successor securities clearing agency.

"*Code*" means the U.S. Internal Revenue Code of 1986, as amended.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period adjusted for the following (without duplication):

(1) *plus* Consolidated Income Taxes;

(2) *plus* Fixed Charges *plus*, to the extent not already included or added back, any costs associated with Hedging Obligations or derivatives;

(3) *plus* interest expense on Secured Loan Notes

(4) *less* repayment of Secured Loan Notes;

(5) *plus/less* share of profit/(loss) in associates;

(6) *plus* consolidated depreciation and amortization expense;

(7) *plus* collections on Portfolio Assets *plus* disposals of purchased loan portfolios and Secured Loan Notes *less* consolidated revenue of the Issuer;

(8) *plus* impairment or any other amount corresponding to any revaluation of Portfolio Assets, as determined in good faith by the Issuer, and other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) *less* reversal of impairment and other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period);

(9) *plus* any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (in each case whether or not successful) (including any such fees, expenses or charges related to the Transactions), in each case, including in connection with the Transactions and as determined in good faith by the Issuer;

(10) *plus* any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(11) *plus* the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance were included in computing Consolidated Net Income; and

(12) *plus* payments received or that become receivable with respect to expenses that are covered by indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income.

"*Consolidated Income Taxes*" means Taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding Taxes) and corporation Taxes and franchise Taxes of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, without duplication, (1) interest payable (whether in cash or capitalized) on Financial Indebtedness of such Person and its Restricted Subsidiaries for such period, *plus* (i) any amortization of debt discount with respect to such Indebtedness and (ii) any commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing or bank guarantees, but, in each case, excluding any expense associated with Subordinated Shareholder Funding *less* (2) interest income for such period.

"*Consolidated Leverage*" means the sum of the aggregate outstanding Financial Indebtedness of the Issuer and its Restricted Subsidiaries as of the relevant date of calculation on a consolidated basis in accordance with IFRS.

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available; *provided*, *however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period the Issuer or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "*Sale*") or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such Sale constitutes "*discontinued operations*" in accordance with the then applicable IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, the Issuer or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "*Purchase*"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto, including anticipated cost synergies and cost savings, as if such Purchase occurred on the first day of such period; *provided* that, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including anticipated cost synergies and cost savings) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination; and

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Issuer or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto, including anticipated cost synergies and cost savings, as if such Sale or Purchase occurred on the first day of such period.

In the event that the Issuer or any Restricted Subsidiary Incurs, assumes, guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than, in the case of redemption, defeasance, retirement or extinguishment, Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Consolidated Leverage Ratio is made (the "*Consolidated Leverage Ratio Calculation Date*"), then the Consolidated Leverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, assumption, guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense, Consolidated Net Income and Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries, whenever *pro forma* effect is to be given to a transaction, (a) the *pro forma* calculations shall be made in good faith by the Issuer (including cost synergies and cost savings) and (b) in respect of cost synergies and cost savings, the *pro forma* calculations shall be made as though the full effect of such cost synergies and cost savings were realized on the first day of the relevant period and shall also include the reasonably anticipated full run rate cost savings effect (as calculated in good faith by the Issuer) of cost savings programs that have been initiated by the Issuer or its Restricted Subsidiaries as though such cost savings programs have been fully implemented on the first day of the relevant period.

"*Consolidated Net Income*" means, for any period, the profit (loss) on ordinary activities after taxation of the Issuer determined on a consolidated basis on the basis of IFRS; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary (other than a consolidated Permitted Loan Portfolio Securitization Fund), except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents (x) actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment or (y) except for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," that could have been distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment, as reasonably determined by the Issuer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); *provided* that, for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such dividend, other distribution or return on investment shall not be included to the extent it reduces the amount of Investments outstanding under clauses (11) or (17) of the definition of "*Permitted Investments*;"

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any profit (loss) on ordinary activities after taxation of any Restricted Subsidiary (other than any Guarantor) if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or a Guarantor by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to or permitted under the Revolving Credit Facility, the Notes or the Indenture, and (c) restrictions not prohibited by the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*") except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset (other than a Portfolio Asset) or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss or charge (as determined in good faith by the Issuer), or any charges or reserves in respect of any restructuring, redundancy or severance expense;

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Issuer and the Restricted Subsidiaries), as a result of any consummated acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any deductions attributable to minority interests shall be excluded (other than to the extent of dividends paid during the relevant period pursuant to clause (1) of this definition);

(13) any goodwill or other intangible asset impairment charge or write-off; and

(14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds: (a) for the purchase or payment of any such primary obligation; or (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended from time to time (whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "*Credit Facility*" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to a resolution of the Issuer's Board of Directors, setting forth the basis of such valuation, *less* the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (1) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (2) that is designated as "*Designated Preference Shares*" pursuant to a resolution of the Issuer's Board of Directors at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Issuer having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Issuer shall be deemed not to have such a financial interest solely by reason of such member's holding Capital Stock of the Issuer or any Parent or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*EMIR*" means Regulation (EU) No 648/2012 which shall include all EU delegated regulations and implementing regulations adopted pursuant to such Regulation and published in the Official Journal of the European Union from time to time.

"*EMIR Requirements*" means anything which the Issuer is required to do or not do (with regard to posting collateral) under EMIR, in connection with the entry into any OTC derivatives (as defined in EMIR).

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares and other than an Excluded Contribution) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the sale of Capital Stock or other securities of the Parent, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Parent Senior Debt Contribution) of the Issuer or any of its Restricted Subsidiaries.

"*ERC*" means, for any date of calculation, the aggregate amount of estimated remaining gross collections on purchased loan portfolios and net collections for purchased loan notes projected to be received by the Issuer and its Restricted Subsidiaries from all Portfolio Assets, *less* net collections attributable to the rights of co-investors under Secured

Loan Notes, during the period of 84 months, as calculated by the Portfolio ERC Model, as of the last day of the month most recently ended prior to the date of calculation.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the "*Currency Rates*" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Issuer) on the date of such determination.

"*Euroclear*" means Euroclear Bank SA/NV or any successor securities clearing agency.

"*European Government Obligations*" means direct obligations of, or obligations guaranteed by, a Member State of the European Union, and the payment for which such Member State of the European Union pledges its full faith and credit.

"*European Union*" means all member states of the European Union as of January 1, 2004.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Issuer: (i) as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or a Parent Senior Debt Contribution) of the Issuer after the Issue Date; or (ii) from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares or a Parent Senior Debt Contribution) or Subordinated Shareholder Funding, in each case, to the extent designated as an Excluded Contribution by the Issuer.

"*fair market value*" may be conclusively established by means of a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by the Issuer in good faith.

"*Financial Indebtedness*" means any Indebtedness described under clauses (1), (2), (4), (5), (6) and (7) of the definition of "*Indebtedness*."

"*Fixed Charge Coverage Ratio*" means, with respect to any Person on any determination date, the ratio of (x) Consolidated EBITDA of such Person for the most recently completed four consecutive fiscal quarters ending immediately prior to such determination date for which internal consolidated financial statements are available to (y) the Fixed Charges of such Person and its Restricted Subsidiaries for such four consecutive fiscal quarters. In the event that the Issuer or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than, in the case of redemption, defeasance, retirement or extinguishment, Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Fixed Charge Coverage Ratio Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, assumption, Guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness Incurred on the Fixed Charge Coverage Ratio Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than for purposes of the calculation of the Fixed Charge Coverage Ratio under clause (5) thereunder) or (ii) the discharge on the Fixed Charge Coverage Ratio Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*."

For purposes of making the computation referred to above, any Investment, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations that have been made by the Issuer or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period and will also include cost savings reasonably anticipated by the Issuer to occur from programs implemented during the relevant period as though the full run-rate effect of such cost savings were realized on the first day of the relevant period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued any operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto, including anticipated cost synergies and cost savings for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation and the full effect of such anticipated cost synergies and cost savings had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by the Issuer (including cost synergies and cost savings). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency inter-bank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Issuer may designate.

"*Fixed Charges*" means, with respect to any Person for any period, the sum, without duplication, of:

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash and non-cash dividends or other distributions payable (excluding items eliminated in consolidation) on any series of Preferred Stock during such period;

(3) all cash and non-cash dividends or other distributions payable (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period; and

(4) any interest expense on Indebtedness of another person that is guaranteed by such Person or its Restricted Subsidiaries or secured by a Lien on assets of such Person or its Restricted Subsidiaries, but only to the extent such guarantee or Lien is called upon, determined on a consolidated basis in accordance with IFRS.

"*Governmental Authority*" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, tax, self-regulatory or administrative functions of or pertaining to government, including a central bank.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "*Guarantee*" will not include endorsements for collection or deposit in the ordinary course of business. The term "*Guarantee*" used as a verb has a corresponding meaning.

"*Guarantor*" means any Restricted Subsidiary that Guarantees the Notes.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the nominee of the common depositary for Euroclear and Clearstream.

"*IFRS*" means the International Financial Reporting Standards (formerly, International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted

Subsidiaries are, or may be, required to comply; *provided* that at any date after the Issue Date the Issuer may make an irrevocable election to establish that "*IFRS*" shall mean IFRS as in effect on a date that is on or prior to the date of such election. The Issuer shall give notice of any such election to the Trustee. Notwithstanding the foregoing, the impact of IFRS 16 (*Leases*) and any successor standard thereto shall be disregarded with respect to all ratios, calculations, baskets and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS as of the Issue Date and any guarantee given by the Issuer or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in the effect on the Issue Date.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "*Incurred*" and "*Incurrence*" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility will only be deemed to be Incurred at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence);

(4) Capitalized Lease Obligations of such Person;

(5) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary (other than the Issuer), any Preferred Stock (but excluding, in each case, any accrued dividends);

(6) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(7) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent guaranteed by such Person;

(8) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "*Indebtedness*" shall not include Subordinated Shareholder Funding or any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, any asset retirement obligations, Secured Loan Notes, prepayments or deposits received from clients or customers, in each case, in the ordinary course of business, indemnities in connection with buying or selling Portfolio Assets or co-investments, in each case, in the ordinary course of business or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or

Guarantees or Indebtedness specified in clause (6), (7) or (8) above) shall be (a) in the case of any Indebtedness issued with original issue discount, the amount in respect thereof that would appear on the balance sheet of such Person in accordance with IFRS, without any deduction for such OID and (b) in the case of any other Indebtedness, the amount that would appear on the balance sheet of such Person (excluding any notes thereto) in accordance with IFRS.

For the avoidance of doubt, accrued interest and unamortized portion of debt issuance or incurrence costs with respect to any Indebtedness shall not constitute Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business;

(ii) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Indenture*" means the indenture to be dated the Issue Date among, *inter alios*, the Issuer, the Guarantors and U.S. Bank Trustees Limited, as trustee, and U.S. Bank Trustees Limited, as security agent, pursuant to which the Issuer will issue the Notes.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third-party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer and irrespective of whether or not such firm is an auditor of the Issuer.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the "*IPO Entity*") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the intercreditor agreement dated on or about the Issue Date, among the Issuer, the Guarantors, the Trustee, the Security Agent, the agent for the Revolving Credit Facility and the other parties named therein, as amended, restated or otherwise modified or varied from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is a party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit or indemnities to customers, suppliers, co-investors (and their related parties), directors, officers or employees of any Person in the ordinary course of business, and excluding any purchase of Underlying Portfolio Assets, any Rights to Collect or any Rights to Participate, or debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under the caption "—*Certain Covenants—Limitation on Restricted Payments*."

For purposes of "—*Certain Covenants—Limitation on Restricted Payments*":

(1) "*Investment*" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary

at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation *less* (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Issuer in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Company Act*" means the U.S. Investment Company Act of 1940, as amended.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by the United Kingdom, a Member State of the European Union (other than Greece and Portugal), or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "*BBB−*" or higher from S&P or "*Baa3*" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when the Notes receive both of the following: (1) a rating of "BBB−" or higher from S&P; and (2) a rating of "Baa3" or higher from Moody's; or the equivalent of such ratings by either such rating organizations or, if no rating of Moody's or S&P then exists, the equivalent of such applicable rating by any other Nationally Recognized Statistical Rating Organization.

"*IPO Entity*" has the meaning given to it in the definition of Initial Public Offering.

"*IPO Market Capitalization*" means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (2) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means July 21, 2017.

"*Issuer*" means AnaCap Financial Europe S.A. SICAV-RAIF and any of its successors. Whenever in this "*Description of the Notes*" any resolution, determination, certificate or other action is required to be taken or delivered by the Issuer, it shall mean the Issuer, acting through its Board of Directors or any Person to whom the Issuer and its Board of Directors have delegated the relevant function, including any AIFM (as well as to whom the AIFM may have further delegated such function, such as any portfolio manager advised by any advisor), the Administrator and/or the Depository, in each case, acting subject to their relevant policies for the management of conflicts of interest.

"*Italian SPVs*" means, collectively, Augustus SPV S.r.l., AuroraSPV S.r.l., Thor SPV S.r.l., Tiberius SPV S.r.l., Iustitia Futura S.r.l., and any successor(s) to the foregoing.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*LTV Ratio*" means, in respect of any date of calculation, the aggregate Secured Indebtedness of the Issuer and its Restricted Subsidiaries *less* cash and Cash Equivalents (including cash and Cash Equivalents in servicers' accounts or otherwise that are due from servicers but not yet paid by servicers to the Issuer or any Restricted Subsidiary and related to any Portfolio Assets which are owned by the Issuer or any Restricted Subsidiary *less* cash due to be paid to co-investors under Secured Loan Notes) as of such date, divided by ERC; *provided* that ERC shall be adjusted to give effect to purchases or disposals of Portfolio Assets made (or for which definitive documentation has been entered into) since the last measurement date and prior to such date of calculation, on the basis of estimates made on a *pro forma* basis by the Issuer acting in good faith. In determining the LTV Ratio in connection with the Incurrence of Indebtedness and the granting of a Lien, the LTV Ratio shall be determined on a *pro forma* basis for the relevant transaction and the use of proceeds of such Indebtedness; *provided* that no cash or Cash Equivalents shall be included in the calculation of the *pro forma* LTV Ratio that are, or are derived from, the proceeds of Indebtedness in respect of which the *pro forma* calculation is to be made, except, for the avoidance of doubt, to the extent cash or Cash Equivalents will be expended in a transaction to which *pro forma* effect is given; *provided*, *further*, that any cash and Cash Equivalents received by the Issuer or any of its Restricted Subsidiaries from the issuance or sale of its Capital Stock, Subordinated Shareholder Funding or other capital contributions subsequent to the Issue Date shall (to the extent they are taken into account in determining the amount available for Restricted Payments under such clauses) be excluded for purposes of making Restricted Payments and Permitted Payments, as applicable, under clauses (c)(ii) and (c)(iii) of the first paragraph and clauses (1), (6) and (14) of the third paragraph of the covenant described under "*Certain covenants—Limitation on Restricted Payments*" to the extent such cash and Cash Equivalents are included in the calculation of the LTV Ratio.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, partners, directors, officers, employees or consultants of any Permitted Holder, Parent, the Issuer or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding €0.5 million in the aggregate outstanding at any time.

"*Management Investors*" means the officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent.

"*Market Capitalization*" means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (2) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Member State*" means each country that is a member of the European Union as of January 1, 2004.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"*NAV*" means the fair value of the purchased loan portfolios and purchased loan notes (net of servicing fees), *less* fair value of Secured Loan Notes (net of servicing fees), *plus* the fair value of investments in associates, as calculated in accordance with the valuation policies of the Issuer.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which are required by applicable law to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*" with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions).

"*Note Documents*" means the Notes (including Additional Notes), the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents.

"*Offering*" means this offering of Notes.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Parent*" means any Person of which the Issuer at any time is or becomes a Subsidiary and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries (including, without limitation, accounting, legal, corporate reporting, and administrative expenses as well as payments made pursuant to secondment, employment or similar agreements entered into between the Issuer and/or any of its Restricted Subsidiaries and/or any Parent or any employee thereof), (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, of the Issuer by any Parent, and (c) reasonable out of pocket expenses of the Board of Directors and officers of such Parent;

(5) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries in an amount not to exceed €2.0 million in any fiscal year; and

(6) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness: (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary, (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed, or (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Parent Senior Debt*" means any Indebtedness of any Parent (i) the net cash proceeds of which have been contributed or loaned to the Issuer or any of its Restricted Subsidiaries in the form of a Parent Senior Debt Contribution and (ii) that has been guaranteed by, or is otherwise considered Indebtedness of, the Issuer or any of its Restricted Subsidiaries Incurred in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness.*"

"*Parent Senior Debt Contribution*" means a contribution to the Issuer or any of its Restricted Subsidiaries in the form of equity, funding the issuance or sale of Capital Stock of the Issuer or as Subordinated Shareholder Debt or otherwise on lent as a proceeds loan, bonds or other debt financing instrument to the Issuer or any of its Restricted Subsidiaries pursuant to which dividends or other distributions may be paid pursuant to clause (17) of the third paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments.*"

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer or any Guarantor (other than Indebtedness pursuant to the Revolving Credit Facility and Hedging Obligations) if such Indebtedness ranks equally in right of payment to the Notes and the Notes Guarantees which, in each case, is secured by Liens on the Collateral.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*"

"*Permitted Collateral Liens*" means

(A) Liens on the Collateral described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (10), (11), (12), (13), (14), (18), (19), (20), (21), (22), (23) and (27) of the definition of "Permitted Liens,"

(B) Liens on the Collateral to secure Indebtedness of the Issuer or a Restricted Subsidiary that is permitted to be Incurred under clauses (1), (2) (in the case of (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a), (6), (11) or (13) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided, however,* that such Lien ranks equal to all other Liens on such Collateral securing the Notes and the Notes Guarantees (except that (i) a Lien securing Indebtedness Incurred under clause (1) of the second paragraph of "*—Certain Covenants—Limitation on Indebtedness*" and (ii) a Lien securing Hedging Obligations (other than Commodity Hedging Agreements) may have super priority in respect of the application of proceeds from any realization or enforcement of the Collateral on terms not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date as provided in the Intercreditor Agreement as in effect on the Issue Date),

(C) Liens on the Collateral securing Indebtedness incurred under the first paragraph of "*—Certain covenants—Limitation on Indebtedness*"; *provided* that, in the case of this clause (C), (x) after giving *pro forma* effect to such incurrence on that date, the LTV Ratio is less than 0.65 and (y) any such Lien ranks equal to (including with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreement) all other Liens on such Collateral securing the Notes and the Notes Guarantees,

(D) Liens on the Collateral securing Indebtedness that is permitted to be incurred under clause 5(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided* that, after giving *pro forma* effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to such clause 5(b), the LTV Ratio is less than 0.65;

(E) Liens on Collateral securing Refinancing Indebtedness in respect of any Indebtedness secured pursuant to the foregoing clauses (C) and (D), *provided, however,* that any such Lien ranks equal to (including with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreement) all other Liens on such Collateral securing the Notes and the Notes Guarantees (except if the original Indebtedness was secured by a junior lien); or

(F) Liens on the Collateral that secure Indebtedness on a basis junior to the Notes or the Notes Guarantees, as applicable; *provided* that, in the case of this clause (F), such property or assets (including the Collateral) also secures the Notes or the Notes Guarantees on a senior basis; *provided, further,* that holders of such Indebtedness (or their representative) accede to the Intercreditor Agreement or an Additional Intercreditor Agreement that ranks such Liens junior to the Liens securing the Notes or the Notes Guarantees regardless of the time such Liens are granted.

"*Permitted Holders*" means, collectively, (1) any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture, (2) AnaCap and any funds controlled or advised by AnaCap and any Affiliate or Related Persons thereof, (3) Senior Management or Related Persons, and (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity. Any person or group that includes a Permitted Holder shall also be deemed to be a Permitted Holder, *provided* that Permitted Holders as defined in clauses (1), (2), (3) and (4) above retain exclusive beneficial ownership and control of at least 50.1% of the total voting power of the Voting Stock of the Issuer beneficially owned by any group that becomes a Permitted Holder at any time as a result of the application of this sentence (without giving effect to the existence of such group or any other group).

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business if such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in Receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on the Issue Date, and any extension, modification or renewal of such Investment; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of €20.0 million and 7.0% of Total Assets; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of this definition of "Permitted Investment" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of Permitted Liens or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the third paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9) and (14) of that paragraph);

(15) Investments consisting of purchases and acquisitions of Portfolio Assets, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business;

(16) Guarantees not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(17) Investments in Associates or Unrestricted Subsidiaries in an aggregate amount when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding not to exceed the greater of €15.0 million and 5.0% of Total Assets;

(18) Investments in the Notes and any Additional Notes;

(19) Investments in any Permitted Loan Portfolio Securitization Fund;

(20) Investments in REO entities to facilitate recoveries on collateral underlying Portfolio Assets in the ordinary course of business; *provided* that such Investment is repaid with the net proceeds from such recoveries; and

(21) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any of its Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described under "*—Certain Covenants—Merger and Consolidation*" to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case, for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case, entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided*, *however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, *further*, that such Liens do not extend to or cover any property or assets of the Issuer and its Restricted Subsidiaries other than (a) the property or assets acquired or (b) the property or assets of the Person acquired, merged with or into or consolidated or combined with the Issuer or a Restricted Subsidiary;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture (other than Liens initially Incurred pursuant to clause (24) of this definition); *provided* that any such Lien is limited to all or part of the same property or assets (*plus* improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third-party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third-party relating to such property or assets;

(21) Liens on (a) Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) on cash set aside at the time of the Incurrence of any Indebtedness or (c) government securities purchased with such cash, in either case of clause (b) or (c), to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(22) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or Liens over cash accounts securing cash pooling arrangements;

(23) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(24) Liens which do not exceed €15.0 million at any one time outstanding;

(25) Liens on Capital Stock of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) Liens securing Permitted Purchase Obligations, *provided* that any such Lien is only over the assets and Capital Stock of the relevant Permitted Purchase Obligations SPV;

(27) Liens required to be granted for the purpose of complying with EMIR Requirements; and

(28) Liens on Portfolio Assets held on trust for, or otherwise on behalf of, third parties.

"*Permitted Loan Portfolio Securitization Fund*" means any securitization vehicle, special purpose vehicle or fund or trust or other vehicle formed for the purpose of purchasing, investing or participating in Portfolio Assets (and regardless of whether such vehicle, fund or trust has legal personality or not) (each of the foregoing a "*fund*") that at all times meets the following conditions:

(1) the Issuer or any of its Restricted Subsidiaries has made an Investment in the fund, whether through the acquisition of notes or equity interests (including units) issued by the fund, participations or sub-participations or through other contribution;

(2) the fund engages in no activities other than (i) the acquisition of Underlying Portfolio Assets or portfolios thereof, (ii) investments or participations in other funds which acquire, directly or indirectly, Underlying Portfolio Assets or portfolios thereof, (iii) the Incurrence of Indebtedness, granting of Rights to Participate or the issuance of equity interests, in each case, to finance such acquisition, investment or participation and (iv) any activities incidental or related to the activities described in (i), (ii) and (iii);

(3) any Indebtedness incurred by the fund (including notes), Rights to Participate granted by the fund or equity interests issued by the fund is solely for the purpose of financing, directly or indirectly: (i) the acquisition of Underlying Portfolio Assets or portfolios thereof or (ii) investments or participations in other funds which acquire, directly or indirectly, Underlying Portfolio Assets or portfolios thereof;

(4) the fund, together with all other funds designated as Permitted Loan Portfolio Securitization Funds pursuant to the Indenture and (without duplication) the Italian SPVs, shall not have at any time outstanding any third-party Indebtedness in an amount equal to the greater of (a) €25.0 million and (b) 8.0% of Total Assets;

(5) no portion of any Indebtedness incurred by the fund and no other obligations (contingent or otherwise) of the fund (i) are guaranteed by the Parent, the Issuer or any Restricted Subsidiary, (ii) are recourse to or obligate the Parent, the Issuer or any Restricted Subsidiary in any way, or (iii) subject any property or assets of the Parent, the Issuer or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction or discharge of such Indebtedness or such other obligations;

(6) no portion of any Indebtedness incurred by the fund and no other obligations (contingent or otherwise) of the fund are secured by Liens on any of the property or assets owned by the Parent, the Issuer or any Restricted Subsidiary; and

(7) the obligations of the fund to each party in respect of the relevant securitization, investment or participation are limited recourse obligations of the fund, limited to its interests in some or all of the assets comprised in the relevant Underlying Portfolio Assets or portfolios thereof and each such party has agreed to limitations on its ability to take action against the fund, including in respect of insolvency proceedings relating to the fund.

"*Permitted Purchase Obligations*" means any Indebtedness Incurred by a Permitted Purchase Obligations SPV to finance or refinance the acquisition of Portfolio Assets or portions thereof (including through Rights to Collect or Rights to Participate) purchased by such Permitted Purchase Obligations SPV, whether directly or through the acquisition of the Capital Stock of any Person owning such assets or otherwise, in an aggregate principal amount not exceeding at the time of the Incurrence of such Permitted Purchase Obligations, together with any other Indebtedness Incurred pursuant to clause (12) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" covenant and then outstanding, 20.0% of ERC, calculated in good faith on a *pro forma* basis by the Issuer as of the date of purchase of such Portfolio Assets, *provided* that:

(1) except for the granting of a Lien described in clause (26) of the definition of Permitted Liens no portion of any Permitted Purchase Obligations or any other obligations (contingent or otherwise) of the applicable Permitted Purchase Obligations SPV (i) is guaranteed by the Issuer or any other Restricted Subsidiary, (ii) is recourse to or obligates the Issuer or any other Restricted Subsidiary in any way, or (iii) subjects any property or asset of the Issuer or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof,

(2) neither the Issuer nor any other Restricted Subsidiary has any obligation to maintain or preserve the applicable Permitted Purchase Obligations SPV's financial condition or cause such entity to achieve certain levels of operating results, and

(3) such Permitted Purchase Obligation is secured (if at all) only over the assets of, and Capital Stock of, the relevant Permitted Purchase Obligations SPV.

"*Permitted Purchase Obligations SPV*" means a Wholly Owned Restricted Subsidiary (1) which engages in no activities other than the acquisition of Portfolio Assets or portions thereof (including through Rights to Collect or Rights to Participate), the Incurrence of Permitted Purchase Obligations to finance such acquisition and any business or activities incidental or related to such business and is set up in connection with the Incurrence of Permitted Purchase Obligations, (2) to which the Issuer or any Restricted Subsidiary contributes, loans or otherwise transfers no amounts in excess of amounts required, after giving effect to the Incurrence of Permitted Purchase Obligations, to consummate the relevant purchase of assets and amounts required for incidental expenses, costs and fees for the set-up and continuing operations of such Permitted Purchase Obligations SPV, and (3) all the Capital Stock of which is held by a Wholly Owned Restricted Subsidiary which holds no other material assets.

"*Permitted Reorganization*" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Issuer or any of its Restricted Subsidiaries (a "*Reorganization*") that is made on a solvent basis; *provided* that:

(1) any payments or assets distributed in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries; and

(2) if any shares or other assets form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Portfolio Assets*" means all (1) Underlying Portfolio Assets, (2) Rights to Collect and (3) Rights to Participate.

"*Portfolio Business*" means the portfolio of assets that will be acquired by the Issuer pursuant to the Acquisition and which comprises ACOF II Portugal Limited, Alpha Credit Holdings S.à r.l., Alpha Credit Holdings 3 S.à r.l., Prime Credit 6 S.à r.l., Prime Credit 7 S.à r.l., their respective subsidiaries and assets, and, as the context indicates, historical references to the Portfolio Business means such entities and their assets as of that historical date or period.

"*Portfolio ERC Model*" means the models and methodologies that the Issuer, its servicers, financial partners, investment partners or portfolio managers use to calculate the value of its ERC and those of its Subsidiaries, consistently with its most recent audited financial statements as of such date of determination.

"*Preferred Stock*" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Market*" means any time after: (1) an Equity Offering has been consummated; and (2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €50.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Rating Agencies*" means S&P and Moody's or, in the event S&P or Moody's no longer assigns a rating to the Notes, any other Nationally Recognized Statistical Rating Organization who assigns a rating to the Notes in lieu of the ratings by S&P or Moody's.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "*refinances*," "*refinanced*" and "*refinancing*" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (*plus*, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred within 120 days after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" with respect to any Person, means:

(1) any controlling equity holder or Subsidiary of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individuals and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, shareholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) in the case of AnaCap, any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means

(1) any Taxes (other than (x) Taxes measured by gross or net income, receipts or profits and (y) withholding Taxes), required to be paid (*provided* such Taxes are in fact paid) by any Parent by virtue of its: (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries); (b) issuing or holding Subordinated Shareholder Funding; or (c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries; or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent (or is treated as a pass-through entity), any consolidated or combined Taxes measured by income (or, if the Issuer is treated as a pass-through entity, Taxes measured by income of the Issuer) for which such Parent is liable up to an amount not to exceed the amount of any such Taxes that the Issuer and its Subsidiaries included in the relevant tax group would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and such Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and such Subsidiaries; *provided* that (x) distributions shall be permitted in respect of the income of an Unrestricted Subsidiary only to the extent such Unrestricted Subsidiary distributed cash for such purpose to the Issuer or its Restricted Subsidiaries and (y) the related tax liabilities of the Issuer and such Subsidiaries are relieved and satisfied thereby.

"*REO*" means real estate owned.

"*REO entity*" means an entity which owns REO properties.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Payment*" means Restricted Payment, as defined in the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" and, for the avoidance of doubt, shall not include any payment or distribution on Secured Loan Notes.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*Revolving Credit Facility*" means the senior secured revolving credit facility agreement dated on or about the Issue Date among the Issuer, the Security Agent, Elavon Financial Services DAC, UK Branch as Agent and the other parties named therein, as amended, supplemented, refinanced, replaced or otherwise modified from time to time.

"*Rights to Collect*" means the Issuer's or any Restricted Subsidiary's entitlement to collect and retain amounts generated by, or otherwise related to, Underlying Portfolio Assets in circumstances where such Underlying Portfolio Assets are owned by a Person, including a Permitted Loan Portfolio Securitization Fund, that is not the Issuer or one of its Restricted Subsidiaries and such Person is unable or unwilling to dispose of the relevant Underlying Portfolio Asset to the Issuer or a Restricted Subsidiary.

"*Rights to Participate*" means the rights of the Issuer or any Restricted Subsidiary to receive amounts generated by, or otherwise related to, Underlying Portfolio Assets owned by Persons, including a Permitted Loan Portfolio Securitization Fund, other than the Issuer or one of its Restricted Subsidiaries, which amounts are payable to the Issuer or a Restricted Subsidiary under notes or equity interests (including units), other instruments, participations or sub-participations, total return or pass-through contracts or any other similar arrangements.

"*S&P*" means Standard & Poor's Credit Market Services Europe Limited or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Secured Indebtedness*" means any Indebtedness secured by a Lien (other than Indebtedness Incurred pursuant to clauses (3), (6), (8), (9), (10) and (14) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*").

"Secured Loan Notes" means secured loan notes held by co-investors reflected in the combined financial statements of the Portfolio Business or the consolidated financial statements of the Issuer.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the Intercreditor Agreement and any Additional Intercreditor Agreement and the documents under which collateral is pledged to secure the Notes.

"*Senior Management*" means any previous or current partners, officers, directors, and other members of senior management of AnaCap.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the Total Assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the Total Assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the Total Assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (1) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (2) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof (including servicing).

"*Stated Maturity*" means, with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the payment of principal of such Indebtedness is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or any Notes Guarantee pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means any funds provided to the Issuer by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(2) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(3) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries and is not guaranteed by a Subsidiary of the Issuer;

(4) pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding; and

(5) the creditors with respect thereto shall have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement as "*Shareholder Creditor*" or "*Intergroup Lenders*" (as the case may be) as such terms are defined therein, or any corresponding term in any Additional Intercreditor Agreement;

provided, *further, however*, that upon the occurrence of any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Funding, such Indebtedness shall constitute an Incurrence of such Indebtedness by the Issuer, and any and all Restricted Payments made through the use of the Net Cash Proceeds from the Incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Funding shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Funding.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which: (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity;

provided that, for the avoidance of doubt, the term "*Subsidiary*" shall not include any Permitted Loan Portfolio Securitization Fund.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in (a) direct obligations of, or obligations guaranteed by, (i) the United States of America or Canada, (ii) the United Kingdom, (iii) any European Union Member State (other than Greece and Portugal), (iv) Switzerland or Norway, (v) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (vi) any agency or instrumentality of any such country or Member State, or (b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by: (a) any lender under the Revolving Credit Facility, (b) any institution authorized to operate as a bank in any of the countries or Member States referred to in clause (1)(a) above, or (c) any bank or trust company organized under the laws of any such country or Member State or any political subdivision thereof, in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, Canada, the United Kingdom, any European Union Member State (other than Greece and Portugal), Switzerland or Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or Member State, and rated at least "BBB−" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, the United Kingdom, a Member State of the European Union (other than Greece and Portugal), Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the Investment Company Act.

"*Total Assets*" means the consolidated total assets of the Issuer, its Restricted Subsidiaries and any Permitted Loan Portfolio Securitization Funds which are consolidated in accordance with IFRS, as shown on the most recent consolidated balance sheet of the Issuer prepared in accordance with IFRS, subject to *pro forma* adjustments consistent with the calculation of the LTV Ratio.

"*Transactions*" means the Acquisition of the Portfolio Business by the Issuer (including any subsequent Permitted Reorganization), the distribution of collections on Portfolio Assets and the issuance of the Notes and the use of proceeds thereof, each as described in "*Summary—The Transactions*" and "*Use of proceeds*" elsewhere in this Offering Memorandum.

"*Underlying Portfolio Asset*" means performing, sub-performing, non-performing or charged-off accounts, loans, receivables, mortgages, debentures, notes, claims and other similar assets or instruments (in each case, however pooled, aggregated, fractionally owned, directly or indirectly held or contractually divided).

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein), to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "—*Certain Covenants—Limitation on Restricted Payments.*"

Any such designation by the Issuer shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Issuer giving effect to such designation and certifying that such designation complies with the foregoing conditions.

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under the first paragraph of "—*Certain Covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would not be worse than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly Owned Restricted Subsidiary*" means a Restricted Subsidiary of the Issuer, all the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Restricted Subsidiary) is owned by the Issuer or another Wholly Owned Restricted Subsidiary.

"*Working Capital Intercompany Loan*" means any loan to or by the Issuer or any of its Restricted Subsidiaries to or from the Issuer or any of its Restricted Subsidiaries from time to time (1) for purposes of consolidated cash and tax management and working capital management and (2) for a duration of less than one year.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). The Notes sold to non-U.S. persons outside the United States in compliance with Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note (the "Rule 144A Book-Entry Interests") and ownership of interests in the Regulation S Global Note (the "Regulation S Book-Entry Interests", and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. Except under the limited circumstances described below, the Notes will not be issued in definitive form. The Book-Entry Interests in the Global Notes will be issued only in denominations of €200,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream will credit on their respective book-entry registration and transfer systems the account of a participant with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream, and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests, in order to transfer their interests or to exercise any rights of holders under the Indenture.

None of the Company, the Trustee, the Paying Agent, the Transfer Agent nor the Registrar under the Indenture nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Notes in definitive registered form (the "Definitive Registered Notes"):

- if Euroclear or Clearstream notifies the Company that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Company within 120 days; or

- if the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream following an event of default under the Indenture.

In such an event, the Company will issue or cause to be issued Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear or Clearstream or the Company, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Transfer Restrictions*", unless that legend is not required by the Indenture or applicable law.

The Company will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Company is not required to register the transfer or exchange of any Notes selected for redemption. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Company may require a holder to pay any taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that any such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if any such Definitive Registered Note is mutilated and is surrendered to the registrar, the Company will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Company's requirements are met. The Company or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect the Company, the Trustee, the Registrar or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Company and the Trustee may charge for any expenses incurred by it in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Company pursuant to the provisions of the Indenture, the Company, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*".

Redemption of Global Notes

In the event that any Global Note, or any portion thereof, is redeemed, Euroclear or Clearstream (or their respective nominees), as applicable, will distribute the same amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of its Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate (including pool factor), *provided, however*, that no Book-Entry Interest of less than €200,000 principal amount may be redeemed in part.

Payments on Global Notes

The Company will make payments of amounts owing in respect of the Global Notes (including principal, premium, if any, interest, additional interest and any Additional Amounts) to the principal Paying Agent. The principal Paying Agent will, in turn, make such payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures. The Company will make payments of all such amounts without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Additional Amounts*". If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Additional Amounts*", the Company will pay Additional Amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Company expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture governing the Notes, the Company, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will treat the registered holders of the Global Notes (*e.g.*, Euroclear or Clearstream or their respective nominees) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Trustee, the Paying Agent, the Transfer Agent, the Registrar nor any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- Euroclear, Clearstream or any participant or indirect participant; or

- payments by participants to owners of Book-Entry Interests held through participants which are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name".

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such Notes through Euroclear and/or Clearstream in euro.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Company, the Trustee, the Paying Agent, the Transfer Agent, the Registrar, the Initial Purchasers nor their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Company that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. Nevertheless, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

The Rule 144A Global Note will bear a legend to the effect set forth in "*Transfer Restrictions*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Transfer Restrictions*". Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Subject to the foregoing, and as set forth in "*Transfer Restrictions*", Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes—Transfer and Exchange*". Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Through and including the 40th day after the later of the commencement of the offering of the Notes and the closing of the offering of the Notes (the "40 day Period"), Regulation S Book-Entry Interest may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a Qualified Purchaser as defined under the Investment Company Act who is also a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions*".

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream. The Company provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Company, the Trustee, the Paying Agent, the Transfer Agent, the Registrar nor the Initial Purchasers are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

As Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Note only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-entry System

Application has been made to list the Notes on the Official List of the Exchange and to admit the Notes to trading on the Euro MTF market thereof. The Company expects that secondary trading in any certificated Notes will also be settled in immediately available funds. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depositary.

Although Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Company, the Guarantors, the Trustee, the Paying Agent, the Transfer Agent or the Registrar will have any responsibility for the performance by Euroclear or Clearstream, or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX CONSIDERATIONS

If you are a prospective investor, you should consult your tax adviser as to the possible tax consequences of buying, holding or selling any Notes under the laws of your country of citizenship, residence or domicile, including the effect of any local taxes applicable to you. The discussions that follow do not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase, hold or sell Notes. In particular, these discussions do not consider any specific facts or circumstances that may apply to you. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this Offering Memorandum. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.

Certain Luxembourg Taxation Considerations

The following is based on the law and regulations presently in force in Luxembourg, as interpreted by the Luxembourg tax authorities on the date of this Offering Memorandum, and is subject to any change that may occur after that date even with retroactive or retrospective effect, though it is not intended to be, nor should it be construed to be, legal or tax advice, as it is included solely for preliminary information purposes. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

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

Taxation of the holders of the Notes

Tax residency

A holder of Notes may not become resident, or deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of the Notes, or the execution, performance, delivery and/or enforcement of his/her rights thereunder.

Withholding tax

Non-resident Holders of Notes

Under Luxembourg general tax law currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes. Nor is there any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes, *provided that* the interest on the Notes does not depend on the profit of the Company.

Resident Holders of Notes

Under Luxembourg general tax law currently in force and subject to the law of December 23, 2005, as amended (the "Relibi Law") and mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes, *provided that* the interest on the Notes does not depend on the profit of the Company.

However, under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 20%. 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 any Luxembourg paying agent within the meaning of the law.

In addition, pursuant to the Relibi Law, Luxembourg resident individuals can opt to self-declare and pay a 20% levy on payment of interest or similar incomes made or ascribed by paying agents located in a Member State of the

European Union other than Luxembourg, a Member State of the European Economic Area. The 20% levy is final when Luxembourg resident individuals are acting in the context of the management of their private wealth. The option to the 20% final levy must cover all interest payments made by the paying agents to the abovementioned foreign beneficial owner over the full civil year.

Income Taxation

Non-resident Holders of Notes

A non-resident holder of Notes, not having a permanent establishment or a permanent representative in Luxembourg to which or whom such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realized by such non-resident holder of Notes on the sale (*i.e*., the conversion of the Notes into shares) or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, who has a permanent establishment or a permanent representative in Luxembourg to which or whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any capital gains realized upon the sale or disposal, in any form whatsoever, of the Notes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Notes sold or redeemed.

Resident Holders of Notes

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

A corporate holder of Notes that is governed by the law of May 11, 2007 on family estate management companies, as amended, or by the law of December 17, 2010 on undertakings for collective investment, as amended, or by the law of February 13, 2007 on specialized investment funds, as amended, or by the law of July 23, 2016 on reserved alternative investment funds (provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of July 23, 2016 applies) is neither subject to Luxembourg income tax (i.e., corporate income tax and municipal business tax) in respect of interest accrued or received, any redemption premiums or issue discounts, nor on gains realized on the sale or disposal, in any form whatsoever, of the Notes.

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at the ordinary tax rates in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual holder of the Notes has opted for the application of a 20% levy in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State of the European Union (other than Luxembourg), or in a Member State of the European Economic Area (other than a Member State of the European Union).

A gain realized by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income or assimilated thereto (*e.g*., issue discount, redemption premium, *etc*.) is subject to Luxembourg income tax, insofar as the accrued but unpaid interest is indicated separately in the agreement; except if a final withholding tax or levy has been levied on such interest in accordance with the Relibi Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include any interest accrued or received, any redemption premiums or issue discounts, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes in his/her taxable basis for income tax purposes. If applicable, the tax levied in accordance with the Relibi Law will be credited against his/her final tax liability.

Net Wealth Taxation

A corporate holder of Notes, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which or whom such Notes are attributable, is subject to Luxembourg net wealth tax on such Notes, except if the holder of Notes is governed by (i) the law of May 11, 2007 on family estate management companies, as amended, or (ii) by the law of December 17, 2010 on undertakings for collective investment, as amended, or (iii) by the law of February 13, 2007 on specialized investment funds, as amended, or (iv) is a securitization company governed by the law of March 22, 2004 on securitization, as amended, or (v) is a capital company governed by the law of June 15, 2004 on venture capital vehicles, as amended, or (vi) is a reserved alternative investment fund governed by the law of July 23, 2016, subject to the minimum net wealth tax ("MNWT") applicable to Luxembourg securitization companies, venture capital vehicles, and reserved alternative investment funds (provided it is foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of July 23, 2016 applies).

As from January 1, 2016, a MNWT levied on companies having their statutory seat or central administration in Luxembourg. For entities for which the sum of fixed financial assets, transferable securities and cash at bank exceeds 90% of their total gross assets and EUR 350,000, the MNWT is currently set at EUR 4,815. For all other companies having their statutory seat or central administration in Luxembourg which do not fall within the scope of the EUR 4,815 MNWT, the MNWT ranges from EUR 535 to EUR 32,100, depending on the company's total gross assets.

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

Other Taxes

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

However, a registration duty may be due upon (i) the registration of the Notes on a voluntary basis or (ii) where the Notes are appended to a document that required mandatory registration.

Luxembourg courts or the official Luxembourg authority may require (when these are presented before them) that the Notes, the security interest agreements, the Indenture, the Guarantees and the transaction documents (and any document in connection therewith) and any judgment obtained in a foreign court be translated into French or German.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax (depending on the relationship between the donor and the done) may be due on a gift or donation of Notes if embodied in a Luxembourg deed passed in front of a Luxembourg notary or if registered in Luxembourg for any other reason.

Certain United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below), but does not purport to be a complete analysis of all potential tax effects. This summary deals only with initial purchasers of Notes at the "issue price" (the first price at which a substantial amount of Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering that are U.S. Holders that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes, or partners in such partnerships, should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Federal Income Tax Characterization of the Notes

U.S. Treasury regulations provide that, subject to certain exceptions, a debt instrument that provides for one or more contingent payments is a "contingent payment debt instrument" ("CPDI"). In certain circumstances, the Company may be obligated to make additional payments on the Notes in excess of the stated interest and principal amount (e.g., as described under "*Description of the Notes—Additional Amounts*", "*Description of the Notes—Optional Redemption*" and "*Description of the Notes—Change of Control*"). These payments could be viewed by the U.S. Internal Revenue Service (the "IRS") as causing the Notes to be treated as CPDIs. If the Notes were treated as CPDIs, U.S. Holders would be required to recognize income for U.S. federal income tax purposes at different times and in significantly different amounts than described below, to treat any income realized on the sale or retirement of a Note as ordinary income rather than capital gain, and to suffer additional adverse U.S. federal income tax consequences. To the extent the Company is required to take a position, the Company intends to take the position that the Notes are not CPDIs for U.S. federal income tax purposes. The Company's determination is binding on a U.S. Holder unless such holder expressly discloses that it is adopting a contrary position on its income tax return. No assurance, however, can be given that this characterization will be accepted by the IRS or a court. Prospective purchasers of the Notes should consult their tax advisers regarding the possible treatment of the Notes as CPDIs. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Payments of Interest

General. Stated interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder's method of accounting for U.S. federal income tax purposes. Interest paid by the Company on the Notes constitutes income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Euro Denominated Interest. The amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. A cash basis U.S. Holder generally will not realize foreign currency exchange gain or loss on the receipt of stated interest income but may recognize exchange gain or loss upon the actual disposal of the foreign currency.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in euro in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within each taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in euro, the accrual basis U.S. Holder may recognize U.S. source exchange gain or loss (taxable as U.S.-source ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Sale, Retirement or other Taxable Disposition of the Notes

A U.S. Holder generally will recognize gain or loss on the sale, retirement or other taxable disposition of a Note equal to the difference between the amount realized on the sale, retirement or other taxable disposition and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will be its U.S. dollar cost to the U.S. Holder. The amount realized does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. The amount realized on a sale, retirement or other taxable disposition of a Note for an amount in euro will generally be the U.S. dollar value of such amount on the date of sale or retirement, or, in the case of Notes sold by a cash basis U.S. Holder (or, if the Notes are treated as traded on an established securities market within the meaning of applicable U.S. Treasury regulations, an accrual basis U.S. Holder that so elects), the settlement date for the sale. If an accrual basis taxpayer makes the election described in the previous sentence, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

A U.S. Holder will recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale, retirement or other taxable disposition of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (i) on the date of sale, retirement or other disposition, and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realized only to the extent of total gain or loss realized on the sale or retirement. Except for changes in exchange rates, gain or loss recognized by a U.S. Holder on the sale retirement, or other disposition of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. Deductions for capital losses are subject to limitations.

Gain or loss realized by a U.S. Holder on the sale, retirement or other disposition of a Note generally will be U.S. source.

Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Notes.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

Payments of principal and interest, and the proceeds from a sale or other disposition of Notes by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain foreign financial assets.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (currently U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty currently in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases generally is imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND SECURITY INTERESTS

Set forth below is a summary of certain limitations on the enforceability of the Guarantees and the security interests in each of the jurisdictions in which Guarantees or security interests in the Collateral are being, or are expected to be, provided. It is a summary only, and proceedings of bankruptcy or insolvency or of a similar nature could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future Guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and the security interests in the Collateral.

Also set forth below is a brief description of certain aspects of insolvency law in the European Union, Guernsey, Italy and Luxembourg. In the event that any one or more of the Company or the Guarantors experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

European Union

The Company and most of the Guarantors and providers of security in respect of the Notes are organized under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) No. 1346/2000 on insolvency proceedings (the "EU Insolvency Regulation"), which applies within the European Union (other than Denmark), the courts of the Member State in which a company's "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its center of main interests is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Although there is a presumption under Article 3(1) of the EU Insolvency Regulation that a company has its center of main interests in the Member State in which it has its registered office in the absence of proof to the contrary, Preamble 13 of the EU Insolvency Regulation states that the center of main interests of a "debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third-parties". The courts have taken into consideration a number of factors in determining the center of main interests of a company, including in particular where board meetings are held, the location where the company conducts the majority of its business and/or has its head office and the location where the majority of the company's creditors are established. A company's center of main interests may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open main insolvency proceedings at the time of the filing of the insolvency petition.

The EU Insolvency Regulation applies to insolvency proceedings that are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation.

If the center of main interests of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State. An "establishment" is defined as a place of operations where the company carries on non-transitory economic activity with human means and goods. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings have been opened in the Member State in which the company has its center of main interests, any proceedings opened subsequently in another Member State in which the company has an establishment (secondary proceedings) are limited to "winding-up proceedings" listed in Annex B of the EU Insolvency Regulation. Where main proceedings in the Member State in which the company has its center of main interests have not yet been opened, territorial insolvency proceedings can be opened in another Member State where the company has an establishment only where either: (i) insolvency proceedings cannot be opened in the Member State in which the company's center of main interests is situated under that Member State's law; or (ii) the territorial insolvency proceedings are opened at the request of a creditor that is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from the operation of the establishment.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening main proceedings that will be given the same effect in the other Member States so long as no secondary proceedings have been opened there. The officeholder appointed by a court in a Member State that has jurisdiction to open main proceedings (because the company's center of main interests is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State), subject to certain limitations, so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

Starting from June 26, 2017, Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (the "New EU Insolvency Regulation") will replace the EU Insolvency Regulation. The EU Insolvency Regulation remains applicable to insolvency proceedings commenced before that date.

The New EU Insolvency Regulation includes, among others, specifications regarding the identification of the centre of main interests. Pursuant to Article 3(1) of the New EU Insolvency Regulation, the centre of main interests of a company or legal person is presumed to be located in the Member State of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another Member State within the three month period prior to the request for the commencement of insolvency proceedings. Specifically, it should be possible to rebut this presumption where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third-parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State. In this regard, special consideration should be given to creditors and their perception as to where a debtor conducts the administration of its interests. Another change under the New EU Insolvency Regulation focuses on the definition of "establishment" as a prerequisite to open "territorial proceedings" (secondary proceedings). From June 26, 2017 onwards, "establishment" will mean any place of operations where a debtor carries out or has carried out in the three month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets.

Guernsey

Commercial Benefit

Under Guernsey law, a Guarantee or the provision of security may be liable to be set aside if there is no commercial benefit to the Guarantor in issuing it. The directors of each Guarantor incorporated in Guernsey (each, a "Guernsey Guarantor") believe that the issuance of the Guarantees and the provision of security by a Guernsey Guarantor are of commercial benefit to, and in the best interests of, such Guarantor. However, there can be no assurance that the issuance of the Guarantees or the provision of security will not be challenged by a shareholder, liquidator, administrator or creditor, or that a court would support the directors' commercial benefit analysis. A Guernsey court may, in certain circumstances if the beneficiary of a guarantee or security interest is viewed as a constructive trustee, hold that a Guarantee or security interest be set aside as a breach by the directors of their fiduciary duty to act in the best interests of the company.

Customary Law

Under Guernsey customary law, if it can be shown that the granting of a Guarantee or the provision of security was made at the time the Guarantor was insolvent or that the Guarantor became insolvent as a result of the Guarantee or the provision of security, any person prejudiced by the Guarantee or the provision of security may apply to the Royal Court of Guernsey to set the Guarantee or the security aside as a transaction defrauding creditors. This provision of Guernsey customary law may, in certain circumstances, be used by any person who claims to be the victim of the transaction, not only liquidators. If a court were to find that the granting of the Guarantee or the provision of security constituted a transaction defrauding creditors, the court may make such orders as it thinks fit to protect the interests of those creditors and to restore the Guarantor's position to what it would have been if the transaction had not been entered into, including by voiding the Guarantee and/or the security. There is not yet decisive case law as to what, if any, time limit there is on such a challenge. Furthermore, if the Royal Court of Guernsey was asked to enforce a Guarantee or security against a Guernsey Guarantor, that Guernsey Guarantor might be able to claim certain rights under Guernsey law, known as the "*droit de division*" and the "*droit de discussion*", being respectively a right to require that any liability of the Guernsey Guarantor be divided or apportioned with another person or persons and a right to require that the assets of the principal obligor (or any other person) be exhausted before any claim is enforced against the Guernsey Guarantor unless the Guernsey Guarantor has agreed to waive such rights. It is intended that the Guernsey Guarantor will waive its rights under the *droit de division* and the *droit de discussion* under the Indenture.

Fraudulent and Wrongful Trading

Under the Companies (Guernsey) Law, 2008, as amended (the "Guernsey Companies Law"), if the business of a company is carried on with intent to defraud creditors (whether of the company or of any other person) or for any fraudulent purpose, every person who is knowingly a party to the carrying on of the business in that manner is guilty of an offense. Civil liability can also arise where in the course of the winding up of a company it appears that the business of the company had been carried on with intent to defraud creditors (whether of the company or of any other person) or for any fraudulent purpose. In that instance the Royal Court of Guernsey on application of a creditor, member, liquidator or administrator may declare that any person who was knowingly a party to the carrying on of the business in such manner is liable to make a contribution to the company's assets as the Royal Court of Guernsey thinks proper.

If in the course of an insolvent winding up of a Guernsey company it appears that at some time before the commencement of the winding up a director (including an alternate, *de facto* or shadow director) knew or ought to have concluded that there was no reasonable prospect of the company avoiding going into insolvent liquidation, the Royal Court of Guernsey on the application of the liquidator or any creditor or member of the company can declare that such director shall be liable to make such contribution to the company's assets as the Royal Court of Guernsey thinks proper, unless upon the insolvent winding up becoming inevitable such director took every step to minimize potential loss to the company's creditors, which that director ought reasonably to have taken, taking into account the skills expected of a person carrying on such functions carried out by that director and the actual knowledge, skill and experience of that director.

Preferences

In Guernsey, if a liquidator can show that a company has given a "preference" to any person after the commencement of a period of six months immediately preceding the start of the winding up proceedings (or two years if the preference is to a connected person) and at the time of giving the preference such company was unable to pay its debts or became as a result of giving the preference unable to pay its debts, the Royal Court of Guernsey may make such order as it thinks fit for restoring the position to what it would have been if the company had not given the preference. A company is deemed to have given a preference to a person if that person is either one of the company's creditors or a surety or guarantor for any of the company's debts or other liabilities, and the company does anything or permits anything to be done which improves that person's position in the company's liquidation. The Royal Court of Guernsey may not make an order regarding a preferential transaction unless it is satisfied that the company was influenced in deciding to give the preference by a desire to put that person in a better position in the company's liquidation, save where the person given a preference is connected with the company where such desire is presumed unless the contrary is shown. If the Royal Court of Guernsey finds that the Guarantees are preferences, it has wide powers for restoring the position of the Guarantor to what it would have been if that preference had not been given, which could include reducing payments under the Guarantees or setting aside the Guarantees and any security provided. However, there is protection for a third-party who enters into a preferential transaction in good faith, for value and without notice.

Choice of Law

Under Guernsey law, parties may choose the laws of a foreign jurisdiction as the governing law of a Guarantee so long as that choice is legal and *bona fide*. Under the Indenture, the Company and the Guernsey Guarantor have submitted to the jurisdiction of the courts of New York. A judgment of a New York court should be enforceable in Guernsey in accordance with the common law rules of private international law relating to the enforcement of foreign judgments, subject to certain qualifications more specifically set out in the Section "*Service of Process and Enforcement of Civil Liabilities*".

Insolvency Proceedings

Under the Guernsey Companies Law there are two substantive types of insolvency proceedings relating to non-cellular companies, namely administration and winding up proceedings although there are also the customary law insolvency procedures of *désastre* and *saisie*. *Désastre* involves execution against a debtor's movable assets in Guernsey and is most often employed against individuals, but could potentially be applied to companies. *Saisie* involves execution against a debtor's real property situated in Guernsey.

Administration

An administration order may be made in respect of a Guernsey company if the Royal Court of Guernsey is satisfied that a company does not satisfy or is likely to become unable to satisfy the "solvency test" prescribed by the Guernsey Companies Law and considers that the making of an administration order may achieve either:

- the survival of the company, and the whole or any part of its undertaking, as a going concern; or
- a more advantageous realization of the company's assets than would be effected on a winding up.

An administration order may be applied for by a company itself, the directors of the company, any member of the company, any creditor of the company (including any prospective or contingent creditor), the Guernsey Financial Services Commission in respect of supervised companies and companies engaged in financial services business or, in the case of a company in respect of which the Royal Court of Guernsey has made an order for winding up or which has passed a resolution for voluntary winding up, a liquidator.

In the period between the presentation of the application for an administration order and ending with the making of an order or the dismissal of the application:

- no resolution may be passed or order made for the company's winding up; and
- no proceedings may be commenced or continued against the company except with the leave of the Royal Court of Guernsey and subject to such terms and conditions as the Royal Court of Guernsey may impose.

However, a creditor's rights of set-off and security interests created pursuant to the Security Interests (Guernsey) Law, 1993, as amended, and rights of enforcement thereof are unaffected and may be exercised without the leave of the Royal Court of Guernsey. In addition, the leave of the Royal Court of Guernsey is not required for the presentation of an application for the company's winding up in that period.

Following the making of an administration order and during the period for which the administration order is in force, the affairs, business and property of a company are managed by an administrator appointed by the Royal Court of Guernsey, and no resolution may be passed or order made for the company's winding up and no proceedings may be commenced or continued against the company except with the consent of the administrator or the leave of the Royal Court of Guernsey and subject to such terms and conditions as the Royal Court of Guernsey may impose. However, a creditor's rights of setoff and security interests created pursuant to the Security Interests (Guernsey) Law, 1993, as amended, and rights of enforcement thereof are unaffected.

Winding Up

A Guernsey company may be wound up voluntarily if:

- the period (if any) fixed by its memorandum or articles of incorporation for the duration of the company expires, *provided* that the company passes an ordinary resolution that it be wound up voluntarily; or
- an event (if any) occurs on the occurrence of which the memorandum or articles of incorporation of the company provide that the company must be dissolved, provided that the company passes an ordinary resolution that it be wound up voluntarily; or
- if the company passes a special resolution that it be wound up voluntarily.

From the commencement of a voluntary winding up (which occurs upon the passing of the resolution for voluntary winding up), the company must cease to carry on business, except insofar as may be expedient for the beneficial winding up of the company. The company, however, continues in existence until dissolution.

Arrangements can be entered into between a Guernsey company which is being voluntarily wound up and its creditors to delegate to its creditors the right to appoint a liquidator. Any arrangement entered into between a company and its creditors, subject to a right of appeal, is binding if sanctioned by a special resolution of the company and by 75% in number and value of its creditors. However, a creditor or shareholder of a company that has entered into such an arrangement may, within 21 days beginning on the date of the completion of the arrangement, apply to the Royal Court of Guernsey for an order that the arrangement be set aside. The Court may make such order as it thinks fit for the setting aside, amendment, variation or confirmation of the arrangement.

A company may be compulsorily wound up by the Royal Court of Guernsey if the company, inter alia: has by special resolution resolved that it be wound up by the Royal Court of Guernsey; has not commenced business within one year beginning on the date of its incorporation; suspends business for a whole year; has no members; or is unable to pay its debts. For this purpose, a company is deemed to be unable to pay its debts if a creditor to whom the company owes a sum exceeding £750, which is due, serves on the company through the office of H.M. Sergeant at the company's registered office a written demand for payment (commonly called a "statutory demand"), and the company, for a period of 21 days immediately following the date of service of the statutory demand, fails to pay the sum or to secure payment to the reasonable satisfaction of the creditor; or if it is proved to the satisfaction of the Royal Court of Guernsey that the company fails to satisfy the "solvency test" as prescribed by the Guernsey Companies Law.

On the making of an application for the compulsory winding up of a company or at any time thereafter, any creditor of the company may apply to the Royal Court of Guernsey for an order restraining, on such terms and conditions as the Royal Court of Guernsey thinks fit, any action or proceeding pending against the company; or appointing a provisional liquidator to ascertain the company's assets and liabilities, manage its affairs and do all acts authorized by the Royal Court of Guernsey.

Italy

General

The procedures for the enforcement of Italian law security and the timing for obtaining judicial decisions (including in relation to security enforcement) in the Republic of Italy are materially complex and time-consuming, especially given that the Italian courts maintain a significant role in the enforcement process, in comparison to other jurisdictions with which investors may be familiar.

Trust and Parallel Debt

Under Italian law the beneficiary of a security interest must be clearly identified in the relevant security document. Due to the impossibility to clearly identify and keep track over time of the names of the individual holder of the Notes, the Italian security will be created in favor of the Trustee as representative of the holders of the Notes. It is uncertain and untested in the Italian courts whether, under Italian law, security can be created and perfected in favor of creditors which are neither directly parties to the relevant security documents nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries. Under Italian law, for bonds issued by companies organized under Italian law this issue is usually addressed by creating the securities in favor of a representative (*rappresentante*) appointed by the noteholders in accordance with Section 2414-bis paragraph 3 of the Italian Civil Code, which expressly authorizes such representative to exercise all rights and obligations (including creation of securities and enforcement rights) on behalf of the noteholders.

However, in case of issuers that are not organized under Italian law, Section 2414-bis of the Italian Civil Code may not apply and thus there is a risk that the appointment of the Trustee as representative (*rappresentante*) is not upheld by an Italian Court. Given the above and considering that the holders of the Notes are not party to the Italian law governed security documents, there is a risk that an Italian court may determine that the holders of the Notes (in relation to which the relevant perfection formalities acknowledging their status as a secured creditor are not perfected at the time of enforcement) are not secured by the security interests created under the Italian law governed security documents and/or cannot enforce that security interest.

Moreover, due to the impossibility to clearly identify and keep track over time of the names of each individual holder of the Notes, Italian law governed security documents are created in favor of the Trustee, on behalf of the holders of the Notes. It is uncertain and untested in the Italian Courts whether, under Italian law, a security can be created and perfected (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of U.S. Bank Trustees Limited as the Trustee of the Notes under the Indenture since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of the Trustee as agent or trustee for holders of the Notes under security interests on Italian assets is debatable under Italian law.

Given the above, there is a risk that an Italian court may determine that the holders of the Notes at the time of the enforcement are not secured by the security under the security documents governed by Italian law and/or cannot enforce that security.

Luxembourg

The following is a brief description of certain aspects of insolvency law in Luxembourg.

Insolvency Proceedings

Pursuant to Luxembourg insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under U.S. bankruptcy laws. Under Luxembourg law, the following types of proceedings (together referred to as insolvency proceedings) may be initiated against a company incorporated in Luxembourg having its center of main interests or an establishment (both such terms within the meaning of the EU Insolvency Regulation) in Luxembourg (in the latter case assuming that the center of main interests is located in a jurisdiction where the EU Insolvency Regulation is applicable) or its central administration (*administration centrale*) is in the Grand Duchy of Luxembourg (within the meaning of the Luxembourg Companies Law):

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the company, by any of its creditors or by the courts *ex officio*. Following such a request, the Luxembourg courts having jurisdiction may open bankruptcy proceedings if a Luxembourg company: (i) is in a state of cessation of payments (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*). The main effect of such proceedings is the sale of the assets and allocation of the proceeds of such sale between creditors taking into account their rank of privilege, as well as the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for enforcement by secured creditors and the payment of the secured creditors in accordance with their rank upon realization of the assets. However, secured creditors who are holding security interests falling within the scope of the Financial Collateral Act 2005 may enforce their security regardless of the bankruptcy adjudication In addition, the managers or directors of a Luxembourg company that ceases its payments (i.e., is unable to pay its debts as they fall due with normal means of payment) must within a month of them having become aware of the company's cessation of payments, file a petition for bankruptcy (*faillite*) with the court clerk of the district court of the company's registered office. If the managers or directors fail to comply with such provision they may be held (i) liable towards the company or any third-parties on the basis of principles of managers'/directors' liability for any loss suffered and (ii) criminally liable for simple bankruptcy (*banqueroute simple*) in accordance with article 574 of the Luxembourg commercial code.

- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors and under which a Luxembourg court may order the provisional stay of enforcement of claims except for certain categories of secured creditors. Security interests falling within the scope of the Financial Collateral Act 2005 will, however, be enforceable notwithstanding the controlled management proceedings; or

- composition proceedings (*concordat préventif de la faillite*), the opening of which may only be requested by the company (subject to obtaining the prior consent of the majority of its creditors, representing at least three quarters of its debts) and not by its creditors. The Luxembourg court's decision to admit a company to composition proceedings triggers a provisional stay on enforcement of claims by creditors except for certain secured creditors. Security interests falling within the scope of the Financial Collateral Act 2005 will, however be enforceable notwithstanding the composition proceedings.

- In addition to these proceedings, your ability to receive payment on the Notes may be affected by a decision of a Luxembourg court to grant a stay on payments (*sursis de paiement*) or to put a Luxembourg company into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the Luxembourg commercial code or the laws governing commercial companies. The management of such liquidation proceedings will generally follow similar rules as those applicable to Luxembourg bankruptcy proceedings.

The liability of the Company in respect of the Notes and the liability of any Luxembourg Guarantor under its guarantee of the Notes will, in the event of a liquidation of such companies following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and any claims that are preferred under Luxembourg law. Preferential claims under Luxembourg law include, among others:

- remuneration owed to employees (last six months' wages amounting to a maximum of six times the minimum social salary);

- employees' contributions to social security;

- certain amounts owed to the Luxembourg Revenue;

- employer's contribution to social security;

- landlord, for certain unpaid sums due to them; and

- value-added tax and other taxes and duties owed to Luxembourg Customs and Excise.

Assets (such as shares, financial instruments, debt instruments, accounts or receivables) over which a security interest has been granted and perfected will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realized), and subject to application of the relevant priority rule and liens and privileges arising mandatorily by law.

Favorable rules apply in relation to security interests of claims or financial instruments securing monetary claims (or claims for the delivery of financial instruments) pursuant to the Financial Collateral Act 2005. Article 20 of the Financial Collateral Act 2005 provides that Luxembourg law financial collateral arrangements (pledges, security assignments and repo agreements) over claims and financial instruments falling within the scope of the Financial Collateral Act 2005, as well as valuation and enforcement measures agreed upon by the parties are valid and enforceable even if entered into during the pre-bankruptcy preference period (*période suspecte*) against third-parties, commissioners, receivers, liquidators and other similar persons notwithstanding the insolvency proceedings (save in the case of fraud).

Article 24 of the Financial Collateral Act 2005 provides that foreign law security interests over claims or financial instruments granted by a Luxembourg pledgor will be valid and enforceable as a matter of Luxembourg law notwithstanding any Luxembourg insolvency proceedings, if such foreign law security interests are similar in nature to a Luxembourg security interest falling within the scope of the Financial Collateral Act 2005. If article 24 applies, Luxembourg preference period rules are disapplied (save in the case of fraud).

Article 21(2) of the Financial Collateral Act 2005 provides that where a financial collateral arrangement has been entered into after the opening of liquidation proceedings or the coming into force of reorganization measures or the entry into force of such measures, such arrangement is enforceable against third-parties, administrators, insolvency receivers, liquidators and other similar persons if the collateral taker proves that it was unaware of the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of such proceedings, measures or arrangements. Following a judgment of the European Court of Justice dated November 10, 2016 in Case C 156/15, any assets becoming part of the estate after the commencement of the insolvency proceedings may not be considered as being subject to the financial collateral security interests falling within the scope, and benefiting from the regime established by, the Financial Collateral Act 2005.

During such insolvency proceedings, all enforcement measures by unsecured creditors are suspended, subject to the exceptions under the Financial Collateral Act 2005. Other than as described above the ability of certain secured creditors to enforce their security interest may also be limited, in particular in the event of controlled management proceedings expressly providing that the rights of secured creditors are frozen until a final decision has been taken by a Luxembourg court as to the petition for controlled management, and may be affected thereafter by a reorganization order given by the court. A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the relevant Luxembourg company's liabilities in order to take effect.

Furthermore, you should note that declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings. However, during such controlled management proceedings a notice of default may still be served.

Luxembourg insolvency laws may also affect transactions entered into or payments made by a company during the period before bankruptcy, the so-called "suspect period" (*période suspecte*), which is a maximum of six months, as from the date on which the Commercial Court formally adjudicates a person bankrupt, and, as for specific payments and transactions, during an additional period of ten days before the commencement of such period preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date, if the bankruptcy judgment was preceded by another insolvency proceedings (e.g., a suspension of payments or controlled management proceedings) under Luxembourg law. In particular:

- pursuant to article 445 of the Luxembourg Code of Commerce (*Code de commerce*), specified transactions (such as, in particular, the granting of a security interest for antecedent debts save in respect of financial collateral arrangements within the meaning of the Financial Collateral Act 2005; payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets without consideration or with substantially inadequate consideration) entered into during the Luxembourg preference period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;

- pursuant to article 446 of the Luxembourg Code of Commerce, payments made for matured debts as well as other transactions (save financial collateral arrangements within the meaning of the Financial Collateral Act 2005) concluded for consideration during the preference period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt party's cessation of payments; and

- pursuant to article 448 of the Luxembourg Code of Commerce and article 1167 of the Civil Code (*action paulienne*), the insolvency receiver (acting on behalf of the creditors) has the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in the automatic termination of contracts except for *intuiti personae* agreements (such as employment agreements and powers of attorney). The contracts, therefore, subsist after the bankruptcy order. However, the bankruptcy receiver may choose to terminate certain contracts so as to avoid worsening the financial situation of the company. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate. Insolvency proceedings may hence have a material adverse effect on the Notes Company's and each Luxembourg guarantor's business and assets and the Company's and each Luxembourg guarantor's obligations under the Notes and guarantees of the Notes.

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to the EU Insolvency Regulation. In particular, rights *in rem* over assets located in another jurisdiction where the EU Insolvency Regulation applies will not be affected by the opening of insolvency proceedings, without prejudice however to the applicability of rules relating to the voidness, voidability or unenforceability of legal acts detrimental to all the creditors (subject to the application of article 24 of the Financial Collateral Act 2005 as described above and article 13 of the EU Insolvency Regulation).

Limitation on Validity and Enforceability of the Guarantees and Security Interests

Under Luxembourg law, contracts are in principle formed by the mere agreement (*consentement*) between parties thereto. The granting of any financial collateral governed by the Financial Collateral Act 2005 must be capable of being evidenced in writing. However, additional steps may be required to enforce security interests against third parties.

According to Luxembourg conflict of law rules, Luxembourg courts will generally apply, in relation to the creation, perfection and enforcement of security interests over the assets subject to such security interests, the law of the place where such assets subject are situated. As a consequence, Luxembourg law will apply in relation to the creation, perfection and enforcement of security interests over assets located or deemed to be located in Luxembourg, such as registered shares in Luxembourg companies, cash bank accounts held with a Luxembourg bank, receivables/claims having debtors located in Luxembourg and/or governed by Luxembourg law, securities which are held through an account located (or deemed to be located) in Luxembourg and bearer securities physically held in Luxembourg.

If certain assets are located or deemed to be located in Luxembourg, the security interests over such assets will be governed by Luxembourg law and must be created, perfected and enforced in accordance with Luxembourg law. The creation, validity and enforcement of security interests such as pledges and transfer of ownership as security, granted on financial instruments and claims (in order to secure cash settlement and/or delivery of financial instruments) are notably governed by the Financial Collateral Act 2005. Pursuant to the Financial Collateral Act 2005, a pledge (*gage*) is effected by a transfer of possession of the pledged assets to the pledgee or to a third-party acting as depositary for the pledgee and the pledgee's preference rights over the pledged assets only remain in existence as long as the pledgee or the depositary remains in possession of such assets.

A physical transfer of possession not being possible for intangibles such as monetary claims, the Financial Collateral Act 2005 provides for a fictitious transfer of possession (i.e., perfection) which is effected by mechanisms which depend on the nature of the intangibles involved. In case of registered shares and other registered instruments, the dispossession is validly realized by notifying the pledge to the issuer of such shares/instruments or by an acceptance of the pledge by the issuer of such shares/instruments who in turn will proceed to an entry of the pledge in the share register/the register of the relevant instruments (as applicable) held by the issuer of such shares/instruments.

For the purposes of its creation, validity and perfection, a pledge granted over cash bank account(s) held in Luxembourg with a Luxembourg bank must be notified to and accepted by the relevant account bank (who generally has a first-ranking security right over the accounts and the balances thereof, and hence a pledge over such cash bank accounts is validly created and the dispossession is validly realized by notifying the pledge to the first-ranking security beneficiary/the holder of the pledged accounts (i.e., the account-holding bank) and by the acceptance of the pledge by such security beneficiary/holder of the pledged accounts). In addition, in order for such pledge to be first-ranking, the account bank has to waive any pre-existing security interests and other rights (including its first-ranking security rights) in respect of the relevant cash account. If any future cash bank accounts are also pledged, both the creation and the perfection of the pledge over such future accounts will require additional notification to, acceptance and waiver by the account bank. Until such notifications and acceptances occur, the pledge is not validly created, nor is it perfected against the account bank and other third-parties.

In case of intragroup receivables/claims, dispossession (and perfection of the pledge) is (as a matter of Luxembourg law) effected as against the debtor of the pledged claims and any third-parties by the entry into and the execution (by all parties thereto) of the relevant pledge agreement. In addition, if the relevant debtor is a non-Luxembourg entity, the perfection requirements necessary to be completed under or pursuant to the relevant governing law of such debtor will also need to be accomplished in order for the pledge to be perfected. Nonetheless, the debtor of a pledged claim may validly discharge its obligation by performance rendered to the pledgor as long as it has no knowledge of the pledge (such knowledge to be acquired or deemed acquired, if the debtor has been notified of, or has accepted, the granting and creation of the pledge over the pledged claims).

The above perfection steps and actions need to be undertaken by the grantor of the security interest and/or the Security Agent. If the relevant pledgor or the Security Agent fail or are unable to take the necessary steps/actions required to take or perfect any of the above-mentioned security interests, such security interests will not have been created and/or perfected with respect to the claims arising under the Notes. Absent perfection, the Security Agent may have difficulty enforcing its rights in the Collateral with regard to third-parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. Finally, since the ranking of pledges would be determined by the date on which they became enforceable against third-parties, a security interest created on a later date over the same Collateral, but which comes into force as against third-parties earlier (by way of accomplishment of the relevant perfection requirements) would have priority. For the avoidance of doubt, the Security Agent will have no responsibility or obligation to ensure, or monitor, the perfection of the security interests.

The appointment of a foreign security agent will be recognized under Luxembourg law, (i) to the extent that the designation is valid under the law governing such appointment and (ii) subject to possible restrictions depending on the type of the security interests. Generally, according to paragraph 2(4) of the Financial Collateral Act 2005, a security (financial collateral) may be provided in favour of a person acting on behalf of the collateral taker, a fiduciary or a trustee in order to secure the claims of third-party beneficiaries, whether present or future, provided that these third-party beneficiaries are determined or may be determined. Without prejudice to their obligations vis-à-vis third-party beneficiaries of the security, persons acting on behalf of beneficiaries of the security, the fiduciary or the trustee benefit from the same rights as those of the direct beneficiaries of the security aimed at by such law.

Article 11 of the Financial Collateral Act 2005 sets out the following enforcement methods, available upon the occurrence of the relevant enforcement event in respect of a pledge governed by the provisions of the Financial Collateral Act 2005:

- appropriation by the pledgee or appropriation by a third-party of the pledged assets at (i) a value determined in accordance with a valuation method agreed upon by the parties or (ii) the listing price of the pledged assets (if the pledged assets are listed on an official Luxembourg or foreign stock market or traded on a recognized regulated market open to the public);

- selling or causing the sale of the pledged assets (i) in a private transaction at commercially reasonable terms (*conditions commerciales normales*), (ii) by a public sale at the stock exchange, or (iii) by way of a public auction;

- court allocation of the pledged assets to the pledgee in discharge of the secured obligations following a valuation made by a court-appointed expert; or

- set-off between the secured obligations and the pledged assets.

As the Financial Collateral Act 2005 does not provide any specific time periods and depending on (i) the method chosen, (ii) the valuation of the pledged assets, (iii) any possible recourses, and (iv) the possible need to involve third-parties, such as, e.g., courts, stock exchanges and appraisers, the enforcement of the security interests might be delayed.

Foreign law governed security interests and the powers of any receivers/administrators may not be enforceable in respect of assets located or deemed to be located in Luxembourg. Luxembourg law governed security interests may not be enforceable in respect of assets located or deemed to be located outside of Luxembourg.

Security interests/arrangements, which are not expressly recognized under Luxembourg law and the powers of any receivers/administrators may not be recognized or enforced by the Luxembourg courts, in particular where the Luxembourg security grantor becomes subject to Luxembourg insolvency proceedings or where the Luxembourg courts otherwise have jurisdiction because of the actual or deemed location of the relevant rights or assets, except if "main insolvency proceedings" (as defined in the EU Insolvency Regulation) are opened under Luxembourg law and such security interests/arrangements constitute rights in rem over assets located in another Member State in which the EU Insolvency Regulation applies, and in accordance of article 5 of the EU Insolvency Regulation.

The perfection of the security interests created pursuant to the pledge agreements does not prevent any third-party creditor from seeking attachment or execution against the assets, which are subject to the security interests created under the pledge agreements, to satisfy their unpaid claims against the pledgor. Such creditor may seek the forced sale of the assets of the pledgors through court proceedings, although the beneficiaries of the pledges will in principle remain entitled in priority to the proceeds of such sale (subject to preferred rights by operation of law).

Under Luxembourg law, certain creditors of an insolvent party have rights to preferred payments arising by operation of law, some of which may, under certain circumstances, supersede the rights to payment of secured or unsecured creditors, and most of which are undisclosed preferences (*privilèges occultes*). This includes in particular the rights relating to fees and costs of the insolvency official as well as any legal costs, the rights of employees to certain amounts of salary, and the rights of the Treasury and certain assimilated parties (namely social security bodies), which preferences may extend to all or part of the assets of the insolvent party. This general privilege takes in principle precedence over the privilege of a pledgee in respect of pledged assets.

When a Luxembourg company grants guarantees and/or security interests, applicable corporate procedures normally entail that the decision be approved by a board resolution or by the decision of delegates that have been appointed for such purpose. In addition, the granting of the envisaged guarantees and/or security interests must comply with the Luxembourg company's corporate object.

The proposed action by the company must be "in the corporate interest of the company," which is a translation of the French "*intérêt social*", an equivalent term to the English legal concept of corporate benefit. The concept of "corporate interest" is not defined by law, but has been developed by doctrine and court precedents and may be described as being "the limit of acceptable corporate behavior". Whereas the previous discussions regarding the limits of corporate power are based on objective criteria (provisions of law and of the articles of incorporation), the concept of corporate benefit requires a subjective judgment. In a group context, the interest of the companies of the group taken individually is not entirely eliminated.

With respect to guarantors and/or security grantors incorporated in Luxembourg, even if the Luxembourg Companies Law, does not provide for rules governing the ability of a Luxembourg company to guarantee and/or secure the indebtedness of another entity of the same group, it is generally held that within a group of companies, in the context of a group of related companies, the existence of a group interest in granting upstream or cross-stream assistance under any form (including under the form of guarantee or security) to other group companies could constitute sufficient corporate benefit to enable a Luxembourg company to grant such guarantee or security, *provided that* the following conditions are met (and subject in any event to all the factual circumstances of the matter): (i) such guarantee or security must be given for the purpose of promoting a common economic, social and financial interest determined in accordance with policies applicable to the entire group, (ii) the commitment to grant such guarantee or security must not be without consideration and such commitment must not be manifestly disproportionate in view of the obligations entered into by other group companies, and (iii) such guarantee or security granted or any other financial commitments must not exceed the financial capabilities of the committing company.

Although the existence of a corporate interest in the granting of a guarantee or a security interest on a group level is certainly important, the mere existence of such a group interest does not compensate for a lack of corporate interest for one or more of the companies of the group taken individually. The concept of corporate benefit is of particular importance in the context of misuse of corporate assets provided by Article 171-1 of the Luxembourg Companies Law.

The failure to comply with the corporate benefit requirement will typically result in liability (personal and/or criminal) for the directors or managers of the guarantor concerned. The guarantees or security interests granted by a Luxembourg company could themselves be held void or unenforceable if their granting is contrary to Luxembourg public policy (*ordre public*). It should be stressed that, as is the case with all criminal offenses addressed by the Luxembourg Company Law, a director or a manager of a company will in general be prosecuted for misuse of corporate assets only if someone has lodged a complaint with the public prosecutor. This person may be an interested third-party, e.g., a creditor, a minority shareholder, a liquidator or an insolvency receiver. In addition, it cannot be excluded that the public prosecutor could act on its own initiative if the existence of such a misuse of corporate assets became known to him. If there is a misuse of corporate assets criminally sanctioned by court, then this could, under general principles of law, have the effect that contracts concluded in breach of Article 171-1 of the Luxembourg Companies Law will be held null and void. The criteria mentioned above have to be applied on a case-by-case basis, and a subjective, fact-based judgment is required to be made, by the directors or managers of the Luxembourg company.

As a result of the above developments, the guarantees or security interests granted by a Luxembourg company will be subject to certain limitations, which will take the form of general limitation language (limiting the aggregate obligations and exposure of such Luxembourg company for the obligations of any entities which are not its direct or indirect subsidiaries to a certain percentage of, *inter alia*, its net assets (*capitaux propres*), which is inserted in the relevant finance document(s), indentures, intercreditor arrangements, security agreements or guarantee agreements and which covers the aggregate obligations and exposure of the relevant Luxembourg company under all finance documents, indentures or guarantee agreements, including the Indenture and the Revolving Credit Facility Agreement.

Translation of Documents

The Luxembourg courts or the official Luxembourg authority may require that the Notes, the Security Documents, the Indenture (and any other document in connection therewith) and any judgment obtained in a foreign court be translated into French or German.

Luxembourg Corporate Law

Holders of the Notes may have more difficulty protecting their interests than would security holders of a corporation incorporated in a jurisdiction of the United States. As a Luxembourg company, the Company is incorporated under and subject to the Luxembourg Companies Law and other provisions of Luxembourg law. The Luxembourg Companies Law differs in some material respects from laws generally applicable to U.S. corporations and security holders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, security holder lawsuits and indemnification of directors or managers.

Under Luxembourg law, the duties of directors or managers of a company are generally owed to the company only. Creditors of Luxembourg companies generally do not have rights to take action against directors of the company, except in limited circumstances. Directors or managers of a Luxembourg company must, in exercising their powers and performing their duties, act in good faith and in the interests of the company as a whole and must exercise due care, skill and diligence. Directors or managers have a duty not to put themselves in a position in which their duties to the company and their personal interests may conflict and also are under a duty to disclose any direct or indirect, personal financial interest in any contract or arrangement with the company or any of its subsidiaries. If a director of a Luxembourg company is found to have breached his or her duties to that company, he or she may be held personally liable to the company in respect of that breach of duty. A director or manager may be jointly and severally liable with other directors implicated in the same breach of duty.

PLAN OF DISTRIBUTION

The Company has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Company, the entire principal amount of the Notes. The sale will be made pursuant to a Purchase Agreement between the Company, AnaCap Financial Europe Holdings SCSp SICAV-RAIF, the Guarantors and the Initial Purchasers (the "Purchase Agreement").

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Company, are several and not joint. The Purchase Agreement provides that the Initial Purchasers will purchase all the Notes if they purchase any of them.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this Offering Memorandum. The Initial Purchasers may change the price at which the Notes are offered and any other selling terms at any time without notice. The Initial Purchasers may offer and sell Notes through certain of their affiliates, including in respect of sales into the United States. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and its counsel. The Purchase Agreement also provides that, if an Initial Purchaser defaults, the purchase commitments of the non-defaulting Initial Purchaser may be increased or, in some cases, the offering may be terminated.

The Purchase Agreement provides that the Company will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. The Company has agreed, subject to certain limited exceptions, that during the period from the date the Purchase Agreement is executed through and including the date that is 90 days after the date the Purchase Agreement is executed, to not, and to cause its subsidiaries to not, without having received the prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by the Company or any of its subsidiaries.

Except with the express written consent of AnaCap Group Holdings Limited (a "U.S. Risk Retention Consent") and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Company may not be purchased by any person except for persons that are not "U.S. persons" as defined in the U.S. Risk Retention Rules.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A, each of which purchasers or accounts is a Qualified Purchaser within the meaning of Section 3(c)(7) of the Investment Company Act and to certain persons in offshore transactions and outside the United States in reliance on Regulation S. Until 40 days after the later of (i) the commencement of this offering of the Notes and (ii) the Issue Date, an offer or sale of the Notes initially sold in reliance on Regulation S within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Transfer Restrictions*".

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Notes in circumstances in which section 21(1) of the FSMA does not apply to the Company or any Guarantor; and

- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States, Luxembourg and the United Kingdom, by the Company or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Company or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes. See "*Transfer Restrictions*".

The Company and the Guarantors have also agreed that none of them will at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. The Company has applied, through its listing agent, to list the Notes on the Official List of the Luxembourg Stock Exchange and admit the Notes to trading on the Euro MTF market thereof. The Company cannot assure you, however, that such listing will be obtained, or if obtained, maintained.

The Initial Purchasers have advised the Company that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act.

Accordingly, the Company cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price that will be favorable to you.

In connection with the offering of the Notes, Morgan Stanley & Co. International plc, one of its affiliates or persons acting on its behalf (the "Stabilizing Manager") may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager may bid for and purchase the Notes in the open markets for the purpose of pegging, fixing or maintaining the price of such Notes. The Stabilizing Manager may also over-allot the offering of the Notes creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the applicable syndicate short position. In addition, the Stabilizing Manager may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and the Stabilizing Manager may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Relating to the Company's Indebtedness, Including the Notes and the Guarantees—An active trading market may not develop for the Notes*".

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the offering of the Notes is made and, if commenced, may be discontinued at any time at the sole discretion of the Initial Purchasers. If these activities are commenced, they must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise.

In addition, the Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking and lending services to the Company and its affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. Furthermore, the Initial Purchasers and/or their affiliates are original lenders under the Revolving Credit Facility Agreement, and The Royal Bank of Scotland plc is the agent under the Revolving Credit Facility Agreement. Certain of the Initial Purchasers and/or their affiliates have also provided investment banking, financial advisory and commercial banking and lending services to the Company and/or its affiliates. In connection therewith, such entities have received customary fees and commissions. The Initial Purchasers and/or their affiliates may also receive allocations of the Notes and the Initial Purchasers are receiving certain fees and other payments in connection with the offering of the Notes in relation to their roles as Initial Purchasers.

In the ordinary course of its business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and instruments of the Company's or its affiliates. If the Initial Purchasers or their respective affiliates have a lending relationship with the Company or its affiliates, they may routinely hedge their credit exposure to the Company or its affiliates in a manner consistent with their customary risk management policies. Typically, the Initial Purchasers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in its securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their respective affiliates may also make investment recommendations and publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and short positions in such securities and instruments.

The Company expects that the delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this Offering Memorandum, which will be six business days (as such term is used for purposes of Rule 15(c)6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (such settlement cycle being referred to as “T+6”). Under Rule 15(c)6-1 under the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding two business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to make such trades should consult their own advisers.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act, or securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any other jurisdiction. In addition, the Company has not been registered under the Investment Company Act and the Company is excluded from the requirement to register under the Investment Company Act by virtue of Section 3(c)(7) thereunder. Section 3(c)(7) excepts from the provisions of the Investment Company Act those non-U.S. issuers who privately place their securities solely (x) in the United States to persons who at the time of purchase are "Qualified Institutional Buyers" who are "Qualified Purchasers" and (y) outside the United States, in offshore transactions in accordance with Regulation S. In general terms, "Qualified Purchaser" is defined to mean. among other things, any natural person who owns not less than U.S. $5,000,000 in investments; any person who in the aggregate owns and invests on a discretionary basis, not less than U.S. $25,000,000 in investments; and trusts as to which both the settlor and the decision-making trustee are Qualified Purchasers (but only if such trust was not formed for the specific purpose of making such investment). Accordingly, the Notes and Guarantees offered hereby are being offered and sold only (i) in accordance with Rule 144A under the U.S. Securities Act to QIBs who are Qualified Purchasers as defined in Section 2(a)(51) of the Investment Company Act and (ii) outside the United States in offshore transactions in reliance on Regulation S.

Investor Representations

Prior to any Notes which are offered and sold by the Company being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first disclose to the Initial Purchasers that it is a Risk Retention U.S. Person and obtain the written consent of AnaCap Group Holdings Limited in the form of a U.S. Risk Retention Consent. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The Company, AnaCap and AnaCap Group Holdings Limited will presume that any person that is a U.S. Person under Regulation S will also be a U.S. person under the U.S. Risk Retention Rules. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h)(i), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and "Risk Retention U.S. Person" as used in this Offering Memorandum) means any of the following:

(a) any natural person resident in the United States;

(b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States (the comparable provision from Regulation S is "(ii) any partnership or corporation organised or incorporated under the laws of the United States.");

(c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);

(d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);

(e) any agency or branch of a foreign entity located in the United States;

(f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);

(g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and

(h) any partnership, corporation, limited liability company, or other organisation or entity if:

   (i) organised or incorporated under the laws of any foreign jurisdiction; and

   (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act 9 (the comparable provision from Regulation S "(vii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in 17 CFR 230.501(a)) who are not natural persons, estates or trusts.").

Each holder of a Note or a beneficial interest therein acquired on the Closing Date, by its acquisition of a Note or a beneficial interest in a Note, will be deemed, and, in certain circumstances, will be required to represent to AnaCap, the Company and the Initial Purchasers that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has obtained a U.S. Risk Retention Consent, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 percent Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

The Company has not registered and will not register the Notes or the Guarantees under the U.S. Securities Act, and therefore the Notes and the Guarantees may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Company is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States, to Qualified Purchasers who are QIBs; and
- outside the United States to non-US. persons, in offshore transactions in accordance with Regulation S. The Company uses the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

You, by your acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Company and the Initial Purchasers as follows:

(1) You understand that the Notes and the Guarantees are being offered for resale in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes have not been and will not be registered under the U.S. Securities Act and that (i) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (a) in the United States to a person whom you reasonably believe is a Qualified Purchaser and a QIB in a transaction meeting the requirements of Rule 144A, (b) outside the United States in a transaction complying with Regulation S or (c) in compliance with the registration requirements of the U.S. Securities Act or pursuant to an exemption therefrom or in any transaction not subject thereto, and in each case in compliance with the conditions for transfer set out in paragraph (5) below in each case in accordance with any applicable securities laws of any state of the United States, and that (ii) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from you of the resale restrictions referred to in (a) above.

(2) You are neither the Company's "affiliate" (as defined in Rule 144A), nor acting on its behalf, and that you are either:

    (i) a QIB and a Qualified Purchaser, and are aware that any sale of Notes to you will be made in reliance on Rule 144A and such acquisition of Notes will be for your own account or for the account of another QIB and Qualified Purchaser; or

    (ii) not a U.S. person (as defined in Regulation S under the U.S. Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither the Company nor the Initial Purchasers, nor any person representing the Company or the Initial Purchasers, has made any representation to you with respect to the offer or sale of any Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchasers nor any person representing the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum.

You have had access to such financial and other information concerning the Company and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Company and the Initial Purchasers.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by the acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes only (i) to the Company or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, an exemption from the registration requirements of the U.S. Securities Act or in any transaction not subject thereto, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB and a Qualified Purchaser that purchases for its own account or for the account of a QIB and a Qualified Purchaser to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to its and the Trustee's rights prior to any such offer, sale or transfer, to require that a certificate of transfer in the form appearing in the Indenture is completed and delivered by the transferor to the Trustee.

(6) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

> THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940 (THE "INVESTMENT COMPANY ACT"). NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND THE INVESTMENT COMPANY ACT.
>
> THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OR IN ANY TRANSACTION NOT SUBJECT THERETO (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND, IN EACH OF THE FOREGOING CASES, IF SUCH TRANSFER IS TO A U.S. PERSON OR IN THE UNITED STATES, TO A PURCHASER THAT (I) IS A QUALIFIED PURCHASER FOR THE PURPOSE OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (II) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (III) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (IV) IS NOT A BROKER DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S. $25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (V) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXCEPTION OR EXEMPTION, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

A purchaser of Notes will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(8) You acknowledge that until 40 days after the commencement of the offering of the Notes, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(9) You acknowledge that the Company, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, you shall promptly notify the Initial Purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(10) You acknowledge that the Company has a right to force a resale of the Notes if you violate any of the representations made herein.

(11) The Company is a "covered fund" as defined in the Volcker Rule. The definition of "covered fund" in the Volcker Rule includes (generally) any entity that would be an investment company under the Investment Company Act, but for the exceptions provided under Section 3(c)(1) or 3(c)(7) thereunder. Because the Company relies on Section 3(c)(7) of the Investment Company Act for its exclusion from registration thereunder (which limits sales of the Notes to "qualified purchasers" as such term is defined in Section 2(a)(51)(A) of the Investment Company Act), it is considered to be a covered fund, hence banking entities that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining an "ownership interest" in the Company as a covered fund, absent any applicable exclusion or exemption. Under the Volcker Rule, "ownership interest" is defined broadly to include any participation or other interest that entitles the holder of such interest to, amongst other things: (a) vote to remove management or otherwise (other than as a creditor exercising remedies upon an event of default), (b) share in the income, gains, profits or excess spread of the covered fund or (c) receive underlying assets of the covered fund. While the Company believes that the Notes should not constitute "ownership interests" for purposes of the Volcker Rule, it is important that, although the Volcker Rule provides limited exclusions and exemptions to its prohibitions, each investor in the Notes must make its own determination as to whether it is a covered banking entity or otherwise subject to the Volcker Rule, whether any exclusion or exemption might be applicable to an investment in the Notes by such investor, whether its investment in the Notes would or could in the future be restricted or prohibited under the Volcker Rule, whether any extension of the Volcker Rule conformance period would be applicable to such investor's investment in the Notes, and the potential impact of the Volcker Rule on its investment, any liquidity in connection therewith and on its portfolio generally.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited liability company (*société anonyme*) organized under the laws of Luxembourg and its registered office is in Luxembourg. The Guarantors are organized and incorporated (as applicable) under the laws of Guernsey and Luxembourg. The Company's and the Guarantors' managing directors, executive board members, directors, officers and other executives are neither residents nor citizens of the United States. Furthermore, the Company's, the Guarantors' assets and all or a majority of the assets of their directors and executive officers are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, the Company or the Guarantors or to enforce against them, the Company or the Guarantors judgments of U.S. courts, including those predicated upon the civil liability provisions of U.S. federal or state securities laws or other laws despite the fact that, pursuant to the terms of the Indenture, the Company and the Guarantors will appoint an agent for the service of process in New York.

Luxembourg

The Company and certain of the Guarantors are incorporated under the laws of the Grand Duchy of Luxembourg. The United States and Luxembourg are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. An enforceable judgment for the payment of monies rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon the U.S. securities laws, would not directly be enforceable in Luxembourg. However, a party who received such favorable judgment in a U.S. court may initiate enforcement proceedings in Luxembourg (*exequatur*) by requesting enforcement of the U.S. judgment by the District Court (*Tribunal d'Arrondissement*) pursuant to the relevant provisions of the Luxembourg New Code of Civil Procedure and Luxembourg case law, being:

- the U.S. judgment is enforceable (*exécutoire*) in the United States;

- the U.S. court awarding the judgment has jurisdiction to adjudicate the applicable matter under applicable U.S. federal or state jurisdictions rules, and the jurisdiction of the U.S. court is recognized by Luxembourg private international and local law;

- the U.S. court has applied the substantive law as designated by Luxembourg conflict of laws rules (according to certain Luxembourg case law, it is admitted that Luxembourg courts which are asked to grant an exequatur do not have to verify whether the substantive law actually applied by the U.S. court awarding the judgment was the law which would have been thus designated);

- the U.S. judgment does not contravene international public policy or order as understood under the laws of Luxembourg;

- the U.S. court has acted in compliance with its own procedural rules and laws of the country in which it was rendered and the U.S. judgment was granted following proceedings where the counterparty had the opportunity to appear, and if it appeared, to present a defense; and

- the U.S. judgment and the considerations of the foreign court must not be contrary to Luxembourg international public policy rules or have been given in proceedings of a tax, penal or criminal nature (which would include awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages)) or rendered subsequent (*fraude à la loi luxembourgeoise*). Ordinarily an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty.

Luxembourg case law is constantly evolving. Some of the above conditions of admissibility may change: additional conditions could be required to be fulfilled by Luxembourg courts while other conditions may not be verified by Luxembourg courts in the future.

Subject to the above conditions, Luxembourg courts tend not to review the merits of a foreign judgment, although there is no statutory prohibition of such review.

The Company has also been advised by its Luxembourg counsel that if an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law (i) if the choice of such law was not made *bona fide* and (ii) if its application contravenes Luxembourg public policy or is manifestly incompatible with Luxembourg international policy rules. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought. Also, an exequatur may be refused in respect of punitive damages.

Guernsey

In Guernsey, foreign judgments can be recognized by the Royal Court of Guernsey either under the Foreign Judgments (Reciprocal Enforcement) (Guernsey) Law, 1957, as amended (the "1957 Law"), which provides a statutory framework for the enforcement of judgments made in a reciprocating country and of a kind to which the 1957 Law applies, or under the principles of common law. Save for very exceptional and limited circumstances, if the 1957 Law does not apply then the common law prevails.

Under the 1957 Law, a judgment of a superior court in a reciprocating country can be reciprocally enforced by the Royal Court of Guernsey. However, only a limited number of superior courts in reciprocating jurisdictions are covered by this, including (a) in England and Wales, the Supreme Court and the Senior Courts of England and Wales, excluding the Crown Court; (b) in Scotland, the Court of Session and the Sheriff Court; (c) in Northern Ireland, the Court of Judicature of Northern Ireland; (d) in the Isle of Man, the High Court of Justice of the Isle of Man; and (e) in Jersey, the Royal Court of Jersey and the Court of Appeal of Jersey ("a Reciprocal Enforcement Court").

Subject to the provisions and requirements of the 1957 Law, the Guernsey court will recognize as a valid judgment and, without review of its substance, enforce any final and conclusive judgment obtained against a Guernsey company in a Reciprocal Enforcement Court. The 1957 Law includes the requirement that the relevant judgment be given by a Reciprocal Enforcement Court and that it be:

- final and conclusive as between the parties thereto; and
- in respect of a sum of money not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The 1957 Law further provides that the registration of any such judgment may be set aside if (inter alia) the Guernsey court is satisfied:

- that the judgment is not a judgment to which the 1957 Law applies or was registered in contravention the 1957 Law; or
- that the Reciprocal Enforcement Court has no jurisdiction in the circumstances of the case or the judgment debtor, being the defendant in the proceedings in the original court, did not receive notice of proceedings in the original court in sufficient time to enable him to defend the proceedings and did not appear; or
- that the judgment was obtained by fraud; or
- that enforcement would be contrary to public policy in Guernsey; or
- that the rights under the judgment are not vested in the person by whom the application for registration was made.

However, for jurisdictions not included in the 1957 Law, including the U.S., a judgment obtained in a court in the United States against the Guernsey guarantor (or its directors or officers) incorporated (or located) in Guernsey cannot be registered or enforced in Guernsey, pursuant to the 1957 Law, but may be enforceable by separate action on the judgment in accordance with Guernsey common law rules.

To enforce the judgment of a court of the United States, in Guernsey, the claimant would be required to bring fresh proceedings before the competent court in Guernsey, suing on the foreign judgment itself and applying for summary judgment if the case is placed on the pleadings list (essentially, where the case is defended). In such an action, the Guernsey court is unlikely to re-examine the merits of the original case decided by a United States court.

According to current practice, the Guernsey court will (subject to the following matters) enforce the judgment of a court in the United States in *in personam* proceedings provided that the following conditions inter alia are satisfied:

- the judgment is for a debt or fixed or ascertainable sum of money (provided that the judgment does not relate to U.S. penal, revenue or other public laws);
- the judgment is final and conclusive; and
- the court in the United States had, at the time when proceedings were served, jurisdiction over the judgment debtor in accordance with the Guernsey rules of private international law.

A Guernsey court will not, however, enforce that judgment if the judgment debtor satisfies the court that:

- the judgment was given in proceedings that were in breach of principles of natural or substantial justice;
- enforcement of the judgment would be contrary to Guernsey public policy;
- the foreign court did not have jurisdiction to give that judgment according to Guernsey rules on the conflict of laws;
- there was fraud on the part of the Court pronouncing judgment;
- there was fraud on the part of the party in whose favor the judgment was given;
- enforcement proceedings are time barred under the Guernsey laws on prescription/limitation;
- the foreign judgment is not for a definite sum of money (which is not a sum in respect of taxes or penalties) or is not final and conclusive;
- the foreign judgment was against a person who was entitled to immunity from the courts of that country; and
- the foreign court had no jurisdiction in circumstances where the judgment debtor was, at the time the proceedings were instituted, present in the foreign country and the bringing of proceedings in that Court was contrary to an agreement under which the dispute was to be settled and the judgment debtor did not agree to the proceedings being brought in that Court, nor counterclaimed or otherwise submitted to the jurisdiction.

If the Guernsey court gives judgment for the sum payable under a judgment of a United States court, the Guernsey judgment would be enforceable by the methods generally available for the enforcement of Guernsey judgments. These give the court discretion whether to allow enforcement by any particular method. In addition, it may not be possible to obtain a Guernsey judgment or to enforce any Guernsey judgment: if the judgment debtor is subject to any insolvent administration or similar proceedings; if there is delay; if an appeal is pending or anticipated against the Guernsey judgment in Guernsey or against the foreign judgment in the courts of the United States; or if the judgment debtor has any set-off or counterclaim against the judgment creditor. Additionally any security interest may affect the circumstances where the Guernsey courts provide judicial assistance to persons empowered under foreign bankruptcy law to act on behalf of an insolvent company and/or in relation to the enforcement of a judgment debt.

Jurisdiction

A foreign court is considered to have jurisdiction where one of four criteria is met, being any of the following:

- where the respondent to the order sought to be enforced was, at the time the proceedings were instituted, present in the foreign jurisdiction (and where that "person" is a corporate entity, where it is resident or maintains a fixed place of business in the foreign jurisdiction);
- where the respondent to the order sought to be enforced was a claimant or counterclaimant in the proceedings in the foreign court;
- where the respondent to the order sought to be enforced submitted to the jurisdiction of the foreign court by voluntarily appearing in the proceedings; or
- where the respondent to the order sought to be enforced agreed, prior to the commencement of the proceedings, to submit to the jurisdiction of the foreign court.

Sum of Money

It is a generally accepted principle of common law in Guernsey that for a court to recognize a foreign judgment, that judgment needs to be for a definite sum of money and must not include deductions or additions for unspecified amounts such as tax, nor can it include penalties.

Final and Conclusive

A foreign judgment which is final and conclusive, for the purposes of recognition under Guernsey common law, is one which cannot be varied by the court which pronounced it, notwithstanding that there may be a right of appeal.

Subject to the foregoing, holders of notes who obtain a final judgment for a definite sum of money from a court in New York against a Guernsey guarantor could subsequently bring proceedings in Guernsey to recover the sum specified, as the Guernsey guarantor submitted to the jurisdiction of the New York Courts when entering into the indentures.

Original actions in courts of Guernsey

A Guernsey court will prima facie take jurisdiction over an action brought by an investor under U.S. securities laws against a guarantor incorporated and organized under the laws of Guernsey, and would apply U.S. law (if applicable and appropriate) to determine the liability of the defendant. However, the court may decline to exercise jurisdiction over the claim. A key factor as to whether the Guernsey Court would take jurisdiction is likely to be an argument on *forum conveniens*. Factors such as the extent of the disputed issues of foreign law, the nature of the dispute, the residence and place of business of the defendant, and the location of key witnesses is likely to influence the Guernsey courts' decision at this area.

LEGAL MATTERS

The validity of the Notes, the Guarantees and certain other legal matters are being passed upon for the Company and the Guarantors by Linklaters LLP with respect to matters of U.S. federal and New York state law and the laws of England and Wales, Italy, Luxembourg, Portugal and Spain, by Carey Olsen with respect to matters of Guernsey law, and by Ţuca Zbârcea & Asociaţii with respect to matters of Romanian law.

Certain legal matters in connection with the Transactions, including the offering of the Notes, will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP with respect to matters of U.S. federal and New York state law, and the laws of England and Wales, by Latham & Watkins LLP with respect to matters of Italian and Spanish law, by Ogier with respect to matters of Guernsey law and by Loyens & Loeff Luxembourg S.à r.l. with respect to matters of Luxembourg law.

INDEPENDENT AUDITORS

The combined financial statements of the Portfolio Business as of and for the years ended December 31, 2014, 2015 and 2016 included in this Offering Memorandum have been audited by PricewaterhouseCoopers *Société coopérative*, independent auditors (*réviseur d'entreprises agréé*), as stated in its audit report appearing herein.

PricewaterhouseCoopers, *Société coopérative* is located at 2, rue Gerhard Mercator, B.P. 1443, L-1014, Luxembourg, Grand Duchy of Luxembourg. PricewaterhouseCoopers, *Société coopérative* is a member of the Luxembourg *Institut des Reviseurs D'Entreprises*.

AVAILABLE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum acknowledges that (i) such person has been afforded an opportunity to request from the Company, and has received, all additional information considered to be necessary to verify the accuracy and completeness of the information herein; (ii) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and (iii) except as provided in clauses (i) and (ii) above, no person has been authorized to give any information or to make any representation concerning the Notes other than those contained herein, and, if given or made, such other information or representation should not be relied upon as having been authorized by the Company or the Initial Purchasers.

The Company is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act of 1934 (the "*U.S. Exchange Act*"). For so long as any of the Notes are restricted securities within the meaning of Rule 144(a)(3) under the U.S. Securities Act and the Company is neither subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, it will, upon the request of any such person, furnish to any holder or beneficial owner of Notes, or to any prospective purchaser designated by any such registered holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Pursuant to the Indenture and for so long as the Notes are outstanding, the Company will furnish certain information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*". For so long as the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF market thereof and the rules of that exchange so require, copies of such information, the organizational documents of the Company and each Guarantor, the most recent combined financial statements of the Company, the Indenture (which will include the Guarantees and the form of the applicable Notes), the Intercreditor Agreement and the Security Documents will be available for review during the normal business hours on any business day at the specified office of the Company. See "*Listing and General Information*".

LISTING AND GENERAL INFORMATION

Listing

Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Euro MTF market in accordance with the rules and regulations of the Luxembourg Stock Exchange. There are no assurances that the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange, nor that such listing will be maintained. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Company will make available the notices to the public in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange, *www.bourse.lu*, or in written form at places indicated by announcements to be so published as described before, or by any other means considered equivalent by the Luxembourg Stock Exchange.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange and the rules and regulations of the Luxembourg Stock Exchange so require, copies of the following documents may be inspected and obtained free of charge by holders at the specified office of the Company in Luxembourg during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- the articles of association of each of the Company and the Guarantors;
- the Indenture (which includes the Guarantees and form of the Notes);
- the Intercreditor Agreement;
- the Security Documents; and
- the financial statements included in this Offering Memorandum.

The Company accepts responsibility for the information contained in this Offering Memorandum. To the best of the Company's knowledge, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum.

Except as disclosed herein, there has been no material adverse change in the Company's nor the Portfolio Business's combined prospects or financial condition since March 31, 2017.

Neither the Company nor any of its subsidiaries is a party to any litigation that, in the Company's judgment, is material in the context of the issue of the Notes, except as disclosed herein.

The Company will maintain a paying agent, registrar and transfer agent in Luxembourg for as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange. The Company reserves the right to vary such appointment in accordance with the terms of the Indenture and it will publish notice of such change of appointment on the website of the Luxembourg Stock Exchange, at *www.bourse.lu*.

Clearing Information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

	Notes	
	ISIN	**Common Code**
Rule 144A	XS1649046957	164904695
Regulation S	XS1649046874	164904687

Company's Legal Information

AnaCap Financial Europe S.A. SICAV-RAIF is a public limited company (*société anonyme*) formed under the law of Luxembourg as a reserved alternative investment fund (*fonds d'investissement alternatif réservé*) in the form of an investment company with variable capital *(société d'investissement à capital variable*), having its registered office at E

Building, Parc d'Activités Syrdall, Rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, and is registered with the Luxembourg Register of Trade and Companies under number B216080. The Company was incorporated on June 28, 2017, and as of the date of this Offering Memorandum, it has an initial share capital of €30,000 represented by 30,000 shares. The shares representing the initial capital have been subscribed and fully paid up. The Company's capital shall at all times be equal to the Net Asset Value of the Company. It is represented by fully paid-up Shares issued with no par value.

As of the date of this Offering Memorandum, the Company's share capital consisted of thirty thousand euro divided into thirty thousand shares of no par value.

The Company has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the Notes. The creation and issuance of the Notes were authorized by the Company's board of directors on July 7, 2017.

Guarantors' Legal Information

ACOF II Portugal Limited is a non-cellular company limited by shares, incorporated under the laws of Guernsey, having its registered office at Ground Floor, Cambridge House, Le Truchot, St Peter Port, Guernsey, GY1 1WD with registered number 55069.

AFE Spain Limited is a non-cellular company limited by shares, incorporated under the laws of Guernsey, having its registered office at Ground Floor, Cambridge House, Le Truchot, St Peter Port, Guernsey, GY1 1WD with registered number 62622.

Alpha Credit Holdings S.à r.l. is a private limited liability company (*société à responsabilité limitée*) formed under the laws of Luxembourg, having its registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, and is registered with the Luxembourg Register of Trade and Companies under number B 198759.

Alpha Credit Solutions 4 S.à r.l. is a private limited liability company (*société à responsabilité limitée*) formed under the laws of Luxembourg, having its registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, and is registered with the Luxembourg Register of Trade and Companies under number B 203996.

Prime Credit 3 S.à r.l. is a private limited liability company (*société à responsabilité limitée*) formed under the laws of Luxembourg, having its registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, and is registered with the Luxembourg Register of Trade and Companies under number B 165786.

Prime Credit 6 S.à r.l. is a private limited liability company (*société à responsabilité limitée*) formed under the laws of Luxembourg, having its registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, and is registered with the Luxembourg Register of Trade and Companies under number B 182909.

Prime Credit 7 S.à r.l. is a private limited liability company (*société à responsabilité limitée*) formed under the laws of Luxembourg, having its registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, and is registered with the Luxembourg Register of Trade and Companies under number B 185920.

Financial Year and Accounts

The Company was formed for the purpose of facilitating the Transactions contemplated herein, including the Acquisition of the Portfolio Business and the issuance of the Notes. As such, the Financial Statements included in this Offering Memorandum were prepared specifically for the purposes of the Transactions and for inclusion in this Offering Memorandum and relate only to the Portfolio Business that will be acquired as part of the Transactions and reflect the assets, liabilities, revenues and expenses directly attributed to the Portfolio Business. In the future, the Company will prepare and publish annual reports including audited financial statements. The Company's financial year will begin on January 1 and end on December 31 of each year. Any future published financial statements prepared by the Company will be available, during normal business hours, at the executive offices of the Company.

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The Portfolio Business

Condensed Interim Combined Financial Statements
For the Three Months Ended 31 March 2017

Condensed Interim Combined Statement of Comprehensive Income

	Notes	Quarter ended 31 March 2017 €000	Quarter ended 31 March 2016 €000	12 months ended 31 March 2017 €000
Revenue				
Income from purchased loan portfolios	7	17,574	13,235	68,344
Income from purchased loan notes	7	1,157	624	4,469
Profit / (loss) on disposal of purchased loan portfolios	7	-	12,741	(867)
Total revenue		**18,731**	**26,600**	**71,946**
Operating expenses				
Collection activity costs		(4,172)	(6,911)	(18,714)
Of which non-recurring items - termination fees		-	(1,615)	-
Excluding non-recurring items		(4,172)	(5,296)	(18,714)
Impairment - purchased loan portfolios and purchased loan notes	5; 7	(1,625)	9,129	(6,426)
Net foreign currency gains / (losses)	5	272	125	(1,448)
Other operating expenses	5	(1,417)	(875)	(5,221)
Total operating expenses		**(6,942)**	**1,468**	**(31,809)**
Operating profit		**11,789**	**28,068**	**40,137**
Finance income		48	70	224
Finance costs		(7,054)	(38,379)	(26,386)
Interest expense - secured loan notes		(202)	(3,180)	(1,120)
Finance costs - funding loan notes		(6,852)	(35,199)	(25,266)
Share of profit in associate		-	-	303
Profit / (loss) before tax		**4,783**	**(10,241)**	**14,278**
Taxation charge on ordinary activities		(2)	(5)	(111)
Comprehensive income / (loss) for the period		**4,781**	**(10,246)**	**14,167**

The above Condensed Interim Combined Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Interim Combined Statement of Financial Position

	Notes	As at 31 March 2017 €000	As at 31 March 2016 €000
Assets			
Non-current assets			
Other receivables	7	390	750
Investment in associate		1,028	725
Total non-current assets		**1,418**	**1,475**
Current assets			
Cash and cash equivalents		17,874	23,308
Trade and other receivables	8	4,729	2,525
Purchased loan portfolios	7	295,400	181,987
Purchased loan notes	7	13,733	10,593
Total current assets		**331,736**	**218,413**
Total assets		**333,154**	**219,888**
Liabilities			
Non-current liabilities			
Funding loan notes	9	214,374	133,521
Total non-current liabilities		**214,374**	**133,521**
Current liabilities			
Secured loan notes	9	25,312	2,181
Trade and other payables	9	19,352	21,004
Tax payable		484	370
Total current liabilities		**45,148**	**23,555**
Total liabilities		**259,522**	**157,076**
Invested Capital			
Invested capital	10	51,901	50,647
Retained earnings		21,731	12,165
Total invested capital		**73,632**	**62,812**
Total invested capital and liabilities		**333,154**	**219,888**

The above Condensed Interim Combined Statement of Financial Position should be read in conjunction with the accompanying notes.

Approved on 30 June 2017, signed and authorised for issue on its behalf by:

Christopher Ross-Roberts
Director
30 June 2017

Condensed Interim Combined Statement of Cash Flows

	Notes	Quarter ended 31 March 2017 €000	Quarter ended 31 March 2016 €000	12 months ended 31 March 2017 €000
Cash flows from operating activities				
Profit / (loss) before tax		4,783	(10,241)	14,278
Adjustments for:				
Income from purchased loan portfolios	7	(17,574)	(13,235)	(68,344)
Income from purchased loan notes	7	(1,157)	(624)	(4,469)
(Profit) / loss on disposal of purchased loan portfolios	7	-	(12,741)	867
Finance income		(48)	(70)	(224)
Management fees	5	1,165	742	4,269
Impairment - puchased loan portfolios and purchased loan notes	5	1,625	(9,129)	6,426
Unrealised foreign currency gains or losses on purchased loan portfolios		(79)	-	1,432
Finance costs - funding loan notes		6,852	35,199	25,266
Interest expense - secured loan notes		202	3,180	1,120
Share of profit in associate		-	-	(303)
Operating cash flows before movements in working capital		**(4,231)**	**(6,919)**	**(19,682)**
(Increase) / decrease in trade and other receivables		(1,124)	1,813	(2,214)
Increase / (decrease) in trade and other payables		(1,103)	(1,302)	65
Cash used in operations		**(6,458)**	**(6,408)**	**(21,831)**
Taxation paid		(2)	(5)	2
Acquisition of purchased loan portfolios	7	(39,680)	(46,984)	(133,159)
Acquisition of purchased loan notes	7	-	-	(8,900)
Collections in the period	7	22,732	22,000	89,622
Disposal of purchased loan portfolios and purchased loan notes	7	-	55,264	-
Net cash (used in) / generated from operating activities		**(23,408)**	**23,867**	**(74,266)**
Cash flows from financing activities				
Issue of funding loan notes	9	50,159	46,503	128,682
Repayment of funding loan notes		(24,415)	(24,384)	(47,675)
Issue of secured loan notes		-	-	23,745
Repayment of secured loan notes		(376)	(3,461)	(1,210)
Finance costs paid - funding loan notes		(9,176)	(31,997)	(27,134)
Invested capital		(806)	(2,872)	(7,576)
Net cash generated from / (used in) financing activities		**15,386**	**(16,211)**	**68,832**
Net movements in cash and cash equivalents		(8,022)	7,656	(5,434)
Cash and cash equivalents at the beginning of the period		25,896	15,652	23,308
Cash and cash equivalents at the end of the period		**17,874**	**23,308**	**17,874**

The above Condensed Interim Combined Statement of Cash Flows should be read in conjunction with the accompanying notes.

Condensed Interim Combined Statement of Changes in Invested Capital

	Invested capital	Retained earnings	Total
	€000	€000	€000
Balance as at 1 January 2017	51,284	17,446	68,730
Issue of share capital	525	-	525
Share buybacks	(1,216)	(496)	(1,712)
Adjustments arising on combination (carve-out differences)	1,308	-	1,308
Comprehensive income for the period	-	4,781	4,781
Balance as at 31 March 2017	**51,901**	**21,731**	**73,632**

	Invested capital	Retained earnings	Total
	€000	€000	€000
Balance as at 1 January 2016	50,618	24,768	75,386
Issue of share capital	633	-	633
Share buybacks	(3,468)	(2,357)	(5,825)
Adjustments arising on combination (carve-out differences)	2,864	-	2,864
Comprehensive loss for the period	-	(10,246)	(10,246)
Balance as at 31 March 2016	**50,647**	**12,165**	**62,812**

	Invested capital	Retained earnings	Total
	€000	€000	€000
Balance as at 1 April 2016	50,647	12,165	62,812
Issue of share capital	1,770	-	1,770
Share buybacks	(4,729)	(4,601)	(9,330)
Adjustments arising on combination (carve-out differences)	4,213	-	4,213
Comprehensive income for the period	-	14,167	14,167
Balance as at 31 March 2017	**51,901**	**21,731**	**73,632**

The above Condensed Interim Combined Statement of Changes in Invested Capital should be read in conjunction with the accompanying notes.

Notes to the Condensed Interim Combined Financial Statements

1. General information

AnaCap Group Holdings Limited and its affiliates (together "AnaCap") ") has established a reserved alternative investment fund (*fonds d'investissement alternative réservé*) in the form of an investment company with variable capital (*société d'investissement à capital variable*) under Luxembourg law (the "RAIF" or "AnaCap Financial Europe S.A. SICAV-RAIF").

The RAIF will acquire from AnaCap Credit Opportunities II, L.P. and AnaCap Credit Opportunities III, L.P. or their directly controlled subsidiaries (together with their affiliates, the "Funds Group") several direct and indirect subsidiaries and the majority of their assets, including their interests in several loan portfolios (together, the "Portfolio Business").

The Portfolio Business acquires and invests in certain pools of performing, under-performing and/or non-performing loans and loan notes pursuant to the terms of purchase or investment agreements (the "Portfolio Business Assets"). Further details about the Portfolio Business is disclosed in the combined annual financial statements. There have been no significant events since the last annual reporting period other than those disclosed in the combined annual financial statements.

2. Adoption of new and amended International Financial Reporting Standards

The following new and revised standards and interpretations affecting the Portfolio Business have been endorsed but are not yet effective for these condensed interim combined financial statements and have not been early adopted:

- IFRS 9 Financial Instruments
  - IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and Measurement with a single model that has initially only two classification categories: amortised cost and fair value. Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

  - New reporting requirements under IFRS 9 introduce forward looking credit loss models which will lead to changes in timing of impairment recognition. The new expected credit loss ("ECL") model involves a three stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the EIR method. A simplified approach is permitted for financial assets that do not have a significant financing component (i.e. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

The Portfolio Business continues to assess the impact of IFRS 9 and plans to ensure compliance with the new standard ahead of its proposed implementation date of 1 January 2018.

- IFRS 15 Revenue from Contracts with Customers
  - IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. The Portfolio Business is assessing the impact of IFRS 15 on future periods.

The following new and revised Standards and Interpretations have been issued but are not yet endorsed or effective for these condensed interim combined financial statements and have not been early adopted:

- Amendments to IAS 7 - Disclosure initiative - Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (i.e. changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences). Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.
- Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses.
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture.

The Portfolio Business is assessing the potential impact on its combined financial statements resulting from the new and revised standards and interpretations. So far, the Portfolio Business does not expect any significant impact.

3. Summary of significant accounting policies

Basis of preparation
These condensed interim combined financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the annual combined financial statements for the years ended 31 December 2016, 2015 and 2014, which have been prepared in accordance with IFRS as adopted by the European Union and the IFRS Interpretation Committee interpretations (together "IFRS").

Notes to the Condensed Interim Combined Financial Statements (continued)

3. Summary of significant accounting policies (continued)

Basis of preparation (continued)

The Portfolio Business has control over and therefore has consolidated the entities listed in Note 12 in these condensed interim combined financial statements.

Principal accounting policies that have been applied to these interim combined financial statements are consistent with those followed in the preparation of the Portfolio Business combined financials statements for the years ended 31 December 2016, 2015 and 2014. These policies have been consistently applied to all periods presented unless otherwise stated.

The preparation of condensed interim combined financial statements in accordance with IAS 34 requires the use of judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim combined financial statements, the significant judgments made by management in applying the RAIF's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual combined financial statements for the years ended 31 December 2016, 2015 and 2014.

These condensed interim combined financial statements are presented in thousands of Euro ('€') and are prepared on an historical cost and going concern basis.

Going concern

The planned separation of the Portfolio Business has been considered and it is expected that the appropriate funding will be available for future operations after the separation occurs. It is expected that following separation from the Funds Group, the Portfolio Business will continue operating. The Portfolio Business' forecasts and projections, taking into account possible changes in trading performance show that the Portfolio Business will be able to operate at adequate levels of both liquidity and capital for a period of 12 months from the date of approval of these combined interim financial statements. Accordingly, these condensed interim combined financial statements continue to adopt the going concern basis in preparing the combined financial statements.

4. Segmental reporting

The Portfolio Business represents a single reportable segment. The Portfolio Business' entities are all managed through Luxembourg with subsidiaries and portfolio investments across Europe. The below tables summarise the information management would review for the entities covered by the Portfolio Business:

	Quarter ended 31 March 2017	Quarter ended 31 March 2016	12 months ended 31 March 2017
	€000	**€000**	**€000**
Total revenue	**18,731**	**26,600**	**71,946**
Collection activity costs	(4,172)	(5,296)	(18,714)
Impairment - purchased loan portfolios and purchased loan notes	(1,625)	9,129	(6,426)
Net foreign currency gains / (losses)	272	125	(1,448)
Other operating expenses	(1,417)	(875)	(5,221)
Non-recurring items	-	(1,615)	-
Operating profit	**11,789**	**28,068**	**40,137**
Finance income	48	70	224
Total finance costs	(7,054)	(38,379)	(26,386)
Share of profit in associate	-	-	303
Profit / (loss) before tax	**4,783**	**(10,241)**	**14,278**
Taxation	(2)	(5)	(111)
Comprehensive income / (loss) for the period	**4,781**	**(10,246)**	**14,167**

Non-recurring items represent a one-off contractual termination fee paid to a servicer on the early termination of their contract following the disposal of the related portfolio.

Notes to the Condensed Interim Combined Financial Statements (continued)

4. Segmental reporting (continued)

	As at 31 March 2017	As at 31 March 2016
	€000	€000
Investment in associate	1,028	725
Purchased loan portfolios	295,400	181,987
Purchased loan notes	13,733	10,593
Statement of Financial Position		
Total segment assets	333,154	219,888
Total segment liabilities	(259,522)	(157,076)
Segment net assets	**73,632**	**62,812**

The table below represents the total revenue of the Portfolio Business by geography:

	Quarter ended 31 March 2017	Quarter ended 31 March 2016	12 months ended 31 March 2017
	€000	€000	€000
- United Kingdom	790	-	2,645
- Spain	490	12,761	1,452
- Portugal	4,088	3,254	13,851
- Romania	1,157	624	4,469
- Italy	12,206	9,961	49,529
Total revenue	**18,731**	**26,600**	**71,946**

The table below represents the carrying value of the Portfolio Business by geography:

	As at 31 March 2017	As at 31 March 2016
	€000	€000
- United Kingdom	12,906	-
- Spain	39,360	-
- Portugal	46,144	42,753
- Romania	13,733	10,593
- Italy	196,990	139,234
Total	**309,133**	**192,580**

Notes to the Condensed Interim Combined Financial Statements (continued)

5. Other operating expenses, foreign exchange gains and losses and impairments of Portfolio Business Assets

Other operating expenses, foreign exchange gains and losses and impairments of Portfolio Business Assets are as follows:

	Quarter ended 31 March 2017	Quarter ended 31 March 2016	12 months ended 31 March 2017
	€000	**€000**	**€000**
Management fees	1,165	742	4,269
Directors' fees	50	34	155
Legal and professional fees	80	20	295
Audit and administration fees	90	54	381
Other expenses	32	25	121
Other operating expenses	**1,417**	**875**	**5,221**
Realised foreign currency losses / (gains)	12	(10)	145
Unrealised foreign currency (gains) / losses	(284)	(115)	1,303
Net foreign currency (gains) / losses	**(272)**	**(125)**	**1,448**
Impairment - purchased loan portfolios and purchased loan notes	1,858	63	9,307
Reversal of impairment - purchased loan portfolios and purchased loan notes	(233)	(9,192)	(2,881)
Impairment - purchased loan portfolios and purchased loan notes	**1,625**	**(9,129)**	**6,426**

6. Taxation

The Portfolio Business' activities are primarily based in Luxembourg. The tax shown in the condensed interim combined financial statements is therefore local tax on the legal entities comprising the Portfolio Business.

7. Financial assets

	As at 31 March 2017	As at 31 March 2016
	€000	**€000**
Expected falling due after one year:		
Purchased loan portfolios	180,913	107,879
Purchased loan notes	7,379	4,554
Other receivables (non-current)	390	750
Total	**188,682**	**113,183**
Expected falling due within one year:		
Purchased loan portfolios	114,487	74,108
Purchased loan notes	6,354	6,039
Other receivables (current)	565	575
Total	**121,406**	**80,722**

Other receivables consist of deferred consideration due on the disposal of purchased loan portfolios.

Notes to the Condensed Interim Combined Financial Statements (continued)

7. Financial assets (continued)

The movements in purchased loan portfolios were as follows:

	Quarter ended 31 March 2017	Quarter ended 31 March 2016	12 months ended 31 March 2017
	€000	**€000**	**€000**
Purchased loan portfolios at the start of the period	259,710	169,625	181,987
Portfolios acquired during the period	39,680	46,984	133,159
Collections in the period	(19,649)	(19,706)	(78,175)
Portfolios disposed of during the period	-	(55,264)	-
Impairment of purchased portfolio loans	(1,754)	9,192	(7,048)
Income from purchased loan portfolios	17,574	13,235	68,344
Profit / (loss) on disposal of purchased loan portfolios	-	12,741	(867)
Unrealised foreign currency gains / (losses) on purchased loan portfolios	79	-	(1,432)
Other movements	(240)	5,180	(568)
Purchased loan portfolios at the end of the period	**295,400**	**181,987**	**295,400**

Other movements include timing differences due to deferred consideration received on portfolio disposals.

The movements in purchased loan notes were as follows:

	Quarter ended 31 March 2017	Quarter ended 31 March 2016	12 months ended 31 March 2017
	€000	**€000**	**€000**
Purchased loan notes at the start of the period	15,339	12,007	10,593
Purchased loan notes acquired during the period	-	-	8,900
Collections in the period	(2,736)	(1,975)	(10,740)
Income from purchased loan notes	1,157	624	4,469
Impairment of purchased loan notes	(27)	(63)	511
Purchased loan notes at the end of the period	**13,733**	**10,593**	**13,733**

Purchased loan notes represent interests of the Portfolio Business in two entities, Volga Investments DAC and APS Delta S.A., each of which acts as a holding vehicle to a single underlying loan portfolio. These entities are not linked to or originated by the Portfolio Business. The Portfolio Business has exposure to the underlying portfolios by way of purchasing c.32% and c.33% respectively of the notes issued by these entities as a mechanism to fund the original purchase of the loan portfolios and thereafter to distribute cash generated on loan collections. Purchased loan notes in the Condensed Combined Statement of Financial Position represent the Portfolio Business' total interest in these entities measured at amortised cost.

Volga Investments DAC is a Irish incorporated securitisation vehicle, which indirectly purchased a mixed portfolio of non-performing and semi-performing loans in Romania. The acquisition was funded through the issuance of notes by the entity. The Portfolio Business owns c.32% of the notes with three other investors having subscribed to the remaining notes. The equity in the vehicle is held by a third party. At the reporting date Volga Investments DAC had no other investments.

APS Delta S.A. is a Luxembourg incorporated securitisation vehicle, which establishes new compartments for each acquisition. The 'Rosemary' compartment was used to acquire a non-performing loan portfolio in Romania and was financed using notes issued by the compartment. The Portfolio Business owns c.33% of the notes with two other investors having subscribed to the remaining notes. The equity in the vehicle is held by a third party. At the reporting date APS Delta S.A. had no other compartments.

Seasonal factors, including the number of work days in a given month, the propensity of customers to take holidays at particular times of the year, annual cycles in disposable income as well as seasonal interruptions of court calendars can impact collections. Collections within portfolios tend to have high seasonal variances, resulting in high variances of collections between quarters. In addition, the timing of Portfolio Business Asset acquisitions is likely to be uneven during the fiscal year which can lead to fluctuations in collections and carrying values of the Portfolio Business Assets between quarters.

Notes to the Condensed Interim Combined Financial Statements (continued)

8. Trade and other receivables

	As at 31 March 2017	As at 31 March 2016
	€000	€000
Collections receivable	3,561	1,070
Other receivables	1,168	1,455
Total	**4,729**	**2,525**

Collections receivable consist of collections received by the Portfolio Business' servicers which are due to be paid to the Portfolio Business.

Other receivables include deferred consideration due on the disposal of purchased loan portfolios as described and set out in Note 7.

9. Trade and other payables and loan notes

	As at 31 March 2017	As at 31 March 2016
	€000	€000
Current		
Secured loan notes	25,312	2,181
Trade and other payables		
Trade payables	1,188	862
Amounts due to related parties	17,318	17,932
Accrued expenses	472	1,577
Other payables	374	633
Total	**44,664**	**23,185**
Non-current		
Funding loan notes	214,374	133,521
Total	**214,374**	**133,521**

Secured loan notes represent amounts owed to external parties which invest in portfolios held by entities which are under the control of the Portfolio Business via subscriptions to secured loan notes and shares issued by entities within the Portfolio Business. The secured loan notes in the above table are carried at amortised cost using the EIR method.

The balance due to related parties is largely due to the related entities that provide funding loan notes and relates to interest payments and principal repayments on the funding loan notes at the balance sheet date as described in Note 11.

Funding loan notes represent loans provided to the Portfolio Business by entities controlled within the Funds Group to fund the purchase of portfolio investments. Funding loan notes are senior, secured obligations of the Portfolio Business entities and will rank *pari passu* with all other secured senior obligations of the Portfolio Business, except in limited circumstances where an obligation may be mandatorily preferred by law.

The Portfolio Business entities may repay the funding loan notes in whole or in part any time without premium, penalty or other compensation being payable. The funding loan notes have various final repayment dates: 19 August 2019 and 19 May 2023 for funding loan notes relating to AnaCap Credit Opportunities II Limited and AnaCap Credit Opportunities III Limited respectively, or any such date as the parties may agree in writing.

Notes to the Condensed Interim Combined Financial Statements (continued)

9. Trade and other payables and loan notes (continued)

Interest accrues on outstanding loan note balances at LIBOR plus Margin to the extent the Portfolio Business entities earn income and gains, subject to any adjustments to align the profit of the issuer to be equal to the commercial margin per the provisions of the funding loan note subscription agreements. During each of the periods, interest charged on the funding loan notes is disclosed directly on the face of the Condensed Interim Combined Statement of Comprehensive Income.

The movements in funding loan notes were as follows:

	Quarter ended 31 March 2017	Quarter ended 31 March 2016	12 months ended 31 March 2017
Funding loan notes at the start of the period	183,992	112,746	133,521
Issue of funding loan notes	50,159	46,503	128,682
Repayment of funding loan notes*	(19,777)	(25,728)	(47,829)
Funding loan notes at end of the period	214,374	133,521	214,374

* This includes principal amounts to be paid at the period end which have been classified as current.

10. Invested capital

	Quarter ended 31 March 2017	Quarter ended 31 March 2016	12 months ended 31 March 2017
	€000	**€000**	**€000**
Invested capital at the start of the period	51,284	50,618	50,647
Issue of shares	525	633	1,770
Share buybacks	(1,216)	(3,468)	(4,729)
Adjustments arising on combination (carve-out differences)	1,308	2,864	4,213
Invested capital at the end of the period	**51,901**	**50,647**	**51,901**

11. Related party transactions

Funding loan notes and related transactions

AnaCap Credit Opportunities II Limited and AnaCap Credit Opportunities III Limited are related parties to the Portfolio Business by virtue of being the parent companies for the entities comprising the Portfolio Business. The Funds Group entities provide funding for portfolio investments via these companies. The table below shows both the current and non-current balances outstanding between these companies and the Portfolio Business as at the end of each period.

	As at 31 March 2017	As at 31 March 2016
	€000	**€000**
Due to Funds Group entities - current		
AnaCap Credit Opportunities II Limited	6,775	12,134
AnaCap Credit Opportunities III Limited	10,543	5,798
Total due to Funds Group entities	**17,318**	**17,932**
Due to Funds Group entities - non-current		
AnaCap Credit Opportunities II Limited	32,211	45,041
AnaCap Credit Opportunities III Limited	182,163	88,480
Total due to Funds Group entities	**214,374**	**133,521**

Notes to the Condensed Interim Combined Financial Statements (continued)

11. Related party transactions (continued)

The above balances are in relation to the funding loan notes between the Portfolio Business and the Funds Group entities. The finance cost charged by these related entities in relation to funding loan notes was €6,852k (12 month period ended 31 March 17: €25,266k, quarter ended 31 March 2016: €35,199k). The current portion of due to related parties represents interest payable and principal repayment due at each balance sheet date. The non-current portion of the due to related parties balance represents the outstanding funding loan notes at each balance sheet date as disclosed in Note 9.

AnaCap Credit Opportunities II Limited and AnaCap Credit Opportunities III Limited subscribe to shares in the underlying Portfolio Business' entities. The movement in share issues and share buybacks for each of the reporting period is disclosed in Note 10.

Directors' fees

The Portfolio Business entities each have a Board of Directors who receives Directors' fees on a fixed basis. The table below shows the payment to the Directors during the periods and the balances due to them at the end of each period.

	Quarter ended 31 March 2017	Quarter ended 31 March 2016	12 months ended 31 March 2017
	€000	**€000**	**€000**
Fees charged			
Directors' fees	50	34	155
Total fees payable	**50**	**34**	**155**
Fees payable at period end			
Fees payable	56	43	56
Directors' fees payable at the end of the period	**56**	**43**	**56**

Management fees

The Portfolio Business has not in the past constituted a separate legal group as explained in the annual combined financial statements. If the Portfolio Business had existed, some of the indirect costs allocated to the Funds Group would have been incurred by the Portfolio Business in the form of management fees at the rates similar to charges levied to the Funds Group which are: 1.75% charged on the acquisition costs of Portfolio Business' investments during the investment period (generally until the third anniversary of the funds' final closing), and 1.5% charged on acquisition costs net of returns after the investment period. Management fees for each of the periods are disclosed in Note 5.

Notes to the Condensed Interim Combined Financial Statements (continued)

12. Investments in subsidiaries and controlled entities

Details of the Portfolio Business' subsidiaries and controlled entities are as follows:

Name	Place of incorporation	Registered office	Ownership %	Current status
ACOF II Portugal Limited	Guernsey	∂	100%**	Active
Alpha Credit Holdings S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Holdings 3 S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Solutions 1 S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Solutions 2 S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Solutions 4 S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Solutions 5 S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Solutions 6 S.à r.l.	Luxembourg	◊	100%	Active
Aurora Reo S.r.l.	Italy	√	100%	Active
Aurora SPV S.r.l.*	Italy	√	0%	Active
Augustus SPV S.r.l.	Italy	√	0%	Active
Iustitia Futura S.r.l.*	Italy	√	0%	Active
Mountrock S.L.U.	Spain	µ	100%	Active
Prime Credit 3 S.A.	Luxembourg	◊	100%	Active
Prime Credit 6 S.à r.l.	Luxembourg	◊	100%	Active
Prime Credit 7 S.à r.l.	Luxembourg	◊	100%	Active
Sagres Holdings Limited*	Portugal	∞	0%	Active
Silview S.L.U.	Spain	µ	100%	Active
Tiberius SPV S.r.l.*	Italy	√	0%	Active
Thor SPV S.r.l.*	Italy	Π	0%	Active

Key

◊ - E Building, Parc d'Activité Syrdall, Parc d'Activité Syrdall, 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg

∞ - East 3, Apartment 1401, Fort Cambridge, Tigne Street, Sliema SLM 3175, Malta

µ - Calle Príncipe de Vergara 131, Primera Planta, 28002 Madrid, Spain

√ - Via Mario Bianchini, 43, 00142 Rome, Italy

∂ - Ground Floor, Cambridge House, Le Truchot, St Peter Port, Guernsey, GY1 1WD

Π - Via Alessandro Pestalozza 12/14, 20131 Milan, Italy

*In accordance with IFRS 10 these entities have been deemed to be under the control of the Portfolio Business and have therefore been consolidated in these combined financial statements. IFRS 10 determines there to be control when the Portfolio Business is exposed to the majority of the variable returns and was involved at inception of the vehicle.

**Represents 100% ownership of the voting and controlling A shares. A co-investor owns the B shares in ACOF II Portugal Limited, but the B shares have no voting or controlling rights. Both the A shares and the B shares track the Portuguese Portfolio Business Assets, through inter-company funding loan notes and equity.

Notes to the Condensed Interim Combined Financial Statements (continued)

13. Financial Instruments

Fair value estimation
The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Funds Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation models
The Portfolio Business measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted market prices within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, using prices from observable current market transactions and dealer quotes for similar instruments and unobservable inputs such as historic performance data.

The purchased loan portfolios and purchased loan notes are carried at amortised cost calculated using the 84-month ERC. Derivative financial instruments are initially recognised, and subsequently measured, at fair value. The fair values of derivative instruments are calculated using quoted prices. Borrowings are initially measured at fair value and are subsequently measured at amortised cost.

Financial instruments not measured at fair value – fair value hierarchy

The following table analyses financial instruments not measured at fair value at the reporting dates, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Condensed Interim Combined Statement of Financial Position.

The following table shows the investments split into their respective categories as at 31 March 2017:

	Level 1	Level 2	Level 3
	€000	**€000**	**€000**
Purchased loan portfolios	-	-	295,400
Purchased loan notes	-	-	13,733
Investment in associate	-	-	1,028
Total	**-**	**-**	**310,161**

As at the 31 March 2017, the fair value of purchased loan portfolios and purchased loan notes was €307,940k and €14,575k respectfully. Fair value has been determined by discounting the net cash flows of the Portfolio Business Asssets at a market discount rate. The investment in associate is an investment into a privately owned company and therefore there is no active market for which fair value information can be derived.

Notes to the Condensed Interim Combined Financial Statements (continued)

13. Financial instruments (continued)

Financial instruments not measured at fair value – fair value hierarchy (continued)

The following table shows the investments split into their respective categories as at 31 March 2016:

	Level 1	Level 2	Level 3
	€000	**€000**	**€000**
Purchased loan portfolios	-	-	181,987
Purchased loan notes	-	-	10,593
Investment in associate	-	-	725
Total	**-**	**-**	**193,305**

There have been no transfers in or out of level 3.

The Condensed Interim Combined Statement of Financial Position value of the Portfolio Business Assets is derived from discounted cash flows generated by an 84-month ERC model. The inputs into the ERC model are historic portfolio collection performance data. This ERC is updated with the core collections experience to date on a monthly basis.

The Funds Group has an established control framework with respect to the measurement of Portfolio Business Assets values. This includes regular monitoring of portfolio performance overseen by the Funds Group, which considers actual versus forecast results at an individual portfolio level, re-forecasts cash flows on a 3-6 monthly basis, reviews actual against forecast gross money multiple and signs off the latest forecasts of the Portfolio Business Assets.

A reconciliation of the opening to closing balances for the period of the purchased loan portfolios and purchased loan notes can be seen in Note 7.

The Portfolio Business did not hold any other financial instruments not measured at fair value for which a fair value needs to be calculated for each of the periods presented.

14. Borrowings and facilities

Funding received from the Funds Group and external parties are as follow:

	As at 31 March 2017	As at 31 March 2016
	€000	**€000**
Funding loan notes	214,374	133,521
Secured loan notes	25,312	2,181
Total borrowings	**239,686**	**135,702**
Amount due for settlement within one year	**7,679**	**1,552**
Amount due for settlement more than one year	**232,007**	**134,150**

As at the 31 March 2017, the fair value of secured loan notes was €26,916k. Fair value has been determined by discounting the net cash flows of the Portfolio Business Asssets at a market discount rate. The nature and valuation methods for funding loan notes are explained in Note 9.

15. Commitments and contingencies

Details of the Portfolio Business' commitments and contingencies are described in Notes 11 and 14.

There are no other material commitments or contingencies.

16. Subsequent events

There were no material subsequent events to note after the reporting date.

Notes to the Condensed Interim Combined Financial Statements (continued)

17. Adjusted EBITDA, normalised EBITDA and ERC

Adjusted EBITDA is the profit before interest, tax, depreciation, amortisation, non-recurring items, foreign exchange gains or losses and share of associates profit or loss. Revenue and costs on purchased loan portfolios and notes and secured loan notes calculated using the EIR method are also replaced with actual cash collections in the period. Collections in the period represent cash received by the Portfolio Business and / or the servicers engaged by the Portfolio Business within that period and include deferred consideration on a received basis.

Normalised EBITDA eliminates the impact of portfolio disposals from the adjusted EBITDA.

The adjusted EBITDA and normalised EBITDA reconciliations for the relevant periods are shown below:

	Quarter ended 31 March 2017	Quarter ended 31 March 2016	12 months ended 31 March 2017
Profit / (loss) before tax	**4,783**	**(10,241)**	**14,278**
Finance costs	7,054	38,379	26,386
Share of profit in associate	-	-	(303)
Net foreign currency (gains) / losses	(272)	(125)	1,448
Impairment - purchased loan portfolios and purchased loan notes	1,625	(9,129)	6,426
Collections from portfolios	22,732	22,000	89,622
Disposal of purchased loan portfolios and purchased loan notes	-	55,264	-
Revenue	(18,731)	(26,600)	(71,946)
Repayment of secured loan notes	(376)	(3,461)	(1,210)
Non-recurring items	-	1,615	-
Finance income	(48)	(70)	(224)
Adjusted EBITDA	**16,767**	**67,632**	**64,477**
Reversal of disposal of purchased loan portfolios and purchased loan notes	-	(55,264)	-
Normalised EBITDA	**16,767**	**12,368**	**64,477**

The value of purchased loan portfolios and purchased loan notes are shown in these condensed interim combined financial statement discounted back to net present value. The tables below set out the undiscounted estimated remaining collections of the Portfolio Business Assets ("Gross ERC") and net of any amounts attributable to the secured loan note holders ("ERC").

	As at 31 March 2017	As at 31 March 2016
	€000	**€000**
Gross ERC	555,271	378,680
ERC	508,174	370,257

The Portfolio Business

Audited Combined Financial Statements
For the Years Ended 31 December 2016, 2015 and 2014

Independent Auditors' Report to the Board of Directors of AnaCap Financial Europe S.A. SICAV-RAIF

To the Board of Directors of AnaCap Financial Europe S.A. SICAV-RAIF (the "Board of Directors")

Report on the audit of the combined financial statements

Our opinion

In our opinion, the combined financial statements give a true and fair view of the financial position of the entities set out in note 16 to the combined financial statements (together the "Portfolio Business") as at 31 December 2016, 31 December 2015 and 31 December 2014 and their financial performance and cash flows for the years 31 December 2016, 31 December 2015 and 31 December 2014 then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

What we have audited

The accompanying combined financial statements of the Portfolio Business (together 'the Combined Financial Statements') comprise:

- the combined statement of financial position as at 31 December 2016, 31 December 2015, 31 December 2014 and 1 January, 2014;
- the combined statement of comprehensive income for the years ended 31 December 2016, 31 December 2015 and 31 December 2014;
- the combined statement of changes in invested capital for the years ended 31 December 2016, 31 December 2015 and 31 December 2014;
- the combined statement of cash flows for the years ended 31 December 2016, 31 December 2015 and 31 December 2014; and
- the notes to the combined financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Law and standards are further described in the "*Responsibilities of the Independent Auditor for the audit of the combined financial statements*" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of AnaCap Financial Europe S.A. SICAV-RAIF and the Portfolio Business in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

Emphasis of Matter – Basis of accounting and restriction on distribution and use

We draw attention to the fact that, as described in note 1 to the combined financial statements, the businesses included in the combined financial statements have not operated as a single entity. These combined financial statements are, therefore, not necessarily indicative of results that would have occurred if the Portfolio Business had operated as a single business during the years presented or of future results of the Business.

The combined financial statements are prepared for the Board of Directors of AnaCap Financial Europe S.A. SICAV-RAIF to assist them in presenting the financial position and results of the entities set out in note 16, in connection with the transaction described in note 1 to these combined financial statements. As a result, the combined financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the Combined Financial Statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Combined Financial Statements, the Board of Directors is responsible for assessing the Business' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Business or to cease operations, or has no realistic alternative but to do so.

Independent Auditors' Report to the Board of Directors of AnaCap Financial Europe S.A. SICAV-RAIF (continued)

Those charged with governance are responsible for overseeing the financial reporting process of the Business.

Responsibilities of the Independent Auditor for the audit of the combined financial statements
Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the Business.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of Business. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Business to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Salagnac

PriceWaterhouseCoopers, Société Coopérative, represented by Thierry Salagnac

2, rue Gerhard Mercator B.P. 1443 L-1014 Luxembourg

30 June 2017

Combined Statement of Comprehensive Income

	Notes	Year ended 31 December 2016 €000	Year ended 31 December 2015 €000	Year ended 31 December 2014 €000
Revenue				
Income from purchased loan portfolios	11	64,005	60,478	50,890
Income from purchased loan notes	11	3,936	4,834	2,005
Profit on disposal of purchased loan portfolios	11	11,874	-	-
Total revenue		**79,815**	**65,312**	**52,895**
Operating expenses				
Collection activity costs		(21,453)	(16,595)	(16,249)
Of which non-recurring items - termination fees		(1,615)	-	-
Excluding non-recurring items		(19,838)	(16,595)	(16,249)
Impairment - purchased loan portfolios and purchased loan notes	8; 11	4,329	(13,666)	3,799
Net foreign currency (losses) / gains	8	(1,595)	(379)	254
Other operating expenses	8	(4,679)	(4,322)	(3,804)
Total operating expenses		**(23,398)**	**(34,962)**	**(16,000)**
Operating profit		**56,417**	**30,350**	**36,895**
Finance income		246	304	-
Finance costs		(57,710)	(19,450)	(18,082)
Interest expense - secured loan notes		(4,098)	(979)	(2,347)
Finance costs - funding loan notes		(53,612)	(18,471)	(15,735)
Share of profit / (loss) in associate	10	303	(75)	-
(Loss) / profit before tax		**(744)**	**11,129**	**18,813**
Taxation charge on ordinary activities	9	(114)	(140)	(86)
Comprehensive (loss) / income for the year		**(858)**	**10,989**	**18,727**

The above Combined Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Combined Statement of Financial Position

	Notes	As at 31 December 2016 €000	As at 31 December 2015 €000	As at 31 December 2014 €000	As at 1 January 2014 €000
Assets					
Non-current assets					
Other receivables	11	493	922	1,304	-
Investment in associate	10	1,028	725	-	-
Total non-current assets		**1,521**	**1,647**	**1,304**	**-**
Current assets					
Cash and cash equivalents		25,896	15,652	20,728	7,138
Trade and other receivables	12	3,645	9,794	4,424	3,647
Purchased loan portfolios	11	259,710	169,625	140,715	139,020
Purchased loan notes	11	15,339	12,007	18,933	-
Total current assets		**304,590**	**207,078**	**184,800**	**149,805**
Total assets		**306,111**	**208,725**	**186,104**	**149,805**
Liabilities					
Non-current liabilities					
Funding loan notes	13	183,992	112,746	88,425	73,947
Total non-current liabilities		**183,992**	**112,746**	**88,425**	**73,947**
Current liabilities					
Secured loan notes	13	25,487	2,462	3,513	9,613
Trade and other payables	13	27,418	17,761	24,791	13,467
Tax payable		484	370	276	215
Total current liabilities		**53,389**	**20,593**	**28,580**	**23,295**
Total liabilities		**237,381**	**133,339**	**117,005**	**97,242**
Invested Capital					
Invested capital	14	51,284	50,618	51,019	52,315
Retained earnings		17,446	24,768	18,080	248
Total invested capital		**68,730**	**75,386**	**69,099**	**52,563**
Total invested capital and liabilities		**306,111**	**208,725**	**186,104**	**149,805**

The above Combined Statement of Financial Position should be read in conjunction with the accompanying notes.

Approved on 30 June 2017, signed and authorised for issue on its behalf by:

Christopher Ross-Roberts
AnaCap Financial Europe S.A. SICAV-RAIF
Director
30 June 2017

Combined Statement of Cash Flows

	Notes	Year ended 31 December 2016 €000	Year ended 31 December 2015 €000	Year ended 31 December 2014 €000
Cash flows from operating activities				
(Loss) / profit before tax		(744)	11,129	18,813
Adjustments for:				
Income from purchased loan portfolios	11	(64,005)	(60,478)	(50,890)
Income from purchased loan notes	11	(3,936)	(4,834)	(2,005)
Profit on disposal of purchased loan portfolios	11	(11,874)	-	-
Finance income		(246)	(304)	-
Management fees	8	3,847	3,715	3,278
Impairment - purchased loan portfolios and purchased loan notes	8	(4,329)	13,666	(3,799)
Unrealised foreign currency losses on purchased loan portfolios	11	1,512	-	-
Finance costs - funding loan notes		53,612	18,471	15,735
Interest expense - secured loan notes		4,098	974	2,347
Share of (profit) / loss in associate	10	(303)	75	-
Operating cash flows before changes in working capital		**(22,368)**	**(17,586)**	**(16,521)**
Decrease / (increase) in trade and other receivables		724	189	(304)
Decrease in trade and other payables		(135)	(618)	(2,912)
Cash used in operations		**(21,779)**	**(18,015)**	**(19,737)**
Taxation paid		(1)	(45)	(25)
Acquisition of purchased loan portfolios	11	(140,464)	(47,806)	(39,100)
Acquisition of purchased loan notes	11	(8,900)	-	(20,175)
Collections in the year	11	88,891	69,768	56,636
Disposal of purchased loan portfolios and purchased loan notes	11	55,264	2,827	37,040
Net cash (used in) / generated from operating activities		**(26,989)**	**6,729**	**14,639**
Investing activities				
Investment in associate	10	-	(800)	-
Net cash used in investing activities		**-**	**(800)**	**-**
Cash flows from financing activities				
Issue of funding loan notes	13	125,025	48,128	62,043
Repayment of funding loan notes	13	(47,644)	(28,770)	(39,035)
Issue of secured loan notes		23,745	-	-
Repayment of secured loan notes		(4,294)	(2,026)	(8,558)
Finance costs paid - funding loan notes		(49,955)	(19,921)	(10,029)
Invested capital		(9,644)	(8,416)	(5,470)
Net cash generated from / (used in) financing activities		**37,233**	**(11,005)**	**(1,049)**
Net movements in cash and cash equivalents		10,244	(5,076)	13,590
Cash and cash equivalents at the beginning of the year		15,652	20,728	7,138
Cash and cash equivalents at the end of the year		**25,896**	**15,652**	**20,728**

The above Combined Statement of Cash Flow should be read in conjunction with the accompanying notes.

Combined Statement of Changes in Invested Capital

	Invested capital	Retained earnings	Total
	€000	€000	€000
Balance as at 1 January 2016	50,618	24,768	75,386
Issue of share capital	1,878	-	1,878
Share buybacks	(6,981)	(6,464)	(13,445)
Adjustments arising on combination (carve-out differences)	5,769	-	5,769
Comprehensive loss for the year	-	(858)	(858)
Balance as at 31 December 2016	**51,284**	**17,446**	**68,730**

	Invested capital	Retained earnings	Total
	€000	€000	€000
Balance as at 1 January 2015	51,019	18,080	69,099
Issue of share capital	490	-	490
Share buybacks	(3,903)	(4,301)	(8,204)
Adjustments arising on combination (carve-out differences)	3,012	-	3,012
Comprehensive income for the year	-	10,989	10,989
Balance as at 31 December 2015	**50,618**	**24,768**	**75,386**

	Invested capital	Retained earnings	Total
	€000	€000	€000
Balance as at 1 January 2014	52,315	248	52,563
Issue of share capital	644	-	644
Share buybacks	(3,507)	(895)	(4,402)
Adjustments arising on combination (carve-out differences)	1,567	-	1,567
Comprehensive income for the year	-	18,727	18,727
Balance as at 31 December 2014	**51,019**	**18,080**	**69,099**

The above Combined Statement of Changes in Invested Capital should be read in conjunction with the accompanying notes.

Notes to the Combined Financial Statements

1. Background to the transaction and nature of the business

AnaCap Group Holdings Limited and its affiliates (together "AnaCap") has established a reserved alternative investment fund (*fonds d'investissement alternative réservé*) in the form of an investment company with variable capital (*société d'investissement à capital variable*) under Luxembourg law (the "RAIF" or "AnaCap Financial Europe S.A. SICAV-RAIF").

The RAIF will acquire from AnaCap Credit Opportunities II, L.P. and AnaCap Credit Opportunities III, L.P. or their directly controlled subsidiaries (together with their affiliates, the "Funds Group") the following direct and indirect subsidiaries and the majority of their assets, including their interests in several loan portfolios (together, the "Portfolio Business"):

ACOF II Portugal Limited
Alpha Credit Holdings S.à r.l.
Alpha Credit Holdings 3 S.à r.l.
A GuernseyCo incorporated under Guernsey law that is to be acquired and which will become the parent of Alpha Credit Holdings 3 S.à r.l.
Alpha Credit Solutions 1 S.à r.l.
Alpha Credit Solutions 2 S.à r.l.
Alpha Credit Solutions 4 S.à r.l.
Alpha Credit Solutions 5 S.à r.l.
Alpha Credit Solutions 6 S.à r.l.
Aurora Reo S.r.l.
Mountrock S.L.U.
Prime Credit 3 S.A. (which is to be converted into a S.à r.l. prior to the acquisition)
Prime Credit 6 S.à r.l.
Prime Credit 7 S.à r.l.
Silview S.L.U.

The Portfolio Business acquires and invests in certain pools of performing, under-performing and/or non-performing loans and loan notes pursuant to the terms of purchase or investment agreements (the "Portfolio Business Assets"). In addition, certain of the entities within the Portfolio Business and / or entities which are subsidiaries or associates of the Portfolio Business enter into contractual servicing agreements with other third parties to collect the receivables, administer and disburse the proceeds of the receivables.

Assets acquired include a range of asset classes and geographies and the Portfolio Business turns these into a mixture of regular, predictable and long term cash flows and works out solutions for larger balances; this involves high volumes of low value collections from customers and larger single settlements or series of settlements, some of which are dependent on collateral claims.

For portfolio and loan balances the Portfolio Business uses analytical models to estimate expected cash flows at an individual asset level. Larger balances are manually evaluated and the cash flows are determined from the review of detailed loan documentation and availability of security. The output of these asset level forecasts is aggregated into the Portfolio Business' total expected cash flows. The price paid for the purchased loan portfolios and loan notes, collections experience and expected cash flows drive portfolio income. 84-month Estimated Remaining Collections ("ERC") forecasts are key performance measures for the business. Revenue is recognised each period using the effective interest rate ("EIR") method under International Financial Reporting Standards as adopted by the European Union and the IFRS Interpretation Committee interpretations ("IFRS"). Expected cash flows may extend beyond 15 years; however, expected cash flows on purchased loan portfolio and loan note assets are projected on an 84-month rolling basis.

Due to the nature of the Portfolio Business, actual collections on portfolios and loan notes may not perform exactly as initially forecast, and expected cash flows are formally reviewed against collections experience and significant estimates of future cash flows are updated, where appropriate, on a 3-6 monthly basis. Movement of the purchased loan portfolios and loan notes is reflected in Income from purchased loan portfolios in the Combined Statement of Comprehensive Income. As collections are received, the carrying value of the portfolio and loan note assets and related income received decreases over time.

2. Adoption of new and amended International Financial Reporting Standards

The following new standards and interpretations are mandatory for the year beginning 1 January 2016:

- *Amendments to IAS 27 - Equity method in separate financial statements* - The IASB has made amendments to IAS 27 Separate Financial Statements which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.

- *Annual improvements to IFRSs 2012-2014 cycle*
  - IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition

Notes to the Combined Financial Statements (continued)

2. Adoption of new and amended International Financial Reporting Standards (continued)

- IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34 Interim Financial Reporting
- IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

- *Amendments to IAS 1 - Disclosure initiative* - The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved including in regard to materiality, disaggregation and sub-totals, ordering of notes, and other comprehensive income from equity method investments.

During 2016, these new standards and interpretations had an insignificant effect on the combined financial statements of the Portfolio Business.

The following new and revised standards and interpretations affecting the Portfolio Business have been endorsed but are not yet effective for these combined financial statements and have not been early adopted:

- *IFRS 9 Financial Instruments*
  - IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and Measurement with a single model that has initially only two classification categories: amortised cost and fair value. Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

  - New reporting requirements under IFRS 9 introduce forward looking credit loss models which will lead to changes in timing of impairment recognition. The new expected credit loss ("ECL") model involves a three stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the EIR method. A simplified approach is permitted for financial assets that do not have a significant financing component (i.e. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

The Portfolio Business continues to assess the impact of IFRS 9 and plans to ensure compliance with the new standard ahead of its proposed implementation date of 1 January 2018.

- *IFRS 15 Revenue from Contracts with Customers*
  - IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. The Portfolio Business is assessing the impact of IFRS 15 on future periods.

The following new and revised Standards and Interpretations have been issued but are not yet endorsed or effective for these financial statements and have not been early adopted:

- *Amendments to IAS 7 - Disclosure initiative* - Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (i.e. changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences). Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.
- *Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses*
- *Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture*

The Portfolio Business is assessing the potential impact on its combined financial statements resulting from the new and revised standards and interpretations. So far, the Portfolio Business does not expect any significant impact.

Notes to the Combined Financial Statements (continued)

3. Summary of significant accounting policies

Basis of preparation
The accompanying historical combined financial statements reflect the assets, liabilities, revenues and expenses directly attributed to the Portfolio Business for the periods covered by the historical combined financial statements.

The Portfolio Business has not comprised a separate legal entity or group of entities for the years ended 31 December 2016, 2015 and 2014. These combined financial statements have been prepared specifically for the purpose of the Offering Memorandum and are prepared on a basis that combines the results, assets and liabilities of the Portfolio Business by applying the principles underlying the consolidation procedures of IFRS 10 Consolidated Financial Statements for each of the three years ended 31 December 2016, 2015 and 2014 and as at these dates.

On such basis, these combined financial statements set out the Combined Statement of Financial Position as at 31 December 2016, 2015 and 2014 and the results of operations and cash flows for the three years then ended.

The accounting policies have been applied consistently in the current and prior periods.

These combined financial statements have been prepared in accordance with this basis of preparation. This basis of preparation describes how these combined financial statements have been prepared in accordance with IFRS with the exception of points noted below. The principal accounting policies that have been applied to these combined financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

IFRS does not provide for the preparation of combined financial information and we refer to the accounting policies detailed in this Note of the accompanying combined financial statements which form an integral part of and should be read in conjunction with this basis of preparation.

These combined financial statements are presented in thousands of Euro ('€') and are prepared on an historical cost and going concern basis.

The following summarises the accounting and other principles applied in preparing these combined financial statements:

- These combined financial statements were prepared using the Portfolio Business' historical records of its assets and liabilities, and includes all sales, costs, assets and liabilities directly attributable to the Portfolio Business. Costs directly associated with the Portfolio Business, for example, the costs associated with servicing, are separately identifiable and have been included directly within these combined financial statements.

- In addition, there are a number of other indirect central costs which have been allocated to the Portfolio Business to reflect the fact that the Portfolio Business operated as part of the wider Funds Group. These costs were charged to the Funds Group as management fees and relate to pricing, origination, performance, and miscellaneous services provided to the Funds Group. These expenses have been allocated to the Portfolio Business on the basis of assets transferred. These have been referred to as 'management fees' and are included in 'carve-out differences' within the combined financial statements.

- The Portfolio Business has not in the past constituted a separate legal group and as described above, a number of items in the income statement and on the statement of financial position are presented as allocation of transactions with the wider Funds Group. The net investment from the Funds Group represents a combination of the overall receivables and payables with the Funds Group, funding balances with the Funds Group and equity investment by the Funds Group in the Portfolio Business, which cannot be separately identified or allocated. These balances have been aggregated with the share capital and reserves of the Portfolio Business and presented as Invested capital. Given that the Portfolio Business has not in the past constituted a separate legal group it is not meaningful to show share capital or an analysis of reserves for the Portfolio Business. The net assets of the Portfolio Business are represented by the cumulative investment of the Funds Group in the Portfolio Business, being Invested capital.

- Tax charges or credits in these combined financial statements have been determined based on the tax charges or credits recorded in the legal entities comprising the Portfolio Business in the relevant jurisdictions. The tax charges recorded in the Combined Statement of Comprehensive Income may not necessarily be representative of the charges that may arise in the future.

Notes to the Combined Financial Statements (continued)

3. Summary of significant accounting policies (continued)

Basis of preparation (continued)
These combined financial statements have been prepared on a carve-out basis and the results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Portfolio Business been a separate entity or the future results of the Portfolio Business as it will exist upon completion of the transaction.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Portfolio Business' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Going concern
The planned separation of the Portfolio Business has been considered and it is expected that the appropriate funding will be available for future operations after the separation occurs. It is expected that following separation from the Funds Group, the Portfolio Business will continue operating. The Portfolio Business' forecasts and projections, taking into account possible changes in trading performance show that the Portfolio Business will be able to operate at adequate levels of both liquidity and capital for a period of 12 months from the date of approval of these combined financial statements. Accordingly, these combined financial statements continue to adopt the going concern basis in preparing the combined financial statements.

Consolidation and accounting for subsidiary entities within the Portfolio Business
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The Portfolio Business has control over and therefore has consolidated the entities listed in Note 16 in these combined financial statements. None of these entities have any employees.

Investments in associates
The Portfolio Business has significant influence over Phoenix Asset Management SpA via ownership of potential voting rights and through the provision of directional guidance to the management of Phoenix Asset Management SpA. Therefore this investment is accounted for as an investment in associate under the equity method of accounting. Significant influence is defined as having between 20 per cent and 50 per cent of the voting power of the investee, or, when the investor holds less than 20 per cent of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The existence of significant influence by an investor is usually evidenced by such activities as representation on the board of directors, participation in policy-making processes, including participation in decisions about dividends or other distributions, material transactions between the investor and the investee, interchange of managerial personnel; or provision of essential technical information.

Initial recognition of financial instruments
The Portfolio Business recognises a financial asset or a financial liability at the time it becomes a party to a contract because that is the point at which it has contractual rights or obligations. Financial assets and liabilities are initially recognised in the Combined Statement of Financial Position at fair value in accordance with IFRS, being the purchase price plus transaction costs directly attributable to the acquisition.

Purchase price of portfolio
The purchase price of a portfolio is the sale price by the vendor less any cash received between the cut-off date for pricing an asset and the completion date of the purchase (pre-completion cash), and warranty or put back claims plus any external deal costs in purchasing the portfolio. The purchase price of a portfolio is equal to its fair value on the date of purchase.

Put back warranty claims
Under the terms of portfolio purchase agreements warranties are provided by the counterparty whereby the Portfolio Business has a period of time during which to dispute specific assets within the portfolio and put these underlying assets back to the counterparty as a breach of warranty. Where such rights have been exercised, these have been recognised as a reduction in the initial carrying value of the asset.

Notes to the Combined Financial Statements (continued)

3. Summary of significant accounting policies (continued)

Classification of financial instruments
Financial instruments are classified as either financial assets, financial liabilities or as equity in accordance with the substance of the contractual arrangement and each classification's definition under IFRS. In accordance with IAS 32 Financial Instruments: Presentation, the Portfolio Business only recognises financial instruments as equity when they do not include a contractual obligation to deliver a financial asset or exchange a financial asset or liability to another entity and when the financial instrument can be settled in the Portfolio Business' own equity instruments.

Purchased loan notes
The Portfolio Business invests in portfolios held by entities which are not under the control of the Portfolio Business via loan notes, which give the Portfolio Business proportionate rights to the cash flows from the underlying portfolios. These non-derivative purchased loan notes have been classified as loans and receivables within these combined financial statements. Under IFRS 12 Disclosure of Interests in Other Entities these represent "structured entities".

Purchased loan portfolios
The Portfolio Business' purchased loan portfolios are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as loans and receivables and are measured at amortised cost using the EIR method less any impairment. Purchased loan portfolios are acquired at a deep discount to their principle outstanding and as a result the carrying values at initial recognition reflect incurred credit losses within each portfolio. The portfolio investments are initially recorded at their fair value, being their acquisition price, and are subsequently measured at amortised cost using the EIR method. As part of the Portfolio Business' litigation strategy to recover customer balances the Portfolio Business incurs legal costs; these costs are expensed as they are incurred. Expected recoveries are included within the estimated forecasts of future cash flows within the purchased loan portfolios balance.

The Portfolio Business Assets are categorised as current in the Combined Statement of Financial Position because 1) the underlying loans and receivables within each of the portfolios are, for most part, "past due" on their contractual payment obligations; and 2) as part of the Portfolio Business' normal operating cycle, each of the portfolios is evaluated on a 3-6 monthly basis, and where necessary, the collection strategy for each portfolio is re-visited.

Derivative financial instruments
All derivative financial instruments are initially recognised at the fair value on the date a derivative contract is entered into and are subsequently re-measured at each reporting date at their fair value. The Portfolio Business does not currently use derivative financial instruments to manage risks arising from the Funds Group's underlying business operations and no transactions of a speculative nature are undertaken.

Secured loan notes
External parties invest in portfolios held by entities which are under the control of the Portfolio Business via secured loan notes and shares issued by entities within the Portfolio Business, which give the respective investors proportionate rights to the cash flows from the underlying portfolios.

Secured loan notes issued by the Portfolio Business are non-derivative financial liabilities and are measured at amortised cost using the EIR method. Shares to co-investors are classified as liabilities within secured loan notes in accordance with IAS 32 and are measured at amortised cost using the EIR method.

The secured loan note liabilities are categorised as current in the Combined Statement of Financial Position in line with the treatment of Purchased loan portfolios.

Interest income and expense and the effective interest rate method (EIR)
The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

The calculation of the EIR includes all fees integral to the EIR (such as transaction costs) and contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. In most cases, financial assets are acquired at a deep discount that reflects incurred credit losses. Such incurred credit losses are included in the estimated cash flows when computing the EIR as this is consistent with the incurred loss method of impairment under IAS 39.

Notes to the Combined Financial Statements (continued)

3. Summary of significant accounting policies (continued)

Interest income and expense and the effective interest rate method (EIR) (continued)

When there is a change to the expected amount or timing of cash flows for financial assets and liabilities held at amortised cost, the Portfolio Business recalculates the carrying amount of the financial instrument by computing the present value of estimated future cash flows at the financial instrument's original EIR. Corresponding gains and losses are recognised in the Income from purchased loan portfolios line within Revenue, with any subsequent reversals to increases in carrying value also recorded in this line. If these reversals of increases in carrying value exceed the previously recognised cumulative increases in carrying value, then an impairment is recognised as a separate line in the Combined Statement of Comprehensive Income

Impairment of purchased loan portfolios and loan notes

The portfolios are reviewed for indications of impairment at the Combined Statement of Financial Position date in accordance with IAS 39. This is considered on a portfolio basis. Where portfolios exhibit objective evidence of impairment, an adjustment, being the difference between the current carrying value and the net present value of future estimated cash flows discounted at the original EIR, is recorded to the carrying value of the portfolio.

Derecognition of financial assets

The Portfolio Business derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Portfolio Business neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of:

(i) the consideration received (including any new asset obtained less any new liability assumed) and

(ii) any cumulative gain or loss that had been recognised in other comprehensive income

is recognised in the Combined Statement of Comprehensive Income. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Portfolio Business is recognised as a separate asset or liability.

Financial liabilities and equity instruments

Debt and equity are classified as either financial liabilities, such as loan notes, or as equity in accordance with the substance of the contractual arrangement and in conjunction with the application of IFRS. Financial liabilities are held at amortised cost using the EIR method. The EIR is calculated by estimating the cash flows arising from the contractual terms of the instrument over its expected life. Transaction costs are included within the EIR and deducted from the initial carrying value of the debt instrument.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Portfolio Business' obligation is discharged, cancelled or expires. A financial liability (or part of it) is extinguished when the Portfolio Business either:

- discharges the liability (or part of it) by paying the creditor; or
- is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor

Funding loan notes

Funding received from the Funds Group is an amount owing to the Funds Group and is presented separately in the combined financial statements as 'funding loan notes' which reflects the financing of purchases of investment portfolios and return of profits between the Portfolio Business and the Funds Group during the periods presented. These funding loan notes are redeemed as profits are returned to the Funds Group and have been shown as liabilities of the combined group.

Provisions

Provisions are recognised when the Portfolio Business has a present obligation (legal or constructive) as a result of a past event and it is probable that the Portfolio Business will be required to settle that obligation. Provisions are measured at the Portfolio Business' best estimate of the consideration required to settle that obligation at the date of these combined financial statements and are discounted to present value where the effect is material.

Operating expenses

Operating expenses relate to administration and costs associated with collection activities. All operating costs are accounted for on an accruals basis. Collection activity costs include servicing management and promote fees.

Servicing management

Fees for managing the servicing of the portfolio are incurred as the services are provided to the Portfolio Business and are expensed as incurred in the Combined Statement of Comprehensive Income.

Promote fees

The Portfolio Business enters into incentive arrangements with portfolio servicing providers. These arrangements provide the service providers with an incentive fee in addition to their servicing fee if specific collections targets are met. As these fees are charged as the service is provided they are expensed as incurred in the Combined Statement of Comprehensive Income.

Notes to the Combined Financial Statements (continued)

3. Summary of significant accounting policies (continued)

Foreign currency translation

The combined financial statements are presented in the Portfolio Business' functional currency, which is the primary economic environment in which the Business operates. For the purpose of the combined financial statements, the results and financial position are expressed in Euro, which is the functional currency of the Portfolio Business and the presentation currency for the combined financial statements.

Transactions in currencies other than the Portfolio Business' functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each Combined Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that 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 comprehensive income in the year in which they arise.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, and deposits held at call with banks.

Non-recurring items

Non-recurring items are those which are separately identified by virtue of their size and nature (i.e. outside of the normal underlying operating activities of the Portfolio Business) to allow a full understanding of the underlying performance of the business. These are disclosed separately on the face of the Combined Statement of Comprehensive Income. Current year non-recurring items are explained in Note 6. The identification of these items has significance as the resulting underlying profit is one of the key determinants of distributions payable.

Deal specific transaction fees

Legal transaction fees associated with the purchase of portfolios are allocated to the purchase price of the portfolio and included within the EIR applied against the asset value.

Finance income

Finance income in the Combined Statement of Comprehensive Income represents the unwinding of the imputed interest calculated on any deferred consideration receivable on the disposal of the Portfolio Business Assets.

Taxation

Tax charges or credits in these combined financial statements have been determined based on the tax charges or credits recorded in the legal entities comprising the Portfolio Business. Each legal entity is subject to the applicable general tax regulations in the jurisdiction of its place of incorporation. Taxable profit differs from the net profit as reported in the Combined Statement of Comprehensive Income 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. Current taxation is charged or credited in the Combined Statement of Comprehensive Income, except when it relates to items charged or credited to equity, in which case the corporation taxation is also dealt with in equity.

Offsetting financial instruments

Financial instruments are offset and the net amount reported in the statement of financial position only when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability instantaneously.

Related party transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements. Related parties can include parties which have the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, parents, and entities under common control.

4. Critical accounting judgments and estimates

In the application of the Portfolio Business' accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and 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 year in which the estimate is revised.

Notes to the Combined Financial Statements (continued)

4. Critical accounting judgments and estimates (continued)

Critical judgments in applying accounting policies

The following are the critical judgments that have been made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

The carrying values of non-derivative financial assets and financial liabilities are derived using the forecasted cash flows over the expected life of the underlying instruments. Due to the nature of the business, the expected cash flows are measured using an 84-month rolling expected life from the date of the statements of financial position. An expected life of 84 months has been used as this most appropriately reflects the period over which cash flows are expected to be received based on management experience. 84-month cash flow forecasts are prepared for each portfolio on an account basis.

In relation to non-paying accounts, judgements will be made as to which operational strategy is the most appropriate to move the account to paying status, this may include placing these accounts into litigation. Operational factors, that may impact future estimated cash flows, are also considered such as improved collections processes and systems. Management also review the model on a portfolio basis to take into account external factors, which have impacted historical or will impact future performance and where necessary portfolios are calibrated to take into account these known factors.

More complex judgments are required in relation to carrying value and EIR of purchased loan portfolios and associated revenue recognition, and impairment of the loan portfolios among others.

Functional currency

Management considers the Euro to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Euro is the currency in which the Funds Group measures its performance and reports its results, as well as the currency in which it receives capital funding from its investors.

The combined financial statements are presented in Euro, being the primary economic currency in which the Portfolio Business operates and are rounded to the nearest thousand Euro ('€').

Invested capital

The net assets of the Portfolio Business are represented by the cumulative investment of the Funds Group in the Portfolio Business which is presented as Invested capital in these combined financial statements. Invested capital in the Portfolio Business as shown in the Combined Statement of Financial Position includes certain non-contractual amounts due to / from the Funds Group. Contractual intercompany receivables / payables with the Funds Group have been shown as financial assets / liabilities of the combined group. Adjustments required to prepare the financial statements on a combined basis which are not the result of eliminations of intercompany transactions have been recognised in Invested capital and form part of 'carve-out differences'.

Intercompany transactions

Intercompany transactions and assets and liabilities between entities included in the combined financial statements have been eliminated. The combined financial statements include the Portfolio Business' transactions and statement of financial position items. Intercompany transactions and statement of financial position items with other Portfolio Business companies which were previously considered as transactions with related parties have been treated as intercompany transactions.

Critical estimates

The following are the key sources of assumption and estimation uncertainty that have been made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Due to the nature of the business, the expected cash flows on financial assets are measured using an 84-month rolling expected life from the date of the statements of financial position. 84-month cash flow forecasts are prepared for each portfolio on an account basis. For larger balances, these forecasts are manually evaluated and underwritten based on the expected cash flows from reviews of underlying detailed loan documentation and the availability of security against the balance. For smaller balances, these forecasts are generated using statistical models incorporating a number of factors, including predictions of payments, which are informed by customer and account level data, credit agency data and historic experience with accounts which have similar key attributes. A further key model input is previous payments made by a customer. The assumptions and estimates made are specific to the particular characteristics of each portfolio.

The expected cash flows created from the forecasting models are regularly benchmarked at a portfolio level against actual performance; this informs the decision as to whether a change in carrying value of the portfolio may be required. The estimated future cash flows generated by the above process are the key estimate and judgment in these combined financial statements. A change in the expected future cash flows by +1% would increase the carrying value of financial assets as at 31 December 2016 by €1,396K (31 December 2015 €1,343K, 31 December 2014 €1,374K, 1 January 2014 €811K).

Notes to the Combined Financial Statements (continued)

4. Critical accounting judgments and estimates (continued)

Critical estimates (continued)

A change in the expected future cash flows by -1% would reduce the carrying value of financial assets as at 31 December 2016 by €1,660K (31 December 2015 €1,355K, 31 December 2014 €1,387K, 1 January 2014 €811K).

Changes in estimates

Estimates are reviewed for reasonability on a 3-6 monthly basis. Changes to carrying values of assets and liabilities are applied in accordance with IAS 39.

5. Future significant accounting policies

Senior Secured Notes

The RAIF will be issuing the Senior Secured Notes (the "Notes") to investors in order to fund the purchase of the Portfolio Business. The RAIF will recognise such financial liabilities at the time it becomes party to the contracts because that is the point at which it assumes contractual obligations. Such financial liabilities are initially recognised in the Combined Statement of Financial Position at fair value plus transaction costs that are directly attributable to the issue of the Notes in accordance with IFRS. The Notes issued by the RAIF are non-derivative financial liabilities and are measured at amortised cost using the EIR method.

Day 1 accounting at fair value

Upon the establishment and commencement of operations of the RAIF, the assets and liabilities transferred will be recognised at fair value in accordance with the accounting policy for the initial recognition of financial assets and liabilities as described above. As the accounting will be for the newly established RAIF, there will be no existing revenue or expenses transferred into the new entity.

6. Segmental reporting

The Portfolio Business represents a single reportable segment. The Portfolio Business' entities are all managed through Luxembourg with subsidiaries and portfolio investments across Europe.

The below tables summarise the information management would review for the entities covered by the Portfolio Business:

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	**€000**	**€000**
Total revenue	**79,815**	**65,312**	**52,895**
Collection activity costs	(19,838)	(16,595)	(16,249)
Impairment - purchased loan portfolios and purchased loan notes	4,329	(13,666)	3,799
Net foreign currency (losses) / gains	(1,595)	(379)	254
Other operating expenses	(4,679)	(4,322)	(3,804)
Non-recurring items	(1,615)	-	-
Operating profit	**56,417**	**30,350**	**36,895**
Finance income	246	304	-
Total finance costs	(57,710)	(19,450)	(18,082)
Share of profit / (loss) in associate	303	(75)	-
(Loss) / profit before tax	**(744)**	**11,129**	**18,813**
Taxation	(114)	(140)	(86)
Comprehensive (loss) / income for the year	**(858)**	**10,989**	**18,727**

Non-recurring items represent a one-off contractual termination fee paid to a servicer on the early termination of their contract following the disposal of the related portfolio.

Notes to the Combined Financial Statements (continued)

6. Segmental reporting (continued)

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 1 January 2014
	€000	**€000**	**€000**	**€000**
Investment in associate	1,028	725	-	-
Purchased loan portfolios	259,710	169,625	140,715	139,020
Purchased loan notes	15,339	12,007	18,933	-
Statement of Financial Position				
Total segment assets	306,111	208,725	186,104	149,805
Total segment liabilities	(237,381)	(133,339)	(117,005)	(97,242)
Segment net assets	**68,730**	**75,386**	**69,099**	**52,563**

The table below represents the total revenue of the Portfolio Business by geography:

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	**€000**	**€000**
- United Kingdom	1,855	-	-
- Spain	13,723	12,293	17,369
- Portugal	13,017	13,782	7,188
- Romania	3,936	4,834	2,005
- Italy	47,284	34,403	26,333
Total revenue	**79,815**	**65,312**	**52,895**

The table below represents the carrying value of the Portfolio Business by geography:

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 1 January 2014
	€000	**€000**	**€000**	**€000**
- United Kingdom	13,722	-	-	-
- Spain	39,432	28,479	33,833	40,516
- Portugal	44,912	41,019	52,247	57,629
- Romania	15,339	11,757	18,683	-
- Italy	161,644	100,377	54,885	40,875
Total	**275,049**	**181,632**	**159,648**	**139,020**

Notes to the Combined Financial Statements (continued)

7. Auditor's remuneration

The auditors' remuneration disclosed in these combined financial statements represents the auditors' remuneration for the work carried out at each entity level that comprises the Portfolio Business.

The table below shows the summary of audit services fees paid during each of the years and the fees payable at the end of each financial period.

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	**€000**	**€000**
Fees charged			
Audit fees	70	51	35
Total audit fees	**70**	**51**	**35**
Fees payable			
Fees payable for audit services	70	43	27
Total fees payable for audit services	**70**	**43**	**27**

8. Other operating expenses, foreign exchange gains and losses and impairments of Portfolio Business Assets

Other operating expenses, foreign exchange gains and losses and impairments of Portfolio Business Assets are as follows:

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	**€000**	**€000**
Management fees	3,847	3,715	3,278
Directors' fees	138	97	77
Legal and professional fees	234	205	220
Audit and administration fees	345	210	165
Other expenses	115	95	64
Other operating expenses	**4,679**	**4,322**	**3,804**
Realised foreign currency losses	124	49	3
Unrealised foreign currency losses / (gains)	1,471	330	(257)
Net foreign currency (losses) / gains	**1,595**	**379**	**(254)**
Impairment - purchased loan portfolios and purchased loan notes	8,249	16,865	11,698
Reversal of impairment - purchased loan portfolios and purchased loan notes	(12,578)	(3,199)	(15,497)
Impairment - purchased loan portfolios and purchased loan notes	**(4,329)**	**13,666**	**(3,799)**

Notes to the Combined Financial Statements (continued)

9. Taxation

The Portfolio Business' activities are primarily based in Luxembourg. The tax shown in the combined financial statements is therefore local tax on the legal entities comprising the Portfolio Business.

The table below shows the summary of tax charge levied during each of the years.

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	**€000**	**€000**
(Loss) / profit before tax	(744)	11,129	18,813
Standard income tax rate applicable in Luxembourg (%)	27.08%	29.22%	29.22%
Theoretical taxation benefit / (charge)	**202**	**(3,252)**	**(5,497)**
Profit not subject to income tax	(294)	3,093	5,414
Taxation charge on ordinary activities before other taxes	**(92)**	**(159)**	**(83)**
Effect of different tax rates in foreign jurisdictions	-	25	-
Other taxes (Net Wealth Tax etc.)	(22)	(6)	(3)
Taxation charge on ordinary activities	**(114)**	**(140)**	**(86)**

10. Investment in associate

The Portfolio Business has a 30% economic interest in Phoenix Asset Management SpA ("PAM") via warrants over 30% of PAM's equity. The terms of the interest means that the Portfolio Business exercises significant influence over PAM.

PAM specialises in offering management services, valuation, acquisition and evaluation of NPL Portfolios which is strategic and key to the Portfolio Business' operations in Italy. The associate is accounted for using the equity method.

Below is a reconciliation of the movements in the carrying value of the Portfolio Business' interest in PAM during the year:

Name	Place of incorporation	Registered office	Economic interest
Phoenix Asset Management SpA	Italy	Corso Vittorio Emanuele II 154 Roma RM	Warrants over 30% of PAM's equity

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
	€000	**€000**	**€000**
Interest in net assets of associate at the start of the year	725	-	-
Acquisition of interest	-	800	-
Share of profit / (loss) in associate	303	(75)	-
Interest in net assets of associate at the end of the year	**1,028**	**725**	**-**

PAM is a privately owned company and therefore there is no active market.

Notes to the Combined Financial Statements (continued)

11. Financial assets

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 1 January 2014
	€000	€000	€000	€000
Expected falling due after one year:				
Purchased loan portfolios	167,388	103,317	84,777	89,296
Purchased loan notes	8,421	4,235	9,365	-
Other receivables (non-current)	493	922	1,304	-
Total	**176,302**	**108,474**	**95,446**	**89,296**
Expected falling due within one year:				
Purchased loan portfolios	92,322	66,308	55,938	49,724
Purchased loan notes	6,918	7,772	9,568	-
Other receivables (current)	605	6,031	473	-
Total	**99,845**	**80,111**	**65,979**	**49,724**

Other receivables consist of deferred consideration due on the disposal of purchased loan portfolios.

The movements in purchased loan portfolios were as follows:

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	€000	€000
Purchased loan portfolios at the start of the year	169,625	140,715	139,020
Portfolios acquired during the year	140,464	47,806	39,100
Collections in the year	(78,233)	(58,439)	(53,389)
Portfolios disposed of during the year	(55,264)	(2,827)	(37,040)
Impairment of purchased portfolio loans	3,899	(12,730)	3,799
Income from purchased loan portfolios	64,005	60,478	50,890
Profit on disposal of purchased loan portfolios	11,874	-	-
Unrealised foreign currency losses on purchased loan portfolios	(1,512)	-	-
Other movements	4,852	(5,378)	(1,665)
Purchased loan portfolios at the end of the year	**259,710**	**169,625**	**140,715**

Other movements include timing differences due to deferred consideration received on portfolio disposals.

The movements in purchased loan notes were as follows:

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	€000	€000
Purchased loan notes at the start of the year	12,007	18,933	-
Purchased loan notes acquired during the year	8,900	-	20,175
Collections in the year	(9,980)	(11,034)	(3,247)
Income from purchased loan notes	3,936	4,834	2,005
Impairment of purchased loan notes	476	(726)	-
Purchased loan notes at the end of the year	**15,339**	**12,007**	**18,933**

Notes to the Combined Financial Statements (continued)

11. Financial assets (continued)

Purchased loan notes represent interests of the Portfolio Business in two entities, Volga Investments DAC and APS Delta S.A., each of which acts as a holding vehicle to a single underlying loan portfolio. These entities are not linked to or originated by the Portfolio Business. The Portfolio Business has exposure to the underlying portfolios by way of purchasing c.32% and c.33% respectively of the notes issued by these entities as a mechanism to fund the original purchase of the loan portfolios and thereafter to distribute cash generated on loan collections. Purchased loan notes in the Combined Statement of Financial Position represent the Portfolio Business' total interest in these entities measured at amortised cost.

Volga Investments DAC is a Irish incorporated securitisation vehicle, which indirectly purchased a mixed portfolio of non-performing and semi-performing loans in Romania. The acquisition was funded through the issuance of notes by the entity. The Portfolio Business owns c.32% of the notes with three other investors having subscribed to the remaining notes. The equity in the vehicle is held by a third party. At the reporting date Volga Investments DAC had no other investments.

APS Delta S.A. is a Luxembourg incorporated securitisation vehicle, which establishes new compartments for each acquisition. The 'Rosemary' compartment was used to acquire a non-performing loan portfolio in Romania and was financed using notes issued by the compartment. The Portfolio Business owns c.33% of the notes with two other investors having subscribed to the remaining notes. The equity in the vehicle is held by a third party. At the reporting date APS Delta S.A. had no other compartments.

12. Trade and other receivables

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 1 January 2014
	€000	**€000**	**€000**	**€000**
Collections receivable	2,436	2,889	3,478	2,380
Other receivables	1,209	6,905	946	1,267
Total	**3,645**	**9,794**	**4,424**	**3,647**

Collections receivable consist of collections received by the Portfolio Business' servicers which are due to be paid to the Portfolio Business.

Other receivables include deferred consideration due on the disposal of purchased loan portfolios as described and set out in Note 11.

13. Trade and other payables and loan notes

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 1 January 2014
	€000	**€000**	**€000**	**€000**
Current				
Secured loan notes	25,487	2,462	3,513	9,613
Trade and other payables				
Trade payables	924	1,088	604	914
Amounts due to related parties	25,302	15,761	23,141	9,082
Accrued expenses	714	211	98	100
Deferred investment payable	-	-	-	3,363
Other payables	478	701	948	8
Total	**52,905**	**20,223**	**28,304**	**23,080**
Non-current				
Funding loan notes	183,992	112,746	88,425	73,947
Total	**183,992**	**112,746**	**88,425**	**73,947**

Notes to the Combined Financial Statements (continued)

13. Trade and other payables and loan notes (continued)

Secured loan notes represent amounts owed to external parties which invest in portfolios held by entities which are under the control of the Portfolio Business via subscriptions to secured loan notes and shares issued by entities within the Portfolio Business. The secured loan notes in the above table are carried at amortised cost using the EIR method.

The balance due to related parties is largely due to the to the related entities that provide funding loan notes and relates to interest payments and principal repayments on the funding loan notes at the statement of financial position date as described in Note 15.

Funding loan notes represent loans provided to the Portfolio Business by entities controlled within the Funds Group to fund the purchase of portfolio investments. Funding loan notes are senior, secured obligations of the Portfolio Business entities and will rank *pari passu* with all other secured senior obligations of the Portfolio Business, except in limited circumstances where an obligation may be mandatorily preferred by law.

The Portfolio Business entities may repay the funding loan notes in whole or in part any time without premium, penalty or other compensation being payable. The funding loan notes have the following final repayment dates: 19 August 2019 for funding loans notes relating to AnaCap Credit Opportunities II Limited, 19 May 2023 for funding loans notes relating AnaCap Credit Opportunities III Limited, or any such date as the parties may agree in writing.

Interest accrues on outstanding loan note balances at LIBOR plus Margin to the extent the Portfolio Business entities earn income and gains, subject to any adjustments to align the profit of the issuer to be equal to the commercial margin per the provisions of the funding loan note subscription agreements. During each of the years, interest charged on the funding loan notes is disclosed directly on the face of the Combined Statement of Comprehensive Income.

The table below shows the movement in funding loan notes for each of the years:

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	**€000**	**€000**
Funding loan notes at the start of the year	112,746	88,425	73,947
Issue of funding loan notes	125,025	48,128	62,043
Repayment of funding loan notes*	(53,779)	(23,807)	(47,565)
Funding loan notes at the end of the year	**183,992**	**112,746**	**88,425**

* This includes principal amounts to be paid at the year end which have been classified as current.

14. Invested capital

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	**€000**	**€000**
Invested capital at the start of the year	50,618	51,019	52,315
Issue of shares	1,878	490	644
Share buybacks	(6,981)	(3,903)	(3,507)
Adjustments arising on combination (carve-out differences)	5,769	3,012	1,567
Invested capital at the end of the year	**51,284**	**50,618**	**51,019**

Notes to the Combined Financial Statements (continued)

15. Related party transactions

Funding loan notes and related transactions

AnaCap Credit Opportunities II Limited and AnaCap Credit Opportunities III Limited are related parties to the Portfolio Business by virtue of being the parent companies for the entities comprising the Portfolio Business. The Funds Group entities provide funding for portfolio investments via these companies. The table below shows both the current and non-current balances outstanding between these companies and the Portfolio Business as at the end of each year.

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 1 January 2014
	€000	**€000**	**€000**	**€000**
Due to Funds Group entities - current				
AnaCap Credit Opportunities II Limited	6,775	11,030	12,134	12,991
AnaCap Credit Opportunities III Limited	10,543	14,272	5,798	-
Total due to Funds Group entities	**17,318**	**25,302**	**17,932**	**12,991**
Due to Funds Group entities - non-current				
AnaCap Credit Opportunities II Limited	34,427	67,870	88,425	73,947
AnaCap Credit Opportunities III Limited	149,565	44,876	-	-
Total due to Funds Group entities	**183,992**	**112,746**	**88,425**	**73,947**

The above balances are in relation to the funding loan notes between the Portfolio Business and the Funds Group entities. The finance cost charged by these related entities in relation to funding loan notes was €53,612k (2015: €18,471k and 2014: €15,735k). The current portion of due to related parties represents interest payable and principal repayment due at each statement of financial position date. The non-current portion of the due to related parties balance represents the outstanding funding loan notes at each statement of financial position date as disclosed in Note 13.

AnaCap Credit Opportunities II Limited and AnaCap Credit Opportunities III Limited subscribe to shares in the underlying Portfolio Business' entities. The movement in share issues and share buybacks for each of the reporting periods are disclosed in Note 14.

Directors' fees

The Portfolio Business entities each have a Board of Directors who receives Directors' fees on a fixed basis. The table below shows the payment to the Directors during the year and the balances due to them at year end.

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	**€000**	**€000**
Fees charged			
Directors' fees	138	97	77
Total fees payable	**138**	**97**	**77**
Fees payable at year end			
Fees payable	41	35	16
Directors' fees payable at the end of the year	**41**	**35**	**16**

Management fees

The Portfolio Business has not in the past constituted a separate legal group as explained in the basis of preparation of these combined financial statements. If the Portfolio Business had existed, some of the indirect costs allocated to the Funds Group would have been incurred by the Portfolio Business in the form of management fees at the rates similar to charges levied to the Funds Group which are: 1.75% charged on acquisition costs of Portfolio Business' investments during the investment period (generally until the third anniversary of the funds' final closing), and 1.5% charged on acquisition costs net of returns after the investment period. Management fees for each of the years are disclosed in Note 8.

Notes to the Combined Financial Statements (continued)

16. Investments in subsidiaries and controlled entities

Details of the Portfolio Business' subsidiaries and controlled entities are as follows:

Name	Place of incorporation	Registered office	Ownership %	Current status
ACOF II Portugal Limited	Guernsey	∂	100%**	Active
Alpha Credit Holdings S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Holdings 3 S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Solutions 1 S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Solutions 2 S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Solutions 4 S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Solutions 5 S.à r.l.	Luxembourg	◊	100%	Active
Alpha Credit Solutions 6 S.à r.l.	Luxembourg	◊	100%	Active
Aurora Reo S.r.l.	Italy	√	100%	Active
Aurora SPV S.r.l.*	Italy	√	0%	Active
Augustus SPV S.r.l.*	Italy	√	0%	Active
Iustitia Futura S.r.l.*	Italy	√	0%	Active
Mountrock S.L.U.	Spain	µ	100%	Active
Prime Credit 3 S.A.	Luxembourg	◊	100%	Active
Prime Credit 6 S.à r.l.	Luxembourg	◊	100%	Active
Prime Credit 7 S.à r.l.	Luxembourg	◊	100%	Active
Sagres Holdings Limited*	Portugal	∞	0%	Active
Silview S.L.U.	Spain	µ	100%	Active
Tiberius SPV S.r.l.*	Italy	√	0%	Active

Key

◊ - E Building, Parc d'Activité Syrdall, Parc d'Activité Syrdall, 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg

∞ - East 3, Apartment 1401, Fort Cambridge, Tigne Street, Sliema SLM 3175, Malta

µ - Calle Príncipe de Vergara 131, Primera Planta, 28002 Madrid, Spain

√ - Via Mario Bianchini, 43, 00142 Rome, Italy

∂ - Ground Floor, Cambridge House, Le Truchot, St Peter Port, Guernsey, GY1 1WD

*In accordance with IFRS 10 these entities have been deemed to be under the control of the Portfolio Business and have therefore been consolidated in these combined financial statements. IFRS 10 determines there to be control when the Portfolio Business is exposed to the majority of the variable returns and was involved at inception of the vehicle.

**Represents 100% ownership of the voting and controlling A shares. A co-investor owns the B shares in ACOF II Portugal Limited, but the B shares have no voting or controlling rights. Both the A shares and the B shares track the Portuguese Portfolio Business Assets, through inter-company funding loan notes and equity.

All subsidiaries and controlled entities have been included in the combined financial statements at the reporting date.

17. Financial risk management

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligations.

The Portfolio Business' principal activity is the acquisition and monetisation of pools of performing, under-performing and/or non-performing loan portfolios and is therefore subject to significant counterparty risk. Most of the loan portfolios are purchased at a deep discount and hence are impaired by nature at acquisition. Subsequent to acquisition the expected cash flows are regularly benchmarked against actual performance and market and proprietary data which in turn leads to a revision up or down to the estimated remaining collections that forms the basis for the carrying value estimation at the reporting date. Further details of the forecasting process are given in Notes 3 and 4. The ongoing risk is managed via a formal portfolio valuation and review process that is undertaken by the Funds Group. The Funds Group also reviews and analyses all loan portfolio acquisitions including reputational and regulatory risk, as well as the assumptions underpinning any maximum bid price to minimise future credit risk resulting from loan portfolio acquisitions.

Notes to the Combined Financial Statements (continued)

17. Financial risk management (continued)

Credit risk (continued)
The carrying value of purchased loan portfolios and purchased loan notes in the Combined Statement of Financial Position represent the Portfolio Business' maximum exposure to credit risk. The tables in Note 11 set out the maximum risk at each reporting period end.

The Portfolio Business monitors its exposure to the geographic concentration risk of its loan assets, a breakdown of which is shown in Note 6.

Liquidity risk
Liquidity risk is the risk that the Portfolio Business will have difficulties meeting obligations associated with its financial liabilities that are settled by cash or another financial asset when they become due.

The business is subject to the risk that it will not have sufficient borrowing facilities and working capital to fund its existing and future growth of the business. The majority of the business' expenses (31 December 2016: 82%, 31 December 2015: 78%, 31 December 2014: 82%) are contingent on collections activity of the Portfolio Business, shown as 'Collection activity costs' in the Combined Statement of Comprehensive Income, which are first paid from collections from the Portfolio Business. A breakdown of expected collections is shown later in Note 17. The Board of Directors of each subsidiary reviews the cash position of the entity at least quarterly and ensures sufficient cash reserves are made within the business to meet its obligations before making any prepayments on the funding loan notes. Interest on the funding loan notes is variable and linked to the performance of the underlying loan portfolios and therefore will only be payable on receipt of cash from the loan portfolios.

The Portfolio Business funds acquisitions from the issuance of debt to the Funds Group under various note subscriptions agreements. The note subscription agreements give the Portfolio Business the ability to draw on the facility up to the maximum amount. As at the reporting date the Portfolio Business had sufficient undrawn amounts to call on whenever it required. Full repayment of the notes is due on the final repayment date of each agreement, with prepayments permitted at no penalty. As discussed above the boards of each entity monitor the funding loan note position and make prepayments where cash is available and only after due regard for other obligations and future potential acquisitions of the business. The maturity dates of the funding loan notes vary and where these precede estimated remaining collections required to repay the funding loan notes the boards will consider remedial actions including a tail sale of the loan portfolios or a renegotiation of the notes with the Funds Group.

The table below sets out the cash flows payable, including both principal and interest, over the contractual life of the financial liabilities.

As at 31 December 2016

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
	€000	**€000**	**€000**	**€000**	**€000**
Trade and other payables	27,418	-	-	-	27,418
Tax payable	484	-	-	-	484
Funding loan notes	-	-	34,428	149,564	183,992
Secured loan notes	5,630	12,513	16,995	1,129	36,267
Total	**33,532**	**12,513**	**51,423**	**150,693**	**248,161**

As at 31 December 2015

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
	€000	**€000**	**€000**	**€000**	**€000**
Trade and other payables	17,761	-	-	-	17,761
Tax payable	370	-	-	-	370
Funding loan notes	-	-	67,870	44,876	112,746
Secured loan notes	2,138	1,193	1,571	406	5,308
Total	**20,269**	**1,193**	**69,441**	**45,282**	**136,185**

Notes to the Combined Financial Statements (continued)

17. Financial risk management (continued)

Liquidity risk (continued)

As at 31 December 2014

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
	€000	€000	€000	€000	€000
Trade and other payables	24,791	-	-	-	24,791
Tax payable	276	-	-	-	276
Funding loan notes	-	-	88,425	-	88,425
Secured loan notes	2,077	2,139	1,657	349	6,222
Total	**27,144**	**2,139**	**90,082**	**349**	**119,714**

As at 1 January 2014

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
	€000	€000	€000	€000	€000
Trade and other payables	13,467	-	-	-	13,467
Tax payable	215	-	-	-	215
Funding loan notes	-	-	-	73,947	73,947
Secured loan notes	4,203	3,892	8,651	1,956	18,702
Total	**17,885**	**3,892**	**8,651**	**75,903**	**106,331**

Secured loan notes shown in the tables above represent expected repayments based on the undiscounted expected net collections; all other balances represent contractual repayment dates.

The value of purchased loan portfolios and purchased loan notes are shown in these combined financial statement discounted back to net present value. The tables below set out the undiscounted estimated remaining collections of the Portfolio Business Assets ("Gross ERC") and net of any amounts attributable to the secured loan note holders ("ERC").

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 1 January 2014
	€000	€000	€000	€000
Gross ERC	508,007	370,912	345,119	333,205
ERC	460,031	359,551	335,377	303,618

A maturity analysis of the Portfolio Business receivables and borrowing facilities as at 31 December is presented below:

As at 31 December 2016

	Portfolio Business Assets	% of total	Borrowing	% of total
	€000		€000	
Within one year	99,845	36.2%	4,988	2.4%
After one year	176,302	63.8%	204,491	97.6%
Total	**276,147**		**209,479**	

Notes to the Combined Financial Statements (continued)

17. Financial risk management (continued)

Liquidity risk (continued)

As at 31 December 2015

	Portfolio Business Assets	% of total	Borrowing	% of total
	€000		€000	
Within one year	80,111	42.5%	1,740	1.5%
After one year	108,474	57.5%	113,468	98.5%
Total	**188,585**		**115,208**	

As at 31 December 2014

	Portfolio Business Assets	% of total	Borrowing	% of total
	€000		€000	
Within one year	65,979	40.9%	1,761	1.9%
After one year	95,446	59.1%	90,177	98.1%
Total	**161,425**		**91,938**	

As at 1 January 2014

	Portfolio Business Assets	% of total	Borrowing	% of total
	€000		€000	
Within one year	49,724	35.8%	3,219	3.9%
After one year	89,296	64.2%	80,341	96.1%
Total	**139,020**		**83,560**	

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk predominately comprises interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in interest rates. The Portfolio Business comprises loan portfolios purchased at a deep discount whereby recoveries are not expected to exceed the outstanding balance purchased at acquisition and therefore are not affected by interest rate changes.

The Portfolio Business funds acquisitions via the issuance of funding loan notes to the Funds Groups. The funding loan notes attract a variable rate of interest based on the performance on the Portfolio Business and are therefore not affected by interest rate changes.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Portfolio Business comprises one loan portfolio in a foreign currency (Sterling, 'GBP'), consequently the business is subject to three elements of foreign currency risk considered below. Additionally the Portfolio Business held cash balances in foreign currencies including GBP and Romanian leu ('RON') at the reporting date.

- Income statement exposure

Income and expenses relating to the loan portfolio denominated in Sterling are converted to Euro using the exchange rate at the prevailing date. Therefore the risk arises that fluctuations in the foreign currency exchange rate will have an impact on the combined results for the period. A sensitivity analysis has been conducted to consider the impact of movements in the foreign currency exchange rates on the loan portfolio and is shown in the tables below.

Notes to the Combined Financial Statements (continued)

17. Financial risk management (continued)

Market risk (continued)

- Financial position exposure

Portfolio Business Assets denominated in foreign currency are converted to Euro using the exchange rate at the reporting date. Therefore the risk arises that fluctuations in the foreign currency exchange rate will have an impact on the combined net assets. A sensitivity analysis has been conducted to consider the impact of movements in the foreign currency exchange rates on the foreign currency denominated loan portfolios and significant cash balances as at each of the reporting dates and is shown in the tables below.

The only Portfolio Business Assets held in a foreign currency are based in the United Kingdom and the carrying value of these is disclosed in Note 6.

Funding loan notes issued to fund the acquisition of foreign currency loan portfolios are issued in Euro and as such is not impacted by foreign currency risk.

- Cash flow exposure

The Portfolio Business is subjected to currency risk in respect of forecasted cash flows to be received in foreign currency. Foreign currency cash flow risk mitigation is managed by the Funds Group and the business settles its funding loan notes in the foreign currency after discharging any liabilities in that same currency. As described within the interest rate risk section the funding loan notes interest varies based on the performance of the loan portfolio which includes fluctuations arising from foreign currency exchange rates.

Foreign currency sensitivity analysis

The below table sets out what the impact on the net assets and net profit/loss would be had the foreign exchange rate at the Statement of Financial Position date been 10% stronger in relation to the Euro and all other variables held constant.

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	**€000**	**€000**
Invested capital and net assets			
Sterling (GBP)	1,591	296	1,082
Romanian leu (RON)	132	53	36
Profit			
Sterling (GBP)	1,591	296	1,082
Romanian leu (RON)	132	53	36

The below table sets out what the impact on the net assets and net profit/loss would be had the foreign exchange rate at the Statement of Financial Position date been 10% weaker in relation to the Euro and all other variables held constant.

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	**€000**	**€000**
Invested capital and net assets			
Sterling (GBP)	(1,591)	(296)	(1,082)
Romanian leu (RON)	(132)	(53)	(36)
Loss			
Sterling (GBP)	(1,591)	(296)	(1,082)
Romanian leu (RON)	(132)	(53)	(36)

The increase or decrease of 10% is deemed to be reasonable due to fluctuations seen in the period, in particular as a result of one-off events such as the UK European Union Referendum in 2016.

Notes to the Combined Financial Statements (continued)

17. Financial risk management (continued)

Capital risk management

Capital risk is the risk that the Portfolio Business' capital structure is not sufficient in order to support the growth of the business. The capital structure of the business consists of debt, equity and cash and cash equivalents as shown in the below table. New acquisitions are mainly funded by the issuance of debt and equity by the business to the Funds Group and the Funds Group manages any capital risks.

The business is not subject to external regulatory capital requirements.

The net capital position for the Portfolio Business as at each of the reporting dates is set out below:

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 1 January 2014
	€000	**€000**	**€000**	**€000**
Funding loan notes	183,992	112,746	88,425	73,947
Invested capital	51,284	50,618	51,019	52,315
Cash and cash equivalents	(25,896)	(15,652)	(20,728)	(7,138)
Total	**209,380**	**147,712**	**118,716**	**119,124**

18. Financial assets and liabilities

The fair value and carrying value of financial assets and financial liabilities of the Portfolio Business are set out below:

Financial assets:

	Book value 31 December 2016	Book value 31 December 2015	Book value 31 December 2014	Book value 1 January 2014
	€000	**€000**	**€000**	**€000**
Purchased loan portfolios	259,710	169,625	140,715	139,020
Purchased loan notes	15,339	12,007	18,933	-
Cash and cash equivalents	25,896	15,652	20,728	7,138
Trade and other receivables	3,645	9,794	4,424	3,647
Total	**304,590**	**207,078**	**184,800**	**149,805**

	Fair value 31 December 2016	Fair value 31 December 2015	Fair value 31 December 2014	Fair value 1 January 2014
	€000	**€000**	**€000**	**€000**
Purchased loan portfolios	273,473	196,895	167,706	164,710
Purchased loan notes	16,369	12,115	20,935	-
Cash and cash equivalents	25,896	15,652	20,728	7,138
Trade and other receivables	3,645	9,794	4,424	3,647
Total	**319,383**	**234,456**	**213,793**	**175,495**

Notes to the Combined Financial Statements (continued)

18. Financial assets and liabilities (continued)

Financial liabilities:

	Book value 31 December 2016	Book value 31 December 2015	Book value 31 December 2014	Book value 1 January 2014
	€000	**€000**	**€000**	**€000**
Funding loan notes	183,992	112,746	88,425	73,947
Secured loan notes	25,487	2,462	3,513	9,613
Trade and other payables	27,418	17,761	24,791	13,467
Tax payable	484	370	276	215
Total	**237,381**	**133,339**	**117,005**	**97,242**

	Fair value 31 December 2016	Fair value 31 December 2015	Fair value 31 December 2014	Fair value 1 January 2014
	€000	**€000**	**€000**	**€000**
Funding loan notes	183,992	112,746	88,425	73,947
Secured loan notes	26,669	4,224	5,190	12,111
Trade and other payables	27,418	17,761	24,791	13,467
Tax payable	484	370	276	215
Total	**238,563**	**135,101**	**118,682**	**99,740**

For the Portfolio Business, the carrying value of financial assets and financial liabilities is considered to be the best estimate of fair value, with the exception of purchased loan portfolios, purchased loan notes and secured loan notes. The fair value of purchased loan portfolios, purchased loan notes and secured loan notes have been determined by discounting the net cash flows of the Portfolio Business Assets at a market discount rate.

19. Financial instruments

Financial instruments are classified as either financial assets, financial liabilities or as equity in accordance with the substance of the contractual arrangement and each classification's definition under IFRS.

Fair value estimation
The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Funds Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation models
The Portfolio Business measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted market prices within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Notes to the Combined Financial Statements (continued)

19. Financial Instruments (continued)

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, using prices from observable current market transactions and dealer quotes for similar instruments and unobservable inputs such as historic performance data.

The purchased loan portfolios and purchased loan notes are carried at amortised cost calculated using the 84-month ERC. Derivative financial instruments are initially recognised, and subsequently measured, at fair value. The fair values of derivative instruments are calculated using quoted prices. Borrowings are initially measured at fair value and are subsequently measured at amortised cost.

Financial instruments not measured at fair value – fair value hierarchy

The following table analyses financial instruments not measured at fair value at the reporting dates, by the level in the fair value hierarchy into which the measurement is categorised. The amounts are based on the values recognised in the Combined Statement of Financial Position.

The following table shows the investments split into their respective categories as at 31 December 2016:

	Level 1	Level 2	Level 3
	€000	**€000**	**€000**
Purchased loan portfolios	-	-	259,710
Purchased loan notes	-	-	15,339
Investment in associate	-	-	1,028
Total	**-**	**-**	**276,077**

The following table shows the investments split into their respective categories as at 31 December 2015:

	Level 1	Level 2	Level 3
	€000	**€000**	**€000**
Purchased loan portfolios	-	-	169,625
Purchased loan notes	-	-	12,007
Investment in associate	-	-	725
Total	**-**	**-**	**182,357**

The following table shows the investments split into their respective categories as at 31 December 2014:

	Level 1	Level 2	Level 3
	€000	**€000**	**€000**
Purchased loan portfolios	-	-	140,715
Purchased loan notes	-	-	18,933
Investment in associate	-	-	-
Total	**-**	**-**	**159,648**

The following table shows the investments split into their respective categories as at 1 January 2014:

	Level 1	Level 2	Level 3
	€000	**€000**	**€000**
Purchased loan portfolios	-	-	139,020
Purchased loan notes	-	-	-
Investment in associate	-	-	-
Total	**-**	**-**	**139,020**

There have been no transfers in or out of level 3.

Notes to the Combined Financial Statements (continued)

19. Financial Instruments (continued)

The Combined Statement of Financial Position value of the Portfolio Business Assets is derived from discounted cash flows generated by an 84-month ERC model. The inputs into the ERC model are historic portfolio collection performance data. This ERC is updated with the core collections experience to date on a monthly basis.

The Funds Group has an established control framework with respect to the measurement of Portfolio Business Assets values. This includes regular monitoring of portfolio performance overseen by the Funds Group, which considers actual versus forecast results at an individual portfolio level, re-forecasts cash flows on a 3-6 monthly basis, reviews actual against forecast gross money multiple and signs off the latest forecasts of the Portfolio Business Assets.

A reconciliation of the opening to closing balances for the period of the purchased loan portfolios and purchased loan notes can be seen in Note 11.

The Portfolio Business did not hold any other financial instruments not measured at fair value for which a fair value needs to be calculated for each of the years from 2014 to 2016.

20. Borrowings and facilities

Funding received from the Funds Group and external parties are as follow:

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 1 January 2014
	€000	**€000**	**€000**	**€000**
Funding loan notes	183,992	112,746	88,425	73,947
Secured loan notes	25,487	2,462	3,513	9,613
Total borrowings	**209,479**	**115,208**	**91,938**	**83,560**
Amount due for settlement within one year	**4,988**	**1,740**	**1,761**	**3,219**
Amount due for settlement more than one year	**204,491**	**113,468**	**90,177**	**80,341**

The nature and valuation methods for respective loan notes are explained in Note 13.

21. Commitments and contingencies

Details of the Portfolio Business' commitments and contingencies are described in Notes 15 and 20.

On 30 December 2016, the Portfolio Business committed to provide funding of up to €70,000k in order to complete the acquisition of a new purchased loan portfolio located in Italy.

There are no other material commitments or contingencies.

22. Subsequent events

On 22 March 2017, the Portfolio Business invested €39,680k, in relation to the purchased loan portfolio mentioned in Note 21.

There were no other material subsequent events to note after the reporting date.

Notes to the Combined Financial Statements (continued)

23. Adjusted EBITDA and normalised EBITDA

Adjusted EBITDA is the profit before interest, tax, depreciation, amortisation, non-recurring items, foreign exchange gains or losses and share of associates profit or loss. Revenue and costs on purchased loan portfolios and notes and secured loan notes calculated using the EIR method are also replaced with actual cash collections in the year. Collections in the year represent cash received by the Portfolio Business and / or the servicers engaged by the Portfolio Business within that year and include deferred consideration on a received basis.

Normalised EBITDA eliminates the impact of portfolio disposals from the adjusted EBITDA.

The adjusted EBITDA and normalised EBITDA reconciliations for the year to 31 December are shown below:

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
	€000	€000	€000
(Loss) / profit before tax	(744)	11,129	18,813
Finance cost	57,710	19,450	18,082
Share of (profit) / loss in associate	(303)	75	-
Net foreign currency losses / (gains)	1,595	379	(254)
Impairment - purchased loan portfolios and purchased loan notes	(4,329)	13,666	(3,799)
Collections from portfolios	88,891	69,768	56,636
Disposal of purchased loan portfolios and purchased loan notes	55,264	2,827	37,040
Revenue	(79,815)	(65,312)	(52,895)
Finance income	(246)	(304)	-
Repayment of secured loan notes	(4,294)	(2,026)	(8,558)
Non-recurring items	1,615	-	-
Adjusted EBITDA	**115,344**	**49,652**	**65,065**
Reversal of disposal of purchased loan portfolios and purchased loan notes	(55,264)	(2,827)	(37,040)
Normalised EBITDA	**60,080**	**46,825**	**28,025**

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