**IMPORTANT NOTICE**

THE SECURITIES DESCRIBED HEREIN ARE AVAILABLE ONLY TO INVESTORS LOCATED OUTSIDE THE UNITED STATES WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW)

PURCHASING THE SECURITIES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT

**IMPORTANT: You must read the following before continuing.** The following applies to the offering circular (the "**Offering Circular**") attached to this electronic transmission, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER. THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES 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 SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE ORIGINAL LENDER AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15 OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "U.S. PERSON" IN REGULATION S, AND PERSONS WHO ARE NOT "U.S PERSONS" UNDER REGULATION S MAY BE U.S. PERSONS UNDER THE U.S. RISK RETENTION RULES. EACH PURCHASER OF NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED THE PRIOR WRITTEN CONSENT OF THE ORIGINAL LENDER), (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.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the Offering Circular, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Offering Circular by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act), (d) you are a non-U.S. person (within the meaning of Rule 4.7 under the U.S. Commodities Exchange Act of 1936, as amended) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (e) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer nor Deutsche Bank AG, London Branch nor any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from Deutsche Bank AG, London Branch.

# DECO 2019-VIVALDI S.R.L.

*(incorporated with limited liability under the laws of the Republic of Italy)*

€122,000,000 Class A Commercial Mortgage Backed Notes due 2031
€39,600,000 Class B Commercial Mortgage Backed Notes due 2031
€41,400,000 Class C Commercial Mortgage Backed Notes due 2031
€19,230,000 Class D Commercial Mortgage Backed Notes due 2031

*Issue Price: 100 per cent.*

This document (the "**Offering Circular**") constitutes a *Prospetto Informativo* for the purposes of Article 2, sub-section 3 of Italian Law number 130 of 30 April 1999 and listing particulars in respect of the admission of the €122,000,000 Class A Commercial Mortgage Backed Notes due 2031 (the "**Class A Notes**"), the €39,600,000 Class B Commercial Mortgage Backed Notes due 2031 (the "**Class B Notes**"), the €41,400,000 Class C Commercial Mortgage Backed Notes due 2031 (the "**Class C Notes**"), and the €19,230,000 Class D Commercial Mortgage Backed Notes due 2031 (the "**Class D Notes**" and, together with the Class A Notes, the Class B Notes and the Class C Notes, the "**Notes**") of DECO 2019-Vivaldi S.r.l., a *società a responsabilità limitata* with a sole Quotaholder organised under the laws of the Republic of Italy and in particular Italian law number 130 of 30 April 1999, (the "**Issuer**") to the Official List and to trading on the global exchange market of The Irish Stock Exchange plc, trading as Euronext Dublin (the "**Global Exchange Market**"). Application has been made to The Irish Stock Exchange plc trading as Euronext Dublin (the "**Euronext Dublin**") for the Notes of the Issuer to be admitted to its official list (the "**Official List**") and to trading on its Global Exchange Market. This Offering Circular comprises listing particulars for the purposes of the application and has been approved by Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). The Notes will be issued on the Issue Date.

The principal source of payment of interest on the Notes, and of repayment of principal on the Notes, will be the collections and recoveries made in respect of monetary claims and connected rights arising out of the Securitised Loans (as defined below). On the date of the Loan Portfolio Sale Agreement, the Issuer will acquire a loan portfolio (along with any other related documents and relevant loan security) from Deutsche Bank AG, London Branch as loan transferor (the "**Loan Portfolio**"), comprising of:

(i) an approximately 95 per cent. interest (equal to €63,350,000) of the principal amount advanced under the €66,690,000 Facilities Agreement to be entered into by (among others) the Palmanova Borrower; and

(ii) an approximately 95 per cent. interest (equal to €158,880,000) of the principal amount advanced under the €167,245,000 Facilities Agreement to be entered into by (among others) the Franciacorta Borrowers,

(each a "**Securitised Loan**" and together, the "**Securitised Loans**") pursuant to the Loan Portfolio Sale Agreement. For the purposes of, *inter alia*, satisfying EU risk retention requirements, the Original Lender will retain a portion equal to a 5 per cent. share of the principal amount advanced under each of the Facilities Agreements (each a "**Retained Loan**" and together, the "**Retained Loans**"). All references in this Offering Circular to the Retained Loans are included for information purposes only and in order to describe the Retained Loans insofar as they are relevant to the issue of the Notes.

By virtue of the operation of article 3 of the Italian Securitisation Law and the Issuer Transaction Documents, the Issuer's right, title and interest in and to (i) the Loan Portfolio, (ii) and to any sums collected therefrom and (iii) the financial assets purchased using the collections under (ii) will be segregated from all other assets of the Issuer and from any other securitisation transaction carried out by the Issuer (including any other portfolios of receivables purchased by the Issuer pursuant to the Italian Securitisation Law) and any cash-flow deriving therefrom (including any moneys and deposits held by or on behalf of the Issuer with other depositories, to the extent identifiable) will be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation, in priority to the Issuer's obligations to any other creditors.

Interest on the Notes will be payable by reference to successive Note Interest Periods. Prior to the delivery of a Note Enforcement Notice, interest on the Notes will accrue on a daily basis and will be payable in arrears in Euro on 22 February, 22 May, 22 August and 22 November in each year or, if any such day is not a Business Day, the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not). The rate of interest applicable to the Notes for each Note Interest Period shall be three-month EURIBOR (subject to a floor of zero) subject to the following qualifications: (i) in respect of the first Note Interest Period an interpolated interest rate based on three and six month deposits in Euro will be substituted for three-month EURIBOR; and (ii) EURIBOR will be capped at 5 per cent. from the Note Interest Period commencing on the Note Payment Date immediately preceding the Expected Note Maturity Date (in each case as determined in accordance with Condition 7 (*Interest*)) ("**Note EURIBOR**"), plus the relevant margin specified in Condition 7 (*Interest*) (the "**Relevant Margin**").

**Amounts payable under the Notes are calculated by reference to EURIBOR, which is provided by the European Money Market Institute (the "Administrator"). As at the date of this Offering Circular, the Administrator appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "BMR").**

On any Note Payment Date, interest due and payable on the Class D Notes is subject to a cap equal to the lesser of (a) the Note Interest Payment Amount applicable to the Class D Notes; and (b) the relevant Adjusted Note Interest Payment Amount in respect of the Class D Notes, where such difference is attributable to a reduction in the interest-bearing balance of any of the Loans due to prepayments (whether arising voluntarily or otherwise) or as a result of a Final Recovery Determination having been made in respect thereof. Amounts of interest that would otherwise be represented by any such difference between the relevant Adjusted Note Interest Payment Amount and the Note Interest Payment Amount applicable to the Class D Notes shall be extinguished on such Note Payment Date and the affected Class D Noteholders shall have no claim against the Issuer in respect thereof.

The Class A Notes are expected, on issue, to be rated "AA(low)" by DBRS and "A+" by Fitch; the Class B Notes are expected, on issue, to be rated "A (low)" by DBRS and "A-" by Fitch; the Class C Notes are expected, on issue, to be rated "BBB (low)" by DBRS and "BBB-" by Fitch; and the Class D Notes are expected, on issue, to be rated "BB (low)" by DBRS and "BB" by Fitch. The ratings assigned to the Notes by DBRS address the likelihood of timely and ultimate payment of interest and principal to the Notes covered by the Liquidity Reserve Facility and ultimate payment of interest and principal to the remaining outstanding Notes by the Final Note

Maturity Date. The ratings assigned by Fitch address the likelihood of: (a) timely payment of any interest due to the Noteholders in respect of the Notes on each Note Payment Date; and (b) full repayment of principal on the Notes by a date that is not later than the Final Maturity Date. The ratings do not address the likelihood of payment of the Note Premium Amount or any Allocated Note Prepayment Fee Amount. **The assignment of ratings to the Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be revised, suspended or withdrawn at any time. The Rating Agencies have informed the Issuer that the "sf" designation in the ratings represents an identifier of structured finance product ratings and was implemented by the Rating Agencies for the ratings of structured finance products as of August 2010. Each of the Rating Agencies is established in the European Union and is registered under the CRA Regulation. As such, each Rating Agency is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.**

As at the date of this Offering Circular, payments of interest and other proceeds in respect of the Notes may be subject to withholding or deduction for or on account of Italian substitute tax, in accordance with Italian Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time, and any related regulations. Upon the occurrence of any withholding or deduction for or on account of tax from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Notes. For further details see the section entitled "*Taxation*".

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, any of the Original Lender, the Master Servicer, the Delegate Servicer, the Representative of the Noteholders, the Calculation Agent, the Issuer Account Bank, the Liquidity Reserve Facility Provider, the Paying Agent, the Corporate Servicer, the Listing Agent, the Sole Arranger, the Lead Manager or the Quotaholder. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

As of the Issue Date, the Notes will be held in dematerialised form on behalf of the ultimate owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders. Monte Titoli shall act as depository for Euroclear and Clearstream. The Notes will at all times be evidenced by book-entries in accordance with the provisions of the Italian Legislative Decree number 58 of 24 February 1998 and the Joint Regulation, as amended and supplemented. No physical document of title will be issued in respect of the Notes.

Before the relevant maturity date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 8 (*Redemption, Purchase and Cancellation*)). Unless previously redeemed in full in accordance with the Conditions, the Notes shall be redeemed on the Final Maturity Date.

Capitalised words and expressions in this Offering Circular shall, except so far as the context otherwise requires, have the meanings as defined in this Offering Circular (please see *Index of Defined Terms* for reference.)

**For a discussion of certain risks and other factors that should be considered in connection with an investment in the Notes, see the section entitled "*Risk Factors*".**

*Sole Arranger, Sole Bookrunner and Lead Manager*
**Deutsche Bank AG, London Branch**

**The date of this Offering Circular is 4 June 2019**

***This Offering Circular and any documents incorporated by reference herein or therein will be published in electronic form on the website of Euronext Dublin (www.ise.ie).***

***Before making any decision to invest in the Notes, potential Noteholders should pay particular attention to the section herein entitled "Risk Factors" starting on page 45.***

## IMPORTANT NOTICE

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer, the Representative of the Noteholders, the Sole Arranger, the Lead Manager or any other person that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements, in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering.

The Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance in any applicable laws, and the Lead Manager has represented that all offers and sales by it will be made on such terms. Persons into whose possession this Offering Circular comes are required by the Issuer, the Sole Arranger and the Lead Manager to inform themselves about and to observe any such restrictions.

Neither this Offering Circular nor any part hereof constitutes an offer of, or an invitation by or on behalf of the Issuer, the Representative of the Noteholders, the Sole Arranger or the Lead Manager to subscribe for or purchase any of the Notes and neither this Offering Circular, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

For a further description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular (or any part hereof) see the section entitled "*Subscription, Sale and Selling Restrictions*".

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Where information has been indicated to have been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by or documentation deriving from such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

None of the Sole Arranger, the Lead Manager, the Representative of the Noteholders, the Other Issuer Creditors or the Borrowers has separately verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Arranger, the Lead Manager, the Representative of the Noteholders or the Other Issuer Creditors or the Borrowers as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Notes. None of the Sole Arranger, the Lead Manager, the Representative of the Noteholders, the Other Issuer Creditors or the Borrowers shall be responsible for, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in the Notes or any Issuer Transaction Documents, or any other agreement or document relating to the Notes or any Issuer Transaction Document, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. Each person receiving this Offering Circular acknowledges that such person has not relied on the Sole Arranger, the Lead Manager, the Representative of the Noteholders, the Other Issuer Creditors or the Borrowers or on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or by the Sole Arranger, the Lead Manager, the Representative of the Noteholders, the Other Issuer Creditors or any of their respective affiliates, associated bodies or shareholders or the shareholders of the Issuer. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the offering of any of the Notes will, under any circumstances, constitute a representation or create any implication that there has been any change in the information contained herein since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer, which obligations will be limited recourse obligations in accordance with the terms thereof. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, the Sole Arranger, the Lead Manager, the Representative of the Noteholders, the Other Issuer Creditors or any of their respective affiliates or shareholders or the shareholders of the Issuer and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

The Issuer is not, and will not be, regulated by the Central Bank of Ireland by virtue of the issuance of the Notes. Any investment in the Notes does not have the status of a bank deposit and is not subject to the deposit protection scheme operated by the Central Bank of Ireland.

**MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET**

Solely for the purposes of the Lead Manager's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the Lead Manager's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Lead Manager's target market assessment) and determining appropriate distribution channels.

**PRIIPS REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 as amended, (the "**PRIIPs Regulation**") (a "**KID**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE SEC), ANY STATE SECURITIES COMMISSION OR ANY OTHER U.S. OR STATE REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

## OFFEREE ACKNOWLEDGEMENTS

Each person receiving this Offering Circular, by acceptance hereof, hereby acknowledges that this Offering Circular has been prepared by the Issuer solely for the purpose of offering the Notes described herein. Notwithstanding any investigation that the Sole Arranger or the Lead Manager may have made with respect to the information set forth herein, this Offering Circular does not constitute, and will not be construed as, any representation or warranty by the Sole Arranger or the Lead Manager to the adequacy or accuracy of the information set forth herein. Delivery of this Offering Circular to any person other than the prospective investor and those persons, if any, retained to advise such prospective investor with respect to the possible offer and sale of the Notes is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes is strictly prohibited. A prospective investor will not be entitled to, and must not rely on this Offering Circular unless it was furnished to such prospective investor directly by the Issuer or the Lead Manager.

The obligations of the parties to the transactions contemplated herein are set forth in and will be governed by certain documents described in this Offering Circular, and all of the statements and information contained in this Offering Circular are qualified in their entirety by reference to such documents. This Offering Circular contains summaries, which the Issuer believes to be accurate, of certain of these documents, but for a complete description of the rights and obligations summarised herein, reference is hereby made to the actual documents, copies of which may (on giving reasonable notice) be obtained from the Paying Agent.

EACH PERSON RECEIVING THIS OFFERING CIRCULAR ACKNOWLEDGES THAT (A) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN, (B) SUCH PERSON HAS NOT RELIED ON THE SOLE ARRANGER OR THE LEAD MANAGER OR ANY PERSON AFFILIATED WITH THE SOLE ARRANGER OR THE LEAD MANAGER IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION, (C) NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE NOTES OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, ANY SUCH OTHER INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED, AND (D) NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER WILL CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS AT ANY TIME SINCE THE DATE HEREOF. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN BUSINESS, LEGAL AND TAX ADVISERS FOR INVESTMENT, LEGAL AND TAX ADVICE AND AS TO THE DESIRABILITY AND CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

## FORWARD-LOOKING STATEMENTS

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Offering Circular, including with respect to assumptions on repayment, prepayment and certain other characteristics of the Loan Portfolio and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "**may**", "**will**", "**could**", "**believes**", "**expects**", "**projects**", "**anticipates**", "**continues**", "**intends**", "**plans**" or similar terms. Consequently, future results may differ from the expectations of the Issuer generally due to a variety of factors, including (but not limited to) the economic environment and changes in governmental regulations, fiscal policy, planning or tax laws in Italy. Other factors not presently known to the Issuer generally or that the Issuer presently believe are not material could also cause results to differ materially from those expressed in the forward-looking statements included in this Offering Circular. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. Neither the Sole Arranger, nor the Lead Manager has attempted to verify any such statements, nor does it make any representation, express or implied, with respect thereto.

Prospective investors should not therefore, place undue reliance on any of these forward-looking statements. None of the Issuer, the Sole Arranger, the Lead Manager or any other person assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

## REFERENCES TO CURRENCIES AND WEBSITES

All references in this Offering Circular to "**Euro**", "**EUR**" or "**€**" are to the currency introduced at the commencement of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, as amended by the Treaty of Amsterdam.

## DOCUMENTS INCORPORATED BY REFERENCE

### Valuations

The Valuations referred to in "*The Valuations*" are incorporated by reference herein and have been filed with Euronext Dublin.

The Valuations Disclaimer below should be read prior to accessing the Valuations.

Other than the websites listed above under "*Documents incorporated by Reference*", websites referred to in this Offering Circular do not form part of this Offering Circular.

## REGULATORY DISCLOSURE

**EU Risk Retention Requirements**

Deutsche Bank AG, London Branch, as original lender in respect of the Loans (the "**Original Lender**"), will retain a material net economic interest in the securitisation of not less than 5 per cent. in accordance with the text of Article 6(1) of Regulation (EU) 2017/2402 (the "**Securitisation Regulation**") as it is interpreted and applied on the date hereof and not taking into account any relevant national measures (the "**EU Risk Retention Requirement**"). As at the Issue Date, such retained material net economic interest will comprise the retention of 5% of the principal amount advanced under each Facilities Agreement in accordance with the EU Risk Retention Requirement, in the form of the Retained Loans.

The ongoing retention of the net economic interest described above will be disclosed in the quarterly investor reports and any change to the manner in which such interest is held will be notified to the Noteholders including by way of the SR Investor Report pursuant to Article 7(1)(e)(iii) of the Securitisation Regulation.

The Original Lender will provide an undertaking with respect to the interest to be retained by it in the Retained Loans in accordance with the EU Risk Retention Rules to the Issuer in the Loan Portfolio Sale Agreement.

***Transparency requirements***

The Issuer has been appointed as the designated entity under Article 7(2) of the Securitisation Regulation. The Issuer has appointed the Primary Servicer, the Calculation Agent and the Information Agent to perform all of the Issuer's obligations under Article 7 of the Securitisation Regulation. For further information please refer to the sections entitled "*Description of the Issuer Transaction Documents – Key Terms of the Servicing Arrangements – Reporting Requirements*", "*The Cash Allocation, Management and Payments Agreement – Reporting*" and "*General Information*".

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Offering Circular and, after the Issue Date, to the quarterly investor reports (a general description of which is set out in the sections entitled "*Description of the Issuer Transaction Documents*").

***Information regarding the policies and procedures of the Original Lender***

As required by Article 9(3) of the Securitisation Regulation, the Original Lender applied the same sound and well-defined credit-granting criteria for the Loans as it has applied to equivalent commercial real estate loans that do not form part of the collateral for the Notes. In particular:

(a) it applied the same the same clearly established processes for approving and, where relevant, amending, renewing and refinancing for the Loans as it has applied to equivalent commercial real estate loans that do not form part of the collateral for the Notes; and

(b) it had in place effective systems in place to apply those criteria and processes in order to ensure that credit-granting was based on a thorough assessment of the relevant obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the obligor meeting his obligations under the relevant Loan.

***Investors to assess compliance***

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in the Offering Circular generally for the purposes of complying with Article 5 of the Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Issuer, the Sole Arranger, the Lead Manager, the Loan Transferor or any of the other transaction parties makes any representation that any such information described above or elsewhere in this Offering Circular is sufficient in all circumstances for such purposes.

Please refer to the risk factors entitled "*Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes*" and "*The*

*Securitisation Regulation*" for further information on the implications of the EU risk retention requirements, transparency and due diligence requirements under the Securitisation Regulation.

**CRA Regulation**

The credit ratings included or referred to in this Offering Circular have been issued by the Rating Agencies, DBRS and Fitch each of which is established in the European Union and has been registered in accordance with the CRA Regulation.

**Volcker Rule**

The Issuer is of the view that it is not now and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "**Volcker Rule**". Although other statutory or regulatory exemptions under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and under the Volcker Rule and its related regulations, may be available, the Issuer does not expect to be treated as a "covered fund" because (1) it is organized under non-U.S. law and its securities are offered and sold solely outside the United States and is therefore not subject to the Investment Company Act; and (2) it does not expect to be a commodity pool under the U.S. Commodity Exchange Act. Any prospective investor in the Notes, including a bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding the Volcker Rule and its effects.

## VALUATIONS DISCLAIMER

Please see "*The Valuations*" for the Valuations produced by CBRE Limited ("**CBRE**") (a corporate member of the Royal Institution of Chartered Surveyors ("**RICS**")) as at 28 February 2019 and dated 25 April 2019 in relation to the Palmanova Property and the Franciacorta Property, in accordance with RICS Valuation Global Standards (2017) (the Red Book) (published by the RICS and effective from 1 July 2017) which have been compiled for the purposes of ascertaining the market values of the Properties comprising the Property Portfolio. The valuations in each Valuation have been used for the purposes of this transaction and throughout this Offering Circular.

CBRE valued the Properties individually and no account was taken of any discount or premium that may be negotiated in the market if all or part of the Property Portfolio was to be marketed simultaneously, either in lots or as a whole.

The Valuations are incorporated by reference herein and have been filed with Euronext Dublin.

CBRE does not have any interest in the Issuer or any member of any Group.

CBRE (i) has given and has not withdrawn its written consent both to the inclusion in this Offering Circular of the Valuations (as incorporated by reference into this Offering Circular), and to references to the Valuations in the form and context in which they appear, and (ii) accepts responsibility for the Valuations.

To the best of the knowledge and belief of CBRE (having taken all reasonable care to ensure that such is the case), the information contained in the Valuations is in accordance with the facts and does not omit anything likely to affect its import.

Prospective investors should be aware that the Valuations were prepared prior to the date of this Offering Circular. CBRE has not been engaged to update or revise any of the information contained therein, nor will it be asked to do so prior to the issue of the Notes. Accordingly, the information included in the Valuations may not reflect the current physical, economic, competitive, market or other conditions with respect to the Property Portfolio. None of the Original Lender, the Obligors, any member of any Group, the Lead Manager, the Sole Arranger, the Master Servicer, the Delegate Servicer, the Calculation Agent, the Liquidity Reserve Facility Provider, the Representative of the Noteholders, the Facility Agent, the Security Agent, the Corporate Servicer, the Paying Agent or the Issuer Account Bank are responsible for the information contained in the Valuations.

The information contained in the Valuations must be considered together with all of the information contained elsewhere in this Offering Circular, including without limitation, the statements made in the section entitled "*Risk Factors – Considerations relating to the Property Portfolio*". All of the information contained in the Valuations is subject to the same limitations, qualifications and restrictions contained in the other portions of this Offering Circular. Prospective investors are strongly urged to read this Offering Circular in its entirety prior to accessing the Valuations.

In undertaking the Valuations, CBRE based their work on certain information from third-party sources, in particular as detailed in the "*Sources of Information*" sections of the Valuations, which they have assumed to be correct and comprehensive but have not verified.

Where market data and commentary is sourced from CBRE market research reports, it should be noted that while CBRE EMEA Research and Consulting has been obtained the information from sources believed to be reliable and do not doubt its accuracy, CBRE has not verified such information and makes no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the market.

With the exception of the Valuations which it prepared, CBRE does not accept any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer. To the extent that the Issuer has summarised or included any part of any of the Valuation in the Offering Circular, such summaries or extracts should be considered in conjunction with the relevant entire Valuation. CBRE does not accept any responsibility for any summary or extract of the Valuations by the Issuer.

The Valuations may not be reproduced or used in connection with any other purpose. No reliance may be placed upon the contents of the Valuations by any party for any purpose other than in connection with this Offering Circular.

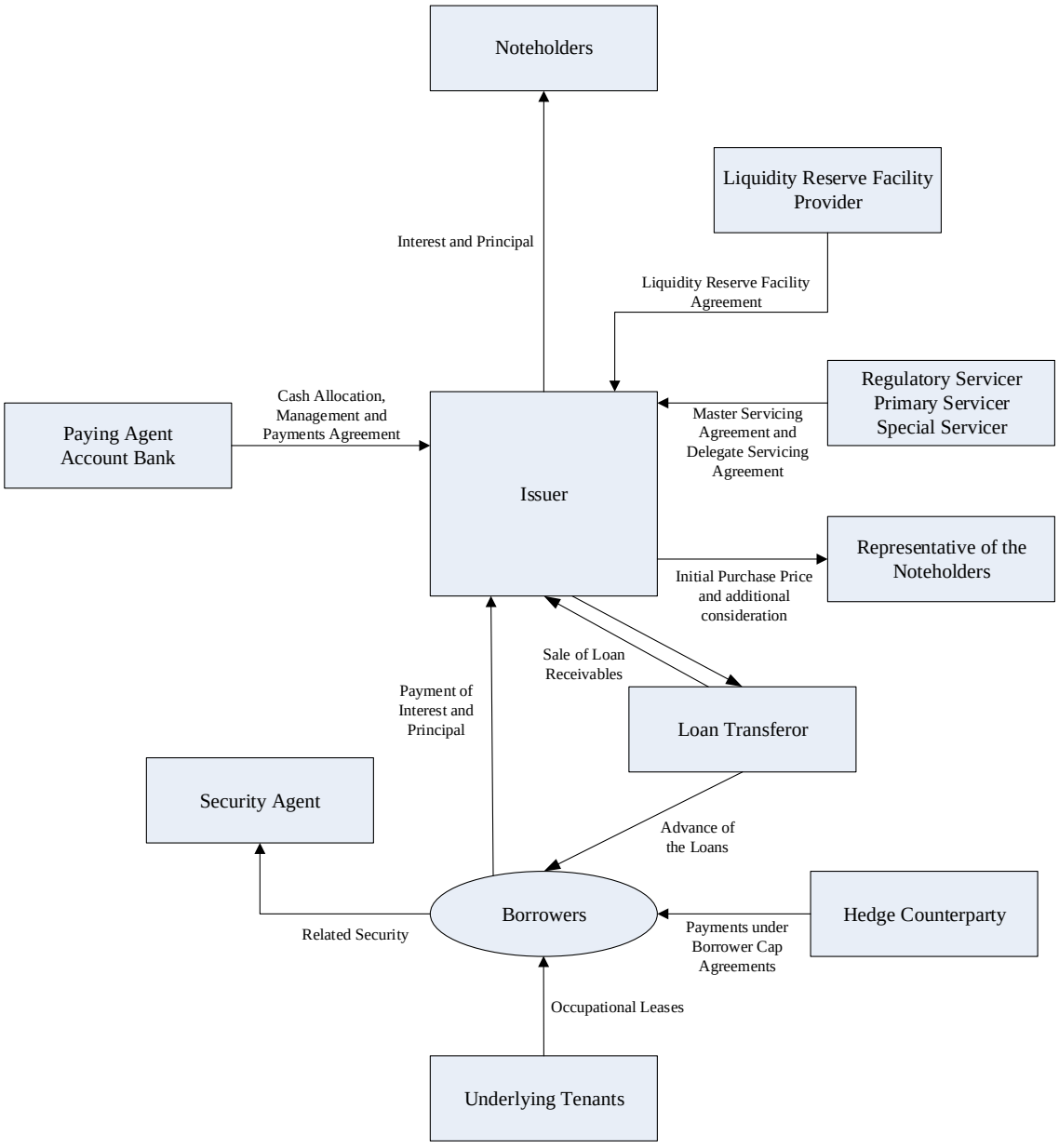
**CONTENTS**

**Page**

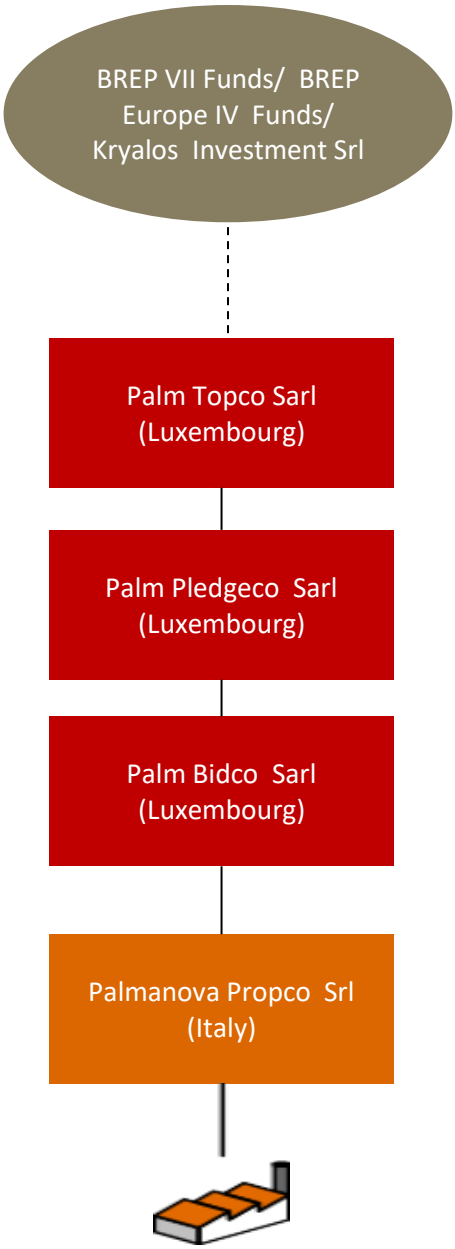
## TRANSACTION DIAGRAMS

*The following diagrams show the structure of the Securitisation as at the Issue Date. They are intended to illustrate to prospective noteholders a scheme of the principal transactions contemplated in the context of the Securitisation on the Issue Date. The diagrams are not intended to be exhaustive and prospective noteholders should also read the detailed information set out elsewhere in this document.*

### Overview of the Transaction

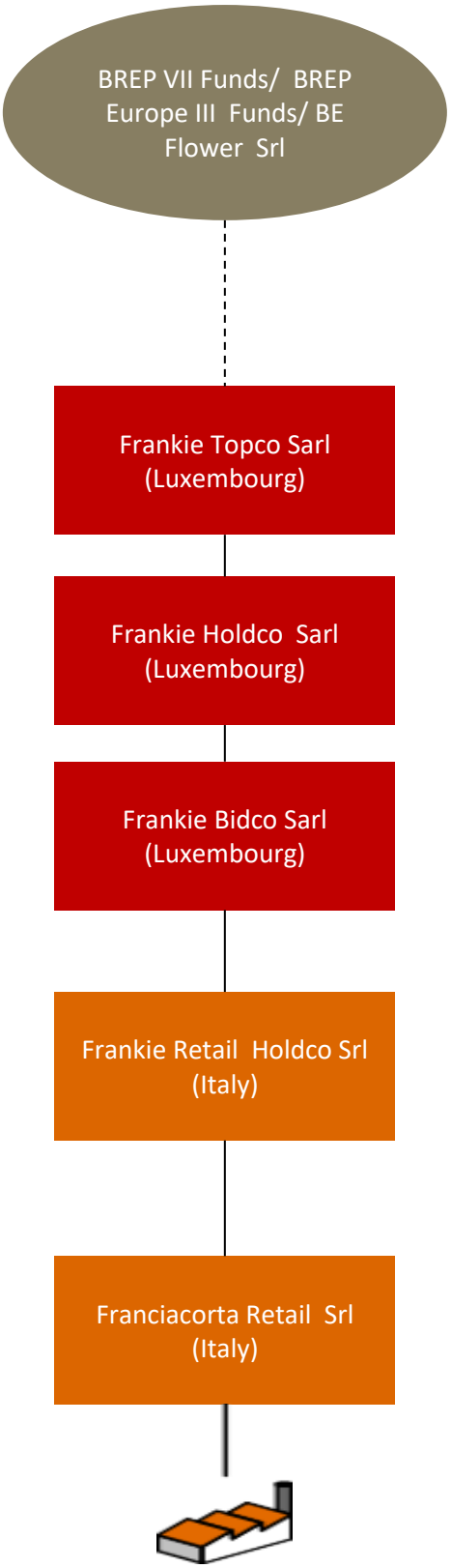


**Structure of the Palmanova Borrower**

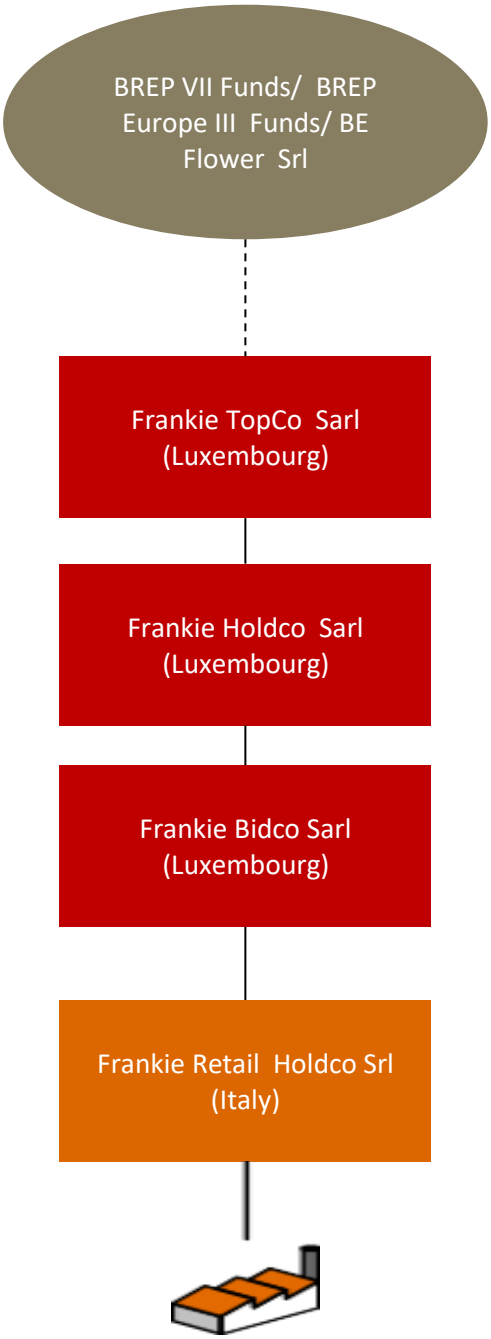


**Structure of the Franciacorta Borrowers**

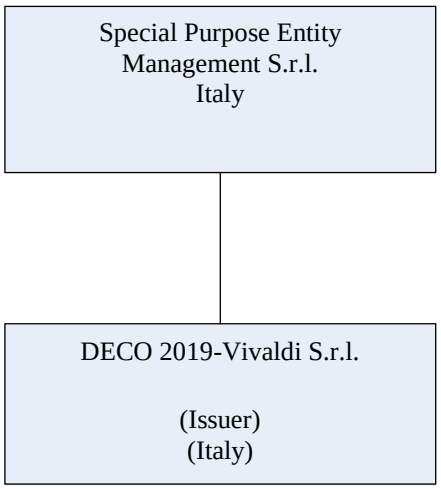
*Immediately prior to the Permitted Merger*



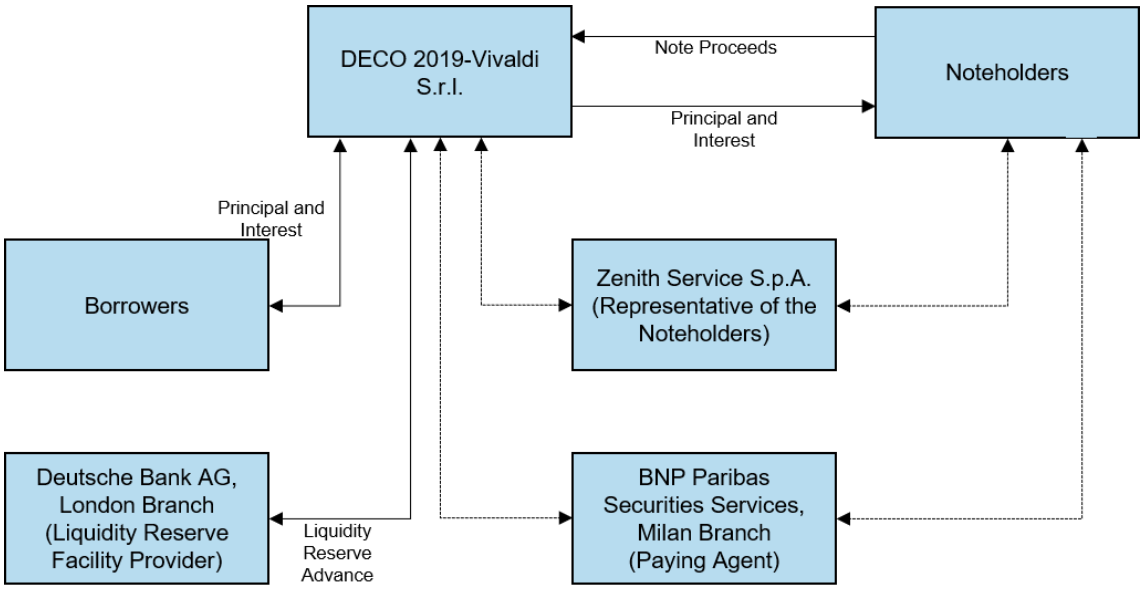
*After the Permitted Merger*



**Ownership Structure of the Issuer**



**Cashflow**


DECO 2019-Vivaldi S.r.l.
Note Proceeds
Noteholders
Principal and Interest
Principal and Interest
Borrowers
Zenith Service S.p.A. (Representative of the Noteholders)
Deutsche Bank AG, London Branch (Liquidity Reserve Facility Provider)
Liquidity Reserve Advance
BNP Paribas Securities Services, Milan Branch (Paying Agent)

## TRANSACTION OVERVIEW INFORMATION

*The following information is a summary of the transactions and assets underlying the Notes and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Offering Circular and in the Issuer Transaction Documents.*

A **Transaction Parties on the Issue Date**

| Party | Name | Address | Document under which appointed/Further Information |
|---|---|---|---|
| **Issuer** | DECO 2019-Vivaldi S.r.l. | Via Vittorio Betteloni 2, 20131 Milan, Italy | N/A. See "*The Issuer*" for further information. |
| **Loan Transferor** | Deutsche Bank AG, London Branch | Winchester House, 1 Great Winchester Street, London EC2N 2DB, UK | N/A |
| **Sole Arranger, Sole Bookrunner and Lead Manager** | Deutsche Bank AG, London Branch | Winchester House, 1 Great Winchester Street, London EC2N 2DB, UK | N/A |
| **Master Servicer** | Zenith Service S.p.A. | Via Vittorio Betteloni 2 – 20131 Milan Italy | The Master Servicer will act as servicer of the Loan Portfolio pursuant to a master servicing agreement entered into on or about the Issue Date between, the Issuer, the Facility Agent, the Security Agent, the Representative of the Noteholders and the Master Servicer (the "**Master Servicing Agreement**").<br><br>See "*Description of the Issuer Transaction Documents - Key Terms of the Servicing Arrangements*" for further information. |
| **Delegate Servicer** | CBRE Loan Services Limited | Henrietta House, Henrietta Place, London W1G 0NB, UK | The Master Servicer will delegate the Primary Services and Special Services to the Delegate Servicer pursuant to a delegate servicing agreement entered into on or about the Issue Date between the Master Servicer and the Delegate Servicer (the "**Delegate Servicing Agreement**").<br><br>See "*Description of the Issuer Transaction Documents - Key Terms of the Servicing Arrangements*" for further information. |

| Party | Name | Address | Document under which appointed/Further Information |
|---|---|---|---|
| **Liquidity Reserve Facility Provider** | Deutsche Bank AG, London Branch | Winchester House, 1 Great Winchester Street, London EC2N 2DB | The Liquidity Reserve Facility Provider will act as liquidity reserve facility provider in respect of the Notes pursuant to a liquidity reserve facility agreement dated on or about the Issue Date entered into between the Issuer, the Liquidity Reserve Facility Provider, the Representative of the Noteholders, the Master Servicer, the Delegate Servicer and the Calculation Agent (the "**Liquidity Reserve Facility Agreement**").<br><br>See *"Description of the Issuer Transaction Documents – The Liquidity Reserve Facility Agreement"* for further information. |
| **Issuer Account Bank** | BNP Paribas Securities Services, Milan Branch | Piazza Lina Bo Bardi 3<br>20124 Milan<br>Italy | The Issuer Account Bank will be appointed pursuant to a cash allocation, management and payments agreement dated on or about the Issue Date entered into between the Issuer, the Master Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Issuer Account Bank, the Delegate Servicer and the Paying Agent (the "**Cash Allocation, Management and Payments Agreement**").<br><br>See "*Description of the Issuer Transaction Documents – The Cash Allocation, Management and Payments Agreement*" for further information. |
| **Representative of the Noteholders** | Zenith Service S.p.A. | Via Vittorio Betteloni 2 – 20131 Milan Italy | The Representative of the Noteholders will act as such pursuant to the Subscription Agreement, the Intercreditor Agreement and the Mandate Agreement. |

| Party | Name | Address | Document under which appointed/Further Information |
|---|---|---|---|
| **Paying Agent** | BNP Paribas Securities Services, Milan Branch | Piazza Lina Bo Bardi 3<br>20124 Milan<br>Italy | The Paying Agent will act as paying agent in respect of the Notes pursuant to the Cash Allocation, Management and Payments Agreement.<br><br>See "*Description of the Issuer Transaction Documents – The Cash Allocation, Management and Payments Agreement*" for further information. |
| **Information Agent** | The Bank of New York Mellon, London Branch | One Canada Square, London E14 5AL, United Kingdom | The Information Agent will be appointed pursuant to the Cash Allocation, Management and Payments Agreement.<br><br>See "*Description of the Issuer Transaction Documents – The Cash Allocation, Management and Payments Agreement*" for further information. |
| **Quotaholder** | Special Purpose Entity Management S.r.l. | Via Vittorio Betteloni, 2 – 20131 Milan, Italy | The Quotaholder will act as quotaholder of the Issuer pursuant to a quotaholder agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Quotaholder (the "**Quotaholder's Agreement**"). |
| **Corporate Servicer** | Zenith Service S.p.A. | Via Vittorio Betteloni 2 – 20131 Milan Italy | The Corporate Servicer will act as corporate services provider to the Issuer pursuant to the Corporate Services Agreement entered into on or about the Issue Date between, among others, the Corporate Servicer and the Issuer (the "**Corporate Services Agreement**").<br><br>See for further details "*Description of the Issuer Transaction Documents – The Corporate Services Agreement*". |
| **Calculation Agent** | Zenith Service S.p.A. | Via Vittorio Betteloni 2 – 20131 Milan Italy | The Calculation Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.<br><br>See "*Description of the Issuer Transaction Documents – The Cash Allocation, Management* |

| Party | Name | Address | Document under which appointed/Further Information |
|---|---|---|---|
| | | | *and Payments Agreement*" for further information. |

Other parties relevant for the Notes:

| Party | Name | Address |
|---|---|---|
| **Listing Agent** | Walkers Listing Services Limited (the "**Listing Agent**") | 5th Floor, The Exchange, George's Dock, IFSC, Dublin 1, Ireland |
| **Euronext Dublin** | The Irish Stock Exchange plc, trading as Euronext Dublin | 28 Anglesea Street Dublin 2, Ireland |
| **Clearing System** | Monte Titoli s.p.a. (the "**Clearing System**") | Piazza degli Affari 6, 20123 Milan, Italy |
| **Rating Agencies** | DBRS Ratings GmbH ("**DBRS**") | Neue Mainzer Straße 75, 60311 Frankfurt am Main, Germany |
| | Fitch Ratings Limited ("**Fitch**") | 30 North Colonnade, Canary Wharf, London E14 5GN |

B **The Loan Portfolio**

*Please refer to the sections entitled "The Loan Portfolio" for further detail in respect of the characteristics of the Loans.*

The following is a summary of certain features of the Loans. Investors should refer to, and carefully consider, the further details in respect of the Loans set out in "*The Loan Portfolio*".

**PALMANOVA LOAN**

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|---|---|
| **Principal Amount to be drawn on Utilisation Date**: | €66,690,000 (comprising a term facility loan). |
| **Palmanova Obligors**: | **PALMANOVA PROPCO S.R.L.** a company incorporated under the laws of Italy (the "**Palmanova Borrower**").<br><br>**PALM BIDCO S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg and registered with the Register of Commerce and Companies under number B 195840 (the "**Palmanova Holdco**" and a "**Palmanova Guarantor**").<br><br>**PALM PLEDGECO S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg and registered with the Register of Commerce and Companies under number B 195824 (the "**Palmanova Company**" and a "**Palmanova Guarantor**"). |
| **Palmanova Loan purpose**: | The term facility Loan will be provided to the Palmanova Borrower for the purpose of refinancing existing indebtedness of the Palmanova Borrower and financing (directly or indirectly) certain financing costs. |

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| | There will be material amounts not required for the above purposes which will be used to fund distributions within the Palmanova Group. |
| **Palmanova Utilisation Date**: | Utilisation of the Palmanova Loan will take place on or about 24 May 2019. |
| **Palmanova Interest Payment Dates**: | 15 February, 15 May, 15 August and 15 November in each year with the first Interest Payment Date relating to the Palmanova Loan being 15 August 2019 (or, if any such day is not a Business Day, the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not)). |
| **Palmanova Repayment Date**: | 15 August 2021 or, if the First Extension Option Conditions are satisfied, 15 August 2022, or if the Second Extension Option Conditions are satisfied, 15 August 2023, or if the Third Extension Option Conditions are satisfied 15 August 2024 (or, if any such day is not a Business Day, the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not)). |
| **Interest**: | Loan EURIBOR (subject to a floor of zero) plus a variable Loan Margin determined as set out under "*The Loan Portfolio and Loan Security – Variable Margin payable in respect of the Loan*s". |
| **Palmanova Loan Interest Period Dates**: | 22 February, 22 May, 22 August and 22 November in each year, with the first Loan Interest Period Date relating to the Palmanova Loan being 22 August 2019 (or, if any such day is not a Business Day, the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not)). |
| **Palmanova Loan Interest Periods:** | Interest shall be calculated and payable on the Palmanova Loan by reference to Loan Interest Periods.<br><br>The first Loan Interest Period relating to the Palmanova Loan will start on the Utilisation Date and will end on the first Interest Period Date which falls after the Utilisation Date.<br><br>Each successive Loan Interest Period thereafter shall start on (and include) the next Interest Period Date and end on (but exclude) the next Interest Period Date. |

**PALMANOVA LOAN**

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| **Palmanova Borrower's Jurisdiction of incorporation**: | Italy. |
| **Palmanova Loan Security**: | As at the Issue Date, the Palmanova Loan Security will consist of the following:<br><br>*Italian law Security*<br><br>(a) a pledge over the shares of the Palmanova Borrower by the Palmanova Holdco;<br><br>(b) a first-ranking mortgage security over the Palmanova Property by the Palmanova Borrower;<br><br>(c) an assignment by way of security of receivables owed to it under each Occupational Lease by the Palmanova Borrower;<br><br>(d) account pledges in respect of the Control Accounts located in Italy by the Palmanova Borrower;<br><br>*English law Security*<br><br>(a) an assignment of rights under the Hedging Documents and Insurance Policies by the Palmanova Borrower;<br><br>*Luxembourg law Security*<br><br>(a) a pledge over the shares of Palmanova Holdco by the Palmanova Company;<br><br>(b) a receivables pledge in respect of any Subordinated Loans owed by the Palmanova Holdco to the Palmanova Company;<br><br>(c) a receivables pledge in respect of any Subordinated Loans owed by the Palmanova Borrower to the Palmanova Holdco; and<br><br>(d) an account pledge over the Control Accounts located in Luxembourg held by the Palmanova Company and the Palmanova Holdco. |
| **Palmanova Loan Financial Covenants** | No financial covenants will apply prior to the occurrence of a Permitted Change of Control with respect to the Palmanova Company. Following a Permitted Change of Control with respect to the Palmonova Company, an Event of Default will occur if (and subject to cure rights as described in "*The Loan Portfolio – Financial Covenants*":<br><br>(a) on any Interest Payment Date falling on or after the date of a Permitted Change of Control (the "**CoC Date**"), the LTV Ratio is greater than the lesser of (a) the LTV Ratio (expressed as a percentage) on the CoC Date plus 15 per cent.; and (b) 80 per cent.; or<br><br>(b) on any Interest Payment Date, the Debt Yield is less than 85 per cent. of the Debt Yield as of the CoC Date. |

**PALMANOVA LOAN**

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| **Palmanova Loan Cash Trap Event**: | A Cash Trap Event occurs with respect to the Palmanova Loan if on any Interest Payment Date:<br>(a) the LTV Ratio is greater than 75 per cent.; and/or<br>(b) the Debt Yield is less than 9.6 per cent. |
| **Required Amortisation**: | On each Interest Payment Date which falls in the period on or after completion of a Permitted Change of Control, the Palmanova Borrower shall repay the Palmanova Loan in instalments equal to 0.25 per cent. of the aggregate outstanding principal amount of the Palmanova Loan as at that Interest Payment Date. |
| **Hedging**: | Hedging Document in the form of an interest rate cap to be entered into on or prior to the date falling 10 Business Days after the Utilisation Date. See the section entitled "*Description of the Hedging Documents*" for further details. |
| **Governing law of the Palmanova Facilities Agreement** | England and Wales. |

**FRANCIACORTA LOAN**

| | |
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| **Principal Amount to be drawn on Utilisation Date**: | €131,300,000 (the facility under which such amount was drawn being "**Franciacorta Facility A**"); and<br><br>€35,945,000 (the facility under which such amount was drawn being "**Franciacorta Facility B**"). |
| **Obligors**: | **FRANCIACORTA RETAIL S.R.L.** a company incorporated under the laws of Italy (the "**First Franciacorta Borrower**").<br><br>**FRANKIE RETAIL HOLDCO S.R.L.**, a company incorporated under the laws of Italy (the "**Second Franciacorta Borrower**" and together with the Franciacorta Retail s.r.l, the "**Franciacorta Borrowers**").<br><br>**FRANKIE BIDCO S.A R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg and registered with the Register of Commerce and Companies under number B 177691 (a "**Franciacorta Guarantor**").<br><br>**FRANKIE HOLDCO S.A R.L.,** a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg and registered with the Register of Commerce and Companies under number B 178917 (the "**Franciacorta Company**" and a "**Franciacorta Guarantor**"). |
| **Franciacorta Permitted Merger:** | It is intended that within 6 months of the Utilisation Date, there will be an upstream merger of the First Franciacorta Borrower with the Second Franciacorta Borrower in accordance with Article 2501-bis of the Italian Civil Code, such that the Second Franciacorta Borrower is the surviving entity and assumes all the rights, obligations and liabilities of the First Franciacorta Borrower under and in connection with the Finance Documents. |
| **Franciacorta Loan purpose**: | The term facility Loan will be provided to the Franciacorta Borrower:<br><br>(a) to the First Franciacorta Borrower for the purpose of refinancing existing indebtedness of the First Franciacorta Borrower and financing (directly or indirectly) certain financing costs; and<br><br>(b) to the Second Franciacorta Borrower for the purpose of acquiring the entire issued share capital of the First Franciacorta Borrower and financing (directly or indirectly) certain financing costs. |
| **Franciacorta Utilisation Date**: | Utilisation of the Franciacorta Loan will take place on or about 24 May 2019. |
| **Franciacorta Interest Payment Dates**: | 15 February, 15 May, 15 August and 15 November in each year with the first Interest Payment Date relating to the Franciacorta Loan being 15 August 2019 (or, if any such day is not a Business Day, the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not)). |
| **Franciacorta Repayment Date**: | 15 August 2021 or, if the First Extension Option Conditions are satisfied, 15 August 2022, or if the Second Extension Option Conditions are satisfied, 15 August 2023, or if the Third Extension Option Conditions are satisfied 15 August 2024 (or, if any such day is |

| | |
|---|---|
| | not a Business Day, the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not)). |
| **Interest**: | Loan EURIBOR (subject to a floor of zero) plus a variable Loan Margin determined as set out under "*The Loan Portfolio and Loan Security – Variable Margin payable in respect of the Loan*s". |
| **Loan Interest Period Dates**: | 22 February, 22 May, 22 August and 22 November in each year, with the first Loan Interest Period Date relating to the Franciacorta Loan being 22 August 2019 (or, if any such day is not a Business Day, the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not)). |
| **Loan Interest Periods:** | Interest shall be calculated and payable on the Franciacorta Loan by reference to Loan Interest Periods.<br><br>The first Loan Interest Period relating to the Franciacorta Loan will start on the date falling on the Utilisation Date and will end on the first Interest Period Date which falls after the Utilisation Date.<br><br>Each successive Loan Interest Period thereafter shall start on (and include) the next Interest Period Date and end on (but exclude) the next Interest Period Date. |
| **Franciacorta Borrowers' Jurisdiction of incorporation**: | Italy. |
| **Franciacorta Loan Security**: | As at the Issue Date, the Franciacorta Loan Security will consist of the following:<br><br>*Italian law Security*<br><br>(a) a pledge over shares in respect of the shares in the First Franciacorta Borrower by the Second Franciacorta Borrower;<br><br>(b) a pledge over shares in respect of the shares in the Second Franciacorta Borrower by Frankie Bidco S.à r.l.;<br><br>(c) first-ranking mortgage security over the Franciacorta Property by the First Franciacorta Borrower;<br><br>(d) an assignment by way of security of receivables owed to it under the relevant Occupational Leases by the First Franciacorta Borrower;<br><br>(e) account pledges in respect of the Control Accounts located in Italy by the First Franciacorta Borrower;<br><br>(f) account pledges in respect of the Control Accounts located in Italy by the Second Franciacorta Borrower;<br><br>*English law Security*<br><br>(a) an assignment of rights under the Hedging Documents and Insurance Policies by the First Franciacorta Borrower, the Second Franciacorta Borrower and Frankie Bidco S.à r.l.; |

**FRANCIACORTA LOAN**

*Luxembourg law Security*

(a) a pledge over the shares of the Franciacorta Guarantor by the Franciacorta Company;

(b) an account pledge in respect of each of the Control Accounts located in Luxembourg by the Franciacorta Company and the Franciacorta Guarantor;

(c) a receivables pledge in respect of any Subordinated Loans owed by the Franciacorta Guarantor to the Franciacorta Company; and

(d) a receivables pledge in respect of any Subordinated Loans owed by the First Franciacorta Borrower to the Franciacorta Guarantor.

In addition, by the Account Opening Backstop Date, additional account security will be taken over the Control Accounts of the Franciacorta Obligors located in Italy (Italian law) or Luxembourg (Luxembourg law) as applicable.

**Franciacorta Loan Financial Covenants**

No financial covenants will apply prior to the occurrence of a Permitted Change of Control with respect to the Franciacorta Company. Following a Permitted Change of Control with respect to the Franciacorta Company, an Event of Default will occur if (and subject to cure rights as described in "*The Loan Portfolio – Financial Covenants*":

(a) on any Interest Payment Date falling on or after the date of a Permitted Change of Control (the "**CoC Date**"), the LTV Ratio is greater than the lesser of (a) the LTV Ratio (expressed as a percentage) on the CoC Date plus 15 per cent.; and (b) 80 per cent.; or

(b) on any Interest Payment Date, the Debt Yield is less than 85 per cent. of the Debt Yield as of the CoC Date.

**Franciacorta Loan Cash Trap Event**:

A Cash Trap Event occurs with respect to the Franciacorta Loan if on any Interest Payment Date:

(a) the LTV Ratio is greater than 75 per cent.; and/or

(b) the Debt Yield is less than 7.6 per cent.

**Required Amortisation**

On each Interest Payment Date which falls in the period on or after completion of a Permitted Change of Control, the Franciacorta Borrower shall repay the Franciacorta Loan in instalments equal to 0.25 per cent. of the aggregate outstanding principal amount of the Franciacorta Loan as at that Interest Payment Date.

**Hedging**:

Hedging Document in the form of an interest rate cap to be entered into on or prior to the date falling 10 Business Days after the Utilisation Date. See the section entitled "*Description of the Hedging Documents*" for further details.

**Governing law of the Franciacorta Facilities Agreement**

England and Wales.

See section entitled "*The Loan Portfolio*" for further information regarding the financial ratios referred to in the table above.

C **Loan Portfolio Sale Agreement**

*Please refer to the sections entitled "Description of the Issuer Transaction Documents – The Loan Portfolio Sale Agreement" for further detail in respect of the terms of the sale arrangements in respect of the Loans.*

| | |
|---|---|
| **Loan Portfolio Sale Agreement** | Pursuant to the terms of an agreed form Loan Portfolio Sale Agreement executed on 3 May 2019 (as subsequently amended and restated on 16 May 2019 and on 22 May 2019, the "**Loan Portfolio Sale Agreement**") between the Issuer and the Loan Transferor, the Loan Transferor has sold to the Issuer its future right, title, interest and benefit in and to the Loan Portfolio.<br><br>The Loan Portfolio has been assigned and transferred to the Issuer without recourse (*pro soluto*) against the Loan Transferor in the case of a failure of a Borrower to pay amounts due under a Facilities Agreement, in accordance with the Italian Securitisation Law and subject to the terms and conditions of the Loan Portfolio Sale Agreement.<br><br>The Loan Portfolio Sale Agreement is governed by Italian law. |
| **Representations and Warranties** | Pursuant to the terms of the Loan Portfolio Sale Agreement, the Loan Transferor gives certain limited representations and warranties in favour of the Issuer.<br><br>See for further details "*Description of the Issuer Transaction Documents – The Loan Portfolio Sale Agreement*". |
| **Consideration** | As consideration for the purchase of the Loan Portfolio, the Issuer shall pay to the Loan Transferor the Purchase Price. The Purchase Price will be funded from the net proceeds of the issuance of the Notes.<br><br>"**Purchase Price**" means €222,230,000 being the consideration payable by the Issuer to the Loan Transferor under the provisions of the Loan Portfolio Sale Agreement.<br><br>See for further details "*Description of the Issuer Transaction Documents – The Loan Portfolio Sale Agreement*". |
| **Remedy for Breach of Warranty** | The Loan Transferor has agreed to indemnify the Issuer against any damages incurred by it as a result of any representation and warranty given by the Loan Transferor being determined false, incomplete or incorrect subject to and in accordance with the provisions of the Loan Portfolio Sale Agreement.<br><br>See for further details "*Description of the Issuer Transaction Documents – The Loan Portfolio Sale Agreement*". |

## D Summary of the Terms and Conditions of the Notes

*Please refer to section entitled "Terms and Conditions of the Notes" for further detail in respect of the terms of the Notes.*

### *Full Capital Structure of the Notes*

| | Class A | Class B | Class C | Class D |
|---|---|---|---|---|
| **Currency** | € | € | € | € |
| **Initial Principal Amount** | 122,000,000 | 39,600,000 | 41,400,000 | 19,230,000 |
| **Liquidity Support** | Liquidity Reserve Facility available to cover Interest Shortfall | Liquidity Reserve Facility available to cover Interest Shortfall | N/A | N/A |
| **Issue Price** | 100% | 100% | 100% | 100% |
| **Note Interest Reference Rate** | three-month Note EURIBOR (subject to zero floor) (1st Note Interest Period - interpolated rate based on three and six month deposits in Euro substituted for three-month Note EURIBOR) | three-month Note EURIBOR (subject to zero floor) (1st Note Interest Period - interpolated rate based on three and six month deposits in Euro substituted for three-month Note EURIBOR) | three-month Note EURIBOR (subject to zero floor) (1st Note Interest Period - interpolated rate based on three and six month deposits in Euro substituted for three-month Note EURIBOR) | three-month Note EURIBOR (subject to zero floor) (1st Note Interest Period - interpolated rate based on three and six month deposits in Euro substituted for three-month Note EURIBOR) |
| **Relevant Margin** | 1.90 per cent. | 2.90 per cent. | 4.00 per cent. | 6.75 per cent. |
| **Note Premium Amount (following the Expected Note Maturity Date)** | Excess of EURIBOR over 5%, if any | Excess of EURIBOR over 5%, if any | Excess of EURIBOR over 5%, if any | Excess of EURIBOR over 5%, if any |
| **Interest Accrual Method** | Actual/360 | Actual/360 | Actual/360 | Actual/360 |
| **Note Interest Determination Date** | 2 TARGET Days prior to the Note Payment Date | 2 TARGET Days prior to the Note Payment Date | 2 TARGET Days prior to the Note Payment Date | 2 TARGET Days prior to the Note Payment Date |
| **Note Payment Dates** | 22 February, 22 May, 22 August, 22 November | 22 February, 22 May, 22 August, 22 November | 22 February, 22 May, 22 August, 22 November | 22 February, 22 May, 22 August, 22 November |
| **Business Day Convention** | Modified following | Modified following | Modified following | Modified following |
| **First Note Payment Date** | 22 August 2019 | 22 August 2019 | 22 August 2019 | 22 August 2019 |
| **First Note Interest Period** | Issue Date to First Note Payment Date (excluded) | Issue Date to First Note Payment Date (excluded) | Issue Date to First Note Payment Date (excluded) | Issue Date to First Note Payment Date (excluded) |
| **Expected Note Maturity Date** | Initial Expected Note Maturity Date is 22 August 2021, which may be extended as described under "*Expected Note Maturity Date*" below | Initial Expected Note Maturity Date is 22 August 2021, which may be extended as described under "*Expected Note Maturity Date*" below | Initial Expected Note Maturity Date is 22 August 2021, which may be extended as described under "*Expected Note Maturity Date*" below | Initial Expected Note Maturity Date is 22 August 2021, which may be extended as described under "*Expected Note Maturity Date*" below |
| **Final Maturity Date** | 22 August 2031 | 22 August 2031 | 22 August 2031 | 22 August 2031 |
| **Form of the Notes** | Dematerialised form | Dematerialised form | Dematerialised form | Dematerialised form |
| **Application for Listing** | Euronext Dublin | Euronext Dublin | Euronext Dublin | Euronext Dublin |
| **ISIN** | IT0005372435 | IT0005372450 | IT0005372468 | IT0005372476 |
| **Common Code** | 200881885 | 200881915 | 200881974 | 200882156 |
| **Clearance/Settlement** | Monte Titoli as depositary for Euroclear and Clearstream | Monte Titoli as depositary for Euroclear and Clearstream | Monte Titoli as depositary for Euroclear and Clearstream | Monte Titoli as depositary for Euroclear and Clearstream |
| **Minimum Denomination** | €100,000, or integral multiples of €1,000 in excess thereof | €100,000, or integral multiples of €1,000 in excess thereof | €100,000, or integral multiples of €1,000 in excess thereof | €100,000, or integral multiples of €1,000 in excess thereof |
| **Commission** | nil | nil | nil | nil |

### *Principal features of the Notes*

**Notes**

The €122,000,000 Class A Commercial Mortgage Backed Notes due 2031 will be issued by the Issuer on the Issue Date.

The €39,600,000 Class B Commercial Mortgage Backed Notes due 2031 will be issued by the Issuer on the Issue Date.

The €41,400,000 Class C Commercial Mortgage Backed Notes due 2031 will be issued by the Issuer on the Issue Date.

The €19,230,000 Class D Commercial Mortgage Backed Notes due 2031 will be issued by the Issuer on the Issue Date.

**Issue price** The Notes will be issued at the issue price of 100 per cent. of their principal amount upon issue.

**Rate of interest** The Class A Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to 1.90 per cent. per annum above three-month EURIBOR, save that in respect of the first Note Interest Period an interpolated interest rate based on three and six month deposits in Euro will be substituted for three-month Note EURIBOR.

The Class B Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to 2.90 per cent. per annum above three-month EURIBOR, save that in respect of the first Note Interest Period an interpolated interest rate based on three and six month deposits in Euro will be substituted for three-month Note EURIBOR.

The Class C Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to 4.00 per cent. per annum above three-month EURIBOR, save that in respect of the first Note Interest Period an interpolated interest rate based on three and six month deposits in Euro will be substituted for three-month Note EURIBOR.

The Class D Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to 6.75 per cent. per annum above three-month EURIBOR for three-month deposits in Euro, save that in respect of the first Note Interest Period an interpolated interest rate based on three and six month deposits in Euro will be substituted for three-month Note EURIBOR.

"**Principal Amount Outstanding**" means, on any date:

(a) the principal amount of a Note upon issue, minus

(b) the aggregate amount of all principal payments which have been paid prior to such date, in respect of such Note.

**Note EURIBOR** "**Note EURIBOR**" means:

(a) prior to the Expected Note Maturity Date, EURIBOR; and

(b) from the Expected Note Maturity Date, the lower of EURIBOR and 5 per cent. per annum.

**Note Premium Amount** With effect from the Expected Note Maturity Date, for each subsequent Note Interest Period, payments in respect of the Notes (if any) that represent a Note Premium Amount will be subordinated to *inter alia* payment of interest and principal on the Notes.

"**Note Premium Amount**" means, with effect from the Expected Note Maturity Date, for each Note Interest Period in which EURIBOR exceeds 5 per cent. per annum, any amount payable on the Notes calculated in accordance with the following formula:

$$(\mathbf{A} \times (\mathbf{B} - \mathbf{C})) \times \mathbf{D}$$

where:

A = the aggregate outstanding principal balance of the Loans on the Note Payment Date falling at the beginning of such Note Interest Period

B = three-month EURIBOR (where EURIBOR exceeds 5 per cent. per annum)

C = 5 per cent. per annum

D = Day Count Fraction

or otherwise shall be zero.

Prior to or on the date on which the Notes are redeemed in full, any Note Premium Amount available in respect of any Class of Notes will form part of Principal Available Funds.

**Interest Deferral**

To the extent that, on any Note Payment Date, there are insufficient Interest Available Funds to pay the full amount of interest due on any Class of Notes (other than any interest on the Most Senior Class of Notes), then the amount of the interest shortfall will not fall due on that Note Payment Date in respect of any Class of Notes apart from the Most Senior Class of Notes and shall be deferred. The Issuer (or the Calculation Agent on its behalf) shall, in respect of each affected Class of Notes, create a book entry record for any amount of interest that is deferred (the "**Deferred Interest**") on the relevant Note Payment Date and such amounts shall be payable on the earlier of:

(a) any succeeding Note Payment Date when any such Deferred Interest shall be paid, but only if and to the extent that, on such Note Payment Date, there are sufficient Interest Available Funds, after deducting amounts ranking in priority to the relevant Class of Notes in accordance with the Pre Note Enforcement Notice Interest Priority of Payments; and

(b) the date on which the relevant Class of Notes is redeemed in full.

**Class D Available Funds Cap**

On any Note Payment Date, interest due and payable on the Class D Notes is subject to a cap equal to the lesser of:

(a) the Note Interest Payment Amount applicable to the Class D Notes; and

(b) the relevant Adjusted Note Interest Payment Amount in respect of the Class D Notes,

where such difference is attributable to a reduction in the interest-bearing balance of any of the Loans due to prepayments (whether arising voluntarily or otherwise) or as a result of a Final Recovery Determination having been made in respect thereof (the "**Class D Available Funds Cap**").

Amounts of interest that would otherwise be represented by any such difference between the relevant Adjusted Note Interest Payment Amount and the Note Interest Payment Amount applicable to the Class D Notes shall be extinguished on such Note Payment Date and the affected Class D Noteholders shall have no claim against the Issuer in respect thereof.

"**Adjusted Note Interest Payment Amount**" means:

(a) the Interest Available Funds in respect of such Note Payment Date (excluding, for the avoidance of doubt, the amount available for drawing by way of an Interest Drawing from the Issuer Liquidity Reserve Account on such Note Payment Date), less

(b) the sum of all amounts payable out of Interest Available Funds on such Note Payment Date in priority to the payment of interest on the relevant Class of Notes in accordance with the relevant Priority of Payments,

and will not in any event be less than zero.

"**Note Interest Payment Amount**" means the amount of interest payable on each Class of Notes, at Note EURIBOR plus the Relevant Margin in respect of the following Note Interest Period, calculated in accordance with Condition 7 (*Interest*).

**Form and denomination**

The denomination of the Notes will be €100,000, or integral multiples of €1,000 in excess thereof.

The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes have been accepted for clearance by Monte Titoli with effect from the Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provision of article 83-bis of the Financial Laws Consolidation Act and the Joint Regulation, as subsequently amended and supplemented from time to time. No physical document of title will be issued in respect of the Notes.

"**Decree 213**" means Legislative Decree number 213 of 24 June 1998, as amended and supplemented from time to time.

**Payment of Interest on the Notes**

In respect of the obligations of the Issuer to pay interest on the Notes:

(a) the Class A Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves, and in priority to the Class B Notes, the Class C Notes and the Class D Notes;

(b) the Class B Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves, and in priority to the Class C Notes and the Class D Notes, but subordinated to the Class A Notes;

(c) the Class C Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves, and in priority to the Class D Notes, but subordinated to the Class A Notes and the Class B Notes;

(d) the Class D Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves but subordinated to the Class A Notes, the Class B Notes and the Class C Notes.

**Repayment of Principal on the Notes**

Prior to the occurrence of a Sequential Payment Trigger, Principal Available Funds will be applied to redeem the Notes on a *pro rata* basis according to their respective Principal Amount Outstanding other than in respect of any Principal Available Funds comprising the Reverse Sequential Principal Payment Amount, which shall be applied in reverse sequential order. See Condition 8.6(f) (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

"**Reverse Sequential Principal Payment Amount**" means any prepayment proceeds received in respect of the Loans as a result of the exercise of the Reverse Sequential Voluntary Prepayment Right.

"**Reverse Sequential Voluntary Prepayment Right**" means, on an Interest Payment Date on or following the occurrence of a Permitted Change of Control with respect to all of the Loans together, the right of the Borrowers to make a single voluntary prepayment of the Loans, the proceeds of which will be applied to redeem the Notes in reverse sequential order (subject to the voluntary prepayment limits described in "*The Loan Portfolio and Loan Security – Prepayment and Cancellation – Voluntary Prepayment*") subject to the following conditions:

(i) the Reverse Sequential Voluntary Prepayment Right may be exercised once throughout the life of the Loans;

(ii) the Reverse Sequential Voluntary Prepayment Right may not be exercised following the occurrence of a Sequential Payment Trigger; and

(iii) immediately following the resulting prepayment of the Loans, the LTV for each of the Loans (based on the most recent Valuation, which may be

instructed by the relevant Facility Agent for these purposes) is (i) equal; and (ii) no greater than 50 per cent.

**Sequential Payment of Principal on the Notes following a Sequential Payment Trigger**

In respect of the obligations of the Issuer to repay principal on the Notes relating to the receipt by the Issuer of all Principal Available Funds on each Note Payment Date following the occurrence of a Sequential Payment Trigger:

(a) the Class A Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves, and in priority to the Class B Notes, the Class C Notes and the Class D Notes;

(b) the Class B Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves, and in priority to the Class C Notes and the Class D Notes, but subordinated to the Class A Notes;

(c) the Class C Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves, and in priority to the Class D Notes, but subordinated to the Class A Notes and the Class B Notes;

(d) the Class D Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes.

A "**Sequential Payment Trigger**" means the first to occur of the following:

(a) a Calculation Date on which any of the Loans is a Specially Serviced Loan; or

(b) a Note Payment Date following a Loan Final Maturity Event of Default (for the avoidance of doubt, without reference to any extension that may be agreed to by the Servicer or the Special Servicer).

"**Loan Final Maturity Event of Default**" means, for any Loan, a Loan Event of Default arising as a result of non-payment of any amounts due under the Finance Documents on the Initial Repayment Date, the First Extended Repayment Date, the Second Extended Repayment Date or the Third Extended Repayment Date, as applicable.

**Payments on the Notes following the delivery of a Note Enforcement Notice**

In respect of the obligations of the Issuer to pay interest and principal on the Notes relating to the receipt by the Issuer of all Issuer Available Funds following the delivery of a Note Enforcement Notice:

(a) payments of interest and principal on the Class A Notes will rank *pari passu*, but in priority to payments of interest and principal on the Class B Notes, the Class C Notes and the Class D Notes;

(b) payments of interest and principal on the Class B Notes will rank *pari passu*, but subordinate to the payments of interest and principal on the Class A Notes, but in priority to the payment of interest and principal on the Class C Notes and the Class D Notes;

(c) payments of interest and principal on the Class C Notes will rank *pari passu*, but subordinate to the payments of interest and principal on the Class A Notes, and the Class B Notes, but in priority to the payment of interest and principal on the Class D Notes;

(d) payments of interest and principal on the Class D Notes will rank *pari passu*, but subordinate to the payments of interest and principal on the Class A Notes, the Class B Notes and the Class C Notes.

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| **Withholding on the Notes** | As at the date of this Offering Circular, payments of interest and other proceeds under the Notes will not be subject to withholding or deduction for or on account of Italian substitute tax (*imposta sostitutiva*), in accordance with Decree 239 **provided that** the relevant Noteholder satisfies the conditions stipulated under Art. 6 of Decree 239 (see "*Taxation section*", paragraph "*Non-Italian resident Noteholder*"). Should such conditions not be satisfied and/or any withholding or deduction for or on account of tax from any payments under the Notes be imposed in the future, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes. |
| **Redemption** | The Notes are subject to the optional or mandatory redemption events listed below.<br><br>Repayment and/or prepayment of principal on the Loans shall be allocated towards the redemption of the Notes and applied in accordance with the relevant Priority of Payments. Any Note redeemed pursuant to the redemption provisions below will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to (but excluding) the date of redemption. |
| **Mandatory Redemption** | The Notes will be subject to mandatory redemption in full (or in part *pro rata*) on each Note Payment Date in accordance with the Conditions, in each case following scheduled repayment and/or prepayment of the Loans to the extent of the Principal Available Funds which may be applied for this purpose in accordance with the relevant Priority of Payments. |
| **Loan Prepayment Fees** | Any Loan Prepayment Fee Amounts shall be allocated by the Issuer to each Class of Notes that is subject to mandatory early redemption in an amount equal to the Allocated Note Prepayment Fee Amount calculated for that Class of Notes. |
| **Optional redemption** | **Provided that** no Note Enforcement Notice has been served on the Issuer, on any Note Payment Date falling on or after the Clean-up Option Date the Issuer may redeem the Notes (in whole but not in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the relevant Priority of Payments, subject to the Issuer:<br><br>(a) giving not more than 60 days and not less than 30 days' notice to the Representative of the Noteholders and to the Noteholders of its intention to redeem the Notes; and<br><br>(b) delivering, prior to the notice referred to in paragraph (a) above being given, to the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (free and clear of any Security Interest of any third party) on such Note Payment Date to discharge all of its outstanding liabilities in respect of the Notes and any other payment ranking in priority to or *pari passu* with the Notes in accordance with the Priority of Payments. |
| **Clean-up Option Date** | Any Note Payment Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Issue Date. |
| **Redemption for tax reasons** | Upon the imposition, at any time, (i) of any withholding or deduction for or on account of tax (other than a Decree 239 Deduction) from any payments to be made to the Noteholders, or (ii) of any taxes, duties, assessments or governmental charges of whatever nature on the Loan Portfolio (including on amounts payable to the Issuer in respect of the Loans) by the Republic of Italy or any political sub-division thereof or any authority thereof or therein, and **provided that** the Issuer has certified and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of the Notes and any amount required to be |

paid under the Conditions and the Intercreditor Agreement in priority to or *pari passu* with the Notes, the Issuer may, subject as provided in the Conditions, redeem, on the next succeeding Note Payment Date, in whole (but not in part) the Notes at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Note Payment Date.

**Expected Note Maturity Date**

Unless previously redeemed in full, the Notes are expected to mature on the Note Payment Date falling in August 2021 (the "**Initial Expected Note Maturity Date**"), **provided that** if any of the Borrowers satisfies the applicable First Extension Option Conditions, the Notes will be expected to mature on the Note Payment Date falling in August 2022 (the "**First Extended Expected Note Maturity Date**"). If any of the Borrowers who satisfied the First Extension Option Conditions also satisfies the Second Extension Option Conditions, the Notes will be expected to mature on the Note Payment Date falling in August 2023 (the "**Second Extended Expected Note Maturity Date**"). If any of the Borrowers who satisfied the Second Extension Option Conditions also satisfies the Third Extension Option Conditions, the Notes will be expected to mature on the Note Payment Date falling in August 2024 (the "**Third Extended Expected Note Maturity Date**"). The "**Expected Note Maturity Date**" will be either the Initial Expected Note Maturity Date (if none of the Extension Option Conditions are satisfied), the First Extended Expected Note Maturity Date (if only the First Extension Option Conditions are satisfied by any of the Borrowers), the Second Extended Expected Note Maturity Date (if only the First Extension Option Conditions and the Second Extension Option Conditions satisfied by any of the Borrowers) or the Third Extended Expected Note Maturity Date (if each of the Loan Extension Option Conditions are satisfied by any of the Borrowers).

**Final Maturity Date**

The Notes of each class will in any event be due to be repaid in full at their Principal Amount Outstanding not later than on the Note Payment Date falling in August 2031 (the "**Final Maturity Date**"). The Notes, to the extent not redeemed in full on their Final Maturity Date, shall be cancelled.

**Segregation of Issuer's Rights**

The Notes have the benefit of the provisions of article 3 of the Italian Securitisation Law, pursuant to which (i) the receivables from the Loan Portfolio are segregated by operation of law from the Issuer's other assets; and (ii) the moneys and deposits held by servicers and sub-servicers in charge of the collection services and the moneys standing to the credit of the transaction accounts held by or on behalf of the Issuer will, by operation of law, be segregated for all purposes from all other deposits and moneys of the relevant depository, for the exclusive benefit of the Noteholders, the Other Issuer Creditors and other creditors of the Securitisation.

Both before and after a winding up of the Issuer or of the relevant depository, amounts deriving from the Loan Portfolio and any other moneys or deposits as listed above, as the case may be, will be exclusively available for the purpose of satisfying the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. See for further details "*Selected Aspects of Italian Law – Ring-fencing of the assets*".

Neither the Loan Portfolio nor any moneys or deposits standing to the credit of the accounts held by or on behalf of the Issuer, may be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation thereof. Pursuant to the terms of the Intercreditor Agreement and the Mandate Agreement, the Issuer has empowered the Representative of the Noteholders, following the delivery of a Note Enforcement Notice or upon failure by the Issuer to exercise its rights under the Issuer Transaction Documents within 10 days from notification of such failure, to exercise all the Issuer's rights, powers and discretion under the Issuer Transaction Documents taking such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the

Issuer, the Noteholders and the Other Issuer Creditors in respect of the Loan Portfolio and the Issuer's Rights. Italian law governs the delegation of such power.

**Note Event of Default**

If any of the following events occurs:

(a) *Non-payment:*

The Issuer fails to pay any amount of principal due and payable in respect of any Class of Notes within five days of the due date for payment of such principal or fails to pay the Note Interest Payment Amount in respect of the Most Senior Class of Notes or any amount of interest due and payable in respect of any other Class of Notes within three days of the due date for payment of such interest;

(b) *Breach of other obligations:*

The Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Issuer Transaction Documents to which it is a party (other than any obligation to pay principal or interest in respect of the Notes) and such default (a) is in the opinion of the Representative of the Noteholders, incapable of remedy or (b) being a default which is, in the opinion of the Representative of the Noteholders, capable of remedy remains unremedied for 30 days after the Representative of the Noteholders has given written notice of such default to the Issuer requiring the same to be remedied;

(c) *Insolvency of the Issuer*:

an Insolvency Event occurs with respect to the Issuer; or

(d) *Unlawfulness:*

it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Issuer Transaction Documents to which it is a party,

then the Representative of the Noteholders may, or shall if so directed by an Extraordinary Resolution of Noteholders of all Classes of Notes then outstanding, other than any Class of Notes in respect of which a Control Valuation Event has occurred (in each case subject to being indemnified and/or secured to its satisfaction, and in respect of (b) above following confirmation by the Representative of the Noteholders that such breach is materially prejudicial to Noteholders), serve a Note Enforcement Notice on the Issuer declaring the Notes to be due and repayable, whereupon they shall become so due and repayable, following which all payments of principal, interest and other amounts due in respect of the Notes shall be made according to the order of priority set out in the Conditions and described in "*Post Note Enforcement Notice Priority of Payments*" below and on such dates as the Representative of the Noteholders may determine.

**Non petition**

Only the Representative of the Noteholders may pursue the remedies available under the general law to obtain payment of the Obligations and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations. In particular:

(a) no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) shall, save as expressly permitted by the Issuer Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;

(b) until the date falling two years and one day after the date on which the Notes have been redeemed in full or cancelled in accordance with their terms and

conditions, no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders when so directed by an Extraordinary Resolution of all the Noteholders) shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and

(c) no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

**Limited Recourse**

Notwithstanding any other provision of the Issuer Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

(a) each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the relevant Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital or its quotaholders, directors or officers;

(b) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to or *pari passu* with sums payable to such Noteholder; and

(c) if the Master Servicer (or the Delegate Servicer on its behalf) has certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further realisations in respect of the Loans or the Loan Security (whether arising from judicial enforcement proceedings, enforcement of the Loan Security or otherwise) which would be available to pay unpaid amounts outstanding under the Issuer Transaction Documents and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Condition 20 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Loan Portfolio (whether arising from judicial enforcement proceedings, enforcement of the Loan Security or otherwise) which would be available to pay amounts outstanding under the Issuer Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and deemed to be discharged in full.

**The Organisation of the Noteholders**

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.

**Representative of the Noteholders**

Pursuant to the Rules of the Organisation of the Noteholders (attached to the Conditions as an Exhibit), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of issue of the Notes, which is appointed in the Subscription Agreement. Each Noteholder is deemed to accept such appointment.

**Enforcement**

At any time after a Note Enforcement Notice has been served on the Issuer, the Representative of the Noteholders, may at its discretion and without further notice take such steps and/or institute such proceedings as it thinks fit to enforce repayment of the Notes and payment of accrued interest thereon but it shall not be bound to do so unless directed by an Extraordinary Resolution of the Noteholders of all Classes

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| | of Notes then outstanding, other than any Class of Notes in respect of which a Control Valuation Event has occurred.<br><br>Following the delivery of a Note Enforcement Notice the Representative of the Noteholders may at its discretion direct the Issuer to sell the Loan Portfolio or a substantial part thereof, and shall direct the Issuer to sell the Loan Portfolio or a substantial part thereof if requested by an Extraordinary Resolution of the Noteholders of all Classes of Notes then outstanding, other than any Class of Notes in respect of which a Control Valuation Event has occurred. |
| **Rating** | The Class A Notes are expected to be rated "AA (low)" by DBRS and "A+" by Fitch on the Issue Date.<br><br>The Class B Notes are expected to be rated "A (low)" by DBRS and "A-" by Fitch on the Issue Date.<br><br>The Class C Notes are expected to be rated "BBB (low)" by DBRS and "BBB-" by Fitch on the Issue Date.<br><br>The Class D Notes are expected to be rated "BB (low)" by DBRS and "BB" by Fitch on the Issue Date. |
| ` | **A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. The credit rating applied for in relation to the Notes will be issued by the Rating Agencies each of which is established in the European Union and is registered under Regulation (EU) No 1060/2009 (the "CRA Regulation"), as resulting from the list of registered credit rating agencies (reference number 2011/247) published on 31 October 2011 by the European Securities and Markets Authority (ESMA).** |
| **Listing** | Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Global Exchange Market. |
| **Governing Law** | The Notes will be governed by Italian law. |
| **Regulatory Disclosure** | Deutsche Bank AG, London Branch as original lender in respect of the Loans has undertaken that it will retain a material net economic interest in the securitisation of not less than 5 per cent. in accordance with the text of Article 6(1) of the Securitisation Regulation. Such retention requirement will, on the Issue Date, be satisfied by the retention of an interest of 5% of the principal amount advanced under each Facilities Agreement, in the form of the Retained Loans, in accordance with Article 6(3)(a) of the Securitisation Regulation. See the section entitled "*Regulatory Disclosure*" for more information. |
| **SR Loan Level Report** | No later than the SR Loan Level Report Date, the Primary Servicer will prepare, and the Calculation Agent will deliver, a report setting out loan level information required under Article 7(1)(a) of the Securitisation Regulation with respect of each of the Loans in the form of the template set out in Annex 3 to the Draft ESMA Disclosure or, following their entry into force, in the form of the Final ESMA Disclosure Templates (the "**SR Loan Level Report**") to the Loan Seller, Issuer, the Special Servicer, the Rating Agencies and the Operating Advisor (if appointed). |
| **SR Investor Report** | No later than 4 (four) weeks after each Note Payment Date, the Calculation Agent will prepare and publish an investor report pursuant to Article 7(1)(e) of the Securitisation Regulation, in the form of the template set out in Annex 12 to the Draft ESMA Disclosure Templates or, following their entry into force, in the form of the Final ESMA Disclosure Templates (the "**SR Investor Report**") |

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| **Securitisation Regulation Reports** | The Securitisation Regulation Reports shall comprise of (i) the SR Investor Report (prepared by the Calculation Agent) and (ii) the SR Loan Level Report (prepared by the Primary Servicer and provided to the Calculation Agent) (together the "**Securitisation Regulation Reports**"). |
| **Calculation Agent Note Payment Date Investor Report** | On each Note Payment Date, investors will have access to the Calculation Agent Note Payment Date Investor Report (the "**Calculation Agent Note Payment Date Investor Report**") issued by the Calculation Agent and which will be generally available to the Noteholders, the Bank of Italy (or the relevant competent authority for the purposes of the Securitisation Regulation) and potential investors in the Notes on the Information Agent's website at https://gctinvestorreporting.bnymellon.com, as applicable.<br><br>It is agreed and understood that neither the Calculation Agent, the Information Agent, the Primary Servicer nor the Issuer shall be liable for any omission or delay in making available the Calculation Agent Note Payment Date Investor Report which is due to electronic or technical inconveniences relating to or connected with the internet network or the relevant website or which is not due to wilful misconduct (*dolo*) or gross negligence (*colpa grave*) of any of the Calculation Agent, the Primary Servicer, the Information Agent or the Issuer, as the case may be. |
| **Investor Reports** | The Servicer Quarterly Report, the Calculation Agent Investor Report and the Securitisation Regulation Reports (jointly, the "**Investor Reports**") will be generally available to the Noteholders, the Bank of Italy (or the relevant competent authority for the purposes of the Securitisation Regulation) and potential investors in the Notes on the Information Agent's website at https://gctinvestorreporting.bnymellon.com, in accordance with the provisions of the Cash Allocation Management and Payments Agreement, as applicable. For further details, see "*Description of the Issuer Transaction Documents – Cash Allocation, Management and Payments Agreement*". |

## E Rights of Noteholders and Relationship with the Other Issuer Creditors

*Please refer to sections entitled "Terms and Conditions of the Notes" and "Exhibit to the Terms and Conditions of the Notes – Rules of the Organisation of the Noteholders" for further detail in respect of the rights of Noteholders, conditions for exercising such rights and relationship with the Other Issuer Creditors.*

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| **Noteholder Decision Making** | Noteholders holding no less than 10 per cent. of the Principal Amount Outstanding of the Notes then outstanding are entitled to convene a Noteholders' meeting. Noteholders can also participate in a Noteholders' meeting convened by the Issuer or Representative of the Noteholders to consider any matter affecting their interests.<br><br>The Issuer may, and if requested by the Primary Servicer or the Special Servicer will, convene Noteholder meetings (at the cost of the Issuer) for any purpose, including consideration of Extraordinary Resolutions or Ordinary Resolutions.<br><br>Disenfranchised Noteholders will not be entitled to convene, count in the quorum or pass resolutions, including Extraordinary Resolutions and Ordinary Resolutions.<br><br>See "*Terms and Conditions of the Notes*" below for further details.<br><br>"**Disenfranchised Noteholder**" means (i) the Issuer; (ii) any Obligor, (iii) the Sponsor or (iv) any affiliate of the Issuer, any Obligor or the Sponsor. |

| **Noteholders Meeting provisions** | *Initial meeting* | *Adjourned meeting* |
|---|---|---|
| Notice period: | 14 clear days | 7 clear days |

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| Quorum: | **Ordinary Resolution**: two or more persons (or one person in the case of a single Noteholder holding all the Notes of the relevant Class of Notes) holding Notes, or representing Noteholders of that Class or those Classes, representing at least 50 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes. | **Ordinary Resolution**: two or more persons (or one person in the case of a single Noteholder holding all the Notes of the relevant Class of Notes) holding Notes, or representing Noteholders of that Class or those Classes, representing at least 25 per cent. of the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes. |
| | **Extraordinary Resolution (other than Basic Terms Modification)**: two or more persons (or one person in the case of a single Noteholder holding all the Notes of the relevant Class of Notes) holding Notes, or representing Noteholders of that Class or those Classes, representing at least 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes. | **Extraordinary Resolution (other than Basic Terms Modification, to approve the waiver of any Note Event of Default, to approve the acceleration of the Notes)**: two or more persons (or one person in the case of a single Noteholder holding all the Notes of the relevant Class of Notes) holding Notes, or representing Noteholders of that Class or those Classes, representing at least 25 per cent. of the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes. |
| | **Extraordinary Resolution enabling a Basic Terms Modification**: two or more persons (or one person in the case of a single Noteholder holding all the Notes of the relevant Class of Notes) holding Notes, or representing Noteholders of that Class or those Classes, representing at least 75 per cent. of the Principal Amount Outstanding of the relevant Class of Notes. | **Extraordinary Resolution enabling a Basic Terms Modification, to approve the waiver of any Note Event of Default, to approve the acceleration of the Notes):** two or more persons (or one person in the case of a single Noteholder holding all the Notes of the relevant Class of Notes) holding Notes, or representing Noteholders of that Class, representing at least 50 per cent. of the Principal Amount Outstanding of the Notes then outstanding in the relevant Class of Notes. |
| Required majority: | **Ordinary Resolution**: More than 50 per cent. of votes cast for matters requiring Ordinary Resolution.<br><br>**Extraordinary Resolution**: Not less than 75 per cent. of | |

votes cast for matters requiring Extraordinary Resolution.

Written Resolutions: An Extraordinary Resolution passed in writing by holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class of Notes (a "**Written Extraordinary Resolution**") will have the same effect as an Extraordinary Resolution.

An Ordinary Resolution passed in writing by holders of more than 50 per cent. of the Principal Amount Outstanding of the relevant Class of Notes (a "**Written Ordinary Resolution**") will have the same effect as an Ordinary Resolution.

**Negative Consent**

The Issuer or the Representative of the Noteholders may propose an Extraordinary Resolution or an Ordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default or the acceleration of the Notes) of the Noteholders or any Class of Noteholders relating to any matter for consideration and approval by Negative Consent by the Noteholders or the Noteholders of such Class.

An Ordinary Resolution or relevant Extraordinary Resolution will pass by Negative Consent where:

(a) notice of such Extraordinary Resolution or Ordinary Resolution, as applicable, has been given by the Issuer or the Representative of the Noteholders to the Noteholders or the Noteholders of such Class in accordance with the provisions of Condition 20 (*Notices*);

(b) such notice contains a statement requiring such Noteholders to inform the Representative of the Noteholders in writing if they object to such Extraordinary Resolution or Ordinary Resolution, stating that unless holders of:

(i) in the case of an Extraordinary Resolution, 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class; or

(ii) in the case of an Ordinary Resolution, 50 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such class,

makes such objection, the Extraordinary Resolution or Ordinary Resolution will be deemed to be passed by the Noteholders or the Noteholders of such Class and specifying the requirements for the making of such objections; and

(c) holders of:

(i) in the case of an Extraordinary Resolution, 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such class or

(ii) in the case of an Ordinary Resolution, 50 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class,

have not informed the Representative of the Noteholders in writing of their objection to such Extraordinary Resolution or Ordinary Resolution within 30 days of the date of the relevant notice.

(For further information please see "*Article 6.3 (Negative Consent)*" of the Rules of the Organisation of the Noteholders)

**Ordinary Resolution**

The following matters, *inter alia*, may be passed by way of an Ordinary Resolution (including by way of Negative Consent (other than for paragraph (b) below)):

(a) the removal of the Calculation Agent, the Master Servicer, the Primary Servicer, Special Servicer, the Issuer Account Bank, the Paying Agent or the Corporate Servicer, subject to the provisions on the termination of the relevant mandate set out under the Transaction Documents;

(b) approval of a Note Maturity Plan; and

(c) decisions by the Controlling Class under Condition 18 (*Controlling Class*).

**Extraordinary Resolution**

Broadly speaking, the following matters require an Extraordinary Resolution:

(a) approval of a Basic Terms Modification;

(b) direction of the Representative of the Noteholders by the Noteholders to serve a Note Enforcement Notice on the Issuer or commence enforcement proceedings;

(c) approval of certain modifications to the Rules, the Conditions, or an Issuer Transaction Document, including the right to remove or replace the Representative of the Noteholders; and

(d) removal of the Primary Servicer or Delegate Primary Servicer without cause.

**Relationship between Classes of Noteholders**

Subject to provisions governing (i) the termination of the appointment of the Master Servicer, or the Primary Servicer or Special Servicer, or the Corporate Servicer or the Calculation Agent and (ii) a Basic Terms Modification or matters that require an Extraordinary Resolution, an Ordinary Resolution of Noteholders of the Most Senior Class of Notes shall be binding on all other Classes and would override any resolutions to the contrary by them.

Subject to the provisions governing an Extraordinary Resolution of Noteholders relating to (i) a Basic Terms Modification or (ii) the delivery of a Note Enforcement Notice, or the commencement of any enforcement proceedings by the Representative of the Noteholders, an Extraordinary Resolution of Noteholders of the Most Senior Class of Notes shall be binding on all other Classes and would override any resolutions to the contrary by them.

The passing of an Extraordinary Resolution relating to (i) a Basic Terms Modification, and (ii) the direction of the Representative of the Noteholders to

deliver a Note Enforcement Notice or commence enforcement proceedings requires an Extraordinary Resolution of all Classes of Notes then outstanding.

**Controlling Class**

The holders of the most junior ranking Class of Notes then outstanding which satisfies the Controlling Class Test are the Controlling Class. As at the Issue Date, the holders of the Class D Notes will be the Controlling Class.

The Controlling Class Test will be satisfied by the most junior ranking Class of Notes outstanding at the time of determination of the same which:

(a) has a total Principal Amount Outstanding that is not less than 25 per cent. of the Principal Amount Outstanding of such Class as at the Issue Date; and

(b) for which a Control Valuation Event is not continuing; and

(c) does not consist entirely of Noteholders who are Disenfranchised Noteholders.

If no Class of Notes has a Principal Amount Outstanding that satisfies this requirement, then the Controlling Class will be the Most Senior Class of Notes then outstanding.

**Operating Advisor**

The "**Operating Advisor**" will be the representative appointed by the Controlling Class (acting by Ordinary Resolution) in respect of the Loans in accordance with Condition 18 (*Controlling Class*).

The Operating Advisor will have the right:

(a) to require the Representative of the Noteholders to terminate the appointment of and replace the Special Servicer, subject to certain limitations;

(b) to be consulted on certain matters relating to the servicing and enforcement of the Loans, as provided for in the Delegate Servicing Agreement; and

(c) to be consulted in connection with the preparation of any Asset Status Report.

The appointment of any Operating Advisor will not take effect until the Representative of the Noteholders notifies the Master Servicer, the Delegate Primary Servicer and the Special Servicer in writing of the identity of the Controlling Class and the Operating Advisor subject to the receipt by the Representative of the Noteholders of the information relating to the identity of the Controlling Class and the appointment of the Operating Advisor.

Should the Controlling Class fail to appoint an Operating Advisor (or should an Operating Advisor resign or be terminated and not be replaced), the Controlling Class will be deemed to have waived any rights it may have *vis-à-vis* the Master Servicer, the Delegate Primary Servicer and the Special Servicer.

**Relationship between Noteholders and the Other Issuer Creditors**

So long as any Notes are outstanding and there is a conflict between the interests of the Noteholders and the Other Issuer Creditors, the Representative of the Noteholders shall take into account the interests of the Noteholders only in the exercise of its discretion.

**Provision of Information to the Noteholders**

The Calculation Agent will provide, on each Note Payment Date, the Calculation Agent Note Payment Date Investor Report containing information in relation to the Notes including, but not limited to amounts paid by the Issuer pursuant to the Priority of Payments in respect of the relevant period, and confirmation of risk retention by

the Original Lender, subject, where applicable, to the receipt by the Calculation Agent of the relevant information of the other parties to the Transaction Documents.

**Communication with Noteholders**

Any notice to be given by the Issuer or Representative of the Noteholders to Noteholders shall be given in the following manner:

(a) so long as the Notes are held in the Clearing System, by delivery to the Clearing System for communication by it to Noteholders;

(b) so long as the Notes are listed on a recognised stock exchange, by delivery in accordance with the notice requirements of that exchange; and

(c) so long as the Notes are held through Monte Titoli, through the systems of Monte Titoli.

The Representative of the Noteholders shall be at liberty to disregard any such method where, in its opinion, the use of such method would be unreasonable and/or contrary to the interests of Noteholders, in which case it shall inform Noteholders accordingly.

Any communication given by the Issuer or Representative of the Noteholders to Noteholders shall also be given to the Rating Agencies.

F **Additional Relevant Dates and Periods**

**Issue Date**

The Issuer will issue the Notes on or about 6 June 2019 (the "**Issue Date**").

**Collection Period**

The period commencing one day after an Interest Payment Date and ending on the next Interest Payment Date, except in respect of the first Collection Period, which commences on (and including) the Issue Date and ends on the Interest Payment Date falling in August 2019 (each a "**Collection Period**").

**Note Interest Determination Date**

(a) With respect to the first Note Interest Period, the day falling 2 TARGET Days prior to the Issue Date; and

(b) With respect to each subsequent Note Interest Period, the date falling 2 TARGET Days prior to the Note Payment Date at the beginning of such Note Interest Period (together with (a) above, each a "**Note Interest Determination Date**").

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

"**TARGET Day**" means any day on which TARGET2 is open for the settlement of payments in Euro.

**Calculation Date**

The date falling 4 Business Days prior to the Note Payment Date (each a "**Calculation Date**") on which the Calculation Agent is required to determine all amounts due in accordance with the relevant Priority of Payments on the forthcoming Note Payment Date and the amounts available to make such payments.

**Note Payment Date**

22 February, 22 May, 22 August and 22 November of each year **provided that** the first Note Payment Date shall be 22 August 2019 (or, if any such day is not a Business Day, the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not)) (each a "**Note Payment Date**").

**Note Interest Period**

In respect of the first Note Interest Period, the period commencing on (and including) the Issue Date and ending on (but excluding) the Note Payment Date falling in August 2019 and, in respect of any successive Note Interest Period, the

period from (and including) the next Note Payment Date to (and excluding) the next following Note Payment Date (each a "**Note Interest Period**").

## G Credit Structure and Cashflow

*Please refer to sections entitled "Description of the Issuer Transaction Documents" for further detail in respect of the credit structure and cash flow of the transaction*

**Issuer Available Funds**

The Issuer Available Funds (the "**Issuer Available Funds**"), in respect of any Note Payment Date, comprise the aggregate of the Interest Available Funds, the Principal Available Funds and the Loan Prepayment Fee Amounts.

**Interest Available Funds**

The Interest Available Funds (the "**Interest Available Funds**") in respect of any Note Payment Date, comprise the aggregate of:

(a) all amounts paid in respect of the Loans on account of interest (including any Default Interest), fees (excluding Loan Prepayment Fee Amounts), breakage costs, expenses, commissions and other sums and any receipts in respect of any insurance policy covering the risk of loss of rent during the immediately preceding Collection Period and credited to the Issuer Collection Account;

(b) all amounts received from the Borrowers in respect of initial and ongoing securitisation costs pursuant to the Facilities Agreements and the related costs side letter;

(c) all Recoveries in respect of interest collected by the Primary Servicer or Special Servicer during the immediately preceding Collection Period and credited to the Issuer Collection Account;

(d) any Liquidity Reserve Drawings made with reference to such Note Payment Date (other than any Property Protection Drawing);

(e) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Issuer Accounts (other than the Issuer Expenses Account) during the immediately preceding Collection Period, to the extent that such amounts exceed zero; and

(f) all other items and payments received by the Issuer which do not qualify as Principal Available Funds and which have been credited to the Issuer Collection Account and to the Issuer Payments Account during the immediately preceding Collection Period.

Prior to the delivery of a Note Enforcement Notice or the Expected Note Maturity Date, Interest Available Funds shall be allocated on each Note Payment Date towards the payment of the Administrative Fees, interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, any Note Premium Amount and any Liquidity Reserve Subordinated Amount.

"**Recoveries**" means any Receivable received or recovered by the Primary Servicer or, if a Loan has become a Specially Serviced Loan, the Special Servicer after the scheduled date of payment.

**Principal Available Funds**

The Principal Available Funds (the "**Principal Available Funds**") in respect of any Note Payment Date comprise the aggregate of:

(a) all amounts in respect of the Loans on account of principal received during the immediately preceding Collection Period and credited to the Issuer Collection Account;

(b) all Recoveries in respect of principal collected by the Primary Servicer or Special Servicer during the immediately preceding Collection Period and credited to the Issuer Collection Account;

(c) the amount available in accordance with limb (k) of the Pre Note Enforcement Notice Interest Priority of Payments on such Note Payment Date;

(d) the amount available in accordance wih limb (n) of the Pre Note Enforcement Notice Interest Priority of Payments on such Note Payment Date;

(e) any insurance proceeds received by the Issuer (other than those relating to loss of rent);

(f) the principal element of any indemnity payments under the Loan Portfolio Sale Agreement received by the Issuer; and

(g) any other receipts of a principal nature.

**Loan Prepayment Fee Amounts**

Loan Prepayment Fee Amounts shall be allocated by the Issuer to each Class of Notes that is subject to mandatory early redemption in an amount equal to the Allocated Note Prepayment Fee Amount calculated for that Class of Notes.

Loan Prepayment Fee Amounts shall be paid to Noteholders in accordance with the Pre Note Enforcement Notice Interest Priority of Payments, but shall only be applied to pay any Allocated Note Prepayment Fee Amount payable on each Class of Notes.

"**Loan Prepayment Fee Amounts**" means any Loan Prepayment Fees received by the Issuer.

**Pre Note Enforcement Notice Interest Priority of Payments**

Prior to the delivery of a Note Enforcement Notice or upon full redemption of all the Notes pursuant to any provision of Condition 8 (*Redemption, Purchase and Cancellation*), the Interest Available Funds and the Loan Prepayment Fee Amounts shall be applied on each Note Payment Date in making the payments in the order of priority set out in Condition 6.1 (*Pre Note Enforcement Notice Interest Priority of Payments*) (the "**Pre Note Enforcement Notice Interest Priority of Payments**").

**Pre Note Enforcement Notice Principal Priority of Payments**

Prior to the delivery of a Note Enforcement Notice, the Principal Available Funds shall be applied on each Note Payment Date in making the payments in the order of priority set out in Condition 6.2 (*Pre Note Enforcement Notice Principal Priority of Payments*) (the "**Pre Note Enforcement Notice Principal Priority of Payments**").

**Post Note Enforcement Notice Priority of Payments:**

On each Note Payment Date following the delivery of a Note Enforcement Notice, the Issuer Available Funds shall be applied in making the payments in the order of priority set out in Condition 6.3 (*Post Note Enforcement Notice Priority of Payments*) (the "**Post Note Enforcement Notice Priority of Payments**").

**General Credit Structure**

The general credit structure of the transaction includes, broadly speaking, the following elements:

(a) ***Intercreditor Agreement***

Under the terms of the Intercreditor Agreement, the Representative of the Noteholders shall be entitled, *inter alia*, following the service of a Note Enforcement Notice and until the Notes have been repaid in full or cancelled in accordance with the

Conditions, to pay or cause to be paid on behalf of the Issuer and using the Issuer Available Funds all sums due and payable by the Issuer to the Noteholders, the Other Issuer Creditors and third party creditors in respect of costs and expenses incurred in the context of the Securitisation, in accordance with the terms of the Priority of Payments.

See for further details "*Description of the Issuer Transaction Documents – The Intercreditor Agreement*".

(b) ***Cash Allocation, Management and Payments Agreement***

Under the terms of the Cash Allocation, Management and Payments Agreement, the Issuer Account Bank and, among others, the Calculation Agent, the Corporate Servicer, the Paying Agent and the Information Agent have agreed to provide the Issuer with certain calculation, notification, cash management and reporting services together with account handling services in relation to moneys from time to time standing to the credit of the Issuer Accounts and with certain agency services.

The Calculation Agent has agreed to prepare, on or prior to 12 noon on each Calculation Date, the Calculation Agent Quarterly Report containing details of amounts to be paid by the Issuer on the Note Payment Date following such Calculation Date in accordance with the Priority of Payments. On each Note Payment Date, the Paying Agent shall apply amounts transferred to it out of the Issuer Payments Account in making payments to the Noteholders in accordance with the relevant Priority of Payments, as set out in the Calculation Agent Quarterly Report.

See for further details "*Description of the Issuer Transaction Documents – The Cash Allocation, Management and Payments Agreement*".

(c) ***Mandate Agreement***

Under the terms of the Mandate Agreement, the Representative of the Noteholders will be authorised, subject to a Note Enforcement Notice being served upon the Issuer following the occurrence of a Note Event of Default or upon failure by the Issuer to exercise its rights under the Issuer Transaction Documents within 10 days from the notification of such failure, and fulfilment of certain other conditions, to exercise, in the name and on behalf of the Issuer, all the Issuer's non monetary rights arising out of certain Issuer Transaction Documents to which the Issuer is a party.

See for further details "*Description of the Issuer Transaction Documents – The Mandate Agreement*".

(d) ***Credit Support***

Junior Classes of Notes will be subordinated to more senior Classes of Notes, thereby ensuring that available funds are applied to the Most Senior Class of Notes in priority to more junior Classes of Notes.

(e) ***Liquidity Support***

Pursuant to the Liquidity Reserve Facility Agreement, the Liquidity Reserve Facility Provider has agreed to grant a facility to the Issuer in order to make good any shortfall on the payment

of any interest due by the Issuer to the Class A Noteholders and the Class B Noteholders. The Liquidity Reserve Facility will not be available to cover shortfalls in funds available to the Issuer to pay amounts in respect of:

(i) principal;

(ii) Allocated Note Prepayment Fee Amounts;

(iii) Note Premium Amounts; or

(iv) amounts payable to the Original Lender in accordance with the relevant Priority of Payments.

**Issuer Accounts**

The Issuer Accounts will be maintained with the Issuer Account Bank for as long as the Issuer Account Bank is an Eligible Institution.

***Issuer Collection Account***: All the amounts received or recovered during the Collection Period shall be credited on the Issuer Collection Account established in the name of the Issuer with the Issuer Account Bank. Pursuant to the Master Servicing Agreement, the Master Servicer (acting through the Delegate Servicer) shall credit to the Issuer Collection Account, all the amounts received or recovered during each Collection Period.

***Issuer Payments Account***: All amounts payable on each Note Payment Date will, one Business Day prior to such Note Payment Date, be paid into the Issuer Payments Account established in the name of the Issuer with the Issuer Account Bank.

***Issuer Expenses Account***: The Issuer has established the Issuer Expenses Account with the Issuer Account Bank, into which the following amounts will be credited:

(a) on the Issue Date, an amount equal to the Initial Expenses and the Issuer Liquidation Expenses Amount; and

(b) thereafter, on each Note Payment Date, Interest Available Funds will be credited in accordance with the relevant Priority of Payments to bring the balance of such Issuer Expenses Account up to (but not in excess of) the Retention Amount.

"**Retention Amount**" means €20,000.

"**Issuer Liquidation Expenses Amount**" means an amount to be estimated by the Corporate Servicer on or prior to the Issue Date representing the expected liquidation expenses of the Issuer to be deposited into the Issuer Expenses Account on the Issue Date.

The Retention Amount may be used by the Issuer to pay on any date:

(a) annual fees (including VAT) payable to the Rating Agencies;

(b) annual fees payable to the auditor of the Issuer;

(c) annual fees payable in connection with the listing and admission to trading of the Notes listing authority / stock exchange fees;

(d) annual fees payable to Monte Titoli; and

(e) any other amount payable to each creditor of the Issuer other than the Other Issuer Creditors during any Note Interest Period,

that may become due and payable.

"**Initial Expenses**" means the amount of expenses and costs connected with the establishment of the Securitisation.

***Issuer Liquidity Reserve Account***: the Issuer has established the Issuer Liquidity Reserve Account with the Issuer Account Bank, into which the proceeds of the Liquidity Reserve Loan will be paid.

## H Administrative Fees

The following table sets out the fees to be paid by the Issuer to the Other Issuer Creditors (as appropriate) (the "**Administrative Fees**").

| Type of Fee | Amount of Fee | Priority in Cashflow | Frequency |
|---|---|---|---|
| **Primary Servicing Fees** | €25,000 if the Primary Services are performed by an entity other than the Facility Agent[1] (plus VAT if applicable) | Ahead of all outstanding Notes | Facility Agent Fee payable quarterly in advance on each Interest Payment Date |
| **Special Servicing Fees** | 0.15 per cent. per annum of outstanding principal balance of each Loan while it is a Specially Serviced Loan (exclusive of VAT) | Ahead of all outstanding Notes | Payable on each Note Payment Date for such period that a Loan is designated a Specially Serviced Loan |
| **Liquidation Fee** | 0.50 per cent. of Liquidation Proceeds (exclusive of VAT) | Ahead of all outstanding Notes | Payable on each Note Payment Date that a Loan is a Specially Serviced Loan and Liquidation Proceeds are received |
| **Workout Fee** | 0.50 per cent. of interest and principal collections on each Loan while it is a Corrected Loan | Ahead of all outstanding Notes | Payable on each Note Payment Date |
| **Other fees and expenses of the Issuer** | Estimated at 0.07 per cent. per annum (exclusive of VAT) | Ahead of all outstanding Notes | Various |

## I Estimated Annual Cost of the Securitisation

The estimated annual cost of the Securitisation is €160,125 (exclusive of VAT) (excluding the costs from the Liquidity Reserve Facility).

[1] The Primary Servicing Fee will be €0 for so long as the Delegate Primary Servicer and Facility Agent are the same entity. The aggregate fees payable to the Facility Agent under the Facilities Agreements is €50,000 (excluding VAT) per annum.

## RISK FACTORS

*An investment in the Notes involves a high degree of risk. The following sets out certain aspects of the Issuer Transaction Documents, the Issuer, the Loan Portfolio, the Borrowers and the Properties within the Property Portfolio of which prospective Noteholders should be aware. Prospective investors should carefully consider the following risk factors and the other information contained in this Offering Circular before making an investment decision.*

*The occurrence of any of the events described below could have a material adverse impact on the business, financial condition or results of operations of the Issuer and/or the Borrowers and could lead to, among other things:*

(a) *an event of default under a Loan pursuant to a Facilities Agreement (a "**Loan Event of Default**");*

(b) *a Sequential Payment Trigger (as defined under "Transaction Overview Information – Credit Structure and Cashflow" above); or*

(c) *a Note Event of Default (as defined in Condition 12 (Note Events of Default) below).*

*This section of the Offering Circular is not intended to be exhaustive, and prospective Noteholders should also read the detailed information set out elsewhere in this Offering Circular prior to making any investment decision. The risks described below are not the only ones faced by the Borrowers or the Issuer. Additional risks not presently known to the Issuer or the Borrowers or that they currently believe to be immaterial may also adversely affect their business. If any of the following risks occurs, the Issuer, the Borrowers or Properties within the Property Portfolio could be materially adversely affected. In any of such cases, the value of the Notes could decline, and the Issuer may not be able to pay all or part of the interest or principal on the Notes and investors may lose all or part of their investment. Prospective Noteholders should take their own legal, financial, accounting, tax and other relevant advice as to the structure and viability of an investment in the Notes.*

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

### A Considerations relating to the Notes

***Risks relating to the sufficiency of the assets of the Issuer***

Payments in respect of the Notes are dependent on, and limited to, the receipt of Receivables under the Loan Portfolio, and, where necessary and applicable, Liquidity Reserve Drawings (with respect to the Class A Notes and the Class B Notes, and subject to certain conditions). In turn, recourse under a Loan is generally limited to the relevant Borrower, or Borrowers, and their assets, which consist of the relevant Property or Properties within the Property Portfolio and certain other assets, security over which has been created to secure the relevant Loan and whose business activities are limited to owning, developing, managing, financing and otherwise dealing with such assets.

The ability of the Borrowers to make payments on the Loans prior to the relevant Repayment Date and, therefore, the ability of the Issuer to make payments on the Notes prior to the Final Maturity Date is dependent primarily on the sufficiency of the net operating income of the relevant Property or Properties within the Property Portfolio.

If, following the occurrence of a Loan Event of Default and following the exercise by the Master Servicer or the Delegate Servicer of all available rights and remedies arising under the relevant Loan, the relevant Loan Security and any other related Finance Documents (including any relevant insurance policies), the Issuer does not receive the full amount due from the relevant Borrower, then it will not be possible to pay some or all of the principal and interest due on the Notes.

Any losses on the Loans will be allocated to the holders of the Notes, as described under "*Subordination*" below.

The rate and timing of delinquencies or defaults on the Loans will affect the aggregate amount of distributions on the Notes, their yield to maturity, the rate of principal payments and their weighted average life. If anticipated yields are calculated based on assumed rates of default and losses that are lower than the default rate and losses actually experienced and such losses are allocable to the Notes, the actual yield to maturity will be lower than the assumed yield. Under certain extreme scenarios, such yield could be negative. In general, the earlier a loss borne by the Notes occurs, the greater the effect on the related yield to maturity.

Additionally, delinquencies and defaults on a Loan may significantly delay the receipt of payments on any Class of Notes, unless Liquidity Reserve Drawings are made to cover delinquent interest payments in respect of Class A Notes and Class B Notes only or the credit support provided through the subordination of another Class of Notes fully offsets the effects of any such delinquency or default.

***Forward looking statements***

This Offering Circular includes statements that are, or may be deemed to be, forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risks and uncertainties include, but are not limited to, those described in this "*Risk Factors*" section of this Offering Circular. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements in this Offering Circular.

The forward-looking statements are not guarantees of future performance and the actual results of operations, financial condition and liquidity, and the market in which the Issuer and the Borrowers operate, may differ materially from those made in or suggested by the forward-looking statements set out in this Offering Circular. In addition, even if the results of operations, financial condition and liquidity of the Issuer and the Borrowers, and the development of the market in which the Issuer and the Borrowers operate, are consistent with the forward-looking statements set out in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods. Many factors could cause the Issuer or the Borrowers' actual results, performance or revenues to be materially different from any future results, performance or that may be expressed or implied by such forward-looking statements including, but not limited to the other risks described in this section.

Any forward-looking statements which are made in this Offering Circular speak only as of the date of such statements. Neither the Issuer nor the Borrowers intend, and undertake no obligation, to revise or update the forward-looking statements included in this Offering Circular to reflect any future events or circumstances.

***Risks relating to the limited recourse obligations of the Issuer***

The Issuer will not as at the Issue Date have any significant assets to be used for making payments under the Notes other than the Loan Portfolio and its rights under the Issuer Transaction Documents to which it is a party. Consequently, there is no assurance that, over the life of the Notes or at the redemption date of the Notes (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the service of a Note Enforcement Notice, or otherwise), there will be sufficient funds to enable the Issuer to pay interest on the Notes or to repay the Notes in full.

The Notes will be limited recourse obligations of the Issuer. If there are not sufficient funds available to the Issuer to pay in full all principal, interest and other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. Following the service of a Note Enforcement Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of the Noteholders of the Issuer's rights. In particular, the Notes will not be obligations or responsibilities of or guaranteed by any of the Original Lender, the Master Servicer, the Delegate Servicer, the Representative of the Noteholders, the Calculation Agent, the Issuer Account Bank, the Paying Agent, the Liquidity Reserve Facility Provider, the Corporate Servicer, the Listing Agent, the Sole Arranger, the Lead Manager or the Quotaholder. None of any such persons, other than the Issuer, will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due under the Notes.

In addition, on any Note Payment Date where the difference between the Note Interest Payment Amount and the Class D Adjusted Note Interest Payment Amount for the Class D Notes is attributable to a reduction

in the interest-bearing balance of any of the Loans due to prepayments (whether arising voluntarily or otherwise) or as a result of a Final Recovery Determination having been made in respect thereof, the interest due and payable in respect of the Class D Notes shall be capped at the Class D Adjusted Note Interest Payment Amount. Amounts of interest that would otherwise be represented by any such difference shall be extinguished on such Note Payment Date and the Class D Noteholders, as the case may be, will have no claim against the Issuer in respect thereof.

***Claims of unsecured creditors of the Issuer***

By operation of Italian law, the rights, title and interests of the Issuer in and to the Loan Portfolio will be segregated from all other assets of the Issuer (including any other portfolio purchased by the Issuer pursuant to the Italian Securitisation Law) and any amounts deriving therefrom (including any moneys and deposits held by or on behalf of the Issuer with other depositories, to the extent identifiable) will be available both prior to and on a winding up of the Issuer only in or towards satisfaction, in accordance with the relevant Priority of Payments, of the payment obligations of the Issuer to the Noteholders, to the Other Issuer Creditors and in relation to any other unsecured costs of the securitisation of the Securitised Loans incurred by the Issuer and will not be available to any other creditor of the Issuer whose costs were not incurred in connection with the Securitisation. Under Italian law and the Issuer Transaction Documents, any creditor of the Issuer who has a valid and unsatisfied claim may file a petition for the bankruptcy of the Issuer, although no creditors other than the Representative of the Noteholders (on behalf of the Noteholders) and any third party creditors having the right to claim for amounts due in connection with the Securitisation would have the right to claim in respect of the Loan Portfolio, even in a bankruptcy of the Issuer.

Prior to the commencement of winding up proceedings in respect of the Issuer, the Issuer will only be entitled to pay any amounts due and payable to any third parties who are not Other Issuer Creditors in accordance with the Priority of Payments. Following commencement of winding up proceedings in respect of the Issuer, a liquidator would control the assets of the Issuer including the Loan Portfolio, which would likely result in delays in any payments due to the Noteholders and no assurance can be given as to the length or costs of any such winding up proceedings.

Each Other Issuer Creditor has undertaken in the Intercreditor Agreement not to petition or commence proceedings for a declaration of insolvency (nor join any such petition or proceedings) against the Issuer until the date falling two years after the date on which the Notes have been redeemed in full or cancelled in accordance with their terms and conditions.

***Loan Security governed by Luxembourg law***

Under Luxembourg conflicts of laws rules, the courts in Luxembourg will generally apply the *lex rei sitae* or *lex situs* (the law of the place where the assets or subject matter of the pledge or security interest is situated) in relation to the creation, perfection and enforcement of security interests over such assets. 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, bank accounts held with a Luxembourg bank, receivables/claims governed by Luxembourg law and/or having debtors located in Luxembourg, tangible assets located in Luxembourg, securities which are held through an account located in Luxembourg, bearer securities physically located in Luxembourg, etc. Therefore, so far as the Loan Security and their assignment pursuant to the Loan Portfolio Sale Agreement are concerned, it cannot be ruled out that a Luxembourg court could consider that, where a creditor of a receivable is located outside of Luxembourg, where a debtor of a receivable is located outside of Luxembourg or where a relevant receivable is governed by a law other than Luxembourg law, the perfection, effectiveness and enforcement of the Loan Security and the effectiveness of their assignment pursuant to the Loan Portfolio Sale Agreement in respect of that creditor, that debtor or that receivable be governed by the law of the location of that creditor, the law of the location of that debtor or the law applicable to that receivable, respectively. Without prejudice to the foregoing, the currently prevailing position of the Luxembourg courts seems to be that the effectiveness against third parties of assignments of, or pledges over, receivables depends on the satisfaction of the relevant requirements applicable as a matter of the laws of the jurisdiction(s) where the debtor(s) is/are located.

As far as the Loan Portfolio Sale Agreement creates, as a matter of all relevant laws, a legal, valid, perfected and enforceable assignment of the Loan Portfolio by the Loan Transferor to the Issuer and that, as a matter of all relevant laws, such assignment encompasses and purports to transfer to the Issuer all accessory rights and security to the Loan Portfolio, upon the effectiveness of the Loan Portfolio Sale Agreement and the

assignment by the Loan Transferor of all its rights and obligations under the Loan Portfolio to the Issuer, the Loan Security will continue to be granted to the Security Agent, acting as agent for and on behalf of the Issuer. The Receivables assigned under the Loan Portfolio Sale Agreement include, as a matter of all relevant laws, the Secured Liabilities and the Security Agent, following such assignment, holds, as a matter of all relevant laws, the Loan Security as Security Agent for and on behalf of the Issuer.

***Considerations relating to prepayments***

The yield to maturity on the Notes will depend, to a large extent, upon the rate and timing of principal payments on the Loans. For this purpose, principal prepayments include both voluntary prepayments, if permitted, and involuntary prepayments, such as prepayments resulting from defaults and liquidations.

If any Class of Notes is purchased at a premium, and if payments and other collections of principal on the Loans occur at a rate faster than anticipated at the time of the purchase and/or break or prepayment fees are received by the Issuer and paid as principal on the Notes, then the weighted average period during which interest earned on the Noteholders' investments may shorten and the actual yield to maturity on that Class of Notes may be lower than assumed at the time of the purchase. If any Class of Notes is purchased at a discount, and if payments and other collections of principal on the Loans occur at a rate slower than anticipated at the time of the purchase, then the actual yield to maturity on that Class of Notes may be lower than assumed at the time of the purchase. The investment performance of any Note may vary materially and adversely from expectations due to the rate of payments and other collections of principal on the Loans being faster or slower than anticipated. Accordingly, the actual yield may not be equal to the yield anticipated at the time the Note was purchased, and the expected total return on investment may not be realised.

A high prepayment rate in respect of the Loans, and/or the prepayment of one Loan may result in a reduction in interest receipts in respect of the Loans and, more particularly, could reduce the weighted average coupon earned on the Securitised Loans which may result in a shortfall in the monies available to be applied by the Issuer in making payments of interest on the Notes, and will result in a shortfall in certain prepayment scenarios. The prepayment risk will, in particular, be borne by the holders of the most junior Classes of Notes then outstanding.

***Risks relating to expected and final maturity of the Notes***

The Loans may not be fully repaid or refinanced by the Final Maturity Date of the Notes. After the relevant Repayment Date, if a Loan Event of Default occurs, the relevant Loan Security may not be fully realised. This is most likely to arise in situations where prevailing market conditions are such that realisations in respect of a Property or Properties made on or before the Final Maturity Date of the Notes are likely to be lower than under current market conditions. In any case, this might result in a failure by the Issuer to repay the Notes on or prior to the Final Maturity Date. Failure to repay the Notes in full by the Final Maturity Date will result in a Note Event of Default entitling the Representative of the Noteholders to serve a Note Enforcement Notice and failure to repay the Notes in part or in full (as applicable) by the Note Payment Date immediately following a Repayment Date is likely to result in the credit ratings of the Notes being downgraded or withdrawn by the Rating Agencies.

If one or more of the Loans remain outstanding 30 months prior to the Final Maturity Date and all recoveries then anticipated by the Special Servicer with respect to that Loan (whether by enforcement of the Loan Security or otherwise) are, in the opinion of the Special Servicer, unlikely to be realised in full prior to the Final Maturity Date, the Special Servicer shall be required to prepare a draft Note Maturity Plan and present the same to the Issuer, the Regulatory Servicer (who shall send such Note Maturity Plan to the Rating Agencies), the Calculation Agent and the Representative of the Noteholders not later than 45 days after the date falling 30 months prior to the Final Maturity Date. The Issuer, with the assistance of the Special Servicer, will publish the Note Maturity Plan with the Regulatory Information Service.

Upon receipt of the draft Note Maturity Plan, the Representative of the Noteholders shall convene, at the cost of the Issuer, a meeting of all Noteholders at which the Noteholders will have the opportunity to discuss the various proposals contained in the draft Note Maturity Plan with the Special Servicer. Following such meeting, the Special Servicer shall reconsider the Note Maturity Plan and make modifications thereto to address the views of Noteholders (subject to the Servicing Standard) following which it will promptly provide a final Note Maturity Plan to the Issuer, the Regulatory Servicer (who shall send such final Note Maturity Plan to the Rating Agencies) the Noteholders and the Representative of the Noteholders.

Upon receipt of the final Note Maturity Plan, the Representative of the Noteholders shall convene, at the cost of the Issuer, a meeting of the Noteholders of the Most Senior Class of Notes then outstanding at which the Noteholders of the Most Senior Class of Notes will be requested to select their preferred option among the proposals set forth in the final Note Maturity Plan. The Special Servicer shall implement the proposal that receives the approval of Noteholders of the Most Senior Class of Notes by way of Ordinary Resolution and shall notify the Regulatory Servicer of such proposal (who shall notify the Rating Agencies of such proposal).

If no option receives the approval of the Noteholders of the Most Senior Class of Notes at such meeting, then the Special Servicer shall be entitled to continue to enforce or workout the Loan in accordance with the Servicing Standard, save that the Special Servicer may not extend the relevant Repayment Date to a date less than 30 months prior to the Final Maturity Date, unless directed by an Ordinary Resolution of the Noteholders of the Most Senior Class of Notes (subject to Article 19.2 (*Basic Terms Modification*)). The Special Servicer shall notify the Regulatory Servicer that no proposal has been approved, and the Regulatory Servicer shall notify the Rating Agencies of the same.

***Risks Relating to the Deferral of Interest on Certain Classes of Notes and Note Premium Amount***

To the extent that funds available to the Issuer to pay interest on any Class of Notes (other than the Most Senior Class of Notes) on a Note Payment Date are insufficient to pay the full amount of interest due on such Notes then the relevant Deferred Interest will not fall due on that Note Payment Date. Such Deferred Interest will not accrue interest and will be payable on the earlier of (a) any succeeding Note Payment Date, when any such Deferred Interest will be paid but only if and to the extent that, on such Note Payment Date, there are sufficient funds available to the Issuer for those purposes, after deducting amounts ranking in priority to the relevant Class of Notes in accordance with the Pre Note Enforcement Notice Interest Priority of Payments and (b) the date on which the relevant Notes are due to be redeemed in full.

Non-payment when due of interest on any Class of Notes other than non-payment of the Note Interest Payment Amount on the Most Senior Class of Notes then outstanding will not cause a Note Event of Default.

For each Note Interest Period commencing on or after the Expected Note Maturity Date, the payment of interest accrued on the Notes that represents a Note Premium Amount (if any) will be subordinated to, *inter alia*, other payments of interest and payments of principal on the Notes. Following redemption in full of the Notes, any remaining Note Premium Amount (if any) due and payable in respect of any Class of Notes will be paid to such Class of Notes on the final Note Payment Date.

***Subordination***

Payments of interest and principal will be made to Noteholders in the priorities set forth in the relevant Priority of Payments. As a result of such priorities, any losses on a Loan will be borne first by the Class D Notes, second by the Class C Notes, third by the Class B Notes and fourth by the Class A Notes. As a result of this subordination structure and other risks, under certain circumstances investors in one or more Classes of Notes may not recover their initial investment.

Certain amounts payable by the Issuer to third parties such as the Master Servicer, the Delegate Servicer, the Calculation Agent, the Paying Agent, the Information Agent, the Issuer Account Bank, the Representative of the Noteholders and the Liquidity Reserve Facility Provider rank in priority to payments of principal and interest on the Notes, both before and after the occurrence of a Note Event of Default.

***Absence of operating history of the Issuer; reliance on agents***

The Issuer is a recently formed Italian special purpose limited liability company whose business will consist solely of the issuance of Notes and the entering into and performance of the Issuer Transaction Documents and related agreements and activities, as applicable. The Issuer has no operating history.

Certain of the business activities of the Issuer are to be carried out on behalf of the Issuer by agents appointed by the Issuer for such purpose. Neither the Issuer nor the Corporate Servicer will have any role in determining or verifying the data received from the Master Servicer, the Delegate Servicer, the Issuer Account Bank, the Agents, the Representative of the Noteholders and any calculations derived therefrom.

***Rights of the Operating Advisor in relation to a Loan***

The Operating Advisor, on behalf of the Controlling Class, will have the right to require the Issuer to replace the person then acting as the Special Servicer and to be consulted in relation to certain actions with respect to the servicing and enforcement of a Loan including, among other things, certain modifications, waivers and amendments of that Loan, the release of any security and the release of the relevant Borrower's obligations under the relevant Facilities Agreement. Neither the Master Servicer nor the Delegate Servicer will be permitted to act upon any direction given by the Operating Advisor, or to refrain from taking any action resulting from the consultation or approval rights of the Operating Advisor, if so acting or refraining from acting would cause it to violate the Servicing Standard. There can be no assurance that any advice provided by the Operating Advisor will ultimately maximise the recoveries on a Loan. For further details of the Operating Advisor's consultation rights, see "*Description of the Issuer Transaction Documents – Key Terms of the Servicing Arrangements*". The Operating Advisor may act solely in the interests of the Controlling Class; the Operating Advisor does not have any duties to any Noteholders other than the Controlling Class; the Operating Advisor may take actions that favour the interests of the Controlling Class over the interests of the other Noteholders; the Operating Advisor will not be deemed to have been negligent or reckless, or to have acted in bad faith or engaged in wilful misconduct, by reason of its having acted solely in the interests of the Controlling Class; and the Operating Advisor will have no liability whatsoever for having acted solely in the interests of the Controlling Class, and no holder of any Class of Notes (other than the Controlling Class) may take any action whatsoever against the Operating Advisor for having so acted.

***Appointment of Substitute Master Servicer or Substitute Delegate Servicer***

The termination of the appointment of the Master Servicer or the Delegate Servicer under the Master Servicing Agreement or Delegate Servicing Agreement (as applicable) will only be effective once a substitute Master Servicer, or substitute Delegate Servicer as the case may be, has effectively been appointed (see "*Description of the Issuer Transaction Documents – Key Terms of the Servicing Arrangements*" below). There can be no assurance that a suitable substitute Master Servicer or substitute Delegate Servicer could be found who would be willing to service the Loans and the relevant security at a commercially reasonable fee, or at all, on the terms of the Master Servicing Agreement or Delegate Servicing Agreement (as applicable) (even though such agreement provides for the fees payable to a substitute Master Servicer or substitute Delegate Servicer to be consistent with those payable generally at that time for the provision of the relevant commercial mortgage administration services). In any event, the ability of such substitute Master Servicer or substitute Delegate Servicer to perform such services fully would depend on the information and records then available to it. The fees and expenses of a substitute Master Servicer or substitute Delegate Servicer performing services in this way would be payable in priority to payment of interest under the Notes.

***Delegation of primary and special servicing roles***

Pursuant to the Delegate Servicing Agreement, the Master Servicer will delegate the roles of Primary Servicer and Special Servicer to CBRE Loan Services Limited as delegate Primary Servicer (the "**Delegate Primary Servicer**") and delegate Special Servicer (the "**Delegate Special Servicer**"). Pursuant to the Italian Securitisation Law, the Master Servicer is required to monitor the Securitisation. In its capacity as Regulatory Servicer, the Master Servicer may revoke the appointment of the Delegate Servicer as Delegate Primary Servicer or Delegate Special Servicer or may prevent the Delegate Servicer as Delegate Primary Servicer or Delegate Special Servicer from taking certain actions to the extent that the Master Servicer considers such acts would infringe the Italian Securitisation Law. Such action could be taken without the consent of Noteholders. See further "*Description of the Issuer Transaction Documents – Key Terms of the Servicing Arrangements*".

***Conflicts between servicing entities and the Issuer***

The Issuer has been advised by the Master Servicer and Delegate Servicer that each of them intends to continue to service existing and new loans for third parties and its own portfolio, including loans similar to the Loans, in the ordinary course of their respective businesses. These loans may be in the same markets or have common owners, obligors and/or property managers as the Loans and the Property Portfolio. Certain personnel of the Master Servicer or Delegate Servicer, as applicable, may, on behalf of the Master Servicer or Delegate Servicer, as applicable, perform services with respect to the Loans at the same time as they are performing services, on behalf of other persons or itself, with respect to other loans in the same markets as

the Property Portfolio securing the Loans. In such a case, the interests of the Master Servicer or Delegate Servicer, as applicable, and its affiliates and their other clients may differ from and compete with the interests of the Issuer and such activities may adversely affect the amount and timing of collections on the Loans.

Although the potential for a conflict of interest exists in these circumstances, pursuant to the terms of the Master Servicing Agreement or Delegate Servicing Agreement, the Master Servicer or Delegate Servicer (as applicable) have agreed to act in accordance with the Servicing Standard which would require them to service such loans without regard to such affiliation.

***Servicing Fee***

While the Delegate Primary Servicer is the same entity as the Facility Agent, the servicing fee payable by the Issuer to the Delegate Primary Servicer will be €0 per annum as long as the Facility Agent is the same as the Delegate Primary Servicer (exclusive of VAT) (the Borrowers are required to pay an aggregate fee (across all Loans) of €50,000 per annum (exclusive of VAT) to the Facility Agent under each Facilities Agreement). If CBRE Loan Services Limited's appointment is terminated as any one of the Facility Agent or the Delegate Primary Servicer, CBRE Loan Services Limited's appointment for both such roles will be terminated. This means that a replacement servicer will need to be appointed. The servicing fee payable to a replacement servicer will be an amount that does not exceed the rate then commonly charged by providers of loan servicing services in relation to commercial properties similar to the Property Portfolio. Such an amount is likely to be higher than €0 per annum. If the Issuer has to pay a fee to a servicer of an amount higher than €0 per annum, the Issuer may have insufficient funds to enable the Issuer to pay interest or other amounts on the Notes, or to repay the Notes in full.

***Change of counterparties***

The parties to the Issuer Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as the Issuer Account Bank) are required to satisfy certain criteria in order to remain a counterparty to the Issuer.

These criteria may include requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Issuer Transaction Document and the cost to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments of interest on the Notes. Furthermore, it may not be possible to identify an entity with the requisite rating which will agree to act as a replacement entity at all.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Issuer Transaction Document may (but shall not be obliged to) agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Noteholders may not be required in relation to such amendments and/or waivers if any such change is in line with Rating Agency criteria and 20 per cent. of the Noteholders have not raised an objection within 30 days of notice of such amendment being served upon the Noteholders.

***Ratings of Notes***

The ratings assigned to the Notes by the Rating Agencies are based on the Securitised Loans, the Property Portfolio and other relevant structural features of the transaction, including, among other things, the short-term and the long term unsecured, unguaranteed and unsubordinated debt ratings of the Issuer Account Bank, and each Borrower Hedge Counterparty, and reflect only the views of the Rating Agencies. A rating does not represent any assessment of the yield to maturity that a Noteholder may experience or the possibility that holders of the Notes may not recover their initial investments if unscheduled receipts of principal result from a prepayment, a default and acceleration or from the receipt of funds with respect to a compulsory purchase. The ratings assigned by DBRS address the likelihood of ultimate payment of interest and ultimate payment of principal to the Notes in accordance with the terms under which the Notes have been issued. The ratings assigned by Fitch address the likelihood of: (a) timely payment of any interest due

to the Noteholders in respect of the Notes on each Note Payment Date; and (b) full repayment of principal on the Notes by a date that is not later than the Final Maturity Date. The ratings do not address the likelihood of payment of the Note Premium Amount or any Allocated Note Prepayment Fee Amount. There can be no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any or all of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant. A downgrade, withdrawal or qualification of any of the ratings of the parties mentioned above may impact upon the ratings of the Notes. The maximum ratings achievable on the Notes are limited, *inter alia*, by the rating requirements for key counterparties and the related requirements to obtain a replacement provider, guarantor or cash collateralisation following downgrade below relevant rating triggers.

Future events also, including but not limited to events affecting the Issuer Account Bank or the relevant Borrower Hedge Counterparty and/or circumstances relating to the Property Portfolio and/or the property market generally, could have an adverse impact on the rating 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 at any time by the assigning Rating Agency. Furthermore, there can be no assurance that the Rating Agencies will take the same view as each other, which may affect a Borrower's ability to adapt the structure of the transaction to changes in the market over the long term.

Credit rating agencies review their rating methodologies on an on-going basis and there is a risk that changes to such methodologies will adversely affect credit ratings of the Notes even where there has been no deterioration in respect of the criteria which were taken into account when such ratings were issued.

Nationally recognised statistical rating organisations that were not engaged by the Issuer to rate the Notes may nevertheless issue unsolicited credit ratings on one or more Classes of Notes. If any such unsolicited ratings are issued, those ratings may be different from any ratings assigned by a Rating Agency. The issuance of unsolicited ratings by any nationally recognised statistical rating organisation on a Class of Notes that are lower than ratings assigned by the Rating Agencies may adversely impact the liquidity, market value and regulatory characteristics of that Class. Neither the Issuer nor any other person or entity will have any duty to notify Noteholders if any nationally recognised statistical rating organisation issues, or delivers notice of its intention to issue, unsolicited ratings on one or more Classes of Notes after the date of this Offering Circular. In no event will rating agency confirmations from any nationally recognised statistical rating organisation (other than the Rating Agencies) be a condition to any action, or the exercise of any right, power or privilege by any person or entity under the Issuer Transaction Documents.

***Rating Agencies' Confirmation***

No assurance can be given that the Rating Agencies will provide any confirmation of the then current ratings if requested and there is no obligation on the Rating Agencies to do so. In addition, depending on the timing of the delivery of the request and any information needed to be provided, it may be the case that the Rating Agencies cannot provide a confirmation in the time available and, in either case, the Rating Agencies will not be responsible for the consequences thereof. However, if a confirmation is provided, it should be noted that a Rating Agency's decision to reconfirm a particular rating may be made on the basis of a variety of factors. In particular, the Noteholders should be aware that the Rating Agencies owe no duties whatsoever to any parties to the transaction (including the Noteholders) in providing any confirmation of ratings. No assurance can be given that a requirement to seek ratings confirmation will not have a subsequent impact upon the business of a Borrower. In addition, it should be noted that any confirmation of ratings:

(a) only addresses the effect of any relevant event, matter or circumstance on the current ratings assigned by the relevant Rating Agency to the Notes;

(b) does not address whether any relevant event, matter or circumstance is permitted by the Issuer Transaction Documents and the Subscription Agreement; and

(c) does not address whether any relevant event, matter or circumstance is in the best interests of, or prejudicial to, some or all of the Noteholders or the Other Issuer Creditors.

No assurance can be given that any such reconfirmation will not be given in circumstances where the relevant proposed matter would materially adversely affect the interests of Noteholders of a particular class.

The Rating Agencies, in assigning credit ratings, do not comment upon the interests of the holders of securities (such as the Notes).

***Modifications to the Issuer Transaction Documents***

The Rules of the Noteholders provide that if the Issuer is of the opinion (following discussions with the applicable Rating Agencies or otherwise) that any modification (other than a Basic Terms Modification) is required to be made to the Issuer Transaction Documents and/or the Conditions in order to comply with any criteria of the Rating Agencies which may be published after the Issue Date, it may make any such amendment (and all Noteholders will be deemed to have consented to the modifications) if Noteholders representing at least 20 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding have not contacted the Issuer in writing to reject the proposed amendments within 30 days from service of notice of the amendments.

The Representative of the Noteholders shall (except in limited circumstances), without seeking any further consent or sanction of any of the Noteholders or any Other Issuer Creditors and irrespective of whether such modifications are or may be materially prejudicial to the interests of the Noteholders of any Class or any other parties to any of the Issuer Transaction Documents, concur with the Issuer, in making the proposed modifications to the Issuer Transaction Documents and/or the Conditions. There can be no assurance that such modifications would not increase the costs of the Issuer or reduce the returns to Noteholders.

***Modifications and Waivers without Noteholder consent***

The Conditions of the Notes provide that, without the consent of any of the Noteholders, the Representative of the Noteholders may agree:

(a) to any modification (except a Basic Terms Modification) of the Conditions of the Notes or any of the Issuer Transaction Documents which, in the opinion of the Representative of the Noteholders, is not materially prejudicial to the interests of the holders of any Class of Notes (for so long as any of the Notes remains outstanding); or

(b) to any modification of the Notes or any of the Issuer Transaction Documents which, in the opinion of the Representative of the Noteholders, is:

  (i) to correct a manifest error; or

  (ii) to comply with mandatory provisions of law; or

  (iii) of a formal, minor or technical nature.

The Representative of the Noteholders may also, without the consent or sanction of the Noteholders, and without prejudice to its rights in respect of any subsequent breach, condition, event or act, waive or authorise on such terms and subject to such conditions as it shall deem fit and proper, any breach or proposed breach by the Issuer or any other party thereto of any of the covenants or provisions contained in any Issuer Transaction Documents, or determine that any condition, event or act which constitutes a Note Event of Default shall not be treated as such. Such right is exercisable by the Representative of the Noteholders only if (and in so far) as in its opinion the interests of the Noteholders of each Class of Notes (for so long as any of the Notes remains outstanding) are not prejudiced.

There can be no assurance that each Noteholder concurs with any such modification or waiver by the Representative of the Noteholders.

***Risks relating to the rights of Noteholders, Extraordinary Resolutions and Noteholder Meetings***

The protection and exercise of the Noteholders' rights against the Issuer and the preservation and enforcement of the security under the Notes is one of the duties of the Representative of the Noteholders. The Conditions and the Rules of the Organisation of the Noteholders limit the ability of each individual Noteholder to commence proceedings against the Issuer by conferring on the holders of the Notes the power to determine whether any Noteholder may commence any such individual actions.

The provisions of the Issuer Transaction Documents relating to the convening of meetings of Noteholders and the passing of Extraordinary Resolutions and Ordinary Resolutions differ from the equivalent provisions in the documentation for many comparable securitisations. In particular, notice periods for convening such meetings may be shorter and the majority required to pass Written Extraordinary Resolutions and Ordinary Resolutions may be lower than those applicable in other securitisation transactions (see "*Risks relating to Noteholder Meetings*" below).

The Issuer Transaction Documents provide for Extraordinary Resolutions and Ordinary Resolutions to be deemed to be passed by Negative Consent (see "*Risks relating to Negative Consent of Noteholders*" below).

Noteholders should be aware that unless they have made arrangements to promptly receive notices sent to Noteholders from any custodians or other intermediaries through which they hold their Notes and give the same their prompt attention, meetings may be convened and Extraordinary Resolutions or Ordinary Resolutions, may be considered and resolved or deemed to be passed without their involvement.

Prospective investors (and particularly those considering investing in more junior Classes of Notes) should, therefore, pay particular attention to the terms referred to above when considering whether or not to invest in the Notes as their rights may differ from those available to them under comparable securitisations.

***Rights available to Holders of Notes of different Classes***

In performing its duties and exercising its powers as Representative of the Noteholders, the Representative of the Noteholders will have regard to the interests of all of the Noteholders as a Class. Where there is a conflict between the interests of the holders of one Class of Notes and the holders of another Class of Notes, the Representative of the Noteholders will only have regard to the interests of the holders of the Most Senior Class of Notes in respect of which the conflict arises, subject as provided in the Intercreditor Agreement and the Conditions.

Prospective investors in more junior Classes of Notes should, therefore, be aware that conflicts with more senior Classes of Notes will be resolved in favour of the latter Classes.

***Risks relating to Noteholder Meetings***

A meeting of the Noteholders may be held on 14 clear days' notice. The requisite quorum for a meeting to consider Ordinary Resolutions is two or more persons holding Notes, or representing Noteholders of that Class or those Classes, representing at least 50 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes.

The quorum for considering an Extraordinary Resolution requires two or more persons holding Notes, or representing Noteholders of that Class or those Classes, representing 75 per cent. of the Principal Amount Outstanding of the relevant Class of Notes.

An adjourned meeting of the Noteholders may be held on 7 clear days' notice. The requisite quorum for such a meeting is (i) in respect of a Basic Terms Modification, an Extraordinary Resolution to approve the waiver of any Note Event of Default, an Extraordinary Resolution to approve the acceleration of the Notes, two or more persons holding Notes or representing Noteholders of that Class or those Classes, representing 50 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, and (ii) in respect of any other matter, two or more persons holding Notes or representing Noteholders of that Class or those Classes, representing 25 per cent. of the Principal Amount Outstanding of the relevant Class of Notes.

As a result of these requirements, it is possible that a valid Noteholder meeting may be held without the attendance of Noteholders who may have wished to attend and/or vote.

***Risks relating to Negative Consent of Noteholders***

An Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default or the acceleration of the Notes) or Ordinary Resolution may be passed by the Negative Consent of the relevant Noteholders i.e. without any Noteholders having voted in favour of such resolution as long as holders in respect of a sufficient principal amount of Notes have not voted against such resolution.

An Extraordinary Resolution or an Ordinary Resolution, as applicable will be deemed to have been passed by a Class of Notes unless, within 30 days of the requisite notice being given by the Issuer, the Representative of the Noteholders, the Paying Agent, the Master Servicer or the Delegate Servicer to such Class of Noteholders (in accordance with the provisions of Condition 20 (*Notices*) and in all cases also through the systems of Bloomberg L.P., or in such other manner as may be approved in writing by the Representative of the Noteholders), (i) in the case of an Extraordinary Resolution, the holders of 25 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes of such Class or (ii) in the case of an Ordinary Resolution, the holders of 50 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes of such Class, inform the Representative of the Noteholders in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution, as applicable. Therefore, it is possible that an Extraordinary Resolution could be deemed to be passed without the vote of any Noteholders or even if holders of up to 24.99 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes objected to it and it is possible that an Ordinary Resolution could be deemed to be passed without the vote of any Noteholders or even if holders of up to 49.99 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes objected to it.

***Rights of the Controlling Class***

The Controlling Class (through the Operating Advisor) will have the right to remove and replace the Special Servicer (subject to certain exceptions) as described in section entitled "*Key Terms of the Servicing Arrangements - Controlling Class and Operating Advisor*" and in some instances approve certain Primary Servicer's or, as applicable, Special Servicer's actions with respect to the Loans including, among other things, any realisation upon the Loans, the appointment of a receiver, modifications, waivers and amendments of any monetary terms of the Loans, the release of any security, the release of any Borrower's obligations under the Facilities Agreement (other than in circumstances which are contemplated by the relevant Finance Documents). Neither the Primary Servicer nor the Special Servicer are permitted to follow any such direction if, in their good faith and reasonable judgment, it would cause the Primary Servicer or Special Servicer to violate the Servicing Standard. There can be no assurance that any directions provided by the Controlling Class will ultimately maximise the recovery on the Loans. Because the Controlling Class may represent a junior Class of Notes, the Controlling Class will have interests that may conflict with those of the other Noteholders in respect of a Specially Serviced Loan. Neither the Primary Servicer nor the Special Servicer will have any obligation to identify the individual Noteholders of any Class that may be the Controlling Class from time to time, to inform them of their rights as such or to assist them in the appointment of an Operating Advisor. Should the Controlling Class fail to appoint an Operating Advisor (or should an Operating Advisor resign or be terminated and not be replaced), the relevant Controlling Class will be deemed to have waived any rights it may have *vis-à-vis* the Primary Servicer or the Special Servicer. Neither the Controlling Class nor the Operating Advisor will have any liability to the Issuer, any Noteholder (of any Class), the Original Lender or the Representative of the Noteholders or any other party for any action taken, or for refraining from taking any action in good faith or for any errors of judgment.

***Related Parties May Purchase Notes***

Related parties, including the Master Servicer or the Delegate Servicer, if applicable, or Affiliates of a Borrower may purchase all or part of one or more Classes of Notes. A purchase by the Master Servicer or the Delegate Servicer, if applicable, could cause a conflict between such entity's duties pursuant to the Master Servicing Agreement or Delegate Servicing Agreement (as applicable) and its interest as a holder of a Note, especially to the extent that certain actions or events have a disproportionate effect on one or more Classes of Notes. The Master Servicing Agreement provides that the Loans are required to be administered in accordance with the Servicing Standard without regard to ownership of any Note by the Primary Servicer or any Special Servicer, if applicable, or any affiliate thereof.

If the Issuer, any Obligor or the Sponsor (or any of their respective Affiliates) became a Noteholder, the Issuer, such Obligor or the Sponsor (or any of their respective Affiliates) would be a Disenfranchised Noteholder for the purposes of the Conditions, and as a result would not be permitted to exercise any voting, objecting or directing rights attaching to any Notes (or be counted in or towards any required quorum or majority).

***Absence of secondary market; Limited liquidity***

Application has been made to Euronext Dublin for the Notes to be admitted to its Official List and traded on the Global Exchange Market. The Global Exchange Market is the exchange regulated market of

Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of the Prospectus Directive.

Even if such application is approved, there can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment, or that it will continue for the life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of such Notes. Lack of liquidity could result in a significant reduction in the market value of the Notes.

In addition, the market value of the Notes may fluctuate with changes in prevailing rates of interest and the performance of the Loan. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

Furthermore, it should be noted that the Original Lender will only purchase or repurchase any Class of Notes beyond its contractual obligations in any secondary market (i) on an exceptional and discretionary basis; and (ii) on arm's length terms.

***The credit crisis and downturn in the real estate market have adversely affected the value of CMBS***

The Property Portfolio consists exclusively of retail outlets in Italy which are let to tenants who occupy such properties. Accordingly, the Notes will be affected by market trends which affect commercial mortgage-backed securities ("**CMBS**") in general. Past events in the real estate and securitisation markets, and in the debt markets and the economy generally, have caused significant dislocations, illiquidity and volatility in the markets for CMBS and securities backed by mortgages on commercial properties as well as in the wider global financial markets.

The period of declining real estate values, which was coupled with diminished availability of leverage and/or refinancing for commercial real estate resulted in increased delinquencies and defaults on commercial mortgage loans. In addition, the downturn in the general economy affected the financial strength of many commercial real estate tenants and has resulted in increased rent delinquencies and increased vacancies. Any future downturn may lead to increased vacancies, decreased rents or other declines in income from, or the value of, commercial real estate, which would likely have an adverse effect on CMBS that are backed by mortgages on such commercial real estate. There can be no assurance that a dislocation in the CMBS market will not happen again and even if the CMBS market does return to the same level as prior to the last major European economic downturn, Properties within the Property Portfolio may nevertheless decline in value. Notwithstanding the specific characteristics of the Property Portfolio, the market value of the Notes may be adversely affected by market perceptions of CMBS generally.

The ability of a Borrower to make payments when due on a Loan will depend on the rental value and occupancy rates of a Property or Properties within the Property Portfolio which are also subject to local economic factors. Any economic downturn may adversely affect the financial resources of a Borrower and may result in the inability of a Borrower to make principal and interest payments on, or refinance, a Loan when due. In the event of default by a Borrower under a Loan, the Issuer may suffer a partial or total loss with respect to that Loan. Materially increased levels of delinquency or loss on the related Property Portfolio would have an adverse effect on the payments of principal and interest received by holders of the Notes.

In addition to credit factors directly affecting CMBS, the potential fallout from a similar downturn in the commercial mortgage-backed securities market and markets for other asset backed and structured products has also affected the CMBS market by contributing to a decline in the market value and liquidity of securitised investments such as CMBS. Any deterioration of other structured products markets may adversely affect the value of CMBS. Even if CMBS are performing as anticipated, the value of such CMBS in the secondary market may nevertheless decline as a result of deterioration in general market conditions or in the market for other asset backed or structured products.

***The volatile economy and credit crisis may increase loan defaults and affect the value and liquidity of the Notes***

The global economy experienced a significant recession and many economies continue to experience on-going volatility as a result of the credit crisis and the European sovereign debt crisis. Disruption in the credit markets, including the general absence of investor demand (as compared with the position prior to the credit crisis) for CMBS and other asset-backed securities and structured financial products is still continuing.

Conditions are volatile and economic growth may not be sustainable for any specific period of time. As described below under "*Considerations relating to the Property Portfolio – Risks relating to Tenants and Leases*" a material worsening in economic conditions in the locations in which Properties are situated could increase tenant defaults at the Properties within the Property Portfolio thereby adversely affecting the amounts received by the Issuer under a Loan and consequently the amounts paid to Noteholders.

During the credit crisis, the lack of credit liquidity, decreases in both the sale and rental value of commercial properties, lower occupancy rates and, in some instances, correspondingly higher lending rates prevented many commercial mortgage borrowers from refinancing their loans. Such circumstances increased delinquency and default rates of securitised commercial mortgage loans, and led to widespread commercial mortgage defaults. There can be no assurance that such circumstances are not continuing or will not again arise. In addition, the historic decline in real estate values resulted in reduced borrower equity, hindering the ability of borrowers to refinance in an environment of increasingly restrictive lending standards and giving them less incentive to cure delinquencies and avoid enforcement. Higher loan-to-value ratios are likely to result in lower recoveries on foreclosure, and an increase in loss severities above those that would have been realised had property values remained the same or continued to increase. Defaults, delinquencies and losses had the further effect of decreasing property values, resulting in additional defaults by commercial mortgage borrowers, further credit constraints, further declines in property values and further adverse effects on the perception of the value of CMBS.

Many commercial mortgage lenders have tightened their loan underwriting standards which has reduced the availability of mortgage credit to prospective borrowers. These developments have contributed and may continue to contribute, to a weakening in the commercial real estate market as these adjustments have, among other things, inhibited refinancing and reduced the number of potential buyers of commercial real estate. The continued use or further adjustment of these loan underwriting standards may contribute to further increases in delinquencies and losses on commercial mortgage loans generally.

Investors should consider that general conditions in the areas where the Properties are located may adversely affect the performance of a Loan and accordingly the performance of the Notes and the general availability of commercial real estate financing will directly affect the ability of a Borrower to repay a Loan on maturity. In addition, in connection with all the circumstances described above, investors should be aware in particular that:

(a) such circumstances may result in substantial delinquencies and defaults on a Loan and adversely affect the amount of liquidation proceeds arising from any sale, which the Issuer would realise in the event of enforcement and liquidation and which shall be net of costs and expenses of sale, if any, of a Loan, any direct or indirect interest in any Borrower or any part of the Property Portfolio (plus VAT, if applicable) (such proceeds, "**Liquidation Proceeds**"), and further, net of any liquidation fee which may be due and payable from such Liquidation Proceeds under the terms of the Master Servicing Agreement, as more fully described in the section "*Description of the Issuer Transaction Documents – Key Terms of the Servicing Arrangement*". For the avoidance of doubt, any such sale shall include a sale made pursuant to any solvent liquidation process that results from a consensual arrangement between the Borrowers and the Master Servicer or, as applicable, the Delegate Servicer;

(b) the value of all or part of the Property Portfolio may decline and such declines may be substantial and occur in a relatively short period following the Issue Date, directly affecting the ability of a Borrower to realise value by selling a Property and its ability to obtain finance to refinance a Loan. Such declines may or may not occur for reasons largely unrelated to the circumstances of any particular Property;

(c) if a Noteholder decides to sell its Notes, it may be unable to do so or may be able to do so only at a substantial discount from the price originally paid; this may be the case for reasons unrelated to the then current performance of the Notes or a Loan and this may be the case within a relatively short period following the issuance of the Notes;

(d) if a Loan defaults, then the return on the Notes may be substantially reduced notwithstanding that Liquidation Proceeds may be sufficient to result in the repayment of the principal of and accrued interest on the Notes. An earlier than anticipated repayment of principal (even in the absence of losses) in the event of a default in advance of the maturity date would tend to shorten the weighted average period during which interest is earned on Noteholder's investments and if any Class of

Notes is purchased at a premium then in such case, the actual yield to maturity on that Class of Notes may be lower than assumed at the time of the purchase. A later than anticipated repayment of principal (even in the absence of losses) in the event of a default upon the maturity date would tend to delay the receipt of principal and the interest on the Notes may be insufficient to compensate Noteholders for that delay and if any Class of Notes is purchased at a discount then in such case the actual yield to maturity on that Class of Notes may be lower than assumed at the time of the purchase;

(e) even if Liquidation Proceeds received in respect of a Loan are sufficient to cover the principal and accrued interest on the same, the Issuer may experience losses in the form of special servicing fees and other expenses, and Noteholders may bear losses as a result of such additional fees and other expenses the Issuer has to bear, and their yield will be adversely affected by such losses;

(f) the time periods within which a Loan will be repaid following the occurrence of a default may take a considerable amount of time, and those periods may be further extended because of the insolvency of a Borrower and related litigation; and

(g) even if Noteholders intend to hold their Notes, depending on the circumstances of particular Noteholders, Noteholders may be required to report declines in the value of their holdings in the Notes, and/or record losses, on their financial statements or regulatory or supervisory reports, and/or repay or post additional collateral for any secured financing, hedging arrangements or other financial transactions that they have entered into that are backed by or make reference to the Notes, in each case as if the Notes were to be sold immediately.

***Availability of Liquidity Reserve Facility***

The full amount of the Liquidity Reserve Loan is expected to be drawn and placed on deposit in the Issuer Liquidity Reserve Account on the Issue Date. Pursuant to the terms of the Liquidity Reserve Facility Agreement, the Issuer will make withdrawals from the amounts on deposit in the Issuer Liquidity Reserve Account to meet any of the following shortfalls in the funds available to it as determined from time to time by the Calculation Agent: (a) an Expenses Shortfall; (b) an Interest Shortfall; or (c) a Property Protection Shortfall, each as more fully described in the section "*Description of the Issuer Transaction Documents - The Liquidity Reserve Facility Agreement*". The amount available to be drawn on any Note Payment Date may be less than the Issuer would have received had full and timely payments been made in respect of all amounts owing to the Issuer during the related Collection Period. In such circumstances, insufficient funds may be available to the Issuer to pay in full interest due on the Notes.

The Liquidity Reserve Facility cannot be drawn to cover shortfalls in funds available to the Issuer to pay interest amounts in respect of the Class C Notes and the Class D Notes, amounts in respect of principal, Allocated Note Prepayment Fee Amount, Note Premium Amount or any amounts due to the Original Lender (if applicable) under the relevant Priority of Payments. The amount available for drawdown under the Liquidity Reserve Facility as of the Issue Date is €10.5 million and thereafter the Issuer will be required to prepay the Liquidity Reserve Loan as the Principal Amount Outstanding of the Notes decreases, as set out under "*Description of the Issuer Transaction Documents - The Liquidity Reserve Facility Agreement*" below. As such, the amount on deposit in the Issuer Liquidity Reserve Account (and therefore the amount available to be withdrawn as Liquidity Reserve Drawings) will decrease as the Principal Amount Outstanding of the Notes decreases.

***Interest on Issuer Accounts***

The Issuer is exposed in certain circumstances to the risk that at any time the Euro OverNight Index Average rate will be less than zero. Pursuant to the Cash Allocation, Management and Payments Agreement, interest shall accrue on the Issuer Accounts at the rate as agreed between the Issuer and the Issuer Account Bank under a separate fee letter dated on or about the Issue Date. The Issuer shall provide to the Rating Agencies any such letter or any amendment thereof.

***Changes or uncertainty in respect of EURIBOR may affect the value or payment of interest under the Notes***

Various interest rate benchmarks (including the Euro Interbank Offered Rate ("**EURIBOR**")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these

reforms are already effective while others are still to be implemented including the "**Benchmarks Regulation**".

In March 2017, the European Money Markets Institute (formerly EURIBOR-EBF) (the "**EMMI**") published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the BMR, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. The EMMI has since indicated that there has been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path". It is the current intention of the EMMI to develop a hybrid methodology for EURIBOR.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

Based on the foregoing, prospective investors should in particular be aware that:

(a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including EURIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;

(b) if EURIBOR is discontinued or is otherwise unavailable, then the rate of interest on the Loans and the Notes will be determined for a period by the fall-back provisions in the relevant Loans or Notes, although such provisions, being dependent in part upon the provision by reference banks of offered quotations in the Eurozone interbank market, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when EURIBOR was available. This will also have an effect on the caps; and

(c) while an amendment may be made to change the base rate on the Notes to the same alternative base rate as has been agreed under the Loans and under the caps, there can be no assurance that any such amendment will be made or, if made, that it will (i) fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes, (ii) be made prior to any date on which any of the risks described in this risk factor may become relevant; or (iii) result in the applicable provisions under the Loans or the caps operating so as to ensure that the base rate used to determine payments under the Loans or the caps is the same as that used to determine interest payments under the Notes.

Moreover, any of the above matters or any other significant change to the setting or existence of EURIBOR could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of EURIBOR could result in adjustment to the Conditions, early redemption, delisting or other consequences in relation to the Notes. No assurance may be **provided that** relevant changes will not occur with respect to EURIBOR or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

Noteholders may not be entitled to vote as to any amendments to EURIBOR for the Notes, as to which see "*Modifications, waivers, amendments and consents*".

B **Considerations relating to the tax, regulatory and legal issues**

***EU financial transaction tax***

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the "**Commission's Proposal**"), for a financial transaction tax ("**FTT**") to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). However, Estonia has ceased to participate. If the Commission's Proposal were adopted, the FTT would be a tax primarily on "financial institutions" in relation to "financial transactions"

(which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's Proposal, the FTT would apply in certain circumstances to persons both within and outside of the participating member states. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including: (i) by transacting with a person established in a participating member state; or (ii) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

However, the FTT proposal remains subject to negotiation between participating member states. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate.

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

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

In Europe, the United States and elsewhere there is increased political and regulatory scrutiny of both the asset-backed securities and mortgage-backed securities markets. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in asset-backed and mortgage-backed securitisation exposures and/or the incentives for certain investors to hold such securities, and may thereby have a negative impact on such investors' liquidity in such instruments. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Corporate Servicer, the Representative of the Noteholders, the Agents, the Issuer Account Bank, the Liquidity Reserve Facility Provider, the Original Lender, the Sole Arranger, the Lead Manager, the Master Servicer or the Delegate Servicer makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Issue Date or at any time in the future.

In particular, investors should be aware of the EU Risk Retention Requirement and associated due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of European Union regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and undertakings for the collective investment of transferable securities ("**UCITS**") funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless: (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including the position of its notes in the relevant priorities of payment, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator; and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures (in the case of the EU Risk Retention Requirement). Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the relevant EU Risk Retention Requirements and associated due diligence requirements should seek guidance from their regulator and/or independent advice on the issue.

With respect to the commitment of the Original Lender to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party, please see the section entitled "*Regulatory Disclosure*". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Corporate Servicer, the Representative of the Noteholders, the Agents, the Issuer Account Bank, the Liquidity Reserve Facility

Provider, the Sole Arranger, the Lead Manager, the Master Servicer or the Delegate Servicer makes any representation that the information described above is sufficient in all circumstances for such purposes.

Aspects of the risk retention and due diligence requirements described above and what is required to demonstrate compliance to national regulators remain unclear. In particular, in the context of the requirements which apply in respect of European Union-regulated credit institution investors, investment firms and authorised alternative investment fund managers, coming legislative developments being discussed by the European Parliament and other institutions within the European Union may result in changes to the corresponding interpretation materials which apply in respect of such requirements and/or the requirements themselves. No assurance can be provided that any such changes will not affect the compliance position of previously issued transactions and/or the requirements applying to relevant investors in general. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance or to avoid being required to take corrective action should seek guidance from their regulator.

The EU Risk Retention Requirement and associated due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

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

The Basel Committee on Banking Supervision (the "**Basel Committee**") approved significant changes to Basel II (being the revised international capital framework of the Basel Committee, published in 2004) regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as "**Basel III**"). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. The Basel Committee has also published a consultative document setting out certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 20 per cent.

On 11 July 2016, the Basel Committee issued an updated final standard on revisions to the Basel III securitisation framework amending its previous capital standards for certain securitisations, including reducing the risk weight floor for senior exposures from 15 per cent. to 10 per cent.

The Basel III reforms have been implemented in the EEA through the Capital Requirements Regulation and the Capital Requirements Directive (together "**CRD IV**"). CRD IV became effective in the United Kingdom and other European Union member states on 1 January 2014. CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures which are not expected to be fully implemented until 2019. In particular, there is currently no proposed draft regulation in relation to the application of the Net Stable Funding Ratio.

In December 2017 a number of reforms were finalised to Basel III and the Basel framework more generally, as published in the Basel Committee's BCBS424 document. These further reforms, sometimes referred to as Basel IV, relate to the credit risk, output floor, credit valuation adjustment, operational risk and leverage ratio. The European Commission's March 2018 consultation paper on the implementation of the final Basel III standards also contains summaries of these reforms. The implementation date for these reforms, with the exception of the output floor, is 1 January 2022.

Implementation of the Basel III framework (to the extent that it has not already been fully implemented in member countries) and/or of any of the changes put forward by the Basel Committee as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the

Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may adversely affect the liquidity and/or value of the Notes.

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

***The Securitisation Regulation***

"**Affected Investor**" means each of EU-regulated credit institutions, EU-regulated investment firms, certain alternative investment fund managers, EU-regulated insurers or reinsurers, certain investment companies authorized in accordance with Directive 2009/65/EC, managing companies as defined in Directive 2009/65/EC (together, "**UCITS**"), institutions for occupational retirement provision falling within the scope of Directive (EU) 2016/2341 (subject to certain exceptions), and certain investment managers and authorised entities appointed by such institutions (together, "**IORPs**") subject thereto.

On 28 December 2017 the Securitisation Regulation was published in the Official Journal of the European Union. The Securitisation Regulation applies to securitisations, the securities of which are issued on or after 1 January 2019.

The Securitisation Regulation includes revised risk retention and transparency requirements (now imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and new due diligence requirements imposed on Affected Investors in a securitisation. In general, the requirements imposed under the Securitisation Regulation are more onerous and have a wider scope than those imposed under the legislation which the Securitisation Regulation replaced. If the due diligence requirements under the Securitisation Regulation are not satisfied then, depending on the regulatory requirements applicable to such Affected Investor, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or imposed on the Affected Investor. Affected Investors should carefully consult their own regulatory requirements. Certain, but not all, Affected Investors may be subject to risk weights and/or regulatory requirements. Affected Investors should carefully consider (and, where appropriate, take independent advice) in relation to the risk weights and capital charges associated with an investment in the Notes and any other regulatory sanctions that may apply to them.

The effects of the changes set out above may include, but are not limited to, a decrease in demand for the Notes in the secondary market, which may lead to a decreased price for the Notes. It may also lead to decreased liquidity and increased volatility in the secondary market. Prospective Affected Investors are themselves responsible for monitoring and assessing changes to the European Union risk retention rules and their risk weighting and regulatory capital requirements and any regulatory sanction that may apply to them. As a result of the foregoing, an investor's ability to resell its Notes may be further limited, and an investor must be prepared to bear the risk of holding its Notes until maturity.

In addition, the Securitisation Regulation (and in particular, Article 7 of the Securitisation Regulation) impose certain enhanced disclosure requirements in respect of all securitisation transactions. Although the Issuer believes that the Transaction is in compliance with the requirements of the Securitisation Regulation, as discussed below there is at present some uncertainty in relation to some of these requirements, including in particular with regard to the transparency obligations imposed under Article 7 of the Securitisation Regulation. With regard to these requirements, on 31 January 2019 ESMA published its draft opinion containing the proposed regulatory technical standards, including the proposed standardised templates to fulfil the loan-level and investor reporting requirements (the "**Draft ESMA Disclosure Templates**"). However, these have not formally entered into force as at the date of this Offering Circular. As a result, the Securitisation Regulation transitional provisions currently apply, which technically require that the disclosure templates prescribed under CRA3 are to be used until the regulatory technical standards and the final form standardised templates (the "**Final ESMA Disclosure Templates**") enter into force.

However, in a statement issued on 30 November 2018, the Joint Committee of the European Supervisory Authorities (the "**Joint Statement**") noted the operational difficulties of compliance with the Securitisation Regulation disclosure obligations using the CRA3 templates for some entities and indicated that national competent authorities should generally apply their supervisory powers in their day-to-day supervision and enforcement of applicable legislation in a proportionate and risk-based manner.

The Issuer has been appointed as the designated entity under Article 7(2) of the Securitisation Regulation. The Issuer has appointed the Primary Servicer, the Calculation Agent and the Information Agent to perform all of the Issuer's obligations or to assist the Issuer in performing its obligations under Article 7 of the Securitisation Regulation. For the purpose of fulfilling its obligations under Article 7 of the Securitisation Regulation, from the Issue Date the Issuer will adopt the Draft ESMA Disclosure Templates in the form published on 31 January 2019 and, on and from their entry into force, will adopt the Final ESMA Disclosure Templates. The Issuer therefore believes, taking into account the Joint Statement and based on advice that it has received, that as at the date hereof it has taken reasonable steps to comply with the requirements of Article 7 of the Securitisation Regulation. However, it also notes the general market uncertainty on this point. Furthermore, it is not yet clear how either the Bank of Italy (or any other relevant competent authority for the purposes of the Securitisation Regulation) intends to monitor and enforce compliance. The Issuer will continue to monitor any further statements by the European Supervisory Authorities and/or the Bank of Italy (or any other relevant competent authority for the purposes of the Securitisation Regulation) in this regard.

***Volcker Rule***

Under Section 13 of the U.S. Bank Holding Company Act and the corresponding implementing rules (the "**Volcker Rule**"), "banking entities" as defined under the Volcker Rule are prohibited from, among other things, (i) conducting proprietary trading activities in a wide variety of financial instruments and (ii) acquiring or retaining any ownership interest in, or acting as sponsor in respect of, "covered funds" as defined under the Volcker Rule as covered funds, except as may be permitted by an applicable exclusion or exception from the Volcker Rule. The definition of "covered fund" in the Volcker Rule includes (generally) any entity that would be an investment company under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), but for an exclusion provided under Sections 3(c)(1) or 3(c)(7) thereunder.

Although other statutory or regulatory exemptions under the Investment Company Act, and under the Volcker Rule and its related regulations, may be available, the Issuer does not expect to be treated as a "covered fund" because (1) it is organized under non-U.S. law and its securities are offered and sold solely outside the United States and is therefore not subject to the Investment Company Act; and (2) it does not expect to be a commodity pool under the U.S. Commodity Exchange Act.

If the Issuer is deemed to be a covered fund, then in the absence of regulatory relief, the provisions of the Volcker Rule and its related regulatory guidance will restrict the ability of banking entities to hold an "ownership interest" in the Issuer or enter into certain financial transactions with the Issuer. "Ownership interest" is defined to include, among other things, interests arising through a holder's exposure to profits and losses in a "covered fund" or through the right of a holder to participate in the selection of an investment manager or advisor or the board of directors of a "covered fund".

Although the Volcker Rule provides limited exceptions to its prohibitions, each investor in the Notes must make its own determination as to whether it is subject to the Volcker Rule, whether its investment in the Notes would be restricted or prohibited under the Volcker Rule, whether any investment in any Class of Notes constitutes an "ownership interest" and the potential impact of the Volcker Rule on its investment, any liquidity in connection therewith and on its portfolio generally.

***U.S. Risk Retention***

The U.S. Risk Retention Rules came into effect on 24 December 2016 and generally require the "sponsor" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The transaction will not involve risk retention by the Original Lender for the purposes of the U.S. Risk Retention Rules, but rather will be made in reliance on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred

to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Offering Circular as "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitisation 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 per cent. 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.

The Transaction provides that the Notes may not be purchased by Risk Retention U.S. Persons except in accordance with the exemption under Section 20 and with the prior consent of the Original Lender. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is different from the definition of U.S. person under Regulation S under the Securities Act and that an investor could be a Risk Retention U.S. Person but not a U.S. person under Regulation S.

The consequences of non-compliance with the U.S. Risk Retention Rules are unclear, but investors should note that the liquidity and/or value of the Notes could be adversely affected by any such non-compliance.

***Changes of law***

The structure of the issue of the Notes and the ratings which are to be assigned to them are based on Italian law and various regulatory, accounting and administrative practices in effect as at the date of this Offering Circular. Regard has also been had to the expected tax treatment of all relevant entities under the tax law and the published practice of the tax authorities of Italy as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change to law, or the regulatory, accounting or administrative practice, or the interpretation or administration thereof, or the published practices of the Italian Tax Authorities or the tax authorities of any other relevant taxing jurisdiction, after the date of this Offering Circular nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes. Any changes to the accounting practices of any person may have an effect on the tax treatment of that person.

Tax authorities might seek to assert a different interpretation of the finance structure than that taken by the Issuer in a manner that would result in additional tax costs, which would reduce the funds available to the Issuer to make payments under the Notes, thus, creating a risk of loss to the Noteholders.

The Issuer's ability to make (and Noteholders' entitlement to receive) payments on the Notes is therefore subject to the risk that tax law or the application of such law in any of the above specified jurisdictions may change.

***Risks relating to the calculation of the rate of interest***

The rate of interest on the Notes and on the Securitised Loans are based on EURIBOR, plus the applicable margin in each case. Although EURIBOR is calculated in the normal course on the same day (the Interest Determination Date in respect of the Notes and the Quotation Day in respect of the Securitised Loans) by reference to screen rates provided by the same screen page, and should therefore be the same, there can be no assurance that a market disruption event will not occur which causes the relevant screen rates provided by such reporting services to become unavailable. In such case, EURIBOR may be required to be determined by the fall-back provisions contained in the Facilities Agreements or, as applicable, the Conditions.

These fall-back provisions differ in certain respects which could have the unintended effect of producing different values as between EURIBOR as determined with respect to the Securitised Loans and EURIBOR as determined with respect to the Notes. There may be a particular risk of any such mismatch in the event of the discontinuation of EURIBOR. See " *Changes or uncertainty in respect of EURIBOR may affect the value or payment of interest under the Notes*" above.

C **Considerations relating to the Loan Portfolio and the Loan Security**

***Late payment or non-payment of rent***

There is a risk that sufficient rental payments will not be received in respect of the Properties within the Property Portfolio on or before the relevant Interest Payment Date. If a significant number of tenants' rental payments are not received on or prior to the immediately following relevant Interest Payment Date and any resultant shortfall is not otherwise compensated for from other resources, there may be insufficient cash

available to a Borrower to make payments to the Issuer under the relevant Securitised Loan. Such a default by the relevant Borrower may not itself result in a Note Event of Default since the Issuer will have access to other resources as mentioned above (specifically, funds standing to the credit of the Issuer Liquidity Reserve Account). However, no assurance can be given that such resources will, in all cases and in all circumstances, be sufficient to cover any such shortfall and that a Note Event of Default will not occur as a result of the late payment of rent.

***Prepayment of the Loan***

A Borrower may be obliged, in certain circumstances (directly or indirectly) to prepay a Loan in whole or in part prior to the Repayment Date. These circumstances include a disposal of any of the Properties, the receipt of insurance proceeds in respect of certain insurance claims, the receipt of proceeds of a claim against the provider of due diligence reports in respect of a Property in certain circumstances, a change of control with respect to the relevant Company (save where such change of control constitutes a Permitted Change of Control), or where it would be unlawful for the lender to perform any of its obligations as contemplated by the Facilities Agreements or to fund, issue or maintain its share in a Loan and are more particularly set out in section entitled "*The Loan Portfolio and Loan Security*". These events may be beyond the control of the Borrowers and are beyond the control of the Issuer. Any such prepayment may result in the Notes being prepaid earlier than anticipated.

***Compounding of Interest (Anatocismo)***

Pursuant to article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual or (ii) from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian Civil Code allows derogation from this provision in the event that there are recognised customary practices ("*usi*") to the contrary.

Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a quarterly basis on the grounds that such practice could be characterised as a customary practice ("*uso normativo*"). A number of judgements from Italian courts, including from the Italian Supreme Court (*Corte di Cassazione*) have held that such practice does not fall within customary practices ("*uso normativo*").

Consequently, if one or more Borrowers were to challenge this practice, it is possible that such interpretation of the Italian Civil Code would be upheld before other courts in the Republic of Italy and that the returns generated from the Loans may be prejudiced.

In addition, article 120(2) of the Consolidated Banking Act, as amended by article 17-bis of Law Decree No. 18 of 14 February 2016 as converted into Law No. 49 of 8 April 2016, provides that accrued interest cannot produce further interest, except for default interest, and interest is to be calculated exclusively on the principal amount. Article 120(2) of the Consolidated Banking Act also requires the Comitato Interministeriale per il Credito e il Risparmio (CICR) to establish the methods and criteria for the compounding of interest. Decree No. 343 of 3 August 2016 of the CICR, implementing article 120(2) of the Consolidated Banking Act, was published in the Official Gazette in 10 September 2016.

Given the recent evolution of the legislative and regulatory framework, and consequently the absence of any judicial decisions on the matter, it is not possible to predict how Italian courts may rule in case of challenges to the new provisions of law.

***Italian Usury Law***

Pursuant to Law No. 108 of 7 March 1996 (the "**Italian Usury Law**"), the interest rate on the Facilities Agreements or the Notes is not permitted to exceed the maximum rate permitted under the Italian Usury Law from time to time. However, the parties to the Facilities Agreements have agreed and accepted that if the rate of interest applicable to a Loan and/or the default rate of interest at any time exceeds the maximum rate permitted by the Italian Usury Law, then the relevant interest rate or default rate applicable to that Borrower shall be automatically reduced to the extent necessary to allow the interest rate applicable to such Loans to be in compliance with any applicable law.

If such a reduction occurs, this would reduce the amount of interest payable by a Borrower under a Facilities Agreement and will reduce the amount of Interest Available Funds received by the Issuer. Such reduction may cause an Interest Shortfall on the Notes and to the extent there are insufficient amounts standing to the

credit of the Issuer Liquidity Reserve Account, this may result in a shortfall in amounts paid under the Notes.

***Refinancing risk***

The Loans are expected to have substantial remaining principal balances as at their respective Repayment Dates. However, if a Permitted Change of Control occurs, the Loans will be subject to a certain amount of scheduled amortisation throughout the term. For further information in relation to Loan amortisation see "*The Loan Portfolio.*"

Unless previously repaid, the Loans will be required to be repaid by the relevant Borrowers in full on the relevant Repayment Date. The ability of the Borrowers to repay the Loans in their entirety on the relevant Repayment Date will depend, among other things, upon its having sufficient available cash or equity and/or upon its ability to find a lender willing to lend to the relevant Borrower or Borrowers (secured against the relevant part of the Property Portfolio) sufficient funds to enable repayment of the Loans. Such lenders will generally include banks and other financial institutions. The availability of funds in the credit market fluctuates and in recent years there has, at times, been an acute shortage of credit to refinance loans such as the Loans. In addition, the availability of assets similar to the Properties within the Property Portfolio, and competition for available credit, may have a significant adverse effect on the ability of potential purchasers to obtain financing for the acquisition of Properties within the Property Portfolio. There can be no assurance that the Borrowers will be able to refinance the Loans prior to the Final Maturity Date of the Notes.

If one or more of the Borrowers cannot refinance the Loans, they may be forced, in unfavourable market conditions, into selling some or all of the relevant part of the Property Portfolio in order to repay the relevant Loan. Failure by a Borrower to refinance the relevant Loan or to sell the relevant Properties within the Property Portfolio on or prior to the relevant Repayment Date may result in the Borrowers defaulting on that Loan and in insolvency of the relevant Borrower(s). See also "*Risk Factors – Considerations relating to the Property Portfolio*". In the event of such a default or insolvency, the Noteholders, or the holders of certain Classes of Notes, may receive by way of principal repayment an amount less than the then Principal Amount Outstanding on their Notes and the Issuer may be unable to pay in full interest due on the Notes.

***Security over bank accounts***

Pursuant to the terms of each Facilities Agreement, the relevant Obligors are required to establish a number of bank accounts before the earlier of (i) date falling 120 days after the Utilisation Date and (ii) the date falling 10 Business Days prior to the first Interest Payment Date (the "**Account Opening Backstop Date**"), which accounts are to be located in Italy and Luxembourg and into which, among other things, rental income in respect of the Properties owned by it must be paid (as to which, see the section entitled "*The Loan Portfolio and Loan Security – Bank accounts*"). In addition, on or prior to the Account Opening Backstop Date, each relevant Obligor is required to grant security over its bank accounts as a condition subsequent under the relevant Facilities Agreement. However, these accounts will not be opened, and therefore no security will be granted over them, as at the Issue Date (although the Borrowers have granted account security over certain of their existing bank accounts as described in "*The Loan Portfolio and Loan Security – The Loan Security Documents*").

***Limitations of representations and warranties delivered by the Loan Transferor and the Borrowers***

The Issuer has not undertaken nor will undertake any investigations, searches or other actions as to any Obligor's status, and will rely instead on the representations and warranties delivered by the Loan Transferor under the Loan Portfolio Sale Agreement and by the Borrowers under the relevant Facilities Agreement. Pursuant to the Loan Portfolio Sale Agreement, the Loan Transferor is required to indemnify the Issuer in respect of any loss resulting from any breach of any of the warranties given by the Loan Transferor in the Loan Portfolio Sale Agreement. However, this right of indemnification is subject to certain conditions and limitations as described under "*Description of the Issuer Transaction Documents – Loan Portfolio Sale Agreement*" and under the Loan Portfolio Sale Agreement there is no requirement for the Loan Transferor to repurchase any Loan upon any breach of warranty.

The representations and warranties given by the Loan Transferor with respect to the Loans mirror the equivalent representations given by the Borrowers under the Facilities Agreements, which are to some extent qualified by the actual knowledge of that Borrower giving such representation or warranty. While reliance on representations and warranties is only commercially possible to the extent that that Borrower is

factually able to indemnify the recipient of such representations and warranties, so that a representation already in and as of itself only offers limited protection commercially, representations and warranties which are qualified by the actual knowledge further reduce the ability of a recipient to rely on the absence of the corresponding risks because the recipient would need to provide evidence of that Borrower's actual knowledge of the relevant risk represented which might be difficult if not impossible to demonstrate successfully in practice.

See further "*Description of the Issuer Transaction Documents – Loan Portfolio Sale Agreement*" and "*The Loan Portfolio and Loan Security – Representations and Warranties*".

***The performance of the Loan and the Properties depends in part on who controls the Borrowers and the Properties***

The operation and performance of the Loans will depend in part on the identity of the persons or entities that control the relevant Borrower. The performance of the Loans may be adversely affected if control of the Borrowers or of the other Obligors changes, which may occur, for example, by means of transfers of direct or indirect ownership interests in the relevant Borrower or through the relevant Company ceasing to control any of the other Obligors.

The relevant Facilities Agreement provide that if a Change of Control occurs with respect to the relevant Company, if the Majority Lenders so require, the relevant Facility Agent shall by notice to the relevant Company declare all outstanding amounts under the relevant Loan to be immediately due and payable.

The definition of Change of Control and related definitions is set out in full under "*The Loan Portfolio and Loan Security - Prepayment upon Change of Control – definitions*", however broadly speaking a Change of Control occurs in circumstances where either:

(h) the Permitted Holders (being either the Initial Investors or any Qualifying Transferee) cease to control the relevant Company (other than, in the case of the Initial Investors, following a Listing); or

(i) following a Listing, persons who are not Permitted Holders own or gain control of the relevant Company; or

(j) the relevant Company ceases to control any Obligor.

Under each Facilities Agreement, no Change of Control occurs when a Qualifying Transferee obtains control of the relevant Company from the Initial Investors (such circumstance being a Permitted Change of Control), a Qualifying Transferee being, broadly speaking, any person who is listed on a recognised stock exchange and (A) has a market capitalisation of more than €5,000,000,000; (B) has total assets (as set out in its most recent financial statements) of more than €5,000,000,000 (or its equivalent in another currency); and/or (C) owns, controls and/or manages and/or is advised and/or managed by any person that owns, controls and/or manages, directly or indirectly, commercial real estate assets (excluding the Property) in Europe which have an aggregate market value of not less than €2,000,000,000 (or its equivalent in another currency) and/or worldwide which have an aggregate market value of not less than €5,000,000,000 (or its equivalent in another currency). *See " The Loan Portfolio and Loan Security" for a full definition of Permitted Change of Control and related definitions.*

The occurrence of a Permitted Change of Control as described above, while not resulting in any mandatory prepayment of the relevant Loan, has certain consequences under the Facilities Agreements as described elsewhere in this Offering Circular including, in particular, the following:

(a) if a Cash Trap Event occurs on two successive Interest Payment Dates, the relevant Facility Agent will apply amounts in the relevant Cash Trap Account to prepay the Loan as though it were on a voluntary basis (with the minimum prepayment thresholds discussed in "*The Loan Portfolio and Loan Security – Prepayments – Voluntary prepayment*" disapplied under these circumstances); and

(b) if a Permitted Change of Control happens under all three Loans at the same time, the Companies have the right to exercise the Reverse Sequential Voluntary Prepayment Right.

It is possible that any permitted category of change of control described above may negatively affect the operation of one or more Properties and the relevant Borrower's ability to make payments on its Loan in a

timely manner or result in other failures by the relevant Obligors to comply with the terms of the Finance Documents or lead to other disruptive action by the relevant Obligors, the then current owners of the relevant Group or their respective affiliates. Furthermore, it is possible that the actions of any person acquiring control of the relevant Company as permitted by the relevant Facilities Agreement could adversely impact the operation of the relevant Property or Properties.

***Collection and enforcement procedures***

Under the Master Servicing Agreement and Delegate Servicing Agreement, the Master Servicer or Delegate Servicer (as applicable) is required to recover amounts due from the Borrowers under the Loans. The Master Servicer or Delegate Servicer must ensure that its default and enforcement procedures meet the requirements of the Master Servicing Agreement or Delegate Servicing Agreement, as applicable. See further "*Description of the Issuer Transaction Documents - Key Terms of the Servicing Arrangements*".

***Limitation of recoverability of legal fees in enforcement***

There can be no assurance that the Issuer will be able to recover legal fees incurred or advanced by it or by the Master Servicer or Delegate Servicer on its behalf, in connection with the enforcement of a Loan or the relevant Loan Security from the Borrowers, in particular, to the extent that such legal fees exceed the statutory limits provided by law. There can be no assurance that the legal fees relating to an enforcement of a Loan or the relevant Loan Security will fall within the limitation of what can be charged to a debtor under applicable law. Any amounts of legal fees in excess of such limitation could result in a shortfall in amounts that would otherwise be available to pay interest in respect of, and redeem principal on, the Notes.

***Historical financial information***

Historical financial information included in this Offering Circular has not been audited and may not be indicative of future results of operations of the Borrowers. The data on the basis of which the sections of this Offering Circular that relate to the Property Portfolios have been prepared, have been delivered by the Borrowers to the Sole Arranger and have not been reviewed.

Accordingly, the unaudited summary historical financial information is provided for illustrative purposes. There may be variations between the Borrowers' future operating results and the unaudited summary historical financial information and such variations may be material and be caused by various factors. Neither the Issuer nor the Borrowers intend, and undertake no obligation, to update the unaudited summary historical financial information to reflect future operating results.

***Deemend consent and Finance Party inaction***

If the Issuer (or Delegate Servicer on its behalf) does not accept or reject a request from the Borrowers (or the Facility Agent on behalf of the Borrowers) for any consent, amendment, release or waiver under the Finance Documents within the time period specified in the relevant Facilities Agreement, the Issuer shall be deemed to have approved such consent, amendment, release or waiver when considering whether the consent of the Majority Lenders or all Lenders (as applicable) has been obtained in respect of that request, amendment, release or waiver. This means, effectively, that if the Facility Agent is slow to respond or indeed, does not respond at all, to a request of a Borrower for a consent, amendment, release or waiver within the time limit specified in the relevant Facilities Agreement, the Issuer will be deemed to have consented to such request despite the fact the Issuer (or Delegate Servicer on its behalf) has not responded to such request.

Each Facilities Agreement provides that no Event of Default will occur in respect of a failure or inability of an Obligor to comply with any of its obligations under the relevant Finance Document for so long as such failure or inability to comply is caused by a failure of a Finance Party to (i) sign an agreed form document; (ii) confirm a document is agreed or provide feedback on a draft document; or (iii) provide any information within its possession or actual knowledge required by the relevant Obligor to comply with such obligation, in each case, within 5 Business Days after a request is received by that Finance Party from that Obligor (each a "**Finance Party Inaction**") in each case where, but for the Finance Party Inaction, that Obligor would have so complied but only for so long as any such action or inaction continues. If such Finance Party Inaction continues for a period in excess of 5 Business Days (such excess, being the "**Finance Party Inaction Period**"), any deadline or period of time (including any grace period) applicable to that obligation of that Obligor, after expiration of which the failure of the Obligor to comply with such

obligation would constitute an Event of Default, will be extended by a number of Business Days equal to the Finance Party Inaction Period. This means that the grace or cure period in respect of a particular Event of Default under the relevant Facilities Agreement may, in practice, be extended by the number of days which constitute the Finance Party Inaction Period.

## D Considerations relating to the Property Portfolio

***Risks relating to retail Properties***

The Loans are secured by retail properties. The value of the Properties is significantly affected by the quality of the tenants as well as by more general commercial property factors, such as location and market demographics. In addition to location, competition from other retail spaces or the construction of new retail spaces, retail properties face competition from other forms of retailing outside a given property market (such as mail order and catalogue selling, discount retail outlets and selling through the internet), which may reduce retailers' need for space at a given retail outlets or outlet centre. The continued growth of these alternative forms of retailing could adversely affect the demand for space and, therefore, the rents collectable from retail properties. Other key factors affecting the value of retail properties include the quality of management of the properties, the network effects of occupancy levels in attracting consumers, the attractiveness of the properties and the surrounding neighbourhood to tenants and their customers, the public perception of the safety in the neighbourhood, access to public transportation and major roads and the need to make major repairs or improvements to satisfy major tenants. In addition, the success of a shopping centre or outlet centre is dependent on, among other things, achieving the correct mix of stores so that an attractive range of retail outlets is available to potential customers.

Each of the foregoing circumstances and events may, individually or in the aggregate, adversely affect the income from and market value of the Properties and thereby increase the possibility that the Borrowers will be unable to meet their obligations under the Loans.

Under the majority of the lease agreements entered into with respect to the Properties, the tenant has been granted break option rights, which are mostly linked to sales turnover achieved by that tenant, and which may be exercised prior to the relevant Repayment Date. The exercise of any such break option rights by the tenants, in addition to potentially resulting in loss of rent, may also negatively affect the occupancy levels, in turn affecting the network effect mentioned above.

In addition, a number of lease agreements for the Properties provide that the tenant will receive a discount on rent if the occupancy level within the Property falls below a pre-defined threshold. Certain leases also grant tenants the exclusive right to operate a specific type of business within the Property.

***Risks relating to rental income***

Each Borrower's ability to make its payments under the relevant Facilities Agreements is dependent on payments being made by the lessees of sales premises within the Properties. No assurance can be given that lessees in the Properties will continue making payments under their leases or that any such lessee will not become insolvent or subject to insolvency proceedings in the future or, if any such lessees become subject to insolvency proceedings, that they will continue to make rental payments in a timely manner. In addition, a tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a failure to make rental payments when due. If a lessee, particularly a major lessee, defaults in its obligations under its lease or business lease, the lessor may experience delays in enforcing its rights as lessor and may incur substantial costs and experience significant delays associated with protecting its investment, including costs incurred in renovating and re-letting the Properties. In any of the above circumstances, the decrease in rental income may have an adverse effect on the relevant Borrower's ability to meet its debt service on its Loan and subsequently the Noteholders may not receive the timely repayment of interest and principal on the Notes. In addition, rental income may also be reduced as a result of the operation of any break clauses with regard to the leases and expiry of the lease agreements prior to the relevant Repayment Date.

***Risks relating to permits and licenses***

Each Property is required to have a commercial license to operate as an outlet village. In addition, a number of authorisations and permits such as certificates of fitness, building permits and fire prevention certificates, as well as authorisations to discharge waters, and other emissions into the air, which are generally issued

from local authorities on the basis of national, regional and local laws, are required. A few of these permits in relation to the Properties are currently being renewed and the application process is still pending; moreover a few permits are missing for certain Properties, or portions thereof.

Furthermore, there can be no guarantee that all licenses and permits will be renewed upon expiry; if any of the licenses required to operate the Property Portfolio are not renewed, or are revoked by the administrative entity, the lack of any of the required licenses or permits may give rise to fines, sanctions or even an order to stop operations, which may adversely affect the ability of the relevant Borrower to meet its obligations under the relevant Facilities Agreement.

***Obligations arising from Municipal Agreements***

All of the Properties were developed pursuant to agreements with the municipality in which they are respectively located (each a "**Municipal Agreement**"), and these Municipal Agreements impose certain obligations or restrictions on each Borrower (e.g.: to complete certain works, to pay certain amounts or to grant to the municipality the use of certain land for the benefit of the local community, etc.), certain of which obligations have not yet been fulfilled. Each Borrower is responsible for ensuring correct compliance with the terms of the Municipal Agreements and with any restrictions set out therein, and is liable for performing any obligation that is still outstanding, or becomes due under the Municipal Agreements.

***Environmental matters***

In accordance with Italian law, the Borrowers may be responsible for environmental liabilities in relation to the Properties in certain circumstances, because Italian environmental legislation imposes liability for clean-up costs on the owner or occupier of land where the person who caused or knowingly permitted the pollution cannot be found. Even if more than one person may have been responsible for the contamination, each person covered by the relevant environmental law may be held responsible for all the clean-up costs incurred. Therefore, liability may ultimately rest with the relevant Borrower for the environmental matters discovered at any of the Properties, including those identified as a result of the Phase I environmental audits conducted in relation to the Properties. Although no "Critical Issues / Actions" were identified in the Phase I environmental audits, some actionable items were identified and to the extent recommended action is not taken this may present a risk.

In addition, third parties may sue the relevant Borrower for damages and costs resulting from substances emanating from that site, and the presence of substances in the Properties that could result in personal injury or similar claims by private claimants.

The costs associated with any clean-up or remediation to be performed in connection with environmental liabilities affecting one of the Properties could affect the cash flows available to the relevant Borrower to repay the Loan, which may affect the payment of interest or principal to the Noteholders. If an environmental liability is found to affect one of the Properties and is not or cannot be remedied, then the Property's value or marketability could be adversely affected.

***Potential risks arising from business lease agreements***

The lessees that occupy the separate retail premises within the Properties do so pursuant to either property agreements or business lease agreements, the characteristics of which are described in more detail below in "*Selected Aspects of Italian law – Lease Agreements*".

As is customary in the Italian market, the vast majority of lessees occupy the retail premises within the Properties under business lease agreements. Compared with property leases, a business lease gives rise to two potential risks for the lessor.

A lessor under a business lease (such as a Borrower) may incur liabilities in connection with any employee hired by the lessee to work for the leased business where:

(a) the employment contract for the employee is not terminated by the lessee before the expiry of the business lease, or

(b) the employment contract for the employee is terminated by the lessee before the expiry of the business lease, but raises a claim for wrongful termination.

In both circumstances, once the business has been transferred back to the lessor any current or former employee of the business may potentially seek to be retained, or hired back in case of wrongful termination, by the leased business now returned to the lessor, thus generating liability for the lessor. Although the majority of the business leases for the commercial units within the Properties require the lessee to indemnify the lessor if the business is returned with any employees, the indemnity received by the lessor, if any, may not fully cover the lessor's liability arising from a claim.

Moreover, business leases generally provide for a payment structure that is different from that under a regular lease and are not governed by the mandatory provisions of Italian law that apply to leases. In certain circumstances, it may become more favourable or convenient for a business lessee to attempt to have a court re-categorise the business lease as a lease, so that the lessee may (i) benefit from the statutory rights of lessees under lease agreements in accordance with Italian law, which are described below at "*Statutory rights of lessees under a property lease agreement*" and (ii) be able lawfully to pay a lower rent, given that if the lease is re-categorised the rent due will generally be set as the minimum guaranteed payment under the business lease.

At the time of the origination of the Loans, the legal due diligence in relation to the Properties revealed that the Borrowers were involved in a number of separate disputes arising from business leases in relation to the Properties. Whilst the scope and value of these claims are within the ordinary course of business risk, there can be no assurance that in the future more litigation will not arise in connection with the business leases relating to the Properties.

***Statutory rights of lessees under a property lease agreement***

Italian Law No. 392 of 17 July 1978 (the "**Tenancy Law**") governs property leases for commercial premises (*locazioni commerciali*) and grants certain rights to the lessee under such property leases. Such rights include the following:

(a) the lessee's right to compensation upon termination of a lease agreement related to a space used for an activity implying direct contacts with customers, for reasons other than the lessee: (i) having withdrawn; (ii) having served a termination notice effective as of the expiry date of the agreement; (iii) being in breach of contract; and (iv) being subject to any bankruptcy proceedings, such amount being equal to, in case of activities other than hotel activities, 18 monthly instalments of the last paid rent (or 36 monthly instalments of the last paid rent in the event that within one year since termination of such lessee's lease, new activities identical or similar to those carried out by the lessee in the leased premises are performed therein); and

(b) the lessee's right to terminate a lease agreement at any time upon six months' prior written notice for serious reasons (*gravi motivi*), including force majeure and objectively and unpredictably worsened economic and market conditions which make the lease too onerous for the lessee. This could result in a decrease of rental income to a Borrower, unless a new lease at substantially the same rent can be entered into. If a Borrower is unable to secure a new lessee at substantially the same rent, a decrease in rental income may have an adverse effect on such Borrowers' ability to meet its debt service on its Loan and subsequently the Noteholders may not receive the timely repayment of interest and principal on the Notes; and

(c) a pre-emption purchase right in favour of lessees carrying out activities implying direct contacts with customers; prior waiver by a lessee of such pre-emption right is null and void and in case of breach of such pre-emption right, the lessee would have a right (*diritto di riscatto*) to obtain ownership of the sold premises from the purchaser or any assignee thereof. According to Italian case law, should the lessor sell the relevant premises as part of a sale as a pool (*vendita in blocco*, i.e., the sale as a whole, and not partitioned, of a compound made up of the different leased units), the lessee would not be entitled to exercise such pre-emption right.

See below "*Selected Aspects of Italian law – Lease Agreements*" for a summary description of the Tenancy Law.

***Recovery of leased premises within the Property Portfolios following default by a tenant under a lease or a business lease***

Certain of the lessees in the Properties are occupying the premises they formerly leased beyond the term of their lease and without any new lease or are in default under their current lease or business lease. Legal proceedings to evict them may be started against lessees who are in breach of their obligation to pay rent or any other charges or otherwise holding over without a lease. The procedure for a lessor to enforce its remedies may take time, especially if the lessee opposes or challenges the order of the judge to vacate a property or if it raises objections to the amount awarded to the lessor. In such cases, an ordinary legal action (rather than a summary judgment) ensues. The eviction is likely to take approximately four years.

***Geographic concentration***

The Property Portfolio is located throughout Italy. Repayments under the Loans and the market value of the Properties could be adversely affected by conditions in the property market where the Properties are located, acts of nature, for example floods or earthquakes (each of which may result in uninsured losses), and other factors which are beyond the control of the Borrowers. In addition, the performance of the Property Portfolio will be dependent upon the strength of the economy in Italy and in the region in which the Properties are located.

***Risks relating to property management***

The Properties are currently managed and will be managed by various property managers, asset managers and advisors as described in "*The Loan Portfolio and Loan Security - Property Management Agreements*". The successful operation of the Properties depends upon the property managers' performance and the technical and economic viability of the property managers' capital preservation and improvement projects and leasing initiatives. The property manager is generally responsible for responding to changes in the local market; planning and implementing the rental structure; operating the property and providing building services; managing operating expenses; and assuring that maintenance and capital improvements are carried out in a timely fashion. Given the number of Properties and the number of leases, the Properties require intensive management, active marketing and leasing, and a good relationship with tenants in order to maintain and enhance income, minimise vacancy rates and also to ensure the Properties are kept in good order. The net cash flow realised from and/or the residual value of the Properties may be affected by the performance of the relevant property manager under each property management agreement. If a manager's appointment is terminated pursuant to the relevant management agreement, it may be difficult to replace that manager on the same or similar terms.

***Limited due diligence***

The legal, technical and title due diligence exercises carried out with respect to the Properties were limited to the information made available by each Borrower in the legal and technical due diligence reports prepared by the advisors to the Borrowers and the notaries appointed by each Borrower (respectively, the reports prepared with the legal due diligence and the non-legal due diligence together, the "**Reports**"). The Reports also refer to documents which were not available, incomplete or out of date and in relation to certain matters, such as pending litigation involving the Borrowers. The legal due diligence report is dated 13 March 2019 and is up to date as of 30 June 2018 (save in respect of recent lease agreements dated March 2019, as to which the legal due diligence report is up to date as of 13 March 2019). The legal due diligence report states that the technical due diligence reports are up to date as of 29 October 2018.

Although the due diligence and Reports which have been prepared as described above can be relied upon by the Issuer, such due diligence and Reports are not comprehensive and there is no guarantee that they disclosed all relevant and/or material issues. In the Facilities Agreements, the Borrowers have provided representations and warranties as to certain matters which have been described, verified and/or disclosed in such due diligence or Reports but also in relation to matters which were not described, verified and/or disclosed therein. Certain representations are given subject to the knowledge of the relevant Borrower of the related circumstances. If such matters were subsequently shown to have been incorrect, inaccurate or untrue, but were not known by the Borrower at the relevant time to the best of their knowledge, the Lender's remedies under the relevant Facilities Agreements, including the ability to declare a Loan Event of Default on this basis, will be limited or non-existent.

***Insurance***

Although the Facilities Agreements require the Properties to be insured at an appropriate level and against usual risks, there can be no assurance that any loss incurred will be of a type covered by such insurance and will not exceed the limits of such insurance. The risks that the Facilities Agreements require to be covered include, but are not limited to, loss or damage caused by certain specified events and all risks that are customary for companies carrying on a similar business to that of the Borrower (including, property damage, business interruption, acts of terrorism and public liability (including environmental risk)). There is a possibility of losses with respect to one or more of the Properties for which insurance proceeds may not be adequate or which may result from risks which are not covered by insurance, the effect of which were not taken into account in preparing the cash flow analysis in respect of the Notes. As with all real estate, if reconstruction (due to earthquake, fire or other casualty) or any major repair or improvements are required to the Properties, changes in law and governmental regulations may be applicable and may materially affect the cost to effect such reconstruction, major repair or improvement. As result of the occurrence of any of these events, the amounts realised with respect to the Properties, and consequently the amounts available to make payments on the Notes could be substantially less than as set forth in the cash flow analysis.

***Risks relating to the cashflow calculations***

Cashflow figures in relation to the Property Portfolio contained in this Offering Circular are based on historical information and should not be taken as an indication of any future cashflows with respect to the Property Portfolio. Each investor should make its own determination of the appropriate assumptions to be used in determining the cashflow to be generated in relation to the Property Portfolio.

The cashflow figures set forth in this Offering Circular may vary substantially from corresponding cashflows determined in accordance with international accounting standards.

***Valuations***

The Valuations and ongoing valuations of the Properties express the professional opinion of the relevant valuers on the relevant Property and are no guarantees of present or future value in respect of such Property. One valuer may, in respect of any Property, reach a different conclusion than the conclusion that would be reached if a different valuer was appraising such Property. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing property owner. As the market value of the Properties fluctuates, there can be no assurance that the market value of the Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due on the Notes. If the Properties are sold following a Loan Event of Default, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Notes.

Pursuant to each Facilities Agreement, the Facility Agent is permitted to instruct a valuer to prepare and issue a valuation (i) once during every 12 month period commencing after the first anniversary of the relevant Utilisation Date or (ii) while a Loan Event of Default under the relevant Facilities Agreement is continuing (only one valuation can be requested while the same Loan Event of Default is continuing) or (iii) upon receipt of notice from a Borrower that the whole or part of a Property is compulsorily purchased or that a relevant governmental agency or authority has served an order for the compulsory purchase of the same on any Obligor under the relevant Facilities Agreement (see "*The Loan Portfolio – The Valuations*").

**E Considerations relating to the Obligors**

***Risks relating to the Obligors' operating history***

As described in "*The Borrowers*", the First Franciacorta Borrower was incorporated in Italy and the Palmanova Borrower was incorporated in Italy. Each of the foregoing has been operating since its creation. Unlike newly-created companies, these Obligors may have accrued liabilities and be subject to claims in the normal course of business during their operating history. Generally, material liabilities, if any, would arise from existing and former employment relationships, tax matters and environmental matters.

***Effects of an insolvency of one or more of the Borrowers***

Each Borrower is a limited liability companies organized under Italian law and are subject to general Italian bankruptcy law principles, which are described in " *Selected Aspects of Italian law – Restructuring and Insolvency Proceedings*".

***Risks relating to tax litigation***

According to the tax due diligence report (the "**Tax Reports**"), there are certain tax litigations pending on the Franciacorta Borrower relating to (i) the full deduction of interest expenses incurred on bank loans made in respect of real estates, (ii) the deduction of depreciations relating to the leased real estate assets and (iii) the withholding tax on interest payment considered not at arm's length by the Italian tax authority. With reference to the above, the Franciacorta Borrower filed appeals before the competent Tax Courts against the relevant assessments and the proceedings arising from those appeals are currently pending in first degree or could be brought by the tax authority in front of the Supreme Tax Court. According to the Tax Reports, the potential exposure (net of an escrow agreement negotiated with the former shareholder) is equal to approximately €6,100,000.00.

F **Merger risk**

***Financial Assistance***

Articles 2358 and 2474 of the Italian Civil Code prohibit "financial assistance", i.e. the giving of loans or security or the issuance of guarantees by a company for the purpose of acquiring or subscribing for that company's own shares. Article 2358 states: "a company may not, directly or indirectly, grant loans nor guarantees/security for the purchase or subscription of its own shares, unless conditions set out under this article are met." Therefore, financial assistance is generally prohibited in Italy except where certain requirements are met.

The language and the scope of Article 2358 are broad. Over time, judicial decisions have evolved and taken a matter of fact approach as to whether a direct, or indirect, violation of the provisions prohibiting financial assistance provisions has occurred. A Court will look at certain factors to form a decision as to whether Franciacorta Retail S.r.l. is indirectly assisting Frankie Retail Holdco S.r.l. in its acquisition of the shares of Franciacorta Retail S.r.l. Factors that may be taken into account by a Court in forming a view include the fact that the support given by Franciacorta Retail S.r.l. is limited to its own borrowing under the Franciacorta Loan.

Prior to the upstream merger of Franciacorta Retail S.r.l. into Frankie Retail Holdco S.r.l., its parent company and sole owner, (with Frankie Retail Holdco S.r.l. as the surviving legal entity) in accordance with and in full compliance with Article 2501-bis of the Italian Civil Code (the "**Franciacorta Merger**"), Franciacorta Retail S.r.l. will not grant a guarantee or security over its assets to guarantee or secure the obligations of Frankie Retail Holdco S.r.l. as the other Franciacorta Borrower. It is only following the Franciacorta Merger (which must comply with the requirements of Article 2501-bis of the Italian Civil Code, described below at "*The legal requirements of the Franciacorta Merger may not be met*"), that it will be possible for the assets of Franciacorta Retail S.r.l. to secure the acquisition debt incurred by Frankie Retail Holdco S.r.l..

If a court were to deem that the security originally granted by Franciacorta Retail S.r.l. constituted financial assistance to the extent that it gave security to assist a third party (Frankie Retail Holdco S.r.l.) in purchasing a holding in Franciacorta Retail S.r.l., certain guarantees that secure the Franciacorta Loan and as set out in the clause entitled "*Guarantee and indemnity*" in the Franciacorta Loan would be deemed invalid, and would be unenforceable in the case of default by any of the Franciacorta Borrowers under the Franciacorta Loan. The mortgage granted by the First Franciacorta Borrower over the Property would remain unaffected securing (i) prior to the completion of the Mergers, the total amount of debt advanced to the First Franciacorta Borrower under the Franciacorta Loan; and (ii) following the completion of the Merger, the total amount of debt advanced to the the Franciacorta Borrowers under the Franciacorta Loan.

***Corporate Benefit***

Under Italian corporate law, adequate "corporate benefit" must exist for an Italian company to provide guarantees/security or other forms of credit support in favour of a third party which is not a direct or indirect subsidiary of the company. This includes when upstream or cross-stream guarantees or security including

a mortgage are to be given. Generally, the corporate benefit rules require that any such guarantee/security must lead to an actual benefit, financial or otherwise, for the security provider, and specifically that "upstream" or "cross-stream" guarantees or security may not be given by an Italian company in respect of any financing granted to its parents or affiliates in the absence of a clear and commensurate benefit for it.

The mortgage security provided by Franciacorta Retail S.r.l. must be limited to securing Franciacorta Retail S.r.l.'s own refinancing debt respectively, expressly excluding that it will in any way secure the acquisition and refinancing facility (i.e, the Term Loan Facility B of the Franciacorta Loan) to be made available to Frankie Retail Holdco S.r.l., the parent company of Franciacorta Retail S.r.l. Such a structure needs to be implemented in order to avoid any breach of Italian corporate benefit and financial assistance rules.

Corporate benefit is a question of fact and its existence needs to be assessed by the directors of the company as part of their fiduciary duties and against the specific act (the giving of a guarantee or a security) required from the company. A generic benefit to the corporate benefit of the group to which the company participates alone is insufficient. These rules prevent a company from entering into a transaction solely for the benefit of other companies (even if belonging to the same group) or of a third party.

The directors of a company would be liable to the shareholders and the company for having implemented an action or made a decision without there being an adequate corporate benefit for the company.

Due to the corporate benefit limitations that are described more generally in the paragraphs above, the ability of Franciacorta Retail S.r.l. to provide security and cross guarantees is subject to certain specific limitations.

***The legal requirements of the Franciacorta Merger may not be met***

The Franciacorta Facilities Agreement permits the Franciacorta Merger, i.e. the upstream merger of Franciacorta Retail S.r.l. with Frankie Retail Holdco S.r.l. and provides that the Franciacorta Obligors shall use reasonable endeavours to procure that the Franciacorta Merger occurs on or before six months from the Utilisation Date under the Franciacorta Facilities Agreement.

If the Franciacorta Merger occurs, each must be implemented pursuant to Article 2501-bis of the Italian Civil Code. Article 2501-bis governs mergers where one of the companies involved has contracted debts to acquire control of the other company involved in the merger, if the assets of the purchased company are then used as a general guarantee or source of repayment of the acquisition debt. Article 2501-bis requires, in addition to other requirements applying to mergers in general, that the merger project (*progetto di fusione*) approved by the directors of all companies involved in the merger describes the financial resources that will be available to the company surviving the merger to satisfy in full its liabilities after the merger. The report issued by the directors to support the decision to merge must include the reasons that justify the transaction and must contain a post-merger economic and financial plan that describes the source of the financial resources and the financial targets of the company surviving the merger. In addition, an independent expert appointed by the Court must issue a report to confirm the reasonableness of the information contained in the merger report.

If these legal requirements are not met for the Franciacorta Merger, then the Franciacorta Merger may not be implemented. Failure to implement the Franciacorta Merger as envisaged will result in the following consequences in relation to the Franciacorta Loan:

(a) Amounts outstanding in respect of the Loan made under Term Facility A, which are secured by security granted by the Franciacorta Borrowers, will continue to be secured by the security granted by both Franciacorta Borrowers;

(b) Franciacorta Retail S.r.l. will continue to provide security exclusively in connection with its obligations relating to the Franciacorta Loan made under Term Facility A, and no other facilities advanced under the Franciacorta Facilities Agreement; and

(c) Frankie Retail Holdco S.r.l., borrower of the Franciacorta Loan made under Term Loan Facility B, being a holding company without revenue generating operations of its own, will continue to be dependent on cash flow from Franciacorta Retail S.r.l., in the form of dividends or available reserves, to make payments in respect of the Franciacorta Loan under Term Facility B.

Assuming that Franciacorta Retail S.r.l. generates cash flow sufficient to enable Frankie Retail Holdco S.r.l. to make payments under the Franciacorta Loan, that cash may be trapped within Franciacorta Retail S.r.l. if it cannot distribute dividends or available reserves. Italian corporate law requires a company to retain at least 5% of its annual profits in a legal reserve (*riserva legale*) until the reserve reaches at least 20% of the company's share capital.

***The Franciacorta Loan – limited cross collateralisation***

As highlighted above in "*Merger risk – Financial Assistance; – Corporate Benefit*"; and "*Merger risk – The legal requirements of the Franciacorta Merger may not be met*", there are limitations on the security and guarantees provided by the Franciacorta Obligors due to corporate benefit considerations and financial assistance limitations.

***Debt service relating to Term Facility B under the Franciacorta Loan borrowed by Frankie Retail Holdco S.r.l.***

Frankie Retail Holdco S.r.l. borrowed under Term Loan Facility B of the Franciacorta Loan for the purpose of acquiring the entire issued share capital of Franciacorta Retail S.r.l.; however, Frankie Retail Holdco S.r.l. does not, prior to the completion of the Franciacorta Merger, benefit from any regular income streams with which it may service such debt.

Subject to the provisions of the Franciacorta Facilities Agreement, prior to the completion of the Franciacorta Merger, Franciacorta Retail S.r.l. may distribute funds to Frankie Retail Holdco S.r.l. by way of dividend or available reserves, provided Franciacorta Retail S.r.l. has sufficient dividends and available reserves to make such distributions.

In order to enable Frankie Retail Holdco S.r.l. to service its debt obligations on each Interest Payment Date prior to completion of the Franciacorta Merger, a letter of credit will be issued by Wells Fargo to the Facility Agent and a letter of credit will be issued by Bank of American Merrill Lynch to the Facility Agent (the "**Debt Service Letters of Credit**"), which will be capable of being unconditionally drawn by the Facility Agent on demand. The Debt Service Letters of Credit will satisfy the criteria required to constitute an Eligible Letters of Credit as set out in the Franciacorta Facilities Agreement.

If insufficient amounts are received by Frankie Retail Holdco S.r.l. to service its debt obligations under the Franciacorta Loan (i) it may mean that the Issuer has insufficient funds to pay interest on the Notes and (ii) this would cause a Franciacorta Loan Event of Default.

In an enforcement scenario, surplus proceeds (if any) deriving from the sale of the Franciacorta Property, upon repayment of the secured creditor, would be returned to Franciacorta Retail S.r.l. as owner of the asset in question. In order for such surplus proceeds to be distributed to the immediate parent company of Franciacorta Retail S.r.l., Franciacorta Retail S.r.l. could be liquidated. Following such liquidation and upon satisfaction of all relevant creditors of Franciacorta Retail S.r.l. (including any receiver/administrator), any excess proceeds deriving from the liquidation would be distributed, at the end of the liquidation process, to the relevant holdco as shareholder namely Frankie Retail Holdco S.r.l.

***Claw-back risks***

Italian law includes avoidance provisions requiring the so-called "claw-back" that may give rise to the revocation of grants of security interests and payments made by the debtor prior to the declaration of bankruptcy, as summarised in "*Selected Aspects of Italian law – Restructuring and Insolvency Proceedings – Bankruptcy (fallimento)*" In bankruptcy proceedings (f*allimento*), Italian bankruptcy law, as currently in force, provides for a claw-back period ranging from six months to two years, depending, *inter alia*, the date on which the security is taken.

The mortgages forming part of the Loan Security include both (i) first-ranking mortgages, to which a claw-back period of six-months would apply, and (ii) (in the event that such mortgages are granted following completion of the Franciacorta Merger) second-ranking mortgages, to which a longer claw-back period, of one year, would apply because these mortgages will be created after the assumption of the debt.

***Direction and co-ordination of the companies by Frankie Bidco S.à r.l.***

The Franciacorta Borrowers are subject to the direction and co-ordination powers of Frankie Bidco S.àr.l. Under Article 2497 of the Italian Civil Code, if a company that is acting in its own interest, or in the interest of third parties, mismanages companies subject to its direction and co-ordination it shall be liable to the shareholders and creditors of such companies for the damages that ensue from such mismanagement, provided that liability is excluded if (i) the ensuing damage is fully eliminated through subsequent actions; or (ii) the damage is off-set by the global benefits deriving to the company from the continuing exercise of their direction and co-ordination powers.

Therefore, decisions affecting any of the Franciacorta Borrowers may be made by the relevant controlling company not for the benefit of the relevant Franciacorta Borrower but rather for the global benefit of the controlling company's group as a whole. Additionally, any of the Franciacorta Borrowers could implement policies and make decisions that are not beneficial for it under the direction and co-ordination powers of the respective controlling company.

## G Considerations relating to the Hedging Documents

***Hedging Documents will not be entered into on the Issue Date***

Pursuant to the terms of the Facilities Agreements, each Borrower is required to enter into Hedging Documents within 10 Business Days of the Utilisation Date. This means that the Borrowers are not required to have entered into Hedging Documents as at the Issue Date. Pursuant to the terms of the Facilities Agreements, each Borrower is required to ensure that the Hedging Documents satisfy the conditions set out under "*The Loan Portfolio and Loan Security – Hedging – Hedging requirements*", including that the Hedging Documents are entered into with a counterparty with the Requisite Rating, that the Hedging Documents have an aggregate notional amount equal to not less than 100 per cent. of the principal value outstanding of the relevant Loan and have a term expiring on or after the relevant Repayment Date. However, despite these requirements, no assurance can be given either as to the identity of the Borrower Hedge Counterparty (including whether such entity is rated by both of the Rating Agencies and/or possesses the Requisite Rating) or as to the eventual terms of the Hedging Documents that will be entered into by each of the Borrowers, including whether the downgrade and replacement provisions in the Hedging Documents will be in compliance with the current rating criteria of the Rating Agencies.

***Risks in relation to the Hedging Documents***

Amounts received by each Borrower under the relevant Hedging Document will be used to make interest payments on the relevant Loan. Each Facilities Agreement imposes certain requirements for the Hedging Documents entered into by the Borrower. In addition, each Facilities Agreement requires that the hedging arrangements have an aggregate notional amount equal to not less than 100 per cent. of the principal value outstanding of the relevant Loan. Accordingly, the Loans will be under-hedged and the Issuer may not have sufficient funds available to make all required payments to the Noteholders and the Other Issuer Creditors.

In certain circumstances one or more of the Hedging Documents may be terminated and a Borrower may be unable to find a suitable replacement Borrower Hedge Counterparty. Should a Hedging Document be terminated or should a Borrower Hedge Counterparty otherwise fail to provide a Borrower with all amounts owing to it on any payment date under the relevant Hedging Document, then such Borrower may, and particularly during a period of high or volatile EURIBOR, have insufficient funds available to it to make payments of interest due under each Facilities Agreement. In the event of the insolvency of a Borrower Hedge Counterparty a Borrower will be treated as an unsecured creditor of such Borrower Hedge Counterparty.

To mitigate the risks posed by a deterioration in the credit rating of a particular Borrower Hedge Counterparty, the terms of the Hedging Documents will require that, should the relevant Borrower Hedge Counterparty fail to meet the required rating set out in such Hedging Document, the relevant Borrower Hedge Counterparty will, in accordance with the terms of such Hedging Document, be required to take certain remedial measures within the time frame stipulated in such Hedging Document, which may include posting collateral in accordance with the applicable credit support annex or obtaining a replacement counterparty that meets the required rating set out in the relevant Hedging Document. A failure by the relevant Borrower Hedge Counterparty to take one of the specified remedial actions within the applicable time limit shall constitute a termination event under the relevant Hedging Document.

No assurance can be given that, at the time that a Borrower Hedge Counterparty is required to comply with the obligations specified above, sufficient collateral will be available to it or that another entity with the required rating will be available or willing to become a replacement swap provider.

To the extent that any of the Loans have not been repaid in full on the Expected Note Maturity Date, Note EURIBOR will be capped to the extent that EURIBOR exceeds 5 per cent. At such time Note EURIBOR may be less than EURIBOR and therefore any Note Premium Amount payable to a Class of Notes will be subordinated to capped payments of Note EURIBOR to all other Classes of Notes.

***General: risks not exhaustive***

**The Issuer believes that the risks described above are the principal risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the above statements regarding the risks relating to the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Offering Circular might to some degree lessen some of these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.**

## THE PROPERTY PORTFOLIO

### Franciacorta Outlet Village

Franciacorta Outlet Village (the "**Franciacorta Property**") is a 36,803 sqm outlet scheme located in Northern Italy. The total gross rental income ("**GRI**") (see under "**Gross Rental Income**" below as to how this is approximated) is €14,653,577 and the occupancy as of 31st December 2018 is 90.9%. This includes Phase 3 (4,586 sqm / 32 units) which opened in October 2018. Excluding Phase 3 which has an occupancy of 51%, the centre has an occupancy of 96.5%.

*History:* The Franciacorta Property comprises Phase 1 constructed in 2003, Phase 2 built in 2006-2007 and Phase 3 recently opened in 2018. Phase 1 and 2 provided 32,217 sqm of space for 154 stores and Phase 3 was completed in October 2018 adding a further 4,586 sqm of space for 32 additional units.

*Structure:* The Franciacorta Property provides 186 retail units with a gross lettable area ("**GLA**") of 36,803 sqm. The tenant base is composed of widely recognised regional and international brands such as Nike, Adidas, Calvin Klein, Timberland, Flavio Castellani etc.

Location: The Franciacorta Property is located in Rodengo Saiano, a small town situated approximately 7 km from the city of Brescia, the second most populous city in Lombardy, one of the wealthiest regions in Italy with both income and consumption indices significantly higher than the national average. More specifically the Property is in the locality of Moie di Sotto, along the "SPR 510 Sebina Orientale" Provincial Road which connects Brescia and Lake Iseo with the A4 Torino-Trieste motorway. The A4 Torino-Trieste motorway is the main arterial route connecting the north-western side of the country (Turin) to the north-east (Trieste) and Milan to Venice. The subject property is located approximately 44 km from Bergamo, 80 km from Verona and 90 km from Milan. The estimated population in the 90-minute catchment area exceeds 11.6 million.

Road which connects Brescia and Lake Iseo with the A4 Torino-Trieste motorway. The A4 Torino-Trieste motorway is the main arterial route connecting the north-western side of the country (Turin) to the north-east (Trieste) and Milan to Venice. The subject property is located approximately 44 km from Bergamo, 80 km from Verona and 90 km from Milan. The estimated population in the 90-minute catchment area exceeds 11.6 million.

### Palmanova Outlet Village

Palmanova Outlet Village (the "**Palmanova Property**") is 22,204 sqm outlet scheme located in North Eastern Italy. The total gross rental income ("**GRI**") (see under "**Gross Rental Income**" below as to how this is approximated) is €7,205,287 and the occupancy as of 31st December 2018 is 93.9%.

*History*: The Palmanova Property was constructed in 2008 and has a GLA of 22,204 sqm across 92 retail units. The management has been focused on improving dwell time and tenant line up (e.g. new pop-up kiosks with in-demand brands).

*Structure*: The Palmanova Property provides 92 retail units and there are 83 tenants in place. The tenant base is diversified and largely made up of widely-recognized national and some international retailers (Tommy Hilfiger, Calvin Klein, Alberta Ferretti-Moschino, Guess, Nike etc.)

*Location*: The Palmanova Property is located in the Province of Udine in the north-east of Italy, approximately 25km to the west of the border with Slovenia. More specifically, it is located around 5km to the south-east of the town of Palmanova and 1km to the north of Aiello del Friuli. The closest city to the Palmanova Property is Udine, which is situated approximately 30km to the north. Road transport links are good as it is located adjacent to Autostrade A4, which runs from Trieste in the east to Turin in the west, via Venice, Verona and Milan, as well as several smaller towns. The Palmanova Property has an estimated catchment of 0.57 million people within a 60 minute drive and over 3.1 million people within a 90 minute min drive. The catchment has a higher standard of living in terms of both disposable income and consumption than the average for Italy.

### Determination of Gross Rental Income

"**Gross Rental Income**" or "**GRI**" is approximated through estimates based on the following:

GRI equals (i) MGR (being the minimum guaranteed rent for all occupied units included in the tenancy schedule provided by the Sponsor as of the Cut-Off Date) plus (ii) additional turnover rent, temporary letting and other income which are actual 2018 full year figure provided by the Sponsor.

"**Cut-Off Date**" means 1st February 2019.

It should be noted that the Loan balance at the Cut-Off Date is assumed to be the Loan balance as of the Issue Date.

"**Market Value**" is provided in the Initial Valuations by CBRE as at 28 February 2019, which use tenancy schedules as at 1st February 2019 and turnover data (among other information) up to 1st February 2019.

## PROPERTY AND ASSET MANAGEMENT AGREEMENTS

**Franciacorta Property Management**

The Franciacorta Property is managed pursuant to an Italian law governed property management agreement (the "**Franciacorta Property Management Agreement**"), pursuant to which the First Franciacorta Borrower, as owner, appointed Multi Outlet Management Italy S.r.l. (formerly, Added Value Management S.r.l.) (the " **Franciacorta Property Manager**"), as property manager, to provide certain services in relation to the Franciacorta Property. The current Franciacorta Property Management Agreement was entered into on 17 May 2016 in amendment and restatement of the then existing property management agreement for the Franciacorta Property.

The main terms and conditions of the Franciacorta Property Management Agreement, in force as of the date hereof, are set out below.

### A Duties of the Franciacorta Property Manager

The duties of the Franciacorta Property Manager pursuant to the Franciacorta Property Management Agreement include providing services in connection with all aspects of the business and operation of the First Franciacorta Borrower, including, but not limited to: (i) leasing activities and management of lease contracts, (ii) property management, (iii) budgets, business plans and reporting, (iv) technical management, (v) administrative services, (vi) project management services in relation also to capital expenditures for the Franciacorta Property, and operating services generally.

### B Duty of Care Covenant

In the Franciacorta Property Management Agreement, the Franciacorta Property Manager has undertaken to use its best efforts, act honestly, in good faith and in the best interest of the First Franciacorta Borrower and the Franciacorta Property and to exercise all reasonable skill, care and diligence in performing its obligations under the Franciacorta Property Management Agreement. The Franciacorta Property Manager has furthermore undertaken to comply in full with the terms of all applicable laws and regulations and fulfil its obligations set out in the Franciacorta Property Management Agreement.

### C Remuneration

The Franciacorta Property Manager is entitled to receive the following payments under the Franciacorta Property Management Agreement:

(a) Recoverable Fees:

(i) as annual fixed fee, €60,000 per year;

(ii) as retail manager annual fee, €80,000 per year; and

(iii) as variable fee, 9.75% of the service charge budget as defined in the approved business plan;

(b) Non-Recoverable Fees:

(i) as rental collection fee, 1.5% of first year rental income, if and to the extent received in cash, (excluding service charges) for any lease in place;

(ii) as new tenant short-term letting fee, 15% of rental income collected (for a maximum of twelve months, excluding service charges) for any leases with a term of less than four years;

(iii) as new tenant letting fee, to be charged for leases with new tenants as follows: (a) 25.0% of first year invoiced rent (excluding service charges) for leases with a term of at least four years part of the "Phase III project/development", or (b) 22.5% of first year invoiced rent (excluding service charges) for leases with a term of at least four years;

(iv) as existing tenant letting fee, to be charged in case of new leases with a term of at least four years with existing tenants, 15% of first year invoiced rent (excluding service charges); and

(c) Project Management Fees:

(i) a project management fee, equal to 3% of invoiced costs for works whose value is in excess of €50,000 but less than €250,000, and equal to 1.5% of invoiced costs for works whose value is in excess of €250,000.

**D Term and termination**

Following expiry of the term ended 30 June 2016, the Franciacorta Property Management Agreement automatically renews for term of one year at a time and may be terminated by either party with three months' written notice. The Franciacorta Property Manager's obligation to continue to provide certain leasing services, which it provides on a non-exclusive basis, under the Franciacorta Property Management Agreement may be terminated by the First Franciacorta Borrower at its discretion with two months' written notice.

In addition, the First Franciacorta Borrower is entitled to terminate the Franciacorta Property Management Agreement in case of material breach under the agreement, or in case of fraud, wilful misconduct, acts of moral turpitude, or certain criminal acts by the Franciacorta Property Manager, or if certain executives of the Franciacorta Property Manager do not perform services as agreed.

The Franciacorta Property Manager has the right to terminate the Franciacorta Property Management Agreement if the First Franciacorta Borrower (i) is in material breach under the agreement in accordance with Italian law or (ii) ceases to be an affiliate of The Blackstone Group L.P.

Finally, the Franciacorta Property Management Agreement is subject to automatic termination: (i) immediately prior to the sale or disposal of all or substantially all of the Franciacorta Property to a third party; (ii) immediately prior to the institution of an expropriation procedure in relation to the Franciacorta Property; (iii) upon demolition or destruction of more than 25% of the Franciacorta Property; (iv) immediately prior to the sale or other disposal by the parent company of the First Franciacorta Borrower of all or substantially all of the shares or other interests in the First Franciacorta Borrower; (v) if at any time the assets of the First Franciacorta Borrower consists primarily of cash, cash equivalents, and/or securities or otherwise do not include any real estate assets.

**Palmanova Property Management**

The Palmanova Property is managed pursuant to an Italian law governed property management agreement (the "**Palmanova Property Management Agreement**"), pursuant to which the Palmanova Borrower, as owner, appointed Multi Outlet Management Italy S.r.l. (the "**Palmanova Property Manager**"), as property manager, to provide certain services in relation to the Palmanova Property. The current Palmanova Property Management Agreement was entered into on 18 January 2016 and has been effective since 1 January 2016.

The main terms and conditions of the Palmanova Property Management Agreement, in force as of the date hereof, are set out below.

**A Duties of the Palmanova Property Manager**

The duties of the Palmanova Property Manager pursuant to the Palmanova Property Management Agreement include providing services in connection with all aspects of the business and operation of the Palmanova Borrower, including, but not limited to: (i) leasing activities and management of lease contracts, (ii) property management, (iii) budgets, business plans and reporting, (iv) technical management, (v) administrative services, (v) project management services in relation also to capital expenditures for the Palmanova Property, and operating services generally.

**B Duty of Care Covenant**

In the Palmanova Property Management Agreement, the Palmanova Property Manager has undertaken to use its best efforts, act honestly, in good faith and in the best interest of the Palmanova Borrower and the

Palmanova Property and to exercise all reasonable skill, care and diligence in performing its obligations under the Palmanova Property Management Agreement. The Palmanova Property Manager has furthermore undertaken to comply in full with the terms of all applicable laws and regulations and fulfil its obligations set out in the Palmanova Property Management Agreement.

**C Remuneration**

The Palmanova Property Manager is entitled to receive the following payments under the Palmanova Property Management Agreement:

(a) Recoverable Fees:

(i) as annual fixed fee, €60,000 per year;

(ii) as retail manager annual fee, €80,000 per year; and

(iii) as variable fee, 12.5% of the service charge budget as defined in the approved business plan;

(b) Non-Recoverable Fees:

(i) as rental collection fee, 1.5% of first year rental income, if and to the extent received in cash, (excluding service charges) for any lease;

(ii) as temporary letting fee, 15% of rental income collected for leases with a duration of less than 12 months for vacant spaces or common areas;

(iii) as new tenant letting fee, 22.5% of first year invoiced rent (excluding service charges) for any lease; and

(iv) as existing tenant letting fee, 15% of first year invoiced rent (excluding service charges) for any lease;

(c) Project Management Fees:

(i) a project management fee, equal to 3% of invoiced costs for works whose value is in excess of €50,000 but less than €250,000, and equal to 1.5% of invoiced costs for works whose value is in excess of €250,000.

**D Term and termination**

Following expiry of the initial one-year term, the Palmanova Property Management Agreement automatically renews for term of one year at a time, and may be terminated by either party with six months' written notice.

In addition, the Palmanova Borrower is entitled to terminate the Palmanova Property Management Agreement in case of material breach under the agreement, or in case of fraud, wilful misconduct by the Palmanova Property Manager, or if the Palmanova Property Manager ceases to be an affiliate of The Blackstone Group L.P.

The Palmanova Property Manager has the right to terminate the Palmanova Property Management Agreement if the Palmanova Borrower (i) is in material breach under the agreement, in accordance with Italian law or (ii) ceases to be an affiliate of The Blackstone Group L.P.

Finally, the Palmanova Property Management Agreement is subject to termination at the direction of the Palmanova Borrower in case: (i) of sale or disposal of all or any portion of the Palmanova Property to a third party; (ii) expropriation procedure in relation to the Palmanova Property; (iii) of demolition or destruction of more than 50% of the Palmanova Property; and (iv) sale or disposal by the parent company of the Palmanova Borrower of all or substantially all of the shares or other interests in the Palmanova Borrower. The Palmanova Borrower may also terminate the Palmanova Property Management Agreement upon the occurrence of an event of default under the financing agreements connected to the Palmanova Property or the Palmanova Borrower.

## THE LOAN PORTFOLIO AND LOAN SECURITY

### LOAN PORTFOLIO INFORMATION

| | Palmanova Loan | Franciacorta Loan |
|---|---|---|
| Original Loan Balance | €66,690,000 | €167,245,000 |
| Utilisation Date | On or about 24 May 2019 | On or about 24 May 2019 |
| Borrower | Palmanova Propco S.r.l., a company incorporated under the laws of Italy (the "**Palmanova Borrower**") | Franciacorta Retail S.r.l. a company incorporated under the laws of Italy (the "**First Franciacorta Borrower**")<br><br>Frankie Retail Holdco S.r.l., a company incorporated under the laws of Italy (the "**Second Franciacorta Borrower**" and together with the First Franciacorta Borrower, the "**Franciacorta Borrowers**") |
| Company | Palm Pledgeco S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg and registered with the Register of Commerce and Companies under number B 195824 (the "**Palmanova Company**") | Frankie Holdco S.à r.l**.,** a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg and registered with the Register of Commerce and Companies under number B 178917 (the "**Franciacorta Company**") |
| Holdco | Palm Bidco S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg and registered with the Register of Commerce and Companies under number B 195840 (the "**Palmanova Holdco**") | Frankie Bidco S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg and registered with the Register of Commerce and Companies under number B 177691<br><br>Second Franciacorta Borrower<br><br>(collectively, the "**Franciacorta Holdcos**") |
| Guarantors | Palmanova Holdco Palmanova Company, Palmanova Borrower (the "**Palmanova Guarantors**") | Franciacorta Company, Franciacorta Holdcos<br>(the "**Franciacorta Guarantors**") |
| Obligors | Palmanova Guarantors<br>(the "**Palmanova Obligors**") | Franciacorta Borrowers<br>Franciacorta Guarantors<br>(the "**Franciacorta Obligors**") |
| Purpose: | Refinancing existing indebtedness and financing (directly or indirectly) financing costs. | **Term Loan Facility A** Refinancing indebtedness of the First Franciacorta Borrower, including, without limitation, accrued interest, hedge termination costs, break costs, prepayment fees and any other fees, |

| | Palmanova Loan | Franciacorta Loan |
|---|---|---|
| | | costs and expenses in relation thereto) and financing or refinancing the financing costs in respect of Term Loan Facility A only.<br><br>**Term Loan Facility B** Financing part of the consideration for the acquisition of the entire issued share capital of Franciacorta Retail S.r.l as contemplated in the Tax Structure Paper and financing or refinancing the financing costs. |
| Projected Loan balance at Repayment Date[2]: | €66,690,000 | €167,245,000 |
| Repayment Date | 15 August 2021, 15 August 2022, 15 August 2023 or 15 August 2024 on the satisfaction of certain conditions | 15 August 2021, 15 August 2022, 15 August 2023 or 15 August 2024 on the satisfaction of certain conditions |
| Rate of interest | three-month EURIBOR (subject to a floor of zero) + variable Loan Margin as described under "*The Loan Portfolio and Loan Security – Variable Margin payable in respect of the Loans*" | three-month EURIBOR (subject to a floor of zero) + variable Loan Margin as described under "*The Loan Portfolio and Loan Security – Variable Margin payable in respect of the Loans*" |
| Governing law of the Facilities Agreements | England and Wales | England and Wales |
| Relevant Property or Properties | The retail property located in Palmanova, Italy owned by the Palmanova Borrower (the "**Palmanova Property**") as further described in "*The Property Portfolio*" | The retail property located in Franciacorta, Italy owned by the First Franciacorta Borrower (the "**Franciacorta Property**"), as further described in "*The Property Portfolio*" |
| Loan Security | Palmanova Loan Security | Franciacorta Loan Security |
| Obligor jurisdiction of incorporation | Palmanova Borrower: Italy | Franciacorta Borrowers: Italy |
| | Palmanova Guarantors: Luxembourg | Franciacorta Guarantors: Luxembourg, Italy |
| Hedging | Hedging Document (in the form of an interest rate cap transaction) to be entered into within 10 Business Days of the Utilisation Date. See "*Description of the Hedging Documents.*" | Hedging Document (in the form of an interest rate cap transaction) to be entered into within 10 Business Days of the Utilisation Date. See "*Description of the Hedging Documents.*" |

**Overview of the Facilities Agreements**

The following is a summary of certain features of the Palmanova Facilities Agreement and the Franciacorta Facilities Agreement (each a "**Facilities Agreement**" and together the "**Facilities Agreements**").

[2] This represents the projected balance at the Third Extended Repayment Date.

(i) *The Palmanova Facilities Agreement*

Pursuant to a loan agreement to be entered into between the Palmanova Borrower, the Palmanova Guarantors**,** Deutsche Bank AG, London Branch as Original Lender and mandated lead arranger (the "**Arranger**") and CBRE Loan Services Limited as facility agent and security agent (the "**Facility Agent**" and the "**Security Agent**") (the "**Palmanova Facilities Agreement**") a €66,690,000 term loan facility will be made available to the Palmanova Borrower.

(ii) *The Franciacorta Facilities Agreement*

Pursuant to a loan agreement to be entered into between the Franciacorta Borrowers, the Franciacorta Guarantors, the Arranger, the Original Lender, the Facility Agent and the Security Agent (the "**Franciacorta Facilities Agreement**"), €167,245,000 term loan facilities will be made available to the Franciacorta Borrowers.

**Utilisation**

On or about 24 May 2019 (the "**Utilisation Date**"), an advance of €66,690,000 (the "**Palmanova Loan**") will be made to the Palmanova Borrower by the Loan Transferor. The Palmanova Loan will be transferred from the Loan Transferor to the Issuer on the Issue Date pursuant to the Loan Portfolio Sale Agreement.

On the Utilisation Date, an advance of €131,300,000 (the "**First Franciacorta Advance**") will be made to the First Franciacorta Borrower by the Loan Transferor. On the Utilisation Date, an additional advance of €35,945,000 will be made to the Second Franciacorta Borrower (the "**Second Franciacorta Advance**") (the First Franciacorta Advance and the Second Franciacorta Advance, together, being, the "**Franciacorta Loan**"). The Franciacorta Loan will be transferred from the Loan Transferor to the Issuer on the Issue Date pursuant to the Loan Portfolio Sale Agreement.

**Franciacorta Group Reorganisation**

On the Utilisation Date, the Franciacorta Group will undertake a group reorganisation.

On the Utilisation Date, the Second Franciacorta Borrower, a newly incorporated Italian entity, will acquire the entire issued share capital of the First Franciacorta Borrower from Frankie Bidco S.à r.l. and become the holding company of the First Franciacorta Borrower.

**Franciacorta Permitted Merger**

In respect of the Franciacorta Group, it is envisaged that within six months of the Utilisation Date, the First Franciacorta Borrower will merge with the Second Franciacorta Borrower via an upstream merger procedure as more particularly described in the tax structure paper prepared by the Borrower's advisers (the "**Tax Structure Paper**").

**Summary of the Common Terms of the Facilities Agreements**

***Due diligence reports***

In connection with the origination of the Loans, the relevant Borrower engaged various reputable third parties to carry out due diligence in respect of the relevant Properties and provide written due diligence reports of their findings. The reports were provided as conditions precedent to the relevant Facilities Agreement, and consisted of the following: legal and real estate due diligence reports; technical and environmental due diligence reports; initial notarial reports for each Property; tax due diligence reports covering the last two fiscal years and tax structure reports; and financial due diligence reports (together, the "**Reports**"). In addition, it is a condition subsequent to each Loan that a final notarial report prepared by the Italian notary Giacosa in respect of each Property is delivered within 30 Business Days after the Utilisation Date.

The Reports do not purport to be comprehensive and are of a 'red flag' nature only. The Reports are subject to certain limitations, including as to the liability of the applicable Report provider.

***Purpose***

The Palmanova Loan was provided to the Palmanova Borrower for the purpose of refinancing the existing indebtedness of the Palmanova Borrower and financing (directly or indirectly) certain financing costs.

The First Franciacorta Advance was provided to the First Franciacorta Borrower for the purpose of (i) refinancing the indebtedness of the First Franciacorta Borrower (including, without limitation, accrued interest, hedge termination costs, break costs, prepayment fees and any other fees, costs and expenses in relation thereto) and (ii) financing or refinancing certain financing costs and, in the case of the Second Franciacorta Borrower, the Second Franciacorta Advance was provided to the Second Franciacorta Borrower for the purpose of (i) financing part of the consideration for the acquisition of the entire issued share capital of the First Franciacorta Borrower and (ii) financing or refinancing certain financing costs.

In respect of each Loan, there will be material amounts not required for the applicable purpose described above, which will be used to fund distributions within the relevant Group.

***Interest payments***

Each Facilities Agreement provides that payment of quarterly instalments of interest are due on 15 February, 15 May, 15 August and 15 November of each year, or, if such day is not a Business Day, then on the next succeeding Business Day in the relevant calendar month (if there is one) or the preceding Business Day (if there is not) (each a "**Interest Payment Date**"). The first Interest Payment Date under each Loan shall be 15 August 2019.

***Interest rate***

Interest is payable under each Loan at a floating rate, accrues daily and is payable quarterly in arrears on each applicable Interest Payment Date. Each interest accrual period for each Loan is of 3 months duration and starts on (and includes) a Loan Interest Period Date and ends on (but excludes) the next following Loan Interest Period Date (each, a "**Loan Interest Period**") save that the first Loan Interest Period for each Loan started on (and included) the Utilisation Date and will end on the first Loan Interest Period Date to occur after the Utilisation Date. The rate of interest payable on the Loans for each Loan Interest Period is Loan EURIBOR (subject to a floor of zero) as determined on the relevant Quotation Day for that Loan Interest Period plus the applicable Loan Margin.

***Variable Margin payable in respect of the Loans***

Subject to the Loan Margin Cap (as defined below), the Loan Margin for each Loan will be variable, and will be determined for each Loan Interest Period as follows:

"**Loan Margin**" means, for each Loan Interest Period for each Loan, the percentage amount calculated in accordance with the following formula as determined on or prior to the relevant Loan Interest Period Date on which the relevant Loan Interest Period commences:

**A/(B x C) - D**

where

**A =** the Loan Weighted Interest Amount for the relevant Loan

**B =** the outstanding principal balance of the Loan as at the Loan Interest Period Date occurring at the beginning of the relevant Loan Interest Period

**C =** Day Count Fraction

**D** = Loan EURIBOR for the relevant Loan Interest Period

"**Loan Weighted Interest Amount**" means, for each Loan Interest Period for each Loan, the amount determined in accordance with the following formula:

**X*Y**

where:

**X =** the aggregate amount of interest payable in respect of the Notes on the immediately following Note Payment Date; and

**Y =** the Loan Risk Weight Percentage for the relevant Loan

"**Loan Risk Weight Percentage**" means, for each Loan Interest Period for each Loan, the percentage amount calculated in accordance with the following formula:

**P/Q**

where:

**P =** the outstanding principal balance of the relevant Loan as at the Loan Interest Period Date occurring at the beginning of the relevant Loan Interest Period; and

**Q =** the aggregate of P for all outstanding Loans.

The Loan Margin for each Loan Interest Period for each Loan will be subject to the Loan Margin Cap.

"**Loan Margin Cap**" means, for each Loan Interest Period 3.04 per cent. for the Palmanova Loan and 3.04 per cent. for the Francicorta Loan.

***Default Interest***

Under each Loan, if an Obligor fails to pay any amount payable by it under any applicable Finance Document on its due date, interest on such overdue amount will accrue from the due date up to the date of actual payment at a rate which is 1 per cent. higher than the percentage rate per annum which would have been payable if such overdue amount constituted a Loan.

***Compliance with Italian law provisions on interest***

In respect of interest, the parties to each Facilities Agreement acknowledge and agree that:

(a) notwithstanding any other term of any applicable Finance Document, no interest under the applicable Finance Documents in respect of the applicable Loan will accrue, capitalise or be payable to the extent such accrual, capitalisation or payment would be contrary to any provision of Italian law (including article 1283 of the Italian civil code and article 120 of legislative decree no. 385, 1 September 1993 (the "**Italian Banking Law**") (to the extent applicable) and any relevant implementing regulation, each as amended, supplemented or implemented from time to time); and

(b) the rate of interest applicable to each Loan (and inclusive of the relevant component of any fees and expenses applicable to any Facilities Agreement) will not exceed the maximum rate permitted by Italian Law No. 108 of 7 March 1996, any other Italian anti-usury law and any related implementation regulations (together, the "**Italian Usury Law**"). Should the rate of interest applicable to a Loan (and inclusive of the relevant component of any fees and expenses applicable to any Facilities Agreement) at any time exceed the maximum rate permitted by the Italian Usury Law, the relevant interest rate applicable to the relevant Loan will be automatically reduced to the extent necessary to allow the interest rate applicable to such Loan to be in compliance with any applicable law.

***Repayments***

Each Loan has an initial term of two years from the first Interest Payment Date for that Loan, which may be extended by up to three one-year periods by the applicable Borrower, **provided that** on each extension the applicable Borrower satisfies the applicable Extension Option Conditions and submits an Extension Option Notice to the Facility Agent within the applicable Extension Option Period.

"**Extension Option Conditions**" means the First Extension Option Conditions, the Second Extension Option Conditions, or the Third Extension Option Conditions, as the context may require.

"**First Extension Option Conditions**" means, in respect of each Loan, each of the following conditions:

(a) the relevant Company has submitted an Extension Option Notice on any day during the First Extension Option Period;

(b) on both:

(i) the date of delivery of the Extension Option Notice; and

(ii) the Initial Repayment Date,

no Default for non payment is continuing under the applicable Facilities Agreement; and

(c) on or prior to the Initial Repayment Date, Hedging Documents are entered into that comply with the provisions of the applicable Facilities Agreement or, as the case may be, Hedging Documents are amended such that the provisions of the applicable Facilities Agreement are complied with, in each case, in respect of the period from the Initial Repayment Date to the First Extended Repayment Date.

"**First Extension Option Period**" means, for each Loan, the period commencing on the date falling 90 days prior to the Initial Repayment Date and ending on the date falling 10 Business Days prior to the Initial Repayment Date.

"**First Extended Repayment Date**" means the Interest Payment Date falling in August 2022.

"**Second Extension Option Conditions**" means, in respect of each Loan, each of the following conditions:

(a) the relevant Company has submitted an Extension Option Notice on any day during the Second Extension Option Period;

(b) on both:

(i) the date of the Extension Option Notice; and

(ii) the First Extended Repayment Date,

no Default for non payment is continuing under the applicable Facilities Agreement; and

(c) on or prior to the First Extended Repayment Date, Hedging Documents are entered into that comply with the provisions of the applicable Facilities Agreement or, as the case may be, Hedging Documents are amended such that the provisions of the applicable Facilities Agreement are complied with, in each case, in respect of the period from the First Extended Repayment Date to the Second Extended Repayment Date.

"**Second Extension Option Period**" means, for each Loan, the period commencing on the date falling 90 days prior to the First Extended Repayment Date and ending on the date falling 10 Business Days prior to the First Extended Repayment Date.

"**Second Extended Repayment Date**" means the Interest Payment Date falling in August 2023.

"**Third Extension Option Conditions**" means, in respect of each Loan, each of the following conditions:

(a) the relevant Company has submitted an Extension Option Notice on any day during the Third Extension Option Period;

(b) on both:

(i) the date of the Extension Option Notice; and

(ii) the Second Extended Repayment Date,

no Default for non payment is continuing under the applicable Facilities Agreement; and

(c) on or prior to the Second Extended Repayment Date, Hedging Documents are entered into that comply with the provisions of the applicable Facilities Agreement or, as the case may be, Hedging Documents are amended such that the provisions of the applicable Facilities Agreement are complied with, in each case, in respect of the period from the Second Extended Repayment Date to the Third Extended Repayment Date.

"**Third Extension Option Period**" means, for each Loan, the period commencing on the date falling 90 days prior to the Second Extended Repayment Date and ending on the date falling 10 Business Days prior to the Second Extended Repayment Date.

"**Third Extended Repayment Date**" means the Interest Payment Date falling in August 2024.

Each Borrower must repay the applicable Loan and all other Secured Liabilities (if any) in full on the applicable Repayment Date, to the extent that (a) it has not been prepaid prior to such date as described below or (b) it has not already been repaid in accordance with the relevant scheduled amortisation requirement as described under "*Amortisation*" below.

***Amortisation***

Under each Facilities Agreement, the applicable Borrower is required to make scheduled repayments of the relevant Loans, on each Interest Payment Date falling on or after the completion of a Permitted Change of Control, in instalments equal to 0.25 per cent. of the outstanding principal amount of the Loans made to it as at that Interest Payment Date.

Repayment instalments due in accordance with this section shall be reduced *pro rata* upon any prepayment made in the circumstances set out in "*Prepayment and Cancellation*" below.

***Prepayment and Cancellation***

*Prepayment on illegality*

If at any time the Issuer becomes an Illegal Lender, the Issuer shall promptly notify the relevant Facility Agent upon becoming aware of that event and upon the relevant Facility Agent notifying the applicable Company in writing of such event on the last Business Day allowed by the relevant law (but subject to any grace period) (i) the Commitment of the Issuer shall be cancelled and reduced to the extent required by the relevant law and (ii) the applicable Borrower shall repay the Issuer's participation in the applicable Loan together with accrued interest thereon and all other amounts owing to the Issuer under the applicable Finance Documents, in each case to the extent required by the relevant law. This is subject to the caveat that the relevant Borrower or Company (as applicable) has the right to replace the Issuer with another Lender who is willing to purchase the Issuer's Commitments and participations in the applicable Loan, such Lender selected by the applicable Company and approved by the relevant Majority Lenders, acting reasonably.

*Voluntary prepayment*

If the applicable Company or Borrower gives the applicable Facility Agent not less than 5 Business Days (or such shorter period as the applicable Facility Agent may agree) prior notice, that Obligor after the Issue Date may prepay the whole or any part of the applicable Loan, subject to a minimum amount in respect of each Loan of €1,000,000 and integral multiples of €250,000, or in each case, if less, the outstanding amount of such Loan). The First Franciacorta Borrower may not prepay the whole of any Loans made to it unless: (i) the Permitted Merger has completed and the Facility Agent has been provided with each of the documents and other evidence pursuant to paragraph (c) of clause 4.3 (*Conditions Subsequent*) of the Facilities Agreements; or (ii) such prepayment is made simultaneously with the prepayment by the Second Franciacorta Borrower of all loans made to the relevant Borrower.

*Prepayment upon Change of Control – Franciacorta*

Pursuant to the Franciacorta Facilities Agreement, if the Company becomes aware of any Change of Control under the Facilities Agreement, the Company must promptly notify the applicable Facility Agent. Following a Change of Control under the Franciacorta Facilities Agreement, if required by the applicable Majority Lenders, the Facility Agent is required by notice to the Company, to cancel all the Commitments

and declare the Loans together with accrued interest and all other accrued unpaid amounts under the applicable Finance Documents, to be immediately due and payable.

*Prepayment upon Change of Control – definitions*

"**Change of Control**" means:

(a) the applicable Permitted Holders cease to control the applicable Company unless (in the case of Initial Investors only) such cessation of control results directly or indirectly from a Listing; or

(b) following a Listing, a person or group of persons acting in concert who are not (or, in the case of a group, not all) Permitted Holders own (directly or indirectly) or gain control of 50 per cent or more of the voting share capital of the applicable Company; or

(c) other than pursuant to a Propco Sale Event (in the case of the Franciacorta Loan only), the relevant Company ceases to control any Obligor other than the relevant Company.

"**control**" means, for the purposes of each Facilities Agreement, (whether directly or indirectly):

(a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(i) cast, or control the casting of:

(A) in the case of any applicable Company, more than one half of the maximum number of votes that might be cast at a general shareholders' meeting of such Company; or

(B) in the case of an Obligor (other than the relevant Company), all of the votes that might be cast at a general shareholders' meeting of that Obligor; and

(ii) appoint or remove all, in the case of an Obligor (other than the relevant Company), or a majority (in the case of the relevant Company), of the directors, managers or other equivalent officers of the relevant Obligor; and

(b) the holding of:

(i) in the case of the applicable Company, more than one half of the issued share capital of such Company; or

(ii) in the case of an Obligor (other than the relevant Company), all of the issued share capital of such Obligor,

(excluding, in each case, any part of that issued share capital that carry no right to participate beyond a specified amount in a distribution of either profits or capital).

"**acting in concert**" means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition, directly or indirectly, of shares in the applicable Company by any of them, either directly or indirectly, to obtain or consolidate control of the applicable Company.

"**Initial Investors**" means any fund, partnership and/or other entity managed, advised, owned and/or controlled by The Blackstone Group L.P. and/or any of its Affiliates.

"**Listing**" means a listing (or any other sale by way of flotation or public offering in any jurisdiction) by the Initial Investors on a market specified in, or is established under the rules of an exchange specified in, Part II, III or IV of Schedule 3 to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529) of all or any part of the share capital (or equivalent ownership interests) of the applicable Company, or any Holding Company of the applicable Company.

"**Permitted Holders**" means, in respect of each Loan:

(a) the Initial Investors; or

(b) any Qualifying Transferee(s), subject to compliance with the KYC requirements set out under the applicable Facilities Agreement.

"**Qualifying Transferee**" means, on or at any time following completion of the Permitted Merger (in the case of the Franciacorta Loan only) in respect of any Loan, any person which at the date on which the relevant person obtains control of the relevant Company directly or indirectly:

(a) is listed on a recognised stock exchange and has a market capitalisation of more than €5,000,000,000;

(b) has total assets (as set out in its most recent financial statements) of more than €5,000,000,000; and/or

(c) owns, controls and/or manages; and/or is advised and/or managed by any person that owns, controls and/or manages, directly or indirectly, commercial real estate assets (excluding any applicable Property)

(i) in Europe which have an aggregate market value of not less than €2,000,000,000 (or its equivalent in another currency); and/or

(ii) which have an aggregate market value of not less than €5,000,000,000 (or its equivalent in another currency).

(d) In the case of the Franciacorta Loan only, at any time after completion of the Permitted Merger a Propco Sale Event may be completed subject to complying with the conditions set out in that definition.

"**Permitted Change of Control**" occurs when:

(a) a Qualifying Transferee (other than for the avoidance of doubt, any Initial Investor) obtains control whether directly or indirectly, of the relevant Company; or

(b) in the case of the Franciacorta Loan only, a Propco Sale Event occurs.

"**Propco Sale Event**" means, in respect of the Franciacorta Loan only, on or at any time following the completion of the Permitted Merger, the entire issued share capital of Frankie Retail Holdco S.r.l. is transferred to a Subsidiary ("**New Holdco**") of an entity (the "**Qualifying Entity**") provided that the Qualifying Entity would constitute a Qualifying Transferee if the Qualifying Entity obtained control of the Original Company and **further provided that**:

(a) the proposed New Holdco is incorporated in Luxembourg as a "S.à r.l." (*Société à responsabilité limitée*);

(b) the direct Holding Company of the New Holdco ("**New Company**") is incorporated in Luxembourg as a "S.à r.l." and owns 100% of the issued share capital of New Holdco;

(c) such sale is contracted on arm's length terms;

(d) no Event of Default is continuing or would occur as a result of such transfer; and

(e) on or prior to the date of such transfer, the New Holdco and the New Company:

(i) accede to the relevant Facilities Agreement each as Additional Guarantors in accordance with clause 32.2 (*Additional Obligors and Resignation of Original Company*) of the relevant Facilities Agreement; and

(ii) provide the Facility Agent with each of the documents and other evidence listed in the relevant Facilities Agreement, duly executed (where applicable) by each person which is, or is expressed to be, a party to it (unless the requirement to provide any such document or other evidence is waived by the Facility Agent (acting on the instructions of the Majority Lenders) in each case in form and substance satisfactory to the Facility Agent (acting on the instructions of the Majority Lenders).

*Prepayment following receipt of Permitted Land Plot Disposal Prepayment Proceeds, Expropriation Prepayment Proceeds, Insurance Prepayment Proceeds and Recovery Prepayment Proceeds*

Following receipt by an Obligor of any applicable Permitted Land Plot Disposal Prepayment Proceeds, Expropriation Prepayment Proceeds, Insurance Prepayment Proceeds or Recovery Prepayment Proceeds such Obligor will (proportionally) prepay the relevant Loan at the following times:

(a) on the immediately following applicable Interest Payment Date; or

(b) at an earlier date, if the applicable Company so elects by notice in writing received by the Facility Agent no less than 5 Business Days prior to the proposed date for prepayment specified in such notice.

To the extent that any amount which constitutes Excluded Insurance Proceeds or Excluded Recovery Proceeds are not applied within the period set out in the definition of Excluded Insurance Proceeds or Excluded Recovery Proceeds (as applicable) (each a "**Excluded Proceeds Expiry Period**") then the relevant Company shall pay such amount into the relevant Prepayment Account at the end of the relevant Excluded Proceeds Expiry Period and apply such amount in prepayment of the relevant Loan on the earlier of:

(a) the applicable Interest Payment Date falling immediately after the date on which such amount is paid into the relevant Prepayment Account; or

(b) the date elected (by notice in writing received by the relevant Facility Agent no less than five Business Days prior to that date) by the relevant Company.

*Prepayments - general*

Any repayment or prepayment under a Loan must be made together with (without double counting) any:

(a) accrued but unpaid interest (including the applicable Loan Margin) on the amount repaid or prepaid;

(b) applicable Break Costs and the applicable Prepayment Fee (if any); and

(c) payment of the other applicable Secured Liabilities which become due and payable as a result of the prepayment or repayment,

but will otherwise be made without premium or penalty.

The relevant Company has agreed to reimburse the Issuer or, following delivery of a note enforcement notice, the Representative of the Noteholders, an amount equal to any negative interest (if any) payable by (or incurred by) the Issuer as a result of any prepayment of the Loans being made on a date other than the last day of a Loan Interest Period.

*Effect of prepayments on the relevant Loan*

No Borrower may re-borrow any part of any Loan which has been repaid or prepaid and no amount of the Total Commitments cancelled under any Facilities Agreement may be subsequently reinstated.

If all or any part of any Lender's participation in a Loan is repaid or prepaid, an amount of that Lender's Commitments (equal to the amount of the participation which is repaid or prepaid) will be deemed to be cancelled on the date of such repayment or prepayment. Subject to the following paragraph, any such cancellation shall reduce each Lender's Commitments on a *pro rata* basis.

Any prepayment of the Loans will be applied pro rata against the Loans (in the case of the Franciacorta Loan only, with respect to the relevant Propco, the Loans made to that Propco) other than:

(a) other than: (i) in the case of prepayment in accordance with *"The Loan Portfolio and Loan Security – Prepayment and Cancellation – Prepayment on Illegality*" above, in respect of which such prepayment will be applied against the Illegal Lender's participations in the relevant Loan (and, to the extent the Illegal Lender's participation in the relevant Loan is not being prepaid in full, between such participations as required as a result of the relevant illegality);

(b) in the case of prepayment under the applicable Prepayment Side Letter, in respect of which such prepayment will be applied against the applicable Lender's (as defined in the applicable Prepayment Side Letter) participation in the applicable Loan (and to the extent the applicable Lender's participations in the applicable Loan are not prepaid in full, between such participations as required as a result of the terms of the relevant Prepayment Side Letter and applicable law.

***Bank Accounts***

*Opening of Control Accounts*

The following Obligors must open the following bank accounts in accordance with the applicable jurisdiction, signing, and timing requirements set out in the table below (the "**Control Accounts Table**").

| Obligor | Account name | Account jurisdiction | Signing rights | To be opened by |
|---|---|---|---|---|
| Each Borrower, each Company, Palmanova Holdco and Franciacorta Holdco | General Account(s) | Italy or Luxembourg (as applicable) | Relevant Obligor | Account Opening Backstop Date |
| Palmanova Holdco and Franciacorta Holdco | Equity Cure Account | Italy or Luxembourg (as applicable) | Relevant Facility Agent | To be opened following a Permitted Change of Control |
| Each Borrower | Cash Trap Account | Italy | Relevant Facility Agent | Account Opening Backstop Date |
| Each Borrower | Debt Service Account | Italy | Relevant Facility Agent | Account Opening Backstop Date |
| Each Borrower | Prepayment Account | Italy | Relevant Facility Agent | Account Opening Backstop Date |
| Each Propco | Rental Income Account | Italy | Relevant Facility Agent | Account Opening Backstop Date |
| Each Borrower | Hedge Collateral Account | Italy | Relevant Borrower | No deadline – to be opened if required by an applicable Borrower Hedge Counterparty |
| Each Propco | Rent Collection Account | Italy | Relevant Borrower | Account Opening Backstop Date |
| Each relevant Obligor | Service Charge Account | Italy | Relevant Borrower o | Account Opening Backstop Date |

If an Obligor wishes to open and maintain an additional general account, it may do so **provided that** the account satisfies the requirements described in "*Bank Accounts – Control Accounts generally*" and the Obligor has created and perfected the required security interest over the account in favour of the applicable Security Agent. Other than any Existing Account, no Obligor may, without the prior written consent of the applicable Facility Agent (acting on the instructions of the relevant Majority Lenders) maintain any bank account other than any Permitted Special Purpose Account or any Control Account.

*Existing Accounts*

Under each Facilities Agreement, the applicable Obligors shall procure that no applicable Existing Account is allowed to be overdrawn. Unless designated as a Control Account in accordance with the applicable Facilities Agreement, the balance of each relevant Existing Account has to be transferred to: (i) in respect of that part of the balance which represents applicable Service Charge Proceeds or sums representing any VAT chargeable in respect of applicable Rental Income, the Service Charge Account maintained by the applicable Propco, or with respect to any VAT chargeable in respect of Rental Income, a General Account or a Service Charge Account; (ii) in respect of any part of the balance which represents applicable Rental Income (other than applicable Service Charge Proceeds or sums representing any VAT chargeable in respect of applicable Rental Income) received after the Utilisation Date or received in respect of any period falling after the Utilisation Date, the Propco's applicable Rental Income Account; and (iii) in respect of all other amounts, an applicable General Account, in each case on or prior to the earlier of the date that such Existing Account is closed and the date falling five Business Days after the date of the applicable Service Charge Account, applicable Rent Collection Account, applicable Debt Service Account, applicable Rental Income Account or applicable General Account (as applicable) is opened.

*Account Banks*

Each Control Account must initially be opened with an Initial Account Bank operating out of its branch in the jurisdiction specified in the column entitled "Account jurisdiction" against that Control Account in the Control Accounts Table.

Each Obligor may (in their sole discretion and at their own cost), subject to the paragraphs below, transfer any of its Control Account(s) to any other Account Bank at any time **provided that** the new Account Bank or Hedge Collateral Account Bank has its designated branch in the same jurisdiction as the Account Bank in respect of the existing Control Account that is being replaced. The relevant Obligor must give the applicable Facility Agent and the applicable Security Agent prior notice of any such transfer (and shall provide account details as may be reasonably required by the Facility Agent). The applicable Facility Agent and the applicable Security Agent at the cost of the relevant Obligor shall provide assistance as is reasonably required for such transfer in respect of any applicable Control Account.

Under the applicable Facilities Agreement, each Account Bank with which a Control Account and Permitted Special Purpose Account is held must hold a Requisite Rating at the time the Control Account or Permitted Special Purpose Account is opened with it. If any Account Bank with which a Control Account and/or Permitted Special Purpose Account is held ceases to have a Requisite Rating, the relevant Facility Agent may request in writing (an "**New Account Request**") that any Control Account and/or Permitted Special Purpose Account held with such Account Bank is transferred to a new Account Bank that holds a Requisite Rating (or, if it is not possible to find a replacement Account Bank with a Requisite Rating, any other bank or financial institution agreed between the relevant Facility Agent and the applicable Obligor (each acting reasonably)),.

As soon as reasonably practicable after (as applicable) either (i) receipt of a New Account Request from the relevant Facility Agent (but in any event within 60 days of such receipt) or (ii) agreement is reached as to the identity of the Account Bank to which the relevant Control Account and/or Permitted Special Purpose Account is to be transferred (but in any event within 60 days of such agreement having been reached), the relevant Obligor must transfer (and must do all other things reasonably necessary to effect such transfer) that Control Account and/or Permitted Special Purpose Account to an Account Bank with the Requisite Rating or the agreed upon Account Bank (as applicable) and must provide such account details as may be required by the applicable Facility Agent. The applicable Facility Agent and applicable Security Agent must at the cost of the relevant Obligor provide assistance as is required to effect such transfer.

Each Obligor must do all such things as the applicable Facility Agent or the applicable Security Agent reasonably requests in order to facilitate any change of Account Bank (including, without limitation, the execution of bank mandate forms, transfer of balances, issue of revised payment instructions relating to any tenant or guarantor under any applicable Occupational Lease and the granting and/or perfection of Loan Security over the new accounts).

Any amounts standing to the credit of a Control Account may only be transferred to a new Control Account at a new Account Bank if the relevant Obligor has created and perfected Loan Security over the new account and provided such other documentation in connection with such transfer as the applicable Facility Agent

may reasonably request (including, without limitation, corporate authorisations and a legal opinion addressed to the applicable Finance Parties).

*Control Accounts generally*

Each Control Account will earn interest at such rate(s) as each Obligor may from time to time agree with the relevant Account Bank and must be denominated in Euros.

Other than as a result of debiting of account fees by an Account Bank, no Control Account may become overdrawn and to the extent that any withdrawal (if made in full) would cause a Control Account to become overdrawn, such withdrawal must be reduced so that it will not result in such Control Account becoming overdrawn.

Each Obligor may pay to the relevant Account Bank such reasonable transaction charges and other fees (in each case, consistent with such Account Bank's or Hedge Collateral Account Bank's usual practice in relation to similar accounts with persons having a similar credit profile to the relevant Obligor) as they may from time to time agree with the Account Bank in respect of the Control Accounts.

If an Obligor makes any payment into a Control Account which is not held in its name or for its benefit, a Subordinated Loan shall arise owed by the relevant Obligor to the Obligor making the payment.

To the extent that any payment is made from a Control Account by or on behalf of any Obligor to or for the benefit of another Obligor, a Subordinated Loan shall arise owed by the Obligor on whose behalf the payment was made to the Obligor which made that payment.

*Payments into Control Accounts*

The applicable Borrower shall procure that all Rental Income is paid directly into the applicable Rent Collection Account.

Each Borrower will ensure that all Net Rental Income (save for dilapidations under any Occupational Lease which may be paid directly to a General Account) is transferred into the relevant Rental Income Account promptly after such Rental Income is paid into the relevant Rent Collection Account and, in any case, not less frequently than once per month.

The applicable Obligors will ensure that: (i) all proceeds of any applicable Insurance Policy in respect of operating losses or loss of rent; (ii) all amounts payable to it (not otherwise paid directly to the applicable Facility Agent or the applicable Security Agent) under any applicable Hedging Document (except for any collateral posted by a Borrower Hedge Counterparty under a Hedging Document which is required to be paid to a Hedge Collateral Account under the terms of that Hedging Document); (iii) any amount standing to the credit of any applicable Rent Deposit Account which it is entitled to withdraw for its own account to the extent such amount constitutes applicable Net Rental Income (other than any such amounts which are paid directly into its Rent Collection Account); (iv) payments made in accordance with paragraph (d) of clause 13 (Hedge Collateral Account); and (iv) any applicable Disposal Proceeds other than:

(a) any Permitted Land Plot Disposal Prepayment Proceeds;

(b) any Excluded Permitted Land Plot Disposal Proceeds;

(c) Disposal Proceeds falling under paragraph (g) of the definition of Permitted Disposal which shall be applied immediately upon receipt in prepayment of the applicable Loan and the discharge of all other applicable Secured Liabilities, and

(d) any Expropriation Prepayment Proceeds,

are promptly paid directly into the applicable Rental Income Account.

Each Obligor will ensure that: (i) any Permitted Land Plot Disposal Prepayment Proceeds received by it; (ii) any Insurance Prepayment Proceeds (other than in respect of operating losses, loss of rent or such proceeds paid directly to the Facility Agent or the Security Agent) received by it; (iv) any Recovery Prepayment Proceeds received by it; and (v) any Expropriation Prepayment Proceeds received by it, are promptly paid directly into the applicable Prepayment Account.

Each Obligor will ensure that: (i) Excluded Permitted Land Plot Disposal Proceeds received by it; (ii) and Excluded Insurance Proceeds received by it (other than any proceeds of any Insurance Policy in respect of operating losses or loss of rent); and (iii) any Excluded Recovery Proceeds received by it, are promptly paid directly into its General Account.

Under each Facilities Agreement, any collateral posted by a Borrower Hedge Counterparty under a Hedging Document shall be paid into the relevant Hedge Collateral Account.

*Rent Collection Accounts*

The applicable Obligor or the applicable Permitted Property Manager will have signing rights to its Rent Collection Account.

Subject to "*Bank Accounts – Withdrawals*" below, the relevant Obligor or Permitted Property Manager (as applicable) may withdraw monies from its Rent Collection Account at any time: (1) to pay (or to transfer such amounts to an applicable Service Charge Account for payment of) (i) applicable Service Charge Expenses; (ii) VAT chargeable in respect of applicable Rental Income or transfer of such amounts to a General Account or a Service Charge Account; (iii) Irrecoverable Service Charge Expenses; (iv) any applicable Registration Taxes; (v) any applicable Property Taxes; or (vi) any applicable Rent Collection Fees, and (2) to transfer applicable Net Rental Income to its Rental Income Account.

If a Loan Event of Default is continuing under a Facilities Agreement, the relevant Facility Agent may direct any tenant under an Occupational Lease to pay all applicable Rental Income directly into the relevant Rental Income Account. However, if no Loan Event of Default is continuing, the relevant Facility Agent must notify and redirect any such tenant to pay all Rental Income falling due after such notification directly into the relevant Rent Collection Account.

*Rental Income Accounts*

The relevant Facility Agent will have sole signing rights to each Rental Income Account under the applicable Facilities Agreement.

On the last Business Day of each month and 5 Business Days before each Interest Payment Date, the Facility Agent will withdraw from each Rental Income Account and:

(a) *first*, transfer to the applicable Debt Service Account, an amount equal to the lower of:

  (i) all amounts standing to the credit of the applicable Rental Income Account; and

  (ii) an amount equal to the aggregate amount required to be paid to the applicable Finance Parties in accordance with the first four stages of the Debt Service Waterfall described below on the next applicable Interest Payment Date minus any amounts transferred to the applicable Debt Service Account since the last applicable Interest Payment Date; and

(b) *second*, if a Cash Trap Event occurred under the relevant Loan on the previous Interest Payment Date, transfer any surplus into the applicable Cash Trap Account (or if no Cash Trap Event occurred on the previous Interest Payment Date transfer such surplus to a General Account).

*Debt Service Accounts*

The relevant Facility Agent will have sole signing rights to the Debt Service Account under each Facilities Agreement and on each applicable Interest Payment Date, will withdraw from the applicable Debt Service Account an amount that is necessary for application towards:

(a) *first*, payment *pro rata* of any unpaid costs, fees and expenses then due and payable to the applicable Security Agent (including any due to any Receiver or Delegate), the applicable Facility Agent and any Arranger under the applicable Finance Documents;

(b) *second*, payment *pro rata* of any unpaid costs, fees and expenses (including the Securitisation Periodic Fees and Costs) then due and payable to the applicable Finance Parties (other than the applicable Security Agent, any Receiver or Delegate, the applicable Facility Agent and any

Arranger) under the applicable Finance Documents and the parties specified in the section "*Ongoing Financing Costs*" below;

(c) *third*, payment *pro rata* of all accrued interest then due and payable to the applicable Lenders under the applicable Finance Documents;

(d) *fourth*, payment *pro rata* to the applicable Lenders of any principal then due and payable under the applicable Facilities Agreement;

(e) *fifth*, if a Cash Trap Event has occurred under the relevant Loan on that Interest Payment Date any surplus will be paid into the applicable Cash Trap Account; and

(f) *sixth*, any surplus will be paid into the applicable General Account of the applicable Borrower as specified in the Compliance Certificate for that purpose,

(the "**Debt Service Waterfall**").

*Ongoing Financing Costs*

Pursuant to the terms of each Facilities Agreement, the relevant Borrower is required to pay the ongoing fees, costs and expenses and other charges properly incurred by the Issuer in connection with the securitisation as notified by the Issuer to the Borrower and the Facility Agent. Broadly speaking, the ongoing financing costs are the ongoing costs and expenses incurred by the Issuer in connection with the Securitisation and include:

(i) the ongoing Administrative Fees of the Issuer;

(ii) the other ongoing expenses of the Issuer, including rating agency, auditor, stock exchange and Monte Titoli fees; and

(iii) certain other administrative fees and expenses of the Issuer,

the "**Securitisation Periodic Fees and Costs**".

The Securitisation Periodic Fees and Costs will be payable by the relevant Borrower to the Issuer on or prior to each Note Payment Date and include any amounts anticipated to become due and payable in the relevant note interest period. The Issuer will be entitled to re-charge such amounts to the relevant Obligor.

Pursuant to the terms of a side letter, the Issuer is restricted from amending the fees of certain third parties without the consent of the relevant Obligor, such consent not to be unreasonably withheld or delayed.

The Issuer has also agreed not to agree to any uplift in fees to any replacement third party service provider without the prior written consent of the relevant Borrower and the relevant Company.

The relevant Obligor has agreed that it will, within five Business Days of demand, pay to each applicable Finance Party, including the Issuer or, following delivery of the relevant note enforcement notice, the Representative of the Noteholders, the amount of all costs and expenses (including legal fees, Primary Servicing Fees or Special Servicing Fees) incurred by that party including in connection with the enforcement of any rights, powers, discretions and remedies under any applicable Finance Document and the Loan Security and, to the extent applicable, any Securitisation transaction documents under the Securitisation and any proceedings instituted by or against the applicable Security Agent as a consequence of taking or holding the security or enforcing any of such rights, powers, discretions and remedies.

*Prepayment Accounts*

The relevant Facility Agent will have sole signing rights to the relevant Prepayment Account under each Facilities Agreement. As long as no Loan Event of Default is continuing under the relevant Facilities Agreement, on each applicable Interest Payment Date and any other date when a prepayment is to be made under the relevant Loan, the applicable Facility Agent will (and is irrevocably authorised by the applicable Obligors to) withdraw all amounts standing to the credit of the applicable Prepayment Account for application in the following order under each Facilities Agreement:

(a) *first*, payment *pro rata* of any unpaid costs, fees and expenses due to the applicable Security Agent (including any due to any Receiver or Delegate), the applicable Facility Agent and the Arranger under the applicable Finance Documents;

(b) *second*, payment *pro rata* of any unpaid costs, fees and expenses due to the applicable Finance Parties (other than the applicable Security Agent, any Receiver or Delegate, the applicable Facility Agent and the Arranger) under the applicable Finance Documents;

(c) third, in prepayment of the applicable Loan in the relevant amounts required as described under "*Prepayment following receipt of Permitted Land Plot Disposal Prepayment Proceeds, Expropriation Prepayment Proceeds, Insurance Prepayment Proceeds and Recovery Prepayment Proceeds*" above, **provided that** all amounts payable in connection with such prepayment shall be payable from the amount withdrawn from the relevant Prepayment Account (and the principal amount prepaid shall be reduced accordingly);

(d) *fourth*, in payment of any other applicable Secured Liabilities then due and payable under the relevant Loan; and

(e) *fifth*, in payment of any surplus to the applicable General Account as specified in the applicable Compliance Certificate for that purpose.

*Cash Trap Accounts*

The applicable Facility Agent will have sole signing rights to the Cash Trap Account under each Facilities Agreement. As long as no Loan Event of Default is continuing under the applicable Facilities Agreement or would occur as a result of the relevant withdrawal, if on any two consecutive applicable Interest Payment Dates no Cash Trap Event occurs under the applicable Facilities Agreement **provided that** when determining if a Cash Trap Event has occurred (1) the balance of the applicable Equity Cure Account will be deemed to be zero; (2) the undrawn amount of any Eligible Letter of Credit–Equity Cure will be deemed to be zero; and (3) the balance of the applicable Cash Trap Account will be deemed to be zero, the applicable Facility Agent will on the second of such consecutive applicable Interest Payment Dates withdraw all of the amounts standing to the credit of the applicable Cash Trap Account and transfer such amount to the applicable General Account specified in the Compliance Certificate for that purpose.

The Facility Agent will withdraw from the applicable Cash Trap Account and transfer:

(a) on an applicable Interest Payment Date, to the applicable Debt Service Account, an amount equal to any shortfall in amounts due and payable in accordance with the first four steps of the Debt Service Waterfall;

(b) promptly and no more than five Business Days after a request from the applicable Obligor, to the applicable General Account specified by the Company, the amount then due (**provided that** such amounts became due no more than three months prior to the proposed date of that withdrawal) or anticipated by the applicable Obligor (acting reasonably) as being likely to be due and payable during the next month of:

(i) **provided that** no Loan Event of Default is continuing or would occur under the applicable Facilities Agreement as a result of the transfer:

(A) applicable Corporate Expenses and management fees (other than management fees which are recoverable from applicable Service Charge Proceeds) **provided that** the aggregate amount of Corporate Expenses and such management fees that may be retained in the Cash Trap Account withdrawn under this sub-paragraph (A) does not exceed €1,000,000 in aggregate in any Financial Year;

(B) leasing commissions, letting costs, costs in respect of Permitted Capex Projects and tenant improvements and incentives; and

(ii) applicable Irrecoverable Service Charge Expenses, Service Charge Expenses and taxes (except Property Taxes and Registration Taxes), in each case, in respect of the relevant Property or Properties.

Any request from the relevant Borrower or Company (as applicable) for a withdrawal from the Cash Trap Account of amounts referred to in paragraph (b) above may not be made more than twice per calendar month.

If, following a Permitted Change of Control, an applicable Cash Trap Event occurs on any two consecutive applicable Interest Payment Dates (**provided that** when determining if an applicable Cash Trap Event has occurred: (1) the balance of the applicable Equity Cure Account shall be deemed to be zero, (2) the undrawn amount of any applicable Eligible Letter of Credit – Equity Cure shall be deemed to be zero; and (3) the balance of the applicable Cash Trap Account shall be deemed to exclude the amount standing to the credit of the Cash Trap Accounts that, had it been applied in prepayment on or before that second consecutive Interest Payment Date (the "**Second IPD**") would have resulted in no Cash Trap Event occurring on that Second IPD, the relevant Facility Agent shall (and is irrevocably instructed by each applicable Obligor to) on the second of such consecutive applicable Interest Payment Dates withdraw and/or retain (as applicable) (i) all amounts standing to the credit of the applicable Cash Trap Account of the relevant Company that it projects to be withdrawn under paragraph (b) above on or prior to the next applicable Interest Payment Date; (ii) an amount sufficient to ensure that no applicable Cash Trap Event would have occurred on the second consecutive applicable Interest Payment Date and apply that amount in prepayment of the relevant Loan in accordance with the relevant Facilities Agreement; and (iii) any surplus must be transferred to the relevant General Account specified in the relevant Compliance Certificate **provided that** the minimum prepayment amount, notice requirements and integral multiple requirements described in "*Prepayments and Cancellation –Voluntary Prepayment*" above will not apply in such circumstances and all amounts payable in connection with such prepayments in accordance with the relevant Facilities Agreement (including, for example, Prepayment Fees and Break Costs) shall be paid from the amounts withdrawn from the applicable Cash Trap Account and the principal amount prepaid shall be reduced accordingly on the date of the relevant prepayment.

Under each Facilities Agreement, the applicable Company may at any time elect that all or any part of any amounts standing to the credit of the applicable Cash Trap Account are applied in prepayment of the relevant Loan in accordance with the relevant Facilities Agreement **provided that** (a) for the purposes of any such prepayment the minimum prepayment amount and integral multiples requirements described in "*Prepayments and Cancellation – Voluntary Prepayment*" above shall not apply, and (b) all amounts payable in connection with such prepayment in accordance with the relevant Facilities Agreement shall be paid from the amount withdrawn from the applicable Cash Trap Account (and the principal amount prepaid shall be reduced accordingly) on the date of the relevant prepayment.

No amounts may be paid into a Cash Trap Account other than any amounts to be paid into the relevant Cash Trap Account from either (i) the relevant Debt Service Account as described under "*Bank Accounts – Debt Service Accounts*" above or (ii) any Rental Income Account as described under *"Bank Accounts - Rental Income Accounts*" above.

*Equity Cure Accounts*

The Facility Agent will have sole signing rights to the Equity Cure Account under each Facilities Agreement. As long as no Loan Event of Default is continuing under the applicable Facilities Agreement, if on an applicable Interest Payment Date the applicable Obligors are in compliance with the requirements of: (i) the applicable LTV Ratio Covenant (**provided that** when determining such compliance (1) the balance of the applicable Equity Cure Account will be deemed to be zero, (2) the undrawn amount of any Eligible Letter of Credit – Equity Cure will be deemed to be zero, and (3) to the extent on such Interest Payment Date any amounts standing to the credit of the applicable Cash Trap Account will be transferred to an applicable General Account such amount will be deducted from the balance standing to the credit of the applicable Cash Trap Account); and (ii) the applicable Debt Yield Covenant (provided that when determining such compliance (1) the balance of the applicable Equity Cure Account will be deemed to be zero, and (2) the undrawn amount of any Eligible Letter of Credit – Equity Cure will be deemed to be zero and (3) to the extent on such Interest Payment Date any amounts standing to the credit of the applicable Cash Trap Account will be transferred to an applicable General Account pursuant to the applicable Facilities Agreement such amount will be deducted from the balance standing to the credit of the applicable Cash Trap Account), the Facility Agent will withdraw all amounts standing to the credit of the applicable Equity Cure Account and transfer that amount to the General Account specified in the applicable Compliance Certificate for that purpose and/or release each Eligible Letter of Credit – Equity Cure.

If on an applicable Interest Payment Date the applicable Obligors are not in compliance with the requirements of: (i) the applicable LTV Ratio Covenant (provided that when determining such compliance (1) the balance of the applicable Equity Cure Account shall be deemed to be zero, (2) the undrawn amount of any Eligible Letter of Credit – Equity Cure shall be deemed to be zero; and (3) to the extent on such Interest Payment Date any amounts standing to the credit of the applicable Cash Trap Account will be transferred to an applicable General Account such amount shall be deducted from the balance standing to the credit of the applicable Cash Trap Account); or (ii) the applicable Debt Yield Covenant (provided that when determining such compliance (1) the balance of the applicable Equity Cure Account will be deemed to be zero) and (2) the undrawn amount of any Eligible Letter of Credit – Equity Cure will be deemed to be zero and (3) to the extent on such Interest Payment Date any amounts standing to the credit of the applicable Cash Trap Account will be transferred to an applicable General Account such amount shall be deducted from the balance standing to the credit of the applicable Cash Trap Account, the Facility Agent will withdraw all amounts standing to the credit of the applicable Equity Cure Account and/or make a demand under an Eligible Letter of Credit – Equity Cure and, in each case, apply such amounts in prepayment of the applicable Loan in accordance with "*Prepayments – Voluntary prepayment*" together with the payment of all amounts payable in connection with such prepayment (e.g. Prepayment Fees, break costs, etc) provided that the minimum prepayment and integral multiple requirements for voluntary prepayments will not apply in such circumstances but the other amounts payable in connection with loan prepayments (including, for example, Prepayment Fees and Break Costs) will still be due and payable from the amount to be withdrawn.

The applicable Company may at any time elect that all or part of any amounts standing to the credit of the applicable Equity Cure Account are applied in voluntary prepayment of the applicable Loan together with the payment of all amounts payable in connection with such prepayment (e.g. Prepayment Fees, break costs, etc) provided that the minimum prepayment and integral multiple and notice requirements described in "*Prepayments and Cancellation – Voluntary Prepayment*" above for voluntary prepayments will not apply in such circumstances and all amounts payable in connection with such prepayments in accordance with the relevant Facilities Agreement (including, for example, applicable Prepayment Fees and applicable Break Costs) shall be paid from amounts withdrawn from the Equity Cure Account and the principal amounts prepaid shall be reduced accordingly.

No amount may be deposited into an Equity Cure Account without the prior written consent of the Facility Agent (acting on the instructions of the applicable Majority Lenders) unless it is in accordance with "*Financial Covenants – Equity Cure*".

The Facility Agent will not make a demand under an Eligible Letter of Credit–Equity Cure unless: (i) the applicable Obligors are in breach of the applicable LTV Ratio Covenant or applicable Debt Yield Covenant on an Interest Payment Date as discussed above; (ii) at any time while a Loan Event of Default is continuing under the applicable Facilities Agreement provided that the proceeds received by the Facility Agent in connection with such demand are applied as described under "*Partial Payments*" below; or (iii) if the applicable Obligors have failed to renew the relevant Eligible Letter of Credit–Equity Cure (unless, in lieu of such renewal, the applicable Obligors have procured that cash in an aggregate amount not less than the undrawn amount of that Eligible Letter of Credit-Equity Cure has been credited to the applicable Equity Cure Account) by the date falling three months prior to its expiry date provided that the proceeds received by the Facility Agent in connection with such demand are transferred to the applicable Equity Cure Account.

If the issuer of the Eligible Letter of Credit–Equity Cure at any time ceases to have a Requisite Rating, the Company must promptly, and in any event within ten Business Days of the date that the Facility Agent (acting on the instructions of the relevant Majority Lenders) notifies the Company that the relevant issuer ceased to have a Requisite Rating and that it requires the applicable Company to comply with the requirements described in this paragraph, arrange for a replacement Eligible Letter of Credit–Equity Cure to be provided to the Facility Agent from an issuer with a Requisite Rating or for a cash payment to be made to the applicable Equity Cure Account in an aggregate amount that is equal to the amount of the Eligible Letter of Credit–Equity Cure in issue at that time.

*Service Charge Accounts*

The applicable Propco and/or the applicable Permitted Property Manager (as applicable) will have signing rights to the applicable Service Charge Account(s). Subject to the terms discussed in "*Bank Accounts – Withdrawals*", a Propco or Permitted Property Manager (as applicable) may: (i) withdraw monies from the applicable Service Charge Account to pay applicable Service Charge Expenses, applicable Irrecoverable

Service Charge Expenses, applicable Property Taxes, applicable Registration Taxes, applicable Rent Collection Fees and/or applicable VAT in respect of applicable Rental Income; (ii) withdraw from its Service Charge Account any amount in respect of VAT on Rental Income and transfer such amount to a General Account and (ii) within 60 days of the last day of each Financial Year, withdraw and transfer to the applicable General Account all the monies in the applicable Service Charge Account on the last day of that Financial Year **provided that** no amount that was standing to the credit of the applicable Service Charge Account which is required to be paid in respect of applicable Service Charge Expenses, applicable Irrecoverable Service Charge Expenses, applicable VAT payable in respect of applicable Rental Income, applicable Property Taxes, applicable Registration Taxes or applicable Rent Collection Fees which are payable, but not yet paid, in respect of that Financial Year may be withdrawn and transferred to the applicable General Account.

*General Accounts*

Each Obligor will have sole signing rights to its General Account(s). Subject to the terms discussed in "*Bank Accounts – Withdrawals*", each Obligor may withdraw from its General Account(s) and make payments (a) permitted by and in compliance with the terms of the applicable Finance Documents, including, for the avoidance of doubt, Permitted Distributions.

Each Obligor must ensure that any amount transferred from the applicable Cash Trap Account to the applicable General Account for the specific purpose of funding any of the items described in paragraph (b) of "*Bank Accounts – Cash Trap Account*" is only used for such purpose. Otherwise, the applicable Obligor may, at the election of the applicable Company, transfer such amount back to the applicable Cash Trap Account or apply such amount towards a voluntary prepayment of the applicable Loan. The minimum prepayment and integral multiple for voluntary prepayments will not apply in such circumstances and all other amounts payable in connection with such loan prepayments in accordance with the relevant Facilities Agreement (e.g. Prepayment Fees, break costs, etc.) shall be paid from amounts withdrawn from the General Account and the principal amount prepaid shall be reduced accordingly.

*Hedge Collateral Account*

Under each Facilities Agreement, the relevant Obligor will have sole signing rights to any Hedge Collateral Account opened by it.

Each Obligor shall ensure that any collateral posted by a Borrower Hedge Counterparty under an applicable Hedging Document is posted directly into the applicable Hedge Collateral Account in relation to that Hedging Document opened and maintained with an Account Bank that has a Requisite Rating.

The relevant Obligor may grant security or quasi security over a Hedge Collateral Account in favour of a Borrower Hedge Counterparty (or its agent or nominee) to the extent required pursuant to the terms of any Hedging Document.

An Obligor may withdraw and apply any amounts or securities standing to the credit of an applicable Hedge Collateral Account that have been posted by an applicable Borrower Hedge Counterparty (i) in or towards payment or delivery to that Borrower Hedge Counterparty of any amounts or securities that are payable or deliverable to this Borrower Hedge Counterparty under the relevant Hedging Document or (ii) transfer to the applicable Rental Income Account in accordance with "*Bank Accounts – Payments into Control Accounts*" above any amounts or securities (or the cash proceeds of sale of any securities) payable or deliverable to the applicable Borrower, in each case in accordance with the terms of the relevant Hedging Documents.

The relevant Obligor may not make any withdrawals from the Hedge Collateral Account other than a withdrawal of any amounts or securities standing to the credit of a Hedge Collateral Account to make: (i) a payment or delivery to a Borrower Hedge Counterparty of amounts or securities that are payable or deliverable to that Borrower Hedge Counterparty in accordance with the terms of the relevant Hedging Document; (ii) a transfer to the relevant Rental Income Account of any amounts or securities (or the cash proceeds of the sale of any securities) that are payable or deliverable to any Obligor in accordance with the terms of the relevant Hedging Document; and/or (iii) if the relevant hedging transactions have been closed out or terminated in accordance with the relevant Hedging Document and any amounts or securities payable or deliverable to the Borrower Hedge Counterparty under the relevant Hedging Document have been paid

or delivered and are not, under the terms of any relevant Hedging Document, required to be returned to that Borrower Hedge Counterparty, a transfer to a General Account.

*Withdrawals*

If a Loan Event of Default is continuing under any Facilities Agreement, the applicable Facility Agent may (a) operate any applicable Unblocked Account, (b) may notify the relevant Obligor that its rights to operate such Unblocked Account are suspended (and the applicable Security Agent may notify each Account Bank that no amount may be withdrawn from any applicable Unblocked Account without its prior written consent (acting on the instructions of the relevant Majority Lenders)) and (c) may withdraw from, and apply amounts standing to the credit of, any applicable Unblocked Account in or towards any purpose for which monies in any applicable Unblocked Account may be applied.

No withdrawal may be made by any applicable Obligor from an applicable Control Account other than (a) with the prior written consent of the relevant Facility Agent (acting on the instructions of the applicable Majority Lenders) and (b) in accordance with the paragraph below or (c) if an Account Unblocking Notice has been served.

Notwithstanding the terms of the applicable Facilities Agreement, (a) at any time prior to an Account Blocking Notice being served, any applicable Obligor may make withdrawals from any applicable Unblocked Account to pay: (1) amounts due and payable in respect of applicable Taxes, applicable Service Charge Expenses, applicable Irrecoverable Service Charge Expenses; and (2) to the applicable Debt Service Account an amount equal to any shortfall in amounts due and payable in accordance with the first four steps of the Debt Service Waterfall, and (b) at any time following an applicable Account Blocking Notice being served and prior to an applicable Account Unblocking Notice being served in accordance with the below, other than at any time after the relevant Facility Agent has provided notice to the applicable the applicable Company (in accordance with "*Loan Events of Default – Acceleration*", any applicable Obligor may (and the applicable Security Agent and the applicable Facility Agent shall provide written consent to the relevant Account Bank for such payment to be made (if applicable)) or the relevant Facility Agent shall (promptly following a request from the applicable Borrower) make withdrawals from any applicable Unblocked Account to pay: (1) amounts due and payable in respect of applicable Taxes, applicable Service Charge Expenses, applicable Irrecoverable Service Charge Expenses and any ground lease rent and (2) to the applicable Debt Service Account an amount equal to any shortfall in amounts due and payable in accordance with the first four steps of the Debt Service Waterfall, in each case to the extent that there are sufficient amounts standing to the credit of the Unblocked Accounts to make such payments.

Following service of an Account Blocking Notice, if the relevant Loan Event of Default ceases to be continuing (and no other Loan Event of Default is continuing under the applicable Facilities Agreement), the relevant Security Agent shall, upon request by the applicable Company or the applicable Obligor, promptly notify each applicable Account Bank that the prior written consent of the relevant Security Agent (acting on the instructions of the relevant Majority Lenders) is no longer required in relation to withdrawal of amounts from the applicable Unblocked Accounts (an "**Account Unblocking Notice**").

Whilst a Loan Event of Default is continuing under the applicable Facilities Agreement as a result of non-payment or at any time after the applicable Facility Agent has provided notice to the applicable Company in accordance with "*Loan Events of Default – Acceleration*" that all of the applicable Loans, together with accrued interest, and all other amounts accrued or outstanding under the applicable Finance Documents, are immediately due and payable, the monies standing to the credit of any applicable Control Account (other than any applicable Permitted Special Purpose Account) may be applied by the relevant Facility Agent or, following the enforcement of the applicable Loan Security, the applicable Security Agent in or towards payment of the applicable Secured Liabilities to the extent then due and payable.

The applicable Finance Parties are not responsible to the applicable Obligors for the non-payment of any of the applicable Secured Liabilities which could be paid out of monies standing to the credit of any applicable Control Account nor will the applicable Finance Parties be liable for any withdrawal from an applicable Control Account wrongly made (except for gross negligence, fraud or wilful misconduct by any applicable Finance Party).

*Miscellaneous Accounts provisions*

Any amount received or recovered by an Obligor otherwise than by credit to an applicable Control Account or an applicable Permitted Special Purpose Account must be held subject to the Security created by the applicable Finance Documents and immediately be paid to the relevant Control Account or Permitted Special Purpose Account in the same funds as received or recovered.

If any payment is made into an applicable Control Account in relation to which the applicable Facility Agent has sole signing rights which should have been paid into another Control Account, then, unless a Loan Event of Default is continuing under the applicable Facilities Agreement, the applicable Facility Agent shall, promptly after (and in any event within five Business Days of) request of the applicable Company or the relevant Obligor and on receipt of evidence satisfactory to that Facility Agent that the payment should have been made to that other Control Account, pay that amount to that other Control Account.

The applicable Company shall, within five Business Days of any request by the relevant Facility Agent, supply such Facility Agent with the following information in relation to any payment received in an applicable Control Account: (i) the date of payment or receipt; (ii) the payer; and (iii) the purpose of the payment or receipt.

Under each Facilities Agreement, no later than the date falling seven Business Days prior to each applicable Interest Payment Date (or any other later date as agreed between the applicable Company and the applicable Facility Agent in respect of any such Interest Payment Date) the applicable Facility Agent will provide to the applicable Company confirmation of the amounts that will become due and payable on the next applicable Interest Payment Date under the first four steps of the Debt Service Waterfall (the "**IPD Payment Amount**").

Under each Facilities Agreement, no later than the date falling five Business Days prior to each applicable Interest Payment Date or any other later date as agreed between the applicable Company and the applicable Facility Agent in respect of any such Interest Payment Date) the applicable Company will provide (in excel format and which may be contained within the applicable Compliance Certificate for that Interest Payment Date) the applicable Facility Agent the amounts to be withdrawn from the Debt Service Account to make each of the payments referred to in the Debt Service Waterfall.

To the extent there are insufficient funds in the applicable Debt Service Account to make the applicable IPD Payment Amount, the Company shall (i) ensure that sufficient amounts are transferred to that Debt Service Account from any applicable General Account prior to that Interest Payment Date; and/or (ii) request in writing that the relevant Facility Agent (and provided it has sufficient notice, the relevant Facility Agent shall comply with such request on or before that Interest Payment Date) transfers sufficient amounts (as specified in such request by the relevant Company) to that Debt Service Account (on or before the relevant Interest Payment Date) from:

(A) any Rental Income Account; or

(B) any Cash Trap Account.

A Borrower may delegate signing rights it has over any Unblocked Account to a Permitted Property Manager and over a General Account to an asset manager **provided that**, in each case, such delegation does not reduce or limit any Obligor's obligations under the applicable Finance Documents.

***Hedging***

*Hedging requirements*

On or prior to the date falling 10 Business Days after the Utilisation Date, the applicable Obligors must enter into and must thereafter maintain Hedging Documents.

The aggregate notional amount of the transactions in respect of the Hedging Documents in respect of each Loan must be at least 100 per cent. of the outstanding principal amount of the applicable Loan (the "**Hedging Notional Requirement**").

Each Hedging Document must:

(a) have a term expiring on the later of:

(i) the Initial Repayment Date, if the relevant Company has not submitted an Extension Option Notice;

(ii) the First Extended Repayment Date, if the relevant Company has submitted an Extension Option Notice during the First Extension Option Period;

(iii) the Second Extended Repayment Date, if the relevant Company has submitted an Extension Option Notice during the Second Extension Option Period; or

(iv) the Third Extended Repayment Date, if the relevant Company has submitted an Extension Option Notice during the Third Extension Option Period;

(b) have an aggregate notional amount resulting in the Hedging Notional Requirement being met;

(c) provide for interest rate cap(s) with a weighted average strike rate on any day of no more than the strike rate that ensures that, as at the date on which the relevant hedging transaction is contracted, the Hedged ICR is not less than 2.0:1;

(d) be entered into with a person or persons that have a Requisite Rating for a Borrower Hedge Counterparty at the time such hedging transaction is put in place;

(e) be governed by English law and be based substantially on the form of an ISDA Master Agreement or a long-form confirmation based on an ISDA Master Agreement which complies with the Rating Agency Requirements.

(f) permit the applicable Obligor to comply with "*Hedging - Termination by the Borrower or Obligors (as applicable)*" below;

(g) not contain any restrictions on granting any Security over the the applicable Obligor's rights under such Hedging Document in favour of the applicable Finance Parties;

(h) provide for "EURIBOR" and "Business Days" to be determined on the same basis as the applicable Facilities Agreement; and

(i) provide for payments to the applicable Obligor to occur on the same dates as the applicable Interest Payment Dates and for Loan Interest Periods to be determined on the same basis as the relevant Facilities Agreement.

The rights of the applicable Obligor under each Hedging Document must be charged or assigned by way of Security under a Loan Security Document substantially in the form as agreed between that Obligor and the applicable Security Agent.

"**Hedged ICR**" means, under any Facilities Agreement, on any date, the ratio of Net Rental Income (for the Relevant Period commencing on the Financial Quarter Date falling immediately prior to that date) to the sum of all interest payable under clause 9.2 (*Payment of Interest*) of the Facilities Agreements which shall be payable by the Obligors to the Finance Parties under the Finance Documents (for the Relevant Period commencing on the Financial Quarter Date falling immediately prior to that date) assuming that EURIBOR is equal to the proposed hedging cap strike rate.

"**Net Rental Income**" means Rental Income in respect of the Property after deducting (without double counting):

(a) all Service Charge Proceeds in relation to the Property;

(b) any sum representing any VAT chargeable in respect of Rental Income; and

(c) all Irrecoverable Service Charge Expenses in relation to the Property

(d) Registration Taxes;

(e) Property Taxes; and

(f) Rent Collection Fees.

*Termination by the Borrower or Obligors (as applicable)*

No Borrower Obligor may terminate or close out any hedging transactions entered into pursuant to any Hedging Document unless (i) it becomes illegal for that Obligor to continue to comply with its obligations under that Hedging Document or those hedging transactions, (ii) following such termination or close out the Obligor (as applicable) will be in compliance with the hedging provisions in the relevant Facilities Agreement, (iii) the Secured Liabilities have unconditionally and irrevocably been paid and discharged in full, (iv) the relevant Facility Agent (acting on the instructions of the applicable Majority Lenders) has given its prior written consent, or (v) to comply with its obligations under the relevant Facilities Agreement in the event of a Hedge Downgrade Event (as described below).

If a Borrower Hedge Counterparty ceases to have a Requisite Rating (a "**Hedge Downgrade Event**"), the relevant Obligor is required to procure that either:

(a) each Hedging Document entered into with such Borrower Hedge Counterparty is terminated or closed-out and new Hedging Documents are entered into which comply with the hedging provisions in the relevant Facilities Agreement; or

(b) the Borrower Hedge Counterparty to such Hedging Documents complies with its obligations in respect of the Rating Agency Requirements,

in each case as soon as reasonably practicable but in any event , in the case of paragraph (a) above, within 15 Business Days of, and in the case of paragraph (ii) above, 15 days of notification by the relevant Facility Agent of the occurrence of such Hedge Downgrade Event and that it requires the relevant Borrower or Obligor (as applicable) to comply with the above requirements. However, the above obligations will not apply to a relevant Obligor in respect of a Hedge Downgrade Event if that Hedge Downgrade Event either (i) relates to a guarantor of the obligations of a Borrower Hedge Counterparty that continues to have a Requisite Rating following such Hedge Downgrade Event or (ii) a counterparty to an interest rate hedging transaction where a guarantor of that counterparty has a Requisite Rating following such Hedge Downgrade Event.

If the relevant Obligor terminates a Hedging Document because of a Hedge Downgrade Event or because it has become illegal for that Obligor to comply with its obligations under that Hedging Document, that Obligor must as soon as possible and, in any event, within 15 Business Days after the termination of that Hedging Document, enter into another Hedging Document(s) that complies with the hedging provisions in the relevant Facilities Agreement.

*Amendments to Hedging*

Other than as set out in "*Termination by the Borrower or Obligors (as applicable)*" above, no Hedging Document may be amended, supplemented or waived without the prior written consent of the relevant Facility Agent (acting on the instructions of the relevant Majority Lenders) unless following such amendment, supplement or waiver the relevant Obligor would continue to be in compliance with the hedging provisions in the relevant Facilities Agreement.

***Fees***

*Facility Agent's fee*

The applicable Company must pay (or procure is paid) to the relevant Facility Agent (for its own account) an agency fee in the amount and in the manner agreed with the that Facility Agent.

*Security Agent's fee*

The applicable Company must pay (or procure is paid) to the applicable Security Agent (for its own account) a security agency fee in the amount and in the manner agreed with that Security Agent.

*Prepayment Fees*

If any Company makes a voluntary prepayment, a mandatory prepayment resulting from a Change of Control or prepayment following the receipt of any Permitted Land Plot Disposal Prepayment Proceeds, that Company will have to ensure that the applicable Facility Agent is paid a "**Prepayment Fee**" equal to 100 per cent. of the amount of the interest (excluding EURIBOR) which would have accrued on the amount of the applicable Loan prepaid (had no such prepayment taken place) from the date of such prepayment until the date falling 9 months from the Utilisation Date.

However, no Prepayment Fee will be payable if the prepayment is made from amounts standing to the credit of the relevant Cash Trap Account, or in respect of the replacement of a compromised lender (i.e. an Increased Cost Lender, a Non-Consenting Lender or a defaulting lender), or an applicable Expropriation or Major Damage (i.e. the destruction or damage of any part of any applicable Property).

The amount of Loan Margin (if any) included in the calculation of any Break Costs paid in connection with any relevant prepayment will be set off against the Prepayment Fee (and reduce the amount of the Prepayment Fee actually paid).

***Tax gross up and indemnities***

Subject to certain conditions as set out in the Facilities Agreements, if a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which ensures that, after the making of that Tax Deduction, each relevant party entitled to such payment receives on the due date and retains (free from any liability in respect of such Tax Deduction) an amount equal to the payment which it would have received and so retained if no such Tax Deduction had been required.

Subject to certain conditions as set out in the Facilities Agreements, the Company must (within five Business Days of demand by the Facility Agent (acting on the instructions of the applicable Finance Party)) pay (or procure payment) to an applicable Finance Party of an amount equal to the loss, liability or cost which that Finance Party determines (acting reasonably and in good faith) will be or has been (directly or indirectly) suffered for or on account of Tax by that Finance Party in respect of an applicable Finance Document.

The parties to each Facilities Agreement may make any FATCA Deduction required by FATCA and any payment required in connection with that FATCA Deduction and no party will be required to increase any payment in respect of which it makes such FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

***Other indemnities***

Pursuant to the terms of each Facilities Agreement, each Obligor has agreed to indemnify the relevant Finance Parties in respect of certain costs, losses or liabilities as specified in the relevant Facilities Agreement including any losses, costs or liabilities incurred by the relevant Finance Party as a result of (i) the occurrence of any Loan Event of Default under the relevant Facilities Agreement; (ii) failure by an Obligor to pay any amount due under any Finance Document on its due date (taking into account any grace period); (iii) any failure to fund following a utilisation request other than through the wilful default or gross negligence of the relevant Finance Party alone); (iv) any liability under environmental law relating to any Obligor's Property or Properties or other assets; (v) any prepayment of any Loan not occurring following a notice of prepayment having been given; or (vi) any litigation commenced against a relevant Finance Party unless such cost, loss or liability is caused by a wilful breach of law or of any Finance Document by, or the gross negligence, fraud or wilful misconduct of, that Finance Party.

***Representations***

*Representations and warranties*

Except for those representations and warranties relating to information supplied in connection with the most recent Quarterly Management Report or financial information delivered to the applicable Facility Agent (each as described in further detail below) which are made on the date of delivery of the relevant financial statements or representations relating to information which are made on the date that information is supplied or, in the case of a valuation, the date of delivery of that Valuation), the representations and warranties set

out below are made by the Obligors under each Facilities Agreement to the applicable Finance Parties on the date of the applicable Facilities Agreement, the date of the first applicable Utilisation Request and the Utilisation Date. Those representations and warranties set out below that are also repeating representations are also deemed to be made by each Obligor to each applicable Finance Party on the first day of each applicable Loan Interest Period. Any representation or warranty deemed to be made after the date of the applicable Facilities Agreement is made by reference to the facts and circumstances existing on the date such representation or warranty is made.

*Status*

It is duly incorporated or created under the law of its jurisdiction of incorporation or formation. It is validly existing under the law of its jurisdiction of incorporation or formation. It has the power to own its assets and carry on its business as is being conducted.

*Binding obligations*

Subject to the Legal Reservations and Perfection Requirements, (a) the obligations expressed to be assumed by it in each Loan Transaction Document to which it is a party are legal, valid, binding and enforceable obligations; (b) each Loan Security Document to which it is a party creates the security interests which that Loan Security Document purports to create and those security interests are valid and effective; and (c) the applicable Loan Security has first ranking priority (or subsequent ranking priority insofar as the prior ranking priority Security is conferred under another Loan Security Document) and is not subject to any prior ranking or *pari passu* ranking Security (other than under another Loan Security Document) other than Permitted Security.

*Non conflict with other obligations*

The entry into, delivery by it of, the exercise of its rights under and the performance of its obligations under the applicable Loan Transaction Documents to which it is or will be a party and the transactions contemplated thereby, and the grant of the applicable Loan Security do not and will not (a) conflict in any material respect with any law or regulation applicable to it; (b) conflict with its constitutional documents; or (c) conflict with any agreement or instrument binding upon it or any member of the applicable Group or any of its or any member of the applicable Group's assets or constitute a default or termination event (however described) under any such agreement or instrument in each case to an extent which would have a material adverse effect on the validity or enforceability of the Transaction Security.

*Power and authority*

It has the power, capacity and authority to enter into, deliver, exercise its rights and perform its obligations under the Loan Transaction Documents to which it is or will be a party and the transactions contemplated by those Loan Transaction Documents. It has taken all necessary action under its constitutional documents to duly authorise its entry into, the delivery by it of, the exercise of its rights under and the performance of its obligations under the Loan Transaction Documents to which it is or will be a party and the transactions contemplated by those Loan Transaction Documents.

*Validity and admissibility in evidence*

Subject to the Legal Reservations, all Authorisations required in its Relevant Jurisdiction: (a) to enable it lawfully to enter into, deliver, exercise its rights and perform its obligations in each of the Loan Transaction Documents to which it is or will be a party and the transactions contemplated thereby; and (b) at the time that evidence is required to be submitted to make the Loan Transaction Documents to which it is or will be a party admissible in evidence in its Relevant Jurisdiction and in the courts of any relevant jurisdiction to which the parties to such Loan Transaction Document have submitted, have been obtained or effected and are in full force and effect, in each case, other than any Perfection Requirement.

All Authorisations necessary for the conduct of the business, trade and ordinary activities of all members of the applicable Group have been obtained or effected and are in full force and effect other than to the extent failure to obtain or effect those Authorisations would not have a Material Adverse Effect.

No applicable Obligor is in breach of any law or regulation in a manner or to an extent which would have a Material Adverse Effect.

*Governing law and enforcement*

The choice of the applicable law as the governing law of each Loan Transaction Document to which it is a party (as set out in each Loan Transaction Document) will, subject to the Legal Reservations and Perfection Requirements, be recognised and enforced in its Relevant Jurisdiction.

Any judgment obtained in relation to any Loan Transaction Document to which it is a party in the jurisdiction of the governing law of that Loan Transaction Document will, subject to the Legal Reservations and Perfection Requirements, be recognised and enforced in its Relevant Jurisdiction.

*Deduction of Tax*

It is not required to make any Tax Deduction from any payment it may make under any applicable Finance Document to a Lender which is a qualifying lender.

*No filing or stamp taxes*

Under the laws of its Relevant Jurisdiction(s) it is not necessary that the applicable Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the applicable Finance Documents or the transactions contemplated by the applicable Finance Documents other than in connection with any Perfection Requirement, payment of *imposta sostitutiva* pursuant to Article 15 *et deq*. of Decree No. 601 or where any applicable Finance Document is enforced in Italy either by way of a direct court judgment or an exequatur of judgment rendered outside of Italy.

*No default*

On the date of the applicable Facilities Agreement, no Loan Event of Default is continuing under that Facilities Agreement. No event or circumstance is outstanding which constitutes a breach of or default (howsoever described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which would have a Material Adverse Effect.

*No misleading information*

All written material factual information supplied by it or on its behalf to any Finance Party in connection with (i) the applicable Loan Transaction Documents; (ii) the applicable Valuer for the purposes of the most recent Valuation; (iii) any report provider in connection with the preparation of any Report; and (iv) the sections entitled "*The Borrowers*" and "*The Property Portfolio*" in this offering circular, so far as it is aware (having made due enquiry appropriate and consistent for entities of a similar nature to the Obligors acting on transactions similar to those contemplated by the applicable Loan Transaction Documents), true, complete and accurate in all material respects and was not misleading in any material respect, in each case, as at its date or (if appropriate) as at the date (if any) at which it is stated to be given.

Any financial projections contained in the information referred to above have been prepared as at their date, on the basis of recent historical information and assumptions believed by it to be fair and reasonable at such time (having made due consideration appropriate and consistent for entities of a similar nature to the Obligors acting on transactions similar to those contemplated by the applicable Loan Transaction Documents) **provided that** each applicable Finance Party acknowledges that such financial projections are based on assumptions and subject to significant uncertainties and contingencies and no assurance can be given that such projections will be realised.

It has not omitted to supply information which, if disclosed, would make any of the information referred to above untrue or misleading in any material respect. Nothing has occurred since the date of the provision of the information referred to above which renders that information untrue or misleading in any material respect.

All written material factual information supplied by it or on its behalf to any applicable Finance Party in connection with the most recent Quarterly Management Report was, so far as it is aware, true, complete and accurate in all material respects and is not misleading in any material respect, in each case, as at its date or (if appropriate) as at the date (if any) at which it is stated to be given. This representation will only be

made on the date of delivery of the relevant Quarterly Management Report and only with respect to information set out in that Quarterly Management Report.

*Financial statements*

The financial statements most recently delivered to the applicable Facility Agent have been prepared in accordance with the Accounting Principles and give a true and fair view of (if audited) or fairly present (if unaudited and subject to customary year-end adjustments and to the extent reasonably expected of financial statements not subject to audit procedures) the financial condition of the applicable Group or, as applicable, the relevant Obligor as at the end of, and consolidated results of operations for, the period to which they relate.

*No proceedings pending*

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency are current or, to the best of its knowledge (having made due enquiry appropriate and consistent for entities of a similar nature to the Obligors acting on transactions similar to those contemplated by the applicable Loan Transaction Documents), pending against it or any of its Subsidiaries which if adversely determined would have a Material Adverse Effect.

*Environmental laws*

It is in compliance with its environmental undertakings referred to under "*General Undertakings – Environmental compliance*" below and, to the best of its knowledge (having made due and careful enquiry), no circumstances have occurred which would prevent that performance or observation where failure to do so would have a Material Adverse Effect.

No environmental claim is current or, to the best of its knowledge (having made due and careful enquiry), pending or threatened against it which if adversely determined would have a Material Adverse Effect.

*Taxation*

Except as disclosed in a Report, it has no material Taxes due and payable (but unpaid) imposed on it or its assets and it has paid and discharged all material Taxes imposed on it or its assets within the time period allowed without incurring interest or penalties, in each case, save to the extent that: (i) payment is being contested in good faith, and the enforcement procedure is suspended according to the applicable laws, (ii) it has maintained adequate reserves for the payment of such Taxes and (iii) payment can be lawfully withheld.

There are no claims which are current or, to the best of its knowledge (having made due enquiry appropriate and consistent for entities of a similar nature to the Obligors acting on transactions similar to those contemplated by the applicable Loan Transaction Documents), pending against it with respect to Taxes which if adversely determined would have a Material Adverse Effect.

Except as disclosed in a Report, it is not materially overdue in the filing of any Tax returns. No applicable Obligor is treated as a member of a VAT Group other than a VAT Group consisting solely of Obligors.

It is solely resident for Tax purposes in the jurisdiction of its incorporation.

"**VAT**" means:

(a) value added tax imposed by the Italian Presidential decree of 26 October 1972, number 633 and Legislative Decree No. 331 of 30 August 1993;

(b) any tax imposed in compliance with the EC Directive 2006/112 of 28 November 2006 on the common system of value added tax; and

(c) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution or replacement for, or levied in addition to, such tax referred to in paragraph (a) above, or elsewhere.

"**VAT Group**" means a group (or fiscal unity) for the purposes of VAT.

*Financial indebtedness*

No member of the applicable Group has any Financial Indebtedness outstanding other than as permitted by the applicable Facilities Agreement.

*Good title to property*

Except as disclosed in any applicable Report, on and from the date of the Utilisation Date:

(a) each applicable Propco is the sole legal and beneficial owner of, and has or have good and marketable title to the applicable Property or Properties which is or are expressed to be the subject of the applicable Loan Security, in each case free from any Security (other than any applicable Permitted Security);

(b) each applicable Obligor is the legal and beneficial owner of, and has good, valid and marketable title to each of its assets (other than any applicable Property or Properties) which are expressed to be the subject of the applicable Loan Security, in each case free from any Security (other than any applicable Permitted Security);

(c) in respect of any applicable Property, the relevant Borrower has the benefit of all licences, consents and authorisations (other than any such licence, consent or authorisation solely required under applicable law in respect of the use of such Property or Properties by a tenant or licensee), in each case required under all applicable law in connection with the ownership and use of the such Property or Properties and they are in full force and effect and no breach of any law, regulation or covenant is outstanding which would have a material adverse effect on the value, saleability or use of such Property or Properties;

(d) there is no covenant, easement, agreement, reservation, restriction, condition or other matter which adversely affects any applicable Property;

(e) no applicable Property is subject to any overriding interest or an unregistered interest which overrides first registration or registered dispositions;

(f) no facility necessary for the enjoyment and use of any applicable Property are enjoyed by any applicable Property on terms entitling any person to terminate or curtail its use or which conflict with or restrict its use of such Property, in each case, in a manner which would have a material adverse effect on the value of such Property;

(g) any applicable Property is free and clear of material damage and structural defects which would have a material adverse effect on the value of such Property;

(h) no applicable Property is subject to or at risk of flooding or subsidence which would have a material adverse effect on the value of such Property;

(i) each applicable Obligor has complied in all material respects with planning laws to which it or any applicable Property is subject and with any condition, agreement or undertaking to applicable planning permissions or otherwise relating to or affecting any applicable Property, other than such matters which are the sole obligation of any tenant under any Occupational Lease and which do not bind any applicable Obligor in any capacity;

(j) any applicable Property is held by the relevant Borrower free from any Lease (other than any Lease that has been entered into prior to the date of the applicable Facilities Agreement or otherwise in accordance with the terms of the applicable Facilities Agreement); and

(k) no applicable Obligor has received any notice of any adverse claim by any person in respect of the ownership of any applicable Property or any interest in it which if adversely determined would have a Material Adverse Effect nor has any acknowledgement been given to any such person in respect of such Property.

*Pari passu ranking*

Its payment obligations under the applicable Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors other than those creditors whose claims are preferred by any bankruptcy, insolvency, liquidation or other similar laws of general application.

*Centre of Main Interests*

Its Centre of Main Interests is its jurisdiction of incorporation or formation. It has no Establishment in any jurisdiction other than in its jurisdiction of incorporation or formation.

*No other business*

No Obligor has traded or carried on any business since the date of its incorporation or establishment except for: (a) entering the Transaction Documents to which it is a party and effecting the transactions contemplated thereby and the acquisition, ownership, financing and development of its interests in the applicable Property or Properties and any activities directly related thereto; (b) in the case of the applicable Holdco, effecting transactions in the administration and business of being a Holding Company and the ownership of subsidiaries.

*Pensions and employees*

No Obligor has any employees or any actual or contingent liabilities in respect of persons that were previously employed by it. It is not an employer under any defined benefit pension scheme.

*Ownership of Obligors*

The relevant Group structure chart is true, complete and accurate in all material respects and shows either (i) the structure of the applicable Group following completion of the relevant transaction contemplated by the applicable Loan Transaction Documents on the Utilisation Date; or, in the case of the Franciacorta Loan only, (ii) the structure of the Group following the completion of the Permitted Merger; or (iii) the structure of the relevant Group following a Propco Sale Event (as applicable).

*Security*

No Security exists over all or any of the present or future assets of the Obligors expressed to be the subject of the applicable Loan Security except Permitted Security.

All of the shares in any Obligor which are expressed to be subject to the applicable Loan Security have been duly issued, are fully paid and are not subject to any option to purchase or similar rights and constitute all of the issued shares in that Obligor.

The constitutional documents of any Obligor the shares in which are expressed to be subject to applicable Loan Security do not restrict or inhibit any transfer of those shares on creation or would not restrict or inhibit any transfer of those shares on enforcement of the applicable Loan Security and do not restrict or inhibit the voting rights attached to any such shares on or after the occurrence of an Event of Default which is continuing.

Subject to any rights of an Account Bank except to the extent waived pursuant to the relevant acknowledgement of applicable Loan Security, there is no restriction or prohibition applicable to any of its Control Accounts or any part thereof which may restrict or prohibit, and there is no consent required for, any transfer or assignment by way of security or otherwise of any of its Control Account or any part thereof (including, without limitation, under or pursuant to the applicable Loan Security Documents) and without prejudice to the foregoing there is no resolution, mandate, agreement or arrangement which could restrict or prohibit any transfer or assignment by way of security or otherwise of its Control Account or any part thereof (including, without limitation, under or pursuant to the applicable Loan Security Documents).

*Sanctions*

None of it or its Subsidiaries, officers, directors, or employees, or, to the best of its knowledge after due inquiry, any other persons acting on behalf of any of the foregoing: (i) is a Sanctions Restricted Party; (ii)

has engaged or is engaging in any transaction or conduct that could result in it becoming a Sanctions Restricted Party (including, without limitation, conduct sanctionable under the U.S. Iran Sanctions Act of 1996, as amended, the U.S. Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010, Executive Order 13590, or the Iran Financial Sanctions Regulations, 31 C.F.R. Part 561); (iii) directly or indirectly, has conducted or is conducting any trade, business or other activities with or for the benefit of any Sanctions Restricted Party; (iv) has engaged or is engaging in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to breach, any of the prohibitions set forth in any Sanctions; or has received notice of, nor is otherwise aware of, any Sanctions Claim involving it with respect to Sanctions.

Its operations have been at all times conducted in compliance with Anti-Money Laundering Laws, and it has not received notice of, nor is otherwise aware of, any Sanctions Claim involving it with respect to Anti-Money Laundering Laws.

Under each Facilities Agreement, the representations and warranties given in the "*Sanctions*" representation shall only be made or deemed to be made by and apply to any Obligor or any of its Subsidiaries or for the benefit of any Finance Party to the extent that giving of and complying with or receiving of such representation and warranties does not result in a violation of or conflict with or does not expose any Obligor or any of its Subsidiaries or any Finance Party or any of its Affiliates or any director, officer or employee thereof to any liability under any Anti-Money Laundering Laws or Sanctions (including, without limitation, the Council Regulation (EC) No 2271/96) and/or any similar anti-boycott statute. In connection with any amendment, waiver, determination or direction relating to any part of paragraph (a) above of which a Lender does not have the benefit, the Commitment of that Lender will be excluded for the purpose of determining whether the consent of the Lenders has been obtained or whether the determination or direction by the Lenders has been made.

*Anti-Corruption*

None of it or its Subsidiaries, officers, directors, or employees, and, to the best of its knowledge after due inquiry, any other persons acting on behalf of any of the foregoing, has: (i) violated or is in violation of any applicable anti-bribery or anti-corruption law or regulation enacted in any jurisdiction whether in connection with or arising from the OECD Convention Combating Bribery of Foreign Public Officials in International Business Transactions or otherwise, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act (together, "**Anti-Corruption Laws**"); (ii) made, received, offered to make or receive, promised to make or authorised the payment or giving/receipt of, directly or indirectly, any bribe, rebate, payoff, influence payment, kickback or other payment or gift of money or anything of value (including meals or entertainment) any person while knowing that all or some portion of the money or value will be offered, given, promised or received by anyone to improperly influence official action, to obtain or retain business or otherwise to secure any improper advantage (each a "**Sanctions Prohibited Payment**"); or (iii) been subject to any Sanctions Claim with regard to any actual or alleged Prohibited Payment.

***Information Undertakings***

*Financial statements*

Under each Facilities Agreement, the relevant Company is required to supply to the applicable Facility Agent a copy of the relevant Company's unaudited consolidated financial statements within 180 days of the end of each financial year ending after the Utilisation Date for the duration of the applicable Loan.

*Requirements as to financial statements*

Each set of financial statements delivered to the relevant Facility Agent must: (i) if unaudited, be certified by a director, manager or other equivalent officer of the relevant Obligor as fairly representing its financial condition as at the date as at which those unaudited financial statements were drawn up; (ii) give a true and fair view (in the case of audited financial statements) or fairly represent (in other cases and subject to customary year-end adjustments and to the extent reasonably expected of financial statements not subject to audit procedures) its financial condition and operations as at the date as at which those financial statements were drawn up; (iii) be prepared using the Accounting Principles unless, in relation to any set of financial statements, the relevant Company notifies the relevant Facility Agent that there has been a change in the Accounting Principles since the previous financial statements delivered in accordance with the relevant Facilities Agreement and delivers to the Facility Agent:

(a) a set of financial statements which reflect such change in the Accounting Principles;

(b) the financial statements for the financial reference period immediately preceding the change in Accounting Principles, amended to reflect how such financial statements would have appeared if the change in Accounting Principles had been effected prior to such immediately preceding financial reference period;

(c) a description of any change necessary for those financial statements to reflect the Accounting Principles or accounting practices upon which the financial statements of the relevant Obligor were prepared prior to such change in Accounting Principles.

(d) sufficient information, in form and substance as may be reasonably required by the Facility Agent, to enable the Lenders to make an accurate comparison between the financial position indicated in those financial statements and the financial statements of the relevant Obligors prior to such change in Accounting Principles.

If the relevant Company notifies the relevant Facility Agent of a change, the relevant Company and the relevant Facility Agent will need to negotiate in good faith with a view to agreeing whether or not the change might result in any material alteration in the commercial effect of any of the terms of the relevant Facilities Agreement and, if so, any amendments to the relevant Facilities Agreement which may be necessary to ensure that the change does not result in any material alteration in the commercial effect of those terms, and if any amendments are agreed, they must take effect and be binding on each party to the relevant Facilities Agreement in accordance with their terms. The relevant Company shall procure that each set of audited (if any) financial statements delivered under the relevant Facilities Agreement (if any) shall be audited by an auditor licensed to practice in the jurisdiction of incorporation of the relevant member of the relevant Group.

*Provision and contents of Compliance Certificate*

Under each Facilities Agreement, the relevant Company is required to deliver a certificate in respect of compliance with the applicable financial covenants to the applicable Facility Agent (each a "**Compliance Certificate**") on each day falling seven days before each Interest Payment Date under the applicable Loan, confirming that no Cash Trap Event has occurred or is continuing.

*Property information*

The relevant Company must deliver to the relevant Facility Agent on the date of delivery of each Compliance Certificate a Quarterly Management Report.

"**Quarterly Management Report**" means a quarterly management report in the form set out in schedule 12 (*Quarterly Management Report*) of each Facilities Agreement (the form of which may need to be amended and/or updated to comply with any reporting requirements of the Final ESMA Disclosure Templates as agreed in writing by the Facility Agent and the Company) in respect of the Property and the business of each of the Obligors, in each case, for the Financial Quarter ending on the Financial Quarter Date falling immediately prior to delivery of that quarterly management report.

*"Know your customer" checks*

If:

(a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of the relevant Facilities Agreement;

(b) any law, regulation, applicable market guidance or internal policy of the Facility Agent or relevant Lender in relation to any relevant person the periodic review and/or updating of customer information;

(c) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of the relevant Facilities Agreement (including as a result of a Permitted Change of Control); or

(d) a proposed assignment or transfer by a Lender of any of its rights and obligations under the relevant Facilities Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the relevant Facility Agent, any Lender or any prospective new Lender to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each relevant Obligor must promptly upon the request of the relevant Facility Agent or any Lender deliver to, or procure the delivery of, such documentation and other evidence as is reasonably requested by the relevant Facility Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the relevant Facility Agent, such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to any relevant person pursuant to the transactions contemplated in the relevant Finance Documents.

Each relevant Lender must promptly upon the request of the relevant Facility Agent deliver, or procure the delivery of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself) in order for the Facility Agent to carry out and be satisfied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations on Lenders or prospective Lenders pursuant to the transactions contemplated in the relevant Finance Documents.

*Information: miscellaneous*

Pursuant to the terms of each Facilities Agreement, each Obligor must deliver to the relevant Facility Agent certain other miscellaneous information including copies of all non-administrative documents dispatched to shareholders (or any class of them) in their capacity as shareholders or dispatched by any members of the relevant Group to its creditors generally, information in relation to any litigation which if adversely determined would have a Material Adverse Effect or environmental claim which if adversely determined would have a Material Adverse Effect, copies of any hedging documents within 3 Business Days of entering the same (and on the date of delivery of any notice to a counterparty to any hedging document referred to in "*Hedging*", a copy of that notice substantially in the form required by the relevant Loan Security Document), Occupational Leases and related documentation and any asset management agreement entered into within 5 Business Days of entering into that asset management agreement, together with such further information regarding the financial condition, business and operations of any Obligor as any Finance Party (through the relevant Facility Agent) may reasonably request. In respect of the Franciacorta Loan, each Obligor must (i) on the date falling three Months after the date of the applicable Facilities Agreement, deliver an update as to the status of the process relating to the relevant Permitted Merger; and promptly after completion of the relevant Permitted Merger, confirm in writing that the relevant Permitted Merger has been completed and provide an updated structure chart showing the structure of the relevant Group following the completion of the relevant Permitted Merger.

*Notification and determination of Loan Event of Default*

Each Obligor must notify the relevant Facility Agent of any Loan Event of Default under the applicable Facilities Agreement (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor). In addition, promptly upon a request by the relevant Facility Agent if it believes (acting in good faith) that a Loan Event of Default may have occurred under the relevant Facilities Agreement and is continuing, the relevant Company shall supply to the applicable Facility Agent a certificate signed by an authorised signatory on its behalf certifying that so far as that Obligor is aware no Loan Event of Default is continuing under the applicable Facilities Agreement (or if such a Loan Event of Default is continuing, specifying the Loan Event of Default and the steps, if any, being taken to remedy it).

***Financial Covenants***

*Palmanova Loan*

On each Interest Payment Date falling on or after the date of a Permitted Change of Control (the "**CoC Date**"), each Palmanova Obligor shall ensure that the LTV Ratio is not greater than the lesser of (a) the LTV Ratio (expressed as a percentage) on the CoC Date plus 15 per cent.; and (b) 80 per cent. (the "**Palmanova LTV Ratio Covenant**") and that the Debt Yield is not less than 85 per cent. of the Debt Yield as of the CoC Date (the "**Palmanova Debt Yield Covenant**", and together with the Palmanova LTV Ratio Covenant, the "**Palmanova Financial Covenants**").

*Franciacorta Loan*

On each Interest Payment Date falling on or after the CoC Date, each Franciacorta Obligor shall ensure that the LTV Ratio is not greater than the lesser of (a) the LTV Ratio (expressed as a percentage) on the CoC Date plus 15 per cent.; and (b) 80 per cent. (the "**Franciacorta LTV Ratio Covenant**") and that the Debt Yield is not less than 85 per cent. of the Debt Yield calculated as of the CoC Date (the "**Franciacorta Debt Yield Covenant**" and, together with the Franciacorta LTV Ratio Covenant, the "**Franciacorta Financial Covenants**").

The Palmanova Financial Covenants and the Franciacorta Financial Covenants will be tested by reference to the information contained in the relevant Compliance Certificate and, in respect of the applicable LTV Ratio Covenant, by reference to the most recent Valuation delivered prior to the date of that Compliance Certificate in accordance with the terms of the applicable Facilities Agreement.

"**Debt Yield**" means, on any Interest Payment Date, the ratio of Net Rental Income for the Relevant Period ending on the Financial Quarter Date falling immediately prior to that Interest Payment Date to Net Debt on that Interest Payment Date.

"**Debt Yield Covenants**" means the Palmanova Debt Yield Covenant and the Franciacorta Debt Yield Covenant.

"**LTV Ratio**" means, on any date, the proportion expressed as a percentage which Net Debt on that date bears to the aggregate market value of the Property on that date calculated by reference to the then most recent Valuation.

"**LTV Ratio Covenants**" means the Palmanova LTV Ratio Covenant and the Franciacorta LTV Ratio Covenant.

"**Net Debt**" means, on any date, the aggregate principal outstanding amount of the relevant Loan minus the aggregate amount standing to the credit of the relevant Prepayment Account, the relevant Cash Trap Account and the Equity Cure Account together with the aggregate undrawn amount of any Eligible Letter of Credit – Equity Cure, in each case, on that date.

"**Relevant Period**" means each period of 12 months commencing or ending (as applicable) on a Financial Quarter Date.

***Equity Cure***

If, for any Loan, following a Permitted Change of Control, the applicable LTV Ratio Covenant is not satisfied on an Interest Payment Date, the applicable Company may within 20 Business Days of that Interest Payment Date, procure the prepayment of the applicable Loan, the issue of an Eligible Letter of Credit (Equity Cure) or the deposit of an amount into the applicable Equity Cure Account (an "**LTV Equity Cure Amount**") sufficient (but not more than the amount required) to ensure that when taking into account such prepayment, Eligible Letter of Credit (Equity Cure) and/or deposit in the calculation of the LTV Ratio Covenant the requirements of that LTV Ratio Covenant would be met.

If, for any Loan, following a Permitted Change of Control, the applicable Debt Yield Covenant is not satisfied on an Interest Payment Date, the applicable Company may within 20 Business Days of that Interest Payment Date, procure the prepayment of the applicable Loan, the issue of an Eligible Letter of Credit (Equity Cure) and/or the deposit of an amount into the applicable Equity Cure Account (a "**Debt Yield Equity Cure Amount**") sufficient (but not more than the amount required) to ensure that if such amount had been prepaid on the first day of the Relevant Period ending on the Financial Quarter Date falling immediately prior to that Interest Payment Date the requirements of the applicable Debt Yield Covenant would be met.

The cure rights described in this section above may not be exercised under a single Facilities Agreement in respect of more than two consecutive Interest Payment Dates and may only be exercised a maximum of four times in aggregate during the life of the applicable Facilities Agreement.

***General Undertakings***

The following general undertakings apply to the applicable Obligors under each Facilities Agreement and remain in force from the date of the applicable Facilities Agreement for so long as any amount is outstanding under the applicable Finance Documents or any applicable Commitment is in force.

*Authorisations*

Each applicable Obligor must promptly obtain, comply with and do all that is necessary to maintain in full force and effect, and if requested by the applicable Facility Agent, supply to the applicable Facility Agent copies of any Authorisations required under any law or regulation of a Relevant Jurisdiction to enable it to perform its obligations under the applicable Loan Transaction Documents to which it is a party, (subject to the Legal Reservations) ensure the legality, validity, enforceability or admissibility in evidence in each Relevant Jurisdiction of any applicable Loan Transaction Document and own its assets and carry on its business, trade and ordinary activities as currently conducted where failure to obtain or comply with those Authorisations would have a Material Adverse Effect.

*Compliance with laws*

Each applicable Obligor must comply in all respects with all laws to which it or the applicable Property or Properties owned by it or any other asset which is the subject of the Security created pursuant to the applicable Loan Security Documents may be subject where failure to do so would have a Material Adverse Effect.

*Environmental compliance*

Each applicable Obligor must: (i) comply with all Environmental Law applicable to the applicable Property; (ii) obtain, maintain and ensure compliance with all requisite Environmental Permits as required for the business currently carried on at the applicable Property owned by it or to which that Obligor may otherwise be subject and take all reasonable steps in anticipation of known or expected future changes to or obligations under the same; (iii) comply with all other covenants, undertakings, conditions, restrictions or agreements directly or indirectly relating to any contamination, pollution or waste or the release or discharge of any toxic or hazardous substance in connection with the applicable Property; and (iv) implement where legally required the procedures required under any Environmental Law applicable to the business carried on at the applicable Property, in each case where failure to do so would have a Material Adverse Effect.

*Merger*

Other than the applicable Permitted Merger (in the case of the Franciacorta Loan only), no applicable Obligor may enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than with the consent of the relevant Facility Agent (acting on the instructions of the relevant Majority Lenders).

*Conduct of Business*

Each Company is required to procure that no substantial change is made to the general nature of the business of the applicable Group taken as a whole from that carried on by the applicable Group taken as a whole as at the Utilisation Date.

No Holdco may trade, carry on any business, own any assets or incur any liabilities other than in the ordinary course of business in relation to the ownership of shares in its subsidiaries, intra Group debit balances and credit balances, other incidental assets and the incurrence of liabilities and consummation of other transactions in compliance with the applicable Loan Transaction Documents.

The applicable Propco shall only conduct the business of owning, financing, refinancing and developing the relevant Properties and any activities directly related thereto in any manner which is in compliance with the relevant Finance Documents.

The First Franciacorta Borrower shall only conduct the business of owning, financing, refinancing, managing, developing and letting the applicable Property and any activities directly related thereto in any manner which is in compliance with the applicable Finance Documents.

Each Obligor must conduct its business in a reasonable and prudent manner and in accordance with its constitutional documents and in a manner which is in compliance with the applicable Finance Documents and must (in each case, to the extent that Obligor considers it is in accordance with its interests to do so or is directed by the relevant Facility Agent to do so) take all reasonable and practical steps to preserve and enforce its rights and pursue any claims and remedies, including those arising in respect of any Report.

Subject to "*Bank Accounts*", each Obligor must maintain its accounts, books and records separately from any other person, not co-mingle its assets with those of any other person, discharge all obligations and liabilities due and owing by it from its own funds and hold itself out as a separate entity. No Obligor may own any interest in an entity which is not an Obligor.

*Pensions and employees*

Each applicable Obligor shall ensure that it is not and does not become an employer of a defined benefit pension scheme. Each applicable Obligor shall ensure that it has no employees at any time after the date of the Facilities Agreements. Each Obligor shall ensure that it does not become an employer of a defined benefit pension scheme.

*Material contracts*

Under the Facilities Agreements, no Obligor may enter into any material agreement without the prior written consent of the Facility Agent (acting on the instruction of the Majority Lenders (not to be unreasonably withheld or delayed or conditioned)) other than any applicable Loan Transaction Document, any other agreement permitted under any term of any applicable Finance Document and any agreement consistent with its business as set out in "*General Undertakings -Conduct of Business*" above.

*Acquisitions*

Under the Facilities Agreements, no Obligor may:

(a) acquire a company, any shares, business, undertaking or real estate assets (or in each case any interest in them) from any person (other than as described in "*General Undertakings - Share capital and status*" below);

(b) incorporate a company, partnership, firm or any other form of corporation or organisation (howsoever described); or

(c) otherwise acquire or allow to be transferred to it any assets (other than as described in "*General Undertakings - Share capital and status*" below), or which are necessary for the performance of its obligations, or otherwise pursuant to its business permitted, under the applicable Finance Documents.

*Pari passu ranking*

Each Obligor must ensure that its payment obligations under the applicable Finance Documents at all times rank at least *pari passu* with the claims against it of all its other unsecured and unsubordinated creditors except for obligations mandatorily preferred by law applying to companies generally.

*Centre of Main Interests*

No Obligor may permit its Centre of Main Interests to be in any jurisdiction other than its jurisdiction of incorporation or formation nor permit to exist an Establishment in any jurisdiction other than in its jurisdiction of incorporation or formation.

*Negative pledge*

No Obligor may create or permit to subsist any Security over the whole or any part of its assets, except for Permitted Security, **provided that**, while a Loan Event of Default is continuing under the applicable Facilities Agreement, no additional Security (except for any Security arising by operation of law) may be granted which would constitute Permitted Security without the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders).

No Obligor may sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by it, sell, transfer or otherwise dispose of any of its receivables on recourse terms, enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts or enter into any other preferential arrangement having a similar effect, in each case in circumstances where the arrangement or transaction is entered into primarily as a method of raising applicable Financial Indebtedness or of financing the acquisition of an asset, except for applicable Permitted Security, **provided that**, while a Loan Event of Default is continuing under the applicable Facilities Agreement, no additional Security (except for any Security arising by operation of law) may be granted which would constitute applicable Permitted Security without the prior written consent of the relevant Facility Agent (acting on the instructions of the Majority Lenders).

*Disposals*

No Obligor may enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary, to dispose of the whole or any part of its assets, unless the disposal is an applicable Permitted Disposal.

"**Permitted Disposal**" means:

(a) **provided that** no Loan Event of Default is continuing under the applicable Facilities Agreement at the time at which the disposal is contracted, a disposal of obsolete non real estate assets which are no longer required for the operation of the disposing Obligor's business;

(b) any disposal pursuant to an Expropriation **provided that** the Expropriation Prepayment Proceeds received in respect of such Expropriation are paid upon receipt by the relevant Obligor into the applicable Prepayment Account in accordance with the applicable Facilities Agreement for application in accordance with the applicable Facilities Agreement;

(c) a disposal of any asset (other than of any Control Account, the shares in any applicable Obligor or any applicable Property) made by one applicable Obligor to another applicable Obligor **provided that** if the Obligor disposing of that asset has granted Loan Security over that asset, the asset must be disposed of (to the extent possible under the governing law of the relevant Loan Security or, to the extent that it is not possible under the governing law of the applicable Loan Security, new Loan Security is granted over that asset) subject to that Loan Security;

(d) expenditure of cash for purposes in compliance with the applicable Finance Documents;

(e) any disposal pursuant to or by way of an Agreement for Lease and/or an Occupational Lease existing on the date of the applicable Facilities Agreement or permitted pursuant to the relevant Facilities Agreement;

(f) a disposal made with the prior written consent of the relevant Facility Agent (acting on the instructions of the relevant Majority Lenders);

(g) a disposal arising as a result of Permitted Security;

(h) a Permitted Land Plot Disposal;

(i) any disposal provided that the aggregate outstanding principal amount of the Loans are repaid and all other Secured Liabilities are irrevocably discharged in full on or prior to completion of such disposal and provided that at the time at which the disposal is contracted no Event of Default is continuing or would result from such disposal, any other disposals (other than of any Control Account, any shares in an Obligor or the Property) where the aggregate value of the assets so disposed of by members of the Group (other than in accordance with paragraphs (a) to (g) (inclusive) above) in any Financial Year does not exceed €50,000 (or its currency equivalent); and

(j) in the case of the Franciacorta Loan, any disposal of shares in Franicacorta Retail S.r.l. by Frankie Bidco S.à r.l. as contemplated by the Tax Structure Paper.

"**Permitted Land Plot Disposal**" means the disposal of a Land Plot **provided that**:

(a) if the Land Plot is a Property Portion, all of the Property Title Split Conditions in respect of that Land Plot are (or will be on completion of the disposal) satisfied;

(b) the disposal is contracted on arm's length terms; and

(c) an amount not less than the Permitted Land Plot Disposal Prepayment Proceeds are paid into the Prepayment Account on completion of such disposal (or on any other date in accordance with the relevant Closing Arrangement).

"**Permitted Land Plot Disposal Prepayment Proceeds**" means, in respect of a Permitted Land Plot Disposal, with Disposal Proceeds (when aggregated with the Disposal Proceeds of each other Permitted Land Plot Disposal) an amount equal to 100% of such Disposal Proceeds.

"**Permitted Security**" means, in respect of each Facilities Agreement:

(a) any Security or Quasi Security which is discharged (which term shall include release and/or re-assignment) on the Utilisation Date;

(b) any easement or other agreement or arrangement having similar effect which is granted in the ordinary course of business **provided that** such easement, agreement or arrangement:

(i) does not confer rights of occupation in relation to that Property;

(ii) does not adversely affect the saleability or transferability of that Property;

(iii) is subordinated in ranking to the Loan Security in respect of that Property; and

(iv) if granted in connection with a Permitted Letting Activity, is terminated or no longer has any force or effect at the end of the term of the lease which is the subject of the relevant Permitted Letting Activity;

(c) any property right (including, without limitation, any easement, right of way, right of access and restrictive covenant) or other agreement or arrangement having similar effect which exists on the Utilisation Date and is disclosed in a Report;

(d) any Security, easement or other agreement or arrangement that arises at law (**provided that** it does not adversely affect the saleability or transferability of the relevant Property or restrict the rights of any Finance Party or adversely affect the validity or enforceability of, the Loan Security Documents);

(e) any Security or Quasi Security arising under the relevant Finance Documents;

(f) any Security or Quasi Security arising by operation of law and in the ordinary course of business and not as a result of any default or omission by any member of the Group **provided that** it is discharged within 60 days of coming into existence;

(g) any Security or Quasi Security arising by operation of law and in respect of Taxes being contested in good faith or required to be created in favour of any Tax or other government authority in order to appeal or otherwise challenge Tax assessments and/or claims in good faith;

(h) any netting or set off arrangement under the Hedging Documents;

(i) any Security or Quasi Security granted in favour of a Borrower Hedge Counterparty (or its agent or nominee) pursuant to the terms of any Hedging Document entered into in accordance with clause 12 (*Hedging*) of the Facilities Agreements;

(j) any Security or Quasi Security entered into by any Obligor in the ordinary course of its banking arrangements (including pursuant to the general banking conditions of the relevant account bank) but only so long as (i) such arrangement does not permit credit balances of any Obligor to be netted or set off against debit balances of persons who are not Obligors and (ii) such arrangement does

not give rise to other Security or Quasi Security over the assets of Obligors in support of liabilities of persons who are not Obligors;

(k) any easement granted to a utility supplier for the purpose of laying and/or maintaining cables or pipes (and/or any equivalent infrastructure and/or equipment that is ancillary to such purpose) **provided that** such easement does not adversely affect the value or saleability of the relevant Property;

(l) any Security or Quasi Security arising by operation of Luxembourg law in favour of tax and other public authorities; and

(m) any Security or Quasi Security arising under any retention of title arrangements, any hire purchase or conditional sale arrangement or arrangements having similar effect in each case, in respect of goods supplied to an Obligor in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by an Obligor **provided that** such Security or Quasi Security is discharged within 60 days of coming into existence.

"**Quasi Security**" means, in respect of each Facilities Agreement, the following actions by an Obligor:

(a) the sale, transfer or otherwise disposition of any of its assets on terms whereby they are or may be leased to or re-acquired by it;

(b) the sale, transfer or otherwise disposition of any of its receivables on recourse terms;

(c) the entry into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(d) the entry into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

*Arm's length basis*

No Obligor may enter into any transaction with any person except on arm's length terms (including, for the avoidance of doubt, any contract or agreement in relation to letting agent fees and leasing commissions, any asset management agreement or any Property Management Agreement), except for any transaction entered into on terms more favourable to the relevant Obligor than arm's length terms, any applicable Subordinated Loan, any applicable Investor Debt, any transactions between applicable Obligors, any applicable Equity Contribution, and any transaction or arrangement under or contemplated in the applicable Finance Documents.

*No guarantees or indemnities*

No Obligor may incur or allow to remain outstanding any guarantee or indemnity in respect of Financial Indebtedness, except for a Permitted Guarantee, **provided that** while a Loan Event of Default is continuing under the applicable Facilities Agreement, no additional Permitted Guarantee may be granted which is a guarantee given in the ordinary course of business not exceeding €100,000 (or its currency equivalent) in aggregate at any time in respect of all such guarantees without the prior written consent of the relevant Facility Agent (acting on the instructions of the relevant Majority Lenders).

*Dividends, distributions and share redemption*

Other than a Permitted Distribution, no Obligor may (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee, distributions or expenses) in the nature of or intended to act as a distribution to any of its shareholders or Investor Affiliates or make any payments in respect of Financial Indebtedness owed to any of its shareholders (whether in cash or in kind), (ii) make any payment of any kind in respect of any applicable Investor Debt **provided that** the roll-up or capitalisation of any amount due in respect of such applicable Financial Indebtedness shall be permitted, (iii) repay or distribute any dividend or share premium reserve or (iv) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so.

Each Obligor must promptly pay all calls or other payments which may be or become due in respect of any shares held by it and shall not appoint any third party nominee to exercise any members' rights or information rights in relation to any shares held by it.

*Financial Indebtedness*

No Obligor may incur or have outstanding any Financial Indebtedness to any person, except for Permitted Financial Indebtedness.

*Loan or credit*

No Obligor may be a creditor in respect of any Financial Indebtedness, except Financial Indebtedness which is a Permitted Loan.

*Share capital and status*

Under the Facilities Agreements, no Obligor may issue any stock, share, debenture or other securities to any person or subscribe for or otherwise acquire any stock or share which is only partly paid up or in respect of which the company which issued that stock or share has any call or lien, except for shares issued by an applicable Obligor to its immediate Holding Company where, if the existing shares issued by such Obligor are the subject of the Loan Security, the newly issued shares also become subject to the Loan Security on the same terms and promptly following the issue of such shares all associated Perfection Requirements (if any) are met.

No Obligor may alter any rights relating to its issued shares other than an alteration which does not adversely affect the enforceability of the applicable Loan Security Documents or the rights of the applicable Finance Parties under the applicable Loan Security Documents, adversely affect the saleability or transferability of such issued shares or operate to decrease the value of such issued shares (taken as a whole).

*Property Management Agreements*

No Obligor shall appoint any person as a property manager or managing agent of any Property unless such person is a Permitted Property Manager and such appointment is made under a Property Management Agreement. At the same time as the entry into each Property Management Agreement, the applicable Obligor must ensure that the relevant Permitted Property Manager enters into a Duty of Care Agreement. The applicable Obligor must comply in all material respects with its obligations under each Property Management Agreement to which it is a party and take all reasonably commercial and prudent steps to the extent that the applicable Obligor considers it is in accordance with its interests to do so or is directed by the applicable Facility Agent (acting on the instructions of the relevant Majority Lenders) to do so) to enforce the material terms of each Property Management Agreement against any other party thereto.

The applicable Obligor will not terminate the appointment of a Permitted Property Manager without the prior written consent of the applicable Facility Agent (not to be unreasonably withheld, delayed or conditioned) unless (i) the applicable Facility Agent is first notified in writing (with at least five Business Days' notice) of that Obligor's intention to terminate the relevant appointment, (ii) a new Permitted Property Manager is promptly appointed under a New Property Management Agreement and (iii) such termination does not lead to the applicable Obligor becoming the employer of any employees.

If a Permitted Property Manager breaches a Property Management Agreement or a Duty of Care Agreement in any material respect, the applicable Obligor must promptly upon becoming aware of such breach notify the applicable Facility Agent and if any such breach is not remedied within 28 days following notice to that Permitted Property Manager from the Obligor concerned or the applicable Facility Agent, then the applicable Facility Agent may require the relevant Obligor to appoint a new Permitted Property Manager in relation to the relevant Property under a New Property Management Agreement. The applicable Obligor will not amend, vary, novate, forego or waive (each a "**PMA Change**") any provision, right of condition, arising in or under any Property Management Agreement without the prior consent of the relevant Majority Lenders (acting reasonably) unless the PMA Change does not conflict with the provisions of the relevant Duty of Care Agreement and does not adversely affect the interests of the applicable Finance Parties under the applicable Finance Documents or the validity or enforceability of the applicable Loan Security in respect of that Property Management Agreement.

*Asset Management Agreements*

Each Obligor must ensure that any asset management agreement to which it is party allows the relevant Facility Agent to terminate the relevant asset management agreement immediately if the relevant Security Agent enforces the applicable Loan Security over the shares or units in any applicable Obligor. Such termination by the relevant Facility Agent will not prejudice any amounts that are due and payable to the relevant asset manager under the relevant asset management agreement before its termination except any termination fees or penalties that are greater than those payable on any other "without cause" termination by the relevant Obligor. The right for the relevant Facility Agent to terminate an asset management agreement in accordance with its terms must not be amended, varied or waived without the relevant Facility Agent's prior written consent (acting on the instructions of the relevant Majority Lenders).

*Treasury Transactions*

No Obligor may enter into any Treasury Transaction other than any Treasury Transaction which is permitted under the relevant Facilities Agreement as described in "*Hedging*" above.

*Taxes*

Each Obligor must maintain its tax residence solely in the jurisdiction of its incorporation or formation. It must not carry on a trade or business for Tax purposes in any jurisdiction other than its jurisdiction of incorporation or formation.

No Obligor may have a branch, agency, business establishment or other permanent or fixed establishment in any jurisdiction other than in its jurisdiction of incorporation or formation.

Each Obligor must ensure that all material Taxes payable by, or assessed upon it are paid on or before the date such Taxes have to be paid in order to avoid any liability to interest and penalties unless (i) it is contesting such Taxes in good faith and the enforcement procedure is suspended in accordance with applicable law; (ii) it is maintaining adequate reserves to pay such Taxes; and (iii) payment of such Taxes can be lawfully withheld.

Each Obligor must comply in all material respects with all Tax laws of the Relevant Jurisdiction and ensure that no tax losses belonging to it are surrendered, waived or otherwise disposed of for consideration which is less than the amount by which a liability to tax is able to be reduced by means of the utilisation of the relevant losses.

Each Obligor must also comply with all requirements to make, deliver or amend returns (including company tax returns) that any Tax Authority requires it to make. It must also use reasonable endeavours to file each such return on or before the date on which it must be filed to avoid any material liability or a penalty.

*VAT*

Each Borrower (to the extent required in respect of the Dutch Borrower under the Franciacorta Loan) shall remain registered for Italian VAT. No Obligor shall, without the prior written consent of the relevant Facility Agent (acting on the instructions of the relevant Majority Lenders), become or be otherwise treated as a member of a VAT Group other than any VAT Group consisting only of the relevant Obligors other than in the case of the Palmanova Facilities Agreement only, as required to comply with applicable law.

Other than as required to comply with applicable law, no Obligor shall, without the prior written consent of the relevant Facility Agent (acting on the instructions of the relevant Majority Lenders), transfer or otherwise dispose of (whether pursuant to the exercise of any option, election, discretion or otherwise) any part of any right to credit or repayment in respect of any VAT from any relevant Tax Authority.

*Sanctions*

No Obligor under any of the Facilities Agreements shall use all or any part of the proceeds of the transaction, or lend, make payments, contribute or otherwise make available all or part of such proceeds to any Affiliate, Subsidiary, joint venture partner or other person or entity, directly or indirectly to fund any activities or business with or for the benefit of any Sanctions Restricted Party or in any other manner that it would expect, after due enquiry, to result in any person (including, but not limited to, the Lenders) being in breach of any Sanctions or becoming a Sanctions Restricted Party, shall fund all or part of any payment

in connection with the Finance Documents out of proceeds derived from any business or transaction with a Sanctions Restricted Party, or from any conduct which is in breach of any Sanctions; or make, or permit to be made, any Sanctions Prohibited Payment.

Each Obligor shall comply with all relevant laws and regulations concerning all Sanctions, Anti-Money Laundering Laws, Anti-Corruption Laws and any other applicable law and shall, to the extent required, implement policies, procedures and controls reasonably designed to prevent any actions being taken contrary to any applicable Sanctions, Anti-Money Laundering Laws and Anti-Corruption Laws.

Each Obligor shall, to the extent required by law, implement and maintain adequate internal financial and management controls and procedures that are reasonably designed to monitor, audit, detect and prevent any Prohibited Payments and any direct or indirect use of the proceeds that does not comply with applicable law.

The undertakings made in clause 23.24 (*Sanctions*) of the Facilities Agreements shall only be made and apply to any Obligor or any of its Subsidiaries for the benefit of any Finance Party to the extent that the giving of and complying with or receiving the benefit of such undertakings does not result in a violation of or conflict with or does not expose any Obligor or any of its Subsidiaries or any Finance Party or any of its Affiliates or any director, officer or employee thereof to any liability under any Anti-Money Laundering Laws or Sanctions (including, without limitation, the Council Regulation (EC) No 2271/96) and/or any similar anti-boycott statute.

***Property undertakings***

Property undertakings are made under each Facilities Agreement by the applicable Obligors, and include the following:

*Planning*

Each applicable Obligor must comply in all material respects with any conditions attached to any planning permissions and with any agreement or undertaking binding on an applicable Obligor under any planning laws, in each case, relating to or affecting an applicable Property or Properties other than any condition, agreement or undertaking (as applicable) relating to the occupation of the applicable Property or Properties or any condition which is the obligation of any tenant under any Occupational Lease or which do not bind any Obligor in any capacity.

No Obligor may carry out any development on or of any applicable Property or make any change in use of any applicable Property save for: (i) any development permitted pursuant to any applicable planning law and permitted as discussed below in "*Capital Expenditure and Alterations*"; and any change in use permitted pursuant to any applicable planning law and permitted as discussed below in *"Occupational Leases*".

*Title*

Each Obligor must: (i) in all material respects observe and perform all restrictive and other covenants, stipulations and obligations (including but not limited to building rights, leasehold, easements, qualitative obligations and perpetual clauses) now or at any time affecting the Property owned by it insofar as the same are subsisting and are capable of being enforced; (ii) duly and diligently enforce and not waive, release or vary (or agree to do so) the obligations of any other party to all restrictive or other covenants, stipulations and obligations (including but not limited to building rights, leasehold, easements, qualitative obligations and perpetual clauses) benefiting the Property owned by it, in each case, to the extent to do or not to do so (as applicable) would not be in accordance with the principles of good estate management; (iii) promptly take all such steps (including, without limitation, the execution, completion and delivery of documentation, returns, forms and certificates, the answering of any questions or correspondence from any relevant Tax Authority or any land registry, the payment of any fees, stamp duty land tax, land and buildings transaction tax, penalties and interest and the delivery of any stamp duty land tax certificates or land and building transaction tax certificates received from any Tax Authority to the applicable Facility Agent as soon as received by it) as may be necessary to enable the Security expressed to be created by the applicable Finance Documents to be validly registered at any land registry; and (iv) observe and perform in all material respects all the covenants on the part of the landlord in the Occupational Leases now or at any time affecting the Property.

*Occupational Leases*

Each Facilities Agreement restricts the relevant Obligors, from: (a) entering into any Agreement for Lease; (b) granting a new Occupational Lease; (c) consenting to any assignment or sub-letting in respect of any Occupational Lease; (d) consenting to any change of use in respect of any tenant's interest under any Occupational Lease; (e) forfeiting or exercising any right of re-entry, or exercising any option or power to break, determine or extend the term of any Occupational Lease; (f) accepting or permitting the surrender of all or any part of any Occupational Lease; (g) agreeing to any dilapidations settlement under any Occupational Lease; (h) granting any right to use or occupy any part of the applicable Property; (i) agreeing to any rent review under an Occupational Lease (other than upward rent review); or (j) agreeing to any amendment, extension or waiver in respect of any Occupational Lease (each a "**Letting Activity**").

The restrictions above on Letting Activity do not apply to any "**Permitted Letting Activity**", which means any Letting Activity which is:

(a) other than a Consent Letting Activity, contracted on arm's length terms **provided that**:

  (i) no Loan Event of Default would occur as a result of contracting such Letting Activity under the applicable Facilities Agreement; and

  (ii) the prior written consent of the relevant Facility Agent (acting on the instruction of the relevant Majority Lenders (such consent not to be unreasonably withheld or delayed)) shall be required for such Letting Activity at any time after the relevant Facility Agent has provided a notice to the applicable Company as described in "*Loan Events of Default – Acceleration*";

(b) a Consent Letting Activity made with the prior written consent of the applicable Facility Agent (acting on the instructions of the relevant Majority Lenders (such consent not to be unreasonably withheld or delayed));

(c) the grant (whether by grant of rights, lease, licence or otherwise) of rights of occupation and/or use in respect of any car parking spaces within or upon any relevant Property;

(d) the exercise by an applicable Obligor of any right to forfeit or exercise any right of re-entry in respect of, or exercise any option or power to break or determine, any applicable Occupational Lease in circumstances where the tenant of the relevant Occupational Lease is in breach of its obligations under the relevant Occupational Lease to pay rent or is otherwise insolvent;

(e) an acceptance or agreement to any applicable Letting Activity required to be given pursuant to any applicable law or regulation;

(f) made in accordance with the terms of any applicable Agreement for Lease or Occupational Lease (**provided that** such Agreement for Lease or Occupational Lease is allowed to subsist, has been entered into in accordance with the terms of the relevant Facilities Agreement or was entered into prior to the Utilisation Date); or

(g) made with the prior written consent of the relevant Facility Agent (acting on the instruction of the relevant Majority Lenders (such consent not to be unreasonably withheld, delayed or conditioned)).

Each applicable Obligor is required to do the following or procure that the applicable Permitted Property Manager does the following on its behalf in respect of any Property owned by that Obligor (a) diligently collects, to the extent in accordance with good estate management, all Rental Income payable under each applicable Occupational Lease (b) use reasonable endeavours to enforce the tenant's obligations under each applicable Occupational Lease (including the enforcement of the requirement to pay Rental Income and/or any related guarantee) (c) duly and diligently implement the provisions of any applicable Occupational Lease (including any provision for the review of the rents thereby reserved and the enforcement of any related guarantee) and (d) use its reasonable endeavours to find tenants for any vacant lettable space in each applicable Property with a view to granting an Agreement for Lease or Occupational Lease of that space.

*Compulsory purchase*

The relevant Company must notify the relevant Facility Agent promptly if the whole or any part of any applicable Property is subject to an Expropriation or any applicable governmental agency or authority serves an order for an Expropriation on any relevant Obligor. On receipt of any notice from the Company, the relevant Facility Agent may request a revised Valuation of (i) the relevant Property (excluding the Property or part thereof the subject to the Expropriation); and/or (ii) the Property (or part thereof) the subject of the Expropriation (and the cost of any such Valuation will be borne by the relevant Company).

*Repair*

Each Obligor will (or will procure that the relevant Permitted Property Manager will) repair and keep in good and substantial repair and condition the Property owned by it in accordance with good estate management (other than any repairs that are required to be carried out by a tenant under the terms of an Occupational Lease).

*Capital expenditure and alterations*

No Obligor is permitted without the prior written consent of the relevant Facility Agent, to carry out any applicable Capex Project except for any applicable Permitted Capex Project.

For these purposes a "**Capex Project**" means to:

(a) effect, carry out or permit any demolition, reconstruction, redevelopment, or rebuilding of, or any structural alteration to, any applicable Property; or

(b) incur capital expenditure in respect of works of alteration, addition, maintenance, repair, improvement, refurbishment and/or extension to any applicable Property.

"**Permitted Capex Project**" means any Capex Project which:

(a) is a Recoverable Service Charge Project;

(b) is required to be undertaken by law or regulation (including health and safety regulation);

(c) is required to be undertaken by an applicable Obligor under the terms of any applicable Lease;

(d) is made with the prior written consent of the relevant Facility Agent (acting on the instructions of the relevant Majority Lenders) (such consent not to be unreasonably withheld, delayed or conditioned);

(e) is required to be undertaken or permitted to be undertaken by a tenant under the terms of any applicable Lease;

(f) has projected costs (as at the date of commencement of such Capex Project) of less than or equal to €2,500,000) and the total aggregate amount of the projected costs to completion of (A) that Capex Project and (B) all other Capex Projects being undertaken at that time and permitted pursuant to this paragraph (f), does not exceed 5% of the Market Valuation of the Properties as set out in the most recent Valuation at the time that Capex Project is commenced;

(g) can be funded from the proceeds of: (i) committed applicable Equity Contributions, applicable Investor Debt and/or applicable Subordinated Loans, (ii) applicable Eligible Letter(s) of Credit - Capex, (iii) applicable Investor Fund Guarantee(s) (Capex), (iv) applicable excess Net Rental Income projected to be received by the applicable Obligors during the life of the Capex Project and/or (v) the aggregate amount standing to the credit of the applicable General Accounts and/or subject to the terms of withdrawals from the applicable Cash Trap Account (as set out in "*Bank Accounts – Cash Trap Account*") in each case, where such amounts are not allocated for another purpose; or

(h) is necessary to ensure that no Loan Event of Default as described in "*Loan Events of Default – Major Damage*" below occurs under the applicable Facilities Agreement and which can be funded from the aggregate amount standing to the credit of the General Accounts provided that such

amounts are not allocated towards another purpose) and any applicable Excluded Insurance Proceeds that the relevant insurer has committed to advance under any applicable Insurance Policy.

The relevant Facility Agent may not make a demand under an Eligible Letter of Credit-Capex unless (i) a Loan Event of Default is continuing under the applicable Facilities Agreement and the costs in respect of the Capex Project to which such Eligible Letter of Credit-Capex relates are due and payable; (ii) if the relevant Loan has been accelerated **provided that** the proceeds received by the relevant Facility Agent in connection with such demand are applied to discharge amounts in respect of the Capex Project to which such Eligible Letter of Credit-Capex relates; or (iii) the applicable Obligors have failed to renew the relevant Eligible Letter of Credit-Capex unless, in lieu of such renewal, the applicable Obligors have procured that cash in an aggregate amount not less than the undrawn amount of that Eligible Letter of Credit-Capex has been credited to the relevant General Account by the date falling three months prior to its expiry date **provided that** the proceeds received by the applicable Facility Agent in connection with such demand are transferred to the General Account.

If the issuer of the Eligible Letter of Credit-Capex at any time ceases to have a Requisite Rating, the relevant Company must promptly and in any event within 10 Business Days after the date the relevant Facility Agent's (acting on the instructions of the applicable Majority Lenders) notifies the applicable Company that the relevant Issuer ceased to have a Requisite Rating and that it requires that the relevant Company to procure a replacement Eligible Letter of Credit-Capex to be issued (with an undrawn amount not less than the Eligible Letter of Credit-Capex it is replacing) to the applicable Facility Agent from an issuer with a Requisite Rating or, in lieu of such issuance, procure that cash in an aggregate amount not less than the undrawn amount of the Eligible Letter of Credit-Capex being replaced is credited to the relevant General Account.

*Notices*

Under each Facilities Agreement, an Obligor must promptly upon receipt of the same provide reasonable details (and if requested a copy of any written particulars received by that Obligor) to the relevant Facility Agent of any notice, order, directive, designation, resolution or proposal having application to and a material adverse effect on the applicable Property or Properties or to the area in which it is or they are situated and requiring action by that Obligor from any planning authority or other public body or authority under or by virtue of applicable planning laws or any other statutory power or powers conferred by any other law (a "**Planning Notice**"). To the extent any Obligor does not comply with its material obligations under a Planning Notice, upon reasonable prior notice to the relevant Company, the relevant Facility Agent (acting on the instructions of the relevant Majority Lenders (acting reasonably)) may at the cost of that Obligor take all reasonable or expedient steps (in the name of the Obligor or otherwise) to remedy such non-compliance and/or make objections or representations against or in respect of any Planning Notice.

*Pay rents charges and Taxes*

Under each Facilities Agreement, each applicable Obligor must indemnify the relevant Facility Agent on demand against all existing and future rents, Taxes, fees, renewal fees, charges, assessments, impositions and outgoings whatsoever whether imposed by deed or by statute or otherwise and whether in the nature of capital or revenue or otherwise and even though of a wholly novel character which now or at any time during the continuance of the security constituted by or pursuant to the applicable Finance Documents are payable and paid by the Facility Agent in respect of any applicable Property or any part thereof.

*Entry and power to inspect and remedy breaches*

If, at any time, any Obligor under any Facilities Agreement fails, or is considered by the relevant Facility Agent (acting on the instructions of the applicable Majority Lenders (acting reasonably)) to have failed to have performed, any of its property undertakings or a Loan Event of Default is otherwise continuing under the applicable Facilities Agreement, the relevant Facility Agent may (subject to the terms of any applicable Lease by giving three Business Days prior notice to the relevant Company (except in an emergency where no prior notice will be required) to enter upon the relevant Property or Properties with or without agents appointed by it, architects, contractors, workmen and others as it may reasonably determine and inspect any relevant Property or Properties or any part thereof and/or execute such works and take such steps as may, in the reasonable opinion of the relevant Facility Agent, be required to remedy or rectify any such failure and do or take any action on or in relation to any relevant Property or Properties as may in the reasonable opinion of the relevant Facility Agent be required to remedy or rectify such failure **provided that** in

exercising any of these right the relevant Facility Agent complies with the terms of any applicable Lease. The fees, costs and expenses incurred by the relevant Facility Agent (acting reasonably) for such works and taking such steps shall, if an applicable Obligor had failed to have performed any of its property undertakings or a Loan Event of Default was continuing under the applicable Facilities Agreement when such works and steps were undertaken, be reimbursed by the applicable Obligors to the relevant Facility Agent, promptly on demand.

The exercise by the relevant Facility Agent of its powers described in this section will not render the relevant Facility Agent liable to account as mortgagee in possession.

*Insurances*

Each Obligor must effect and maintain or ensure that there is effected and maintained at all times with Approved Insurer(s): (i) insurance in respect of the applicable Property or Properties owned by it and other fixtures and fixed plant and machinery forming part of the applicable Property or Properties and which are owned by the relevant Obligor against loss or damage by fire, storm, tempest, flood, earthquake, subsidence, lightning, explosion, impact, aircraft and other aerial devices and articles dropped from them, riot, civil commotion and malicious damage, bursting or overflowing of water tanks, apparatus or pipes and such other risks and contingencies as are insured in accordance with sound commercial practice to the full reinstatement value thereof including without limitation, the costs of demolition and site clearance, shoring and propping up, any professional fees and VAT where applicable relating thereto (together with provision for forward inflation) **provided that** earthquake insurance in Italy shall only be required to be effected if available at reasonable cost in the market (and the reinstatement value may be reduced below full reinstatement value to enable such insurance to be effected at reasonable cost) taking into account the risks being insured; (ii) insurance against the loss of Rental Income or prospective Rental Income under Occupational Leases existing at such time for a period of not less than three years including provision for any increases in rent during the period of insurance; (iii) to the extent available in the market, insurance in respect of acts of terrorism in respect of the applicable Property or Properties including any third party liability arising from such acts; (iv) insurance against public liability risks; and (v) such other risks as a prudent property company carrying on the same or substantially similar business as that Obligor would effect.

"**Approved Insurer**" means, for each Loan, in respect of any Insurance Policy, an insurer or underwriter:

(a) holding a Requisite Rating at the time that Insurance Policy is entered into; or

(b) the identity of which is approved in writing by the relevant Facility Agent (such approval not to be unreasonably withheld, delayed or conditioned).

"**Insurance Policy**" means any policy of insurance or assurance in which an Obligor may at any time have an interest.

Each Obligor must at all times ensure that each Insurance Policy (except any Insurance Policy in respect of public liability risks or relating to third party liability): (i) is in the names of the applicable Obligor; (ii) names the relevant Security Agent (on behalf of the relevant Finance Parties) as co insured and loss payee (other than in respect of any proceeds of insurance claims of up to €50,000 per claim) with the interests of the relevant Security Agent noted on the Insurance Policies but without liability on the part of the relevant Security Agent or any other applicable Finance Party for any premium in relation to those Insurance Policies; and (iii) contains a provision under which Insurance Prepayment Proceeds in respect of that Insurance Policy are payable directly to the relevant Security Agent.

Each Obligor must ensure that at all times all Insurance Policies contain (except any Insurance Policy in respect of public liability risks or relating to third party liability): (i) a mortgagee clause whereby such Insurance Policy will not be vitiated or avoided as against a mortgagee or security holder in the event of or as a result of any misrepresentation, act, neglect or failure to make disclosure on the part of the applicable Obligor or any tenant or other insured party (other than the applicable Finance Parties) or any circumstances beyond the control of any insured party; (ii) a waiver of all rights of subrogation of the insurer under the relevant Insurance Policy as against each insured party, each applicable Finance Party and each tenant other than any such rights arising in connection with any fraud or criminal offence committed by any of those persons in respect of any Property or any Insurance Policy or any such rights as against a tenant arising in connection with the obligation of that tenant to contribute to insurance premia or to pay for any damages

to an applicable Property caused by any willful misconduct of that tenant; and (iii) terms providing that it will not be invalidated so far as the relevant Security Agent is concerned for failure to pay any premium due without the insurer first giving to the relevant Security Agent not less than 30 days' written notice and an opportunity to rectify any such non-payment of premium within that period.

Nothing in any Facilities Agreement creates any obligation for the relevant Security Agent to pay any premium due in respect of an Insurance Policy.

Each Obligor must promptly on request of the relevant Facility Agent: (a) provide (i) such information (and copies of) in connection with the Insurance Policies as the relevant Facility Agent may at any time reasonably require; (ii) a copy or sufficient extract of every Insurance Policy; and (iii) premium receipts or other evidence of the payment of premiums in respect of any Insurance Policy; (b) notify (in the next Quarterly Management Report delivered after the occurrence of the relevant event) the relevant Facility Agent of (i) renewals; (ii) variations; (iii) cancellations made or, to the knowledge of any applicable Obligor, threatened or pending, in each case, in respect of any Insurance Policy; (c) not do or permit anything to be done which may make void or voidable any Insurance Policy; and (d) duly and punctually pay all premiums and other monies payable under all Insurance Policies.

If any Obligor does not comply with its obligations in respect of any Insurance Policy, the relevant Facility Agent or the relevant Security Agent may (without any obligation to do so) effect or renew any such Insurance Policy on behalf of the relevant Security Agent (and not in any way for the benefit of the Obligor and the monies expended by the relevant Facility Agent or the relevant Security Agent on so effecting or renewing any such Insurance Policy shall be reimbursed by the relevant Obligors to the relevant Facility Agent or the relevant Security Agent on demand.

If at any time any Requisite Rating for any insurer or underwriter with which any Insurance Policy has been effected is not met, the Obligor shall as soon as practicable following request from the relevant Facility Agent (but in any event within 60 days of that request from the relevant Facility Agent) unless the provisions of the paragraph below applies, effect a new Insurance Policy with a new insurer or underwriter that meets a Requisite Rating (and must provide details of such insurer or underwriter and the new Insurance Policy as may be reasonably required by the relevant Facility Agent).

If following a request from the relevant Facility Agent to replace an insurer or underwriter with an insurer or underwriter that meets a Requisite Rating, it is not possible to find a replacement insurer or underwriter which meets that Requisite Rating, the relevant Facility Agent and the relevant Company will consult with each other (for a period of no more than five Business Days and both acting reasonably) with a view to agreeing a substitute insurer or underwriter. At the end of that period of consultation the relevant Facility Agent must specify which alternative insurer or underwriter may be used to effect any Insurance Policy.

No Finance Party shall have any duty of disclosure to any insurance company, insurance broker or underwriter with respect to an Insurance Policy unless and until the Security Agent or other Finance Party becomes a mortgagee in possession of any Property, in which case the Security Agent and/or any other Finance Party shall be required to make disclosures to any insurance company, insurance broker or underwriter with respect to the Insurance Policy relating to that Property in accordance with the terms of that Insurance Policy.

Nothing in clause 24.10 (*Insurance*) of the Facilities Agreements creates any obligation for the Security Agent to pay any premium due in respect of an Insurance Policy.

***Valuations***

Under each Facilities Agreement, the relevant Facility Agent (acting on the instructions of the Majority Lenders) may instruct the Valuer to prepare and issue a Valuation of the applicable Property or Properties (at the cost of the relevant Company) once in any 12 months period commencing on the date falling 12 months after the Utilisation Date.

However, if a Loan Event of Default is continuing under the applicable Facilities Agreement, the applicable Facility Agent (acting on the instructions of the relevant Majority Lenders) may at any time instruct a Valuer to prepare and deliver to that Facility Agent a Valuation, **provided that** such Facility Agent may not request more than one Valuation while that same Loan Event of Default is continuing.

The relevant Company must on demand by the relevant Facility Agent pay (or procure is paid) the costs of any Valuer which has been instructed by the relevant Facility Agent to provide a Valuation as discussed above or as a result of a compulsory purchase as discussed in "*Compulsory purchase*" above.

Any other Valuation carried out by a Valuer on the instructions of the relevant Facility Agent will be at the cost of the Lenders and will not constitute a Valuation for the purposes of the relevant Facilities Agreement.

The relevant Facility Agent must as soon as reasonably practicable after instructing a Valuer to prepare a Valuation, notify the Company of such instruction (and shall, in such notification, confirm the identity of the Valuer and the expected issue date of that Valuation), and provide the Company with a copy of each Valuation promptly after receipt of the same from the Valuer.

***Loan Events of Default***

The Facilities Agreements each contain the following Loan Events of Default:

*Non-payment*

A Transaction Obligor does not pay on the due date any amount payable by it pursuant to an applicable Finance Document to which it is a party at the place at and in the currency in which it is expressed to be payable unless its failure to pay is caused by: (i) administrative or technical error in the transmission of funds and such failure to pay is remedied within three Business Days of its due date; or (ii) the relevant Facility Agent failing to make a payment or transfer out of any relevant Control Account (in respect of which the relevant Facility Agent has signing rights) in accordance with the terms of the applicable Finance Documents in circumstances where that Control Account contained sufficient funds (after taking into account any transfers required to be made out of that Control Account on that date in accordance with the terms of the applicable Facilities Agreement) to make all of the payments due and payable under the applicable Finance Documents from that Control Account on such date.

"**Transaction Obligor**" means, in respect of each Loan, an Obligor, Topco or a Subordinated Creditor.

*Financial Covenants*

Following the occurrence of a Permitted Change of Control under the relevant Loan, the relevant LTV Ratio Covenant or Debt Yield Covenant is not complied with; however, no Loan Event of Default will occur under a Facilities Agreement by virtue of such non-compliance if it is cured in accordance with the provisions of the relevant Facilities Agreement as discussed in "*Financial Covenants – Equity Cure*" above.

*Breach of certain other obligations*

An applicable Obligor does not comply with its obligations under the applicable Facilities Agreement in relation to (i) delivery of conditions subsequent, (ii) hedging, (iii) provisions and contents of the Compliance Certificates, (iv), mergers, (v) negative pledge, (vi) disposals, (vii) Financial Indebtedness, (viii) Treasury Transactions, (ix) certain insurance requirements or (x) Valuations.

*Other obligations*

An applicable Transaction Obligor does not comply with any other provision of the applicable Finance Documents other than those set out immediately above, subject to a remedy period of 21 days from the earlier of the relevant Facility Agent giving notice to the Company of such failure and any applicable Transaction Obligor becoming aware of the failure to comply.

*Misrepresentation*

Any representation or statement made or deemed to be made by an applicable Transaction Obligor in the applicable Finance Documents, the applicable Hedging Document or in any other document delivered by or on behalf of any applicable Transaction Obligor under or in connection with any applicable Finance Document or Hedging Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made by reference to the facts and circumstances then existing, subject to a remedy period of 21 days from the earlier of the relevant Facility Agent giving notice to the applicable Company of such failure and any applicable Transaction Obligor becoming aware of the failure to comply.

*Cross default*

Any Financial Indebtedness of any applicable Obligor is not paid when due after the expiry of any originally applicable grace period or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an applicable Loan Event of Default (however described) in accordance with the terms of the relevant Facilities Agreement.

Any Commitment for any Financial Indebtedness of any applicable Obligor is cancelled or suspended by a creditor of any applicable Obligor as a result of a Loan Event of Default (however described) under the applicable Facilities Agreement.

Any creditor of any applicable Obligor becomes entitled to declare any Financial Indebtedness of any applicable Obligor due and payable prior to its specified maturity as a result of a Loan Event of Default (however described) under the applicable Facilities Agreement.

These Loan Events of Default will not occur under the relevant Facilities Agreement in respect of Financial Indebtedness the aggregate amount of which is less than €100,000 (or its equivalent in another currency or currencies).

*Insolvency*

Any applicable Obligor is or is deemed unable or admits inability to pay its debts as they fall due or is deemed to or declared to be unable to pay its debts or insolvent under applicable law, ceases or suspends making payments on any of its debts or announces any intention to do so (or is so deemed for the purposes of any law applicable to it) or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (other than any applicable Finance Party) with a view to rescheduling any of its indebtedness. Any applicable Obligor's indebtedness is subject to a moratorium.

*Insolvency proceedings*

Any corporate action, legal proceedings or other procedure or step is taken in relation to: (i) the suspension of payments, a moratorium of any indebtedness, winding up, dissolution, administration or insolvent reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any applicable Obligor; (ii) a composition, compromise, assignment or arrangement with any creditor (other than any applicable Finance Party) of any applicable Obligor for reasons of that Obligor's financial difficulty; (iii) the appointment of a provisional liquidator, a liquidator, receiver, administrative receiver, administrator, compulsory or interim manager or other similar officer in respect of any applicable Obligor or any of its assets; or (iv) enforcement of any Security over any assets of any applicable Obligor. Any analogous procedure or step to those referred to above in respect of an applicable Obligor is taken in any jurisdiction.

The above will not apply to any proceedings or actions which are frivolous or vexatious and contested in good faith and discharged, stayed, recalled or dismissed within 21 days of commencement.

*Creditors' Process*

Any expropriation, conservatory or executory seizure or attachment, sequestration, distress or execution (including by way of executory attachment or interlocutory attachment or any analogous process in any jurisdiction) (each a "**Creditors' Process**") affects any asset or assets of an applicable Obligor and such Creditors' Process has an aggregate value (when aggregated with the value of each other Creditors' Processes outstanding at that time) in excess of €100,000 (or its equivalent in other currencies) is not discharged, stayed or dismissed within 21 days of commencement.

*Unlawfulness and invalidity*

It is or becomes unlawful for any party (other than any applicable Finance Party) to perform any of its obligations under the applicable Finance Documents or any applicable Loan Security created or expressed to be created or evidenced by the applicable Loan Security Documents to which it is a party ceases to be effective or is or becomes unlawful.

Any material obligation or material obligations of any party (other than any applicable Finance Party) under any applicable Finance Document to which it is a party is or are not or cease to be legal, valid, binding or

enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the applicable Finance Parties under the applicable Finance Documents.

Any applicable Finance Document ceases to be in full force and effect or any applicable Loan Security becomes unlawful or ineffective or is alleged by a party to it (other than an applicable Finance Party) to be ineffective or, subject to the Legal Reservations and the Perfection Requirements, ceases to be legal, valid, binding, or enforceable.

*Repudiation*

Any applicable Transaction Obligor rescinds or repudiates an applicable Finance Document to which it is a party or any of the applicable Loan Security to which it is a party or evidences an intention to rescind or repudiate an applicable Finance Document or any applicable Loan Security to which it is a party.

*Cessation of business*

Any Obligor ceases, or threatens to cease, to carry on all or a substantial part of its business.

*Litigation*

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes (including, without limitation any Environmental Claim and any claim in relation to Taxes and any adverse claims by any person in respect of the ownership of the applicable Property or Properties or any interest in them) are commenced or threatened against any applicable Obligor or its assets which is reasonably likely to be adversely determined against that Obligor or its assets and if so adversely determined would have a Material Adverse Effect.

*Compulsory purchase*

Any Expropriation occurs in respect of the applicable Property or Properties, and such Expropriation would have a Material Adverse Effect (taking into account, for these purposes, the Insurance Policy relating to such Property or Properties and/or any prepayment of the relevant Loan made or in respect of which notice of prepayment has been provided to the applicable Facility Agent (**provided that** such prepayment is made within 20 Business Days of the date of such notice) to be made in connection with such Expropriation).

*Major Damage*

Any part of any applicable Property is destroyed or damaged (each a "**Major Damage**") and such destruction or damage would have a Material Adverse Effect (taking into account, for these purposes, the Insurance Policy relating to that Property, any Permitted Capex Project which it is necessary to undertake to prevent a Loan Event of Default and which can be funded from the aggregated amounts standing to the credit of the General Accounts and any Excluded Insurance Proceeds which has been contracted and/or any prepayment of the Loan made or in respect of which notice of prepayment has been provided to the applicable Facility Agent (**provided that** such prepayment is made within 20 Business Days of the date of such notice) to be made in connection with such Major Damage).

***Acceleration***

On and at any time after the occurrence of a Loan Event of Default under the applicable Facilities Agreement which is continuing the relevant Facility Agent may, and must if so directed by the Majority Lenders, by notice to the applicable Company: (i) cancel the applicable Total Commitments whereupon they will immediately be cancelled and any fees payable under the applicable Finance Documents in connection with such Commitments will be immediately due and payable; (ii) declare that all or part of the relevant Loan, together with accrued interest, and all other amounts accrued or outstanding under the applicable Finance Documents be immediately due and payable, at which time they will become immediately due and payable; (iii) declare that all or part of the relevant Loan be payable on demand, whereupon they will immediately become payable on demand by the Facility Agent (acting on the instructions of the relevant Majority Lenders); (iv) make a demand under an Eligible Letter of Credit – Equity Cure in accordance with "Bank Accounts – Equity Cure Accounts" above; (v) make a demand under an Eligible Letter of Credit-Capex in accordance with "*Property Undertakings – Capital Expenditure and Alterations*" above; (v) provide an estimate, made in good faith, of any amount which in the reasonable opinion of the relevant Facility Agent, is likely to become due and payable from any applicable Obligor

pursuant to any guarantee or indemnity given under the applicable Facilities Agreement and declare that amount to be immediately due and payable or to be payable on demand, at which time such amount will become immediately due and payable or, as the case may be, payable on demand; and (vi) enforce or direct the relevant Security Agent to enforce the applicable Loan Security or exercise any or all of its rights, remedies, powers or discretions under any of the applicable Finance Documents.

**Finance party action/inaction**

No Event of Default shall occur in respect of a failure or inability by a Transaction Obligor to comply with any of its obligations under the Finance Documents for so long as such failure or inability to comply is caused by the failure of a Finance Party to:

(i) sign an agreed form document;

(ii) confirm a document is agreed form or provide feedback on a draft document delivered to it by or on behalf of a Transaction Obligor; or

(iii) provide any information within its (or its advisers) possession or actual knowledge required by a Transaction Obligor to comply with any such obligation,

in each case, by the date falling 5 Business Days after a request is received by that Finance Party from the relevant Transaction Obligor (each a "**Finance Party Inaction**") in each case where, but for the action or inaction of a Finance Party, the Transaction Obligor would have so complied but only for so long as any such action or inaction continues provided that if a Finance Party Inaction continues for a period in excess of 5 Business Days (such excess, being the "**Finance Party Inaction Period**"), any deadline or period of time (including any grace period) applicable to that obligation of that Transaction Obligor, after expiration of which the failure of the Transaction Obligor to comply with such obligation would constitute an Event of Default, shall be extended by a number of Business Days equal to the Finance Party Inaction Period.

The paragraph above does not apply to any Finance Party Inaction that results from a request which requires the consent of the noteholders under the terms of any Securitisation transaction documents.

**Conditions Subsequent**

Under the Franciacorta Facilities Agreement, the Franciacorta Obligors shall use reasonable endeavours to complete the Permitted Merger on or before the date falling six months after the Utilisation Date.

**Partial payments**

If the relevant Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the relevant Finance Documents, the relevant Facility Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents (i) firstly, in or towards payment *pro rata* of any unpaid costs, fees and expenses (including the Securitisation Periodic Fees and Costs) and any other liability (including by way of indemnity) due to the relevant Security Agent (including any due to any Receiver or Delegate), the relevant Facility Agent and the Arranger under the relevant Finance Documents and the parties identified in the section "*Ongoing Financing Costs*", (ii) secondly, in or towards payment *pro rata* of any unpaid costs, fees and expenses and any other liability (including by way of indemnity) due to the Finance Parties (other than the relevant Security Agent, any Receiver or any Delegate, the relevant Facility Agent and the Arranger) and the parties to the applicable Ongoing Financing Costs Letter under the relevant Finance Documents, (iii) thirdly, in or towards payment *pro rata* of all accrued interest due and payable to the Lenders under the relevant Finance Documents, (iv) fourthly, in or towards payment *pro rata* of the relevant Loan to the extent due and payable to the Lenders, (v) fifthly, all other Secured Liabilities then due and payable, and (vi) sixthly, to the relevant Obligor.

***Amendments and waivers***

Under the Facilities Agreements, any term of the applicable Finance Documents may be amended or waived only with the consent of the relevant Majority Lenders, and the applicable Company, except that an amendment or waiver which relates to the rights or obligations of the relevant Facility Agent, the relevant Security Agent or the Arranger may not be effected without the consent of the relevant Facility Agent, the relevant Security Agent or the Arranger, as the case may be, and except that an amendment or waiver which

has the effect of changing or which relates to the following may not be made without the prior consent of all the Lenders:

(a) the definition of "**Majority Lenders**" under the applicable Facilities Agreement;

(b) an extension to the date of payment of any amount under the applicable Finance Documents (other than the optional three year extensions to the applicable Repayment Date contemplated by the applicable Facilities Agreement);

(c) any release of any applicable Obligor from any applicable Loan Security or any guarantee (except as expressly contemplated by the applicable Finance Documents);

(d) (other than as expressly permitted by the provisions of any applicable Finance Documents) a change to the applicable Borrower or applicable Guarantors other than in accordance with the applicable Facilities Agreement;

(e) a reduction in the applicable Loan Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(f) an increase in, or an extension of, any applicable Commitment other than the optional three year extensions to the applicable Repayment Date contemplated by the applicable Facilities Agreement);

(g) any provision which expressly requires the consent of all the applicable Lenders;

(h) the provisions of the applicable Facilities Agreement relating to the rights and obligations of the applicable Finance Parties;

(i) except as expressly contemplated by the applicable Finance Documents, the nature or scope of the guarantee in the applicable Facilities Agreement, the Charged Property or the manner in which the proceeds of enforcement of the Loan Security are distributed;

(j) except as otherwise permitted under the relevant Facilities Agreement, the release of any guarantee or indemnity in the Facilities Agreement; and

(k) any amendment to the order of priority in distributing the proceeds in the event of enforcement of Security.

If a Lender under any Loan does not accept or reject a request for any consent, amendment, release or waiver from the relevant Company (or, for any Loan, the relevant Facility Agent on behalf of the relevant Company) by the date which is the later of (a) 5pm on the date falling 10 Business Days following such request (or such other time as specified by the relevant Company with the prior agreement of the relevant Facility Agent), and (b) the time for the applicable Lenders to respond as specified in that request, that Lender shall be deemed to have approved such consent, amendment, release or waiver when calculating whether the relevant approval from the Lenders has been obtained. Any Lender which is a Defaulting Lender (as that term is defined in the relevant Facilities Agreement), unless otherwise agreed with the relevant Company, will also be deemed to have approved such consent, amendment, release or waiver when calculating whether the relevant approval from the Lenders has been obtained.

***Notices***

Notices may be served on and sent by the relevant Company on behalf of the relevant Borrower and/or the relevant Obligors. Any communication made or delivered to any Obligor (other than the relevant Company) must be copied to the relevant Company at the same time by the same method.

***The Loan Security Documents***

Each Loan is secured by the applicable Loan Security, created pursuant to the Loan Security Documents applicable to that Loan only. The Facilities Agreements are not cross-collateralised and the Loan Security and guarantees granted by members of each Group secure or, as applicable, guarantee only the Secured Liabilities arising under the Finance Documents to which such members are party.

A summary is provided below in respect of the Loan Security Documents.

*Palmanova Loan Security Documents:*

The Loan Security granted in respect of the Palmanova Loan is as follows (together the "**Palmanova Loan Security Documents**"):

(a) delivered on the Utilisation Date:

(i) a first-ranking mortgage security over the Palmanova Property by the Palmanova Borrower (Italian law);

(ii) an assignment by way of security of receivables owed to it under the relevant Occupational Leases by the Palmanova Borrower (Italian law);

(iii) an assignment of rights under the Hedging Documents and Insurance Policies by the Palmanova Borrower (English law);

(iv) a pledge over the shares of Palmanova Borrower by the Palmanova Holdco (Italian law);

(v) a pledge over the shares of Palmanova Holdco by the Palmanova Company (Luxembourg law);

(vi) account pledges in respect of the Control Accounts located in Italy held by the Palmanova Borrower (Italian law);

(vii) an account pledge in respect of the Control Accounts located in Luxembourg held by the Palmanova Company and the Palmanova Holdco (Luxembourg law);

(viii) a receivables pledge in respect of any Subordinated Loans owed by the Palmanova Holdco to the Palmanova Company (Luxembourg law);

(ix) a receivables pledge in respect of any Subordinated Loans owed by the Palmanova Borrower to the Palmanova Holdco (Luxembourg law);

(b) delivered on or prior to the Account Opening Backstop Date:

(i) account pledges in respect of its Control Accounts located in Italy or Luxembourg (as applicable) by each Palmanova Obligor (Italian law or Luxembourg law (as applicable).);

(c) delivered as conditions subsequent to a Permitted Change of Control:

(i) a pledge over the shares of Palmanova Borrower by New Holdco (Italian law);

(ii) a pledge over the shares of New Holdco by New Company (Luxembourg law);

(iii) an account pledge in respect of Control Accounts located in Luxembourg held by New Holdco and New Company (Luxembourg law);

(iv) a receivables pledge in respect of any Subordinated Loans owed by New Holdco to New Company (Luxembourg law); and

(v) a receivables pledge in respect of any Subordinated Loans owed by the Palmanova Borrower to the New Holdco (Luxembourg law);

(d) any other document entered into by any Palmanova Obligor creating any guarantee, indemnity, Palmanova Loan Security or other assurance against financial loss in favour of any of the applicable Finance Parties as Palmanova Loan Security for any of the applicable Secured Liabilities; and

(e) Palmanova Loan Security granted under any covenant for further assurance in any of the documents listed in paragraphs (a) to (d) above.

*Franciacorta Loan Security Documents:*

The Loan Security granted in respect of the Franciacorta Loan is as follows (together the "**Franciacorta Loan Security Documents**"):

(a) delivered on the Utilisation Date:

(i) a pledge over shares in respect of the shares in the First Franciacorta Borrower by the Second Franciacorta Borrower (Italian law);

(ii) a pledge over shares in respect of the shares in the Second Franciacorta Borrower by Frankie Bidco S.à r.l. (Italian law);

(iii) a first-ranking mortgage security over the Franciacorta Property by the First Franciacorta Borrower (Italian law);

(iv) an assignment by way of security of receivables owed to it under the relevant Occupational Leases by the First Franciacorta Borrower (Italian law);

(v) a pledge over the shares of the Franciacorta Guarantor by the Franciacorta Company (Luxembourg law);

(vi) an assignment of rights under the Hedging Documents relating to the Franciacorta Loan by each Franciacorta Obligor (English law);

(vii) an account pledge in respect of each of the Control Accounts located in Luxembourg held by the Franciacorta Company and the Franciacorta Guarantor (Luxembourg law);

(viii) account pledges in respect of the Control Accounts located in Italy by the First Franciacorta Borrower (Italian law);

(ix) account pledges in respect of the Control Accounts located in Italy by the Second Franciacorta Borrower (Italian law);

(x) a receivables pledge in respect of any Subordinated Loans owed by the Franciacorta Guarantor to the Franciacorta Company (Luxembourg law);

(xi) a receivables pledge in respect of any Subordinated Loans owed by the Second Franciacorta Borrower to the Franciacorta Guarantor (Luxembourg law);

(b) delivered on or prior to the Account Opening Backstop Date:

(i) accounts pledge in respect of its Control Accounts located in Italy or Luxembourg (as applicable) by each Franciacorta Obligor (Italian law or Luxembourg law (as applicable));

(c) delivered as conditions subsequent to the Permitted Merger:

(i) second-ranking mortgage security over the Franciacorta Property by the Second Franciacorta Borrower (Italian law);

(ii) any confirmation and extension agreement by the Second Franciacorta Borrower in occupational relation to any Franciacorta Loan Security (other than the mortgage and the assignment of leases) granted by the First Franciacorta Borrower (Italian law);

(d) delivered as conditions subsequent to a Permitted Change of Control:

(i) a pledge over the shares of the Second Franciacorta Borrower by New Holdco (Italian law);

(ii) a pledge over the shares of New Holdco by New Company (Luxembourg law);

(iii) an account pledge in respect of the Control Accounts located in Luxembourg held by New Holdco and New Company (Luxembourg law);

(iv) a receivables pledge in respect of any Subordinated Loans owed by New Holdco to New Company (Luxembourg law);

(v) a receivables pledge in respect of any Subordinated Loans owed by the Second Franciacorta Borrower to the New Holdco (Luxembourg law);

(e) any other document entered into by any Franciacorta Obligor creating any guarantee, indemnity, Franciacorta Loan Security or other assurance against financial loss in favour of any of the applicable Finance Parties as Franciacorta Loan Security for any of the applicable Secured Liabilities; and

(f) Franciacorta Loan Security granted under any covenant for further assurance in any of the documents listed in paragraphs (a) to (e) above.

**Common Defined Terms of the Facilities Agreements**

"**Account Bank**" means:

(a) each Initial Account Bank; or

(b) any other bank or financial institution which becomes an Account Bank in accordance with the applicable Facilities Agreement.

"**Account Blocking Notice**" means, at any time when a Loan Event of Default is continuing under a Loan, a notice from the relevant Facility Agent (acting on the instructions of the Majority Lenders) to an Obligor that its rights to operate any Unblocked Account are suspended (following which the relevant Security Agent may notify each Account Bank that no amount may be withdrawn from any Unblocked Account without its prior written consent).

"**Account Closing Backstop Date**" means the date falling 120 days after the Utilisation Date or, if later, the first date under applicable law by which the Existing Accounts are permitted to be closed.

"**Account Opening Backstop Date**" means, in respect of each Loan, the date earlier of:

(a) the date falling 120 days after the Utilisation Date; and

(b) the date falling 10 Business Days prior to the first Interest Payment Date.

"**Account Unblocking Notice**" means, following service of an Account Blocking Notice, if the relevant Event of Default ceases to be continuing (and no other Event of Default is continuing), the Security Agent shall, upon request by the applicable Company or the relevant Obligor, promptly notify each Account Bank that the prior written consent of the Security Agent (acting on the instructions of the Majority Lenders) is no longer required in relation to withdrawal of amounts from the Unblocked Accounts.

"**Accounting Principles**" means in relation to an applicable Obligor, IFRS or the accounting standards generally accepted in the jurisdiction of incorporation of that Obligor.

"**Affiliate**" means in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Agreement for Lease**" means an agreement to grant an Occupational Lease of all or part of any applicable Property.

"**Anti-Corruption Laws**" has the meaning given to that term in clause 21.25 (*Anti-Corruption*) of the Facilities Agreements.

"**Anti-Money Laundering Laws**" means all applicable laws concerning money laundering, terrorist or criminal financing, and financial record-keeping and reporting, including, without limitation, the Bank Secrecy Act, 31 U.S.C. sections 5301 *et seq*.; the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107 56 (a/k/a the USA Patriot Act); Laundering of Monetary Instruments, 18 U.S.C. section 1956; Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity, 18 U.S.C. section 1957; the Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulations, 31 C.F.R. Part 103.

"**Approved Insurer**" means, in respect of any Insurance Policy, an insurer or underwriter:

(a) holding a Requisite Rating at the time that Insurance Policy is entered into; or

(b) the identity of which is approved in writing by the Facility Agent (such approval not to be unreasonably withheld, delayed or conditioned).

"**Arrangement Fee Letter**" means the letter dated on or about the date of the Facilities Agreement between the Mandated Lead Arranger and the applicable Company setting out the fees referred to in Clause 14.2 (*Arrangement Fee*) of the relevant Facilities Agreement.

"**Assignment Agreement**" means, for each Loan, an agreement substantially in the form scheduled to the relevant Facilities Agreement or any other form agreed between the relevant Facility Agent and the relevant Company.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, permission, recording, filing, notarisation, registration or similar requirement, however described.

"**Availability Period**" means the period from and including the date of the relevant Facilities Agreement to and including the date falling 10 Business Days after the date of the relevant Facilities Agreement.

"**Available Commitment**" means, in relation to a Facility, a Lender's Commitment under that Facility minus:

(a) the amount of its participations in any outstanding Loans under that Facility; and

(b) in relation to any proposed Loan under the Facility, the amount of its participation in any other Loans under that Facility that are due to be made on or before the Utilisation Date for that proposed Loan.

"**Borrower Hedge Counterparty**" means any bank or financial institution party to a Hedging Document, including, but not limited to, any entity which provides a guarantee of the obligations of that bank or financial institution under another Hedging Document.

"**Break Costs**" means, the amount (if any) by which:

(a) the interest (excluding Margin on any portion of the Loans not subject to a Securitisation and including Margin on any portion of the Loans subject to a Securitisation or retained as required by law or regulation for capital risk retention purposes by the Lender selling (or who has sold) all or part of the Loan(s) to a Securitisation Issuer, in each case, at the time of calculation) which the Lender should have received for the period from the immediately subsequent Interest Period Date to the last day of the Interest Period commencing on that immediately subsequent Interest Period Date in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum not been received;

exceeds

(b) the higher of:

(i) zero; and

(ii) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the European interbank market for a period starting on the immediately subsequent Interest Period Date and ending on the next Interest Payment Date after that Interest Period Date.

"**Business Day**" means, a day (other than a Saturday or Sunday) on which banks are open for general business in London, Luxembourg and Milan and which is a TARGET Day.

"**Capex Project**" has the meaning ascribed to the term in the subsection entitled "*Property Undertakings – Capital expenditure and alterations*" above.

"**Cash Trap Account**" means, for each Loan, the account designated as such, required to be opened and maintained by the relevant Obligor in accordance with the applicable Facilities Agreement, and includes the interest of that Obligor in any replacement account or sub division or sub-account of that account.

"**Cash Trap Event**" means, on any Interest Payment Date:

(a) the LTV Ratio is greater than 75 per cent.; and/or

(b) the Debt Yield (by reference to the most recent Compliance Certificate) is:

(i) in respect of the Franciacorta Loan, less than 7.6 per cent.; and

(ii) in respect of the Palmanova Loan, less than 9.6 per cent.

"**Centre of Main Interests**" means the "centre of main interests" of an Obligor for the purposes of the COMI Regulation (recast).

"**Charged Property**" means all of the assets of the members of the applicable Group which from time to time are, or are expressed to be, the subject of the applicable Loan Security.

"**Code**" means the US Internal Revenue Code of 1986 (as amended or succeeded from time to time).

"**Commitment**" means: (a) in respect of the Franciacorta Loan, a Term Facility A Commitment or a Term Facility B Commitment; and (b) in respect of the Palmanova Loan, in relation to the applicable Lender, the amount set out opposite its name in the Palmanova Facilities Agreement and the amount of any other Commitment transferred to it under that Facilities Agreement, and in relation to any other Lender, the amount of any Commitment transferred to it under that Facilities Agreement.

"**Company**" means, in the case of the Franciacorta Loan:

(a) the applicable Original Company; or

(b) upon the occurrence of a Propco Sale Event, the applicable New Company.

"**Consent Letting Activity**" means:

(a) forfeiting or exercising any right of re-entry, or exercise any option or power to break or determine the term of any applicable Occupational Lease;

(b) accepting or permitting the surrender of all or any part of any applicable Occupational Lease or the termination of any rental guarantee;

(c) agreeing to any rent review under an applicable Occupational Lease (other than upward rent review) or any reduction in the amount payable under, or the term of, any rental guarantee,

(each action described in paragraph (a), (b) or (c) above being a "**Consent Action**"); or

(d) agreeing to any amendment, extension or waiver in respect of any applicable Occupational Lease, or any rental guarantee granted in relation to any applicable Occupational Lease, which has the commercial effect of a Consent Action,

in respect of an applicable Occupational Lease:

(i) that has annual Rental Income in the calendar year in which the action set out in paragraph (a), (b), (c) or (d) above is proposed to be contracted of more than €500,000; and

(ii) which is proposed to be contracted when a Loan Event of Default is continuing under the applicable Facilities Agreement.

"**Control Account**" means each of the control accounts opened by the applicable Obligors. See the section entitled "*Bank Accounts - Opening of Control Accounts*" for more information.

"**Corporate Expenses**" means, in relation to each applicable Obligor, all corporate operating expenditure of those entities (in each case, only to the extent such expenditure does not constitute applicable Service Charge Expenses or applicable Irrecoverable Service Charge Expenses) including, without limitation, audit and accountancy, legal, registration, trustee, manager, tax advisers and domiciliation fees and expenses and expenditure relating to advertising, marketing, payroll and related taxes, computer processing charges, operational equipment and other finance lease payments in each case, in relation to each applicable Obligor and including such expenses incurred by each direct or indirect shareholder of an applicable Obligor provided that such expenses incurred by a direct or indirect shareholder of an applicable Obligor are incurred for the account of such applicable Obligor.

"**DBRS**" means DBRS Ratings GmbH, and any its successors to its ratings business and assigns.

"**DBRS Criteria**" means legal criteria for European Structured Finance Transactions published by DBRS and dated September 2017 for the purposes of determining compliance in respect of an issuance of notes with a long-term rating of AAA by DBRS.

"**Debt Service Account**" means, for each Loan, an account designated as such, required to be opened and maintained by the relevant Obligor in accordance with the applicable Facilities Agreement and includes the interest of that Obligor in any replacement account or sub-division or sub-account of that account.

"**Debtor Accession Deed**" has the meaning given to such term in the applicable Subordination Agreement.

"**Debt Yield**" means, on any Interest Payment Date, the ratio of Net Rental Income for the Relevant Period ending on the Financial Quarter Date falling immediately prior to that Interest Payment Date to Net Debt on that Interest Payment Date.

"**Default**" means a Loan Event of Default or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination under the applicable Finance Documents or any combination of the foregoing) be a Loan Event of Default.

"**Delegate**" means any delegate, agent, attorney, manager or co-trustee appointed by the relevant Facility Agent or Security Agent.

"**Disposal Proceeds**" means the consideration received by any member of the Group (including any amount receivable in repayment of intercompany debt) for any disposal made by any member of the Group (including, for the avoidance of doubt, by way of Expropriation) after deducting:

(a) any reasonable fees, costs and expenses which are incurred by any member of the Group with respect to that disposal to persons who are neither members of the Group nor Investor Affiliates; and

(b) any Tax incurred and required to be paid by any member of the Group in connection with that disposal (as reasonably determined by such member of the Group, on the basis of existing rates and taking account of any available credit, deduction or allowance).

"**Disposal Taxes**" has the meaning given to it in the definition of Disposal Proceeds.

"**Disruption Event**" means:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; and/or

(b) the occurrence of any other event which results in a disruption (of a technical or systems related nature) to the treasury or payments operations of a Party preventing that, or any other Party from:

(i) performing its payment obligations under the Finance Documents; or

(ii) communicating with other Parties in accordance with the terms of the Finance Documents,

(and which (in either such case)) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"**Eligible Letter of Credit**" means a letter of credit which:

(a) is addressed to (and the original of which, if required to make a demand under that letter of credit, has been delivered to) the applicable Facility Agent from a person which has a Requisite Rating on the date of issue of that letter of credit;

(b) has an initial expiry date falling at least 12 months after its issue date;

(c) is irrevocable prior to its specified expiry date;

(d) can be unconditionally drawn by the applicable Facility Agent on demand;

(e) under which no applicable Obligor has any liability (including for any claims which may arise as a result of any demand being made under that letter of credit); and

(f) is renewed at least three months prior to its then current specified expiry date.

"**Eligible Letter of Credit-Capex**" means an Eligible Letter of Credit issued in connection with a Permitted Capex Project.

"**Eligible Letter of Credit-Equity Cure**" means an Eligible Letter of Credit issued pursuant to the provisions described in "*Bank Accounts – Equity Cure Accounts*".

"**Environment**" means all gases, air, vapours, liquids, water, land, surface and sub-surface soils, rock, flora, fauna, wetlands and all other natural resources or part thereof including artificial or manmade buildings, structures or enclosures, humans, animals and all other living organisms.

"**Environmental Claim**" means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

"**Environmental Law**" means any applicable law or regulation which relates to:

(a) the pollution or protection of the Environment;

(b) the conditions of the workplace; or

(c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

"**Environmental Permits**" means any permit, licence, consent, approval and other authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any Obligor conducted on or from any applicable Property.

"**Equity Contribution**" means an amount which is contributed to the applicable Company in cash by way of equity contribution in the applicable Company and contributed or invested (if required) by the applicable Company directly or indirectly to another relevant Obligor by way of equity contribution.

"**Equity Cure Account**" means, for each Loan, an account designated as such, required to be opened and maintained by the relevant Obligor in accordance with the applicable Facilities Agreement and includes the interest of that Obligor in any replacement account or sub-division or sub-account of that account.

"**Equity Cure Amount**" means an LTV Equity Cure Amount or a Debt Yield Equity Cure Amount.

"**Establishment**" means an "establishment" (as that term is used in article 2(10) of the COMI Regulation (recast)).

"**Excluded Insurance Proceeds**" means, for each Loan:

(a) any proceeds of insurance claims of up to €50,000 per annum;

(b) any proceeds of an insurance claim which the relevant Company notifies the applicable Facility Agent are, or are to be, applied as soon as possible (but in any event within 12 months after receipt or 24 months after receipt **provided that** such proceeds are contractually committed to be applied no later than 12 months after receipt):

(i) to meet a third party claim to which the relevant insurance proceeds relate; and/or

(ii) to cover operating losses or loss of rent in respect of which the relevant insurance claim was made; and/or

(iii) to replace, reinstate and/or repair the relevant assets of an applicable Obligor which have been lost, destroyed or damaged.

"**Excluded Permitted Land Plot Disposal Proceeds**" means, in respect of a Permitted Land Plot Disposal, an amount equal to the amount of Disposal Proceeds received by an Obligor for that Permitted Land Plot Disposal minus an amount equal to the Permitted Land Plot Disposal Prepayment Proceeds for that Permitted Land Plot Disposal.

"**Excluded Recovery Proceeds**" means any proceeds of a Recovery Claim ("**Recovery Proceeds**") which the relevant Company notifies the relevant Facility Agent are, or are to be, applied as soon as possible (but in any event within 12 months after receipt or 24 months after receipt **provided that** such proceeds are contractually committed to be applied no later than 12 months after receipt):

(a) to satisfy (or reimburse a member of the applicable Group which has discharged) any liability, charge or claim upon a member of the applicable Group by a person which is not a member of the applicable Group (other than any Investor Affiliate); and/or

(b) in the replacement, reinstatement and/or repair of assets or property of members of the applicable Group which have been lost, destroyed or damaged to which the relevant recovery proceeds relate,

in each case in relation to that Recovery Claim.

"**Existing Account**" means each bank account (other than any Control Account or Rent Deposit Account) of an Obligor which was in existence prior to the Utilisation Date **provided that** following the closure or designation as a Control Account of any such account in accordance with the relevant Facilities Agreement will no longer constitute an Existing Account.

"**Expropriation**" means that any part of an applicable Property is compulsorily purchased or is otherwise nationalised or expropriated or is disposed of in order to comply with an order of any agency of state, authority, other regulatory body or any applicable law or regulation.

"**Expropriation Prepayment Proceeds**" means the Disposal Proceeds received by any Obligor pursuant to any Expropriation except for any Excluded Expropriation Proceeds.

"**Extension Option Notice**" means a document substantially in the form set out the applicable Facilities Agreement.

"**Extension Option Period**" means the First Extension Option Period, the Second Extension Option Period or the Third Extension Option Period, as the context may require.

"**Extra General Account**" means each additional bank account opened by an applicable Obligor in accordance with the terms of the applicable Facilities Agreement and designated as a "General Account".

"**Facility Agent**" means, in respect of each Loan, CBRE Loan Services Limited.

"**FATCA**" means:

(a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;

(b) any treaty, law, agreement, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law, regulation or other official guidance referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction together with any laws, fiscal or regulatory legislation, rules, guidance notes and practices adopted to effect any such agreement.

"**FATCA Application Date**" means:

(a) in relation to a "withholdable payment" described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014; and

(b) in relation to a "passthru payment" described in section 1471(d)(7) of the Code not falling within paragraph (a) above, the first date from which such payment may become subject to a deduction or withholding required by FATCA.

"**FATCA Deduction**" means a deduction or withholding from a payment under an applicable Finance Document required by FATCA.

"**FATCA Exempt Party**" means a Party that is entitled to receive payments free from any FATCA Deduction.

"**Final ESMA Disclosure Templates**" means the final form standardised templates published by ESMA in respect of Article 7 of the Securitisation Regulation.

"**Final Repayment Date**" means the latest to occur of:

(a) the Initial Repayment Date;

(b) if each of the First Extension Option Conditions is satisfied on the relevant date specified in the definition of First Extension Option Conditions, the First Extended Repayment Date;

(c) if each of the Second Extension Option Conditions is satisfied on the relevant date specified in the definition of Second Extension Option Conditions, the Second Extended Repayment Date; and

(d) if each of the Third Extension Option Conditions is satisfied on the relevant date specified in the definition of Third Extension Option Conditions, the Third Extended Repayment Date.

"**Finance Documents**" means each of the Franciacorta Finance Documents and the Palmanova Finance Documents.

"**Finance Parties**" means, in respect of each Facilities Agreement, each of the applicable Facility Agent, the applicable Security Agent, the Lender and the Arranger under the applicable relevant Finance Documents and their permitted successors or assignees.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) monies borrowed or raised and debit balances at banks or other financial institutions;

(b) any amount raised by acceptance under any acceptance credit facility or by a bill discounting or factoring credit facility (or dematerialised equivalent);

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract or other agreement which would, in accordance with the Accounting Principles, be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would, in accordance with the Accounting Principles in force prior to 1 January 2019, have been treated as an operating lease);

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any Treasury Transaction (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) at the time of calculation shall be taken into account);

(g) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

(h) any amount raised by the issue of redeemable shares;

(i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or (ii) the agreement is in

respect of the supply of assets or services and payment is due more than 180 days past the period customarily allowed by the relevant supplier to its customers generally for deferred payment;

(j) any arrangement pursuant to which an asset sold or otherwise disposed of by an Obligor may be re-acquired by an Obligor (whether following the exercise of an option or otherwise);

(k) any amount raised under any other transaction (including any forward sale or purchase agreement sale and sale back or sale and leaseback agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing; and

(l) (without double counting) the amount of any liability in respect of any guarantee or indemnity or similar assurance against loss for any of the items referred to in the preceding paragraphs of this definition and any agreement to maintain the solvency of any person whether by investing in, lending to or purchasing the assets of such person.

"**Financial Quarter**" means each 3 month period expiring on 31 March, 30 June, 30 September and 31 December of each year.

"**Financial Quarter Date**" means the last day on each Financial Quarter.

"**Financial Year**" means each 12 Month period expiring on 31 December in each year.

"**Financing Costs**" means all fees, costs and expenses and stamp, transfer, registration, notarial and other Taxes incurred by a member of the applicable Group directly or indirectly in connection with either of the Franciacorta Finance Documents or the Palmanova Finance Documents.

"**Fitch Criteria**" means the Structured Finance and Covered Bonds Counterparty Rating Criteria published by Fitch and dated May 2017 for the purposes of determining compliance in respect of an issuance of notes with a long-term rating of AAA by Fitch.

"**First Extended Repayment Date**" means the Interest Payment Date falling in August 2022.

"**Fitch**" means Fitch Ratings Ltd. and any successor to its rating business.

"**Franciacorta Facility Agent Fee Letter**" means the letter dated on or about the date of the Franciacorta Facilities Agreement between the applicable Facility Agent and the Franciacorta Company, setting out the facility agent fee referred to in the Franciacorta Facilities Agreement.

"**Franciacorta Security Agent Fee Letter**" means the letter dated on or about the date of the Franciacorta Facilities Agreement between the applicable Security Agent and the Franciacorta Company, setting out the security agent fee referred to in the Franciacorta Facilities Agreement.

"**Franciacorta Finance Documents**" means:

(a) the Franciacorta Facilities Agreement;

(b) the Franciacorta Senior Arrangement Fee Letter;

(c) the Franciacorta Facility Agent Fee Letter;

(d) the Franciacorta Ongoing Financing Costs Letter;

(e) the Franciacorta Prepayment Fee Letter;

(f) the Franciacorta Security Agent Fee Letter;

(g) the Franciacorta Margin Letter;

(h) the Franciacorta Prepayment Side Letter;

(i) each Duty of Care Agreement entered into in respect of the Franciacorta Property;

(j) each Lender Transfer Certificate entered into in respect of the Franciacorta Loan;

(k) each Utilisation Request in respect of the Franciacorta Loan;

(l) the Franciacorta Subordination Agreement;

(m) the Franciacorta Reports Side Letter;

(n) any Extension Option Notice entered into in respect of the Franciacorta Loan;

(o) each Debtor Accession Deed entered into in respect of the Franciacorta Facilities Agreement;

(p) each Subordinated Creditor Accession Deed entered into in respect of the Franciacorta Loan;

(q) each Franciacorta Loan Security Document; and

(r) any other document designated as a "Finance Document" by the Facility Agent and the Franciacorta Company.

"**Franciacorta Group**" means the Franciacorta Company and each of its Subsidiaries from time to time.

"**Franciacorta Hedging Documents**" means each of the present or future documents entered into by an applicable Borrower Hedge Counterparty with, or in favour of, any applicable Franciacorta Obligor evidencing or relating to the hedging arrangements referred to the Franciacorta Facilities Agreement, including, but not limited to, any guarantee or similar instrument granted to or to be granted in favour of any applicable Obligor in respect of an applicable Borrower Hedge Counterparty's obligation under such hedging transaction.

"**Franciacorta Initial Valuation**" means the valuation report dated on or about the date of the Franciacorta Facilities Agreement prepared by CBRE in respect of the Franciacorta Property and in accordance with the terms of the Franciacorta Facilities Agreement.

"**Franciacorta Loan Security**" means the Loan Security created or expressed to be created pursuant to a Franciacorta Loan Security Document.

"**Franciacorta Loan Transaction Documents**" means:

(a) the Franciacorta Finance Documents;

(b) each Property Management Agreement in respect of the Franciacorta Property;

(c) each Hedging Document in respect of the Franciacorta Loan;

(d) each Occupational Lease in respect of the Franciacorta Property;

(e) each Agreement for Lease in respect of the Franciacorta Property; and

(f) any other document designated as a "Finance Document" by the Facility Agent and the Franciacorta Company.

"**Franciacorta Margin Letter**" means the margin letter dated on or prior to the Utilisation Date from the applicable Facility Agent to the Franciacorta Company, setting out how the Loan Margin under the Franciacorta Facilities Agreement will be determined.

"**Franciacorta Ongoing Financing Costs Letter**" means the letter dated on or prior to the Utilisation Date signed by the Franciacorta Company setting out the ongoing financing costs referred to in the Franciacorta Facilities Agreement.

"**Franciacorta Prepayment Fee Letter**" means the letter dated on or about the date of the Franciacorta Facilities Agreement between the applicable Facility Agent and the Franciacorta Company.

"**Franciacorta Prepayment Side Letter**" means the letter dated on or about the date of the Franciacorta Facilities Agreement between the applicable Facility Agent and the Franciacorta Company.

"**Franciacorta Reports Side Letter**" means the letter dated on or about the date of the Franciacorta Facilities Agreement between The Blackstone Group International Partners LLP, any other addressee of an applicable Report which is an Investor Affiliate (other than an applicable Obligor) and the applicable Facility Agent.

"**Franciacorta Senior Arrangement Fee Letter**" means the letter dated on or about the date of the Franciacorta Facilities Agreement from the Arranger to the Franciacorta Company, setting out the arrangement fee referred to in the Franciacorta Facilities Agreement.

"**Franciacorta Subordination Agreement**" means the subordination agreement dated on or prior to the Utilisation Date between, amongst others, the Franciacorta Existing Holdco, the Franciacorta Topco, the Franciacorta Company, the Franciacorta Borrowers and the applicable Security Agent.

"**Fund"** means a fund which is regularly engaged in, or established for the purpose of, making, purchasing or investing in loans, securities or other financial assets.

"**General Account**" means (a) each account designated as such and required or permitted to be opened and maintained by an applicable Obligor in accordance with the applicable Facilities Agreement and, in each case, includes the interest of that Obligor in any replacement account or sub-division or sub-account of that account and (b) each Extra General Account.

"**Group**" means each of the Franciacorta Group and the Palmanova Group.

"**Guarantor**" means an applicable Original Guarantor or any applicable Additional Guarantor unless, in each case, it has ceased to be an applicable Guarantor in accordance with the terms of the applicable Facilities Agreement.

"**Hedge Collateral Account**" means, for each Loan, each account designated as such and opened and maintained by the relevant Obligor for the receipt of collateral transferred pursuant to an applicable Hedging Document and includes any replacement, sub-division or sub-account of that account.

"**Hedging Documents**" means the Palmanova Hedging Documents or the Franciacorta Hedging Documents, as the context may require.

"**Hedge Downgrade Event**" has the meaning given to such term in paragraph (b) of clause 12.2 (*Termination by Obligors*) of the applicable Facilities Agreement.

"**Hedged ICR**" means, on any date, the ratio of Net Rental Income (for the Relevant Period ending on the Financial Quarter Date falling immediately prior to that date) to the sum of all interest under clause 9.2 (*Payment of interest*) of the relevant Facilities Agreement which shall be payable by the Obligors to the Finance Parties under the Finance Documents (for the Relevant Period commencing on the Financial Quarter Date falling immediately prior to that date) assuming that EURIBOR is equal to the proposed hedging cap strike rate.

"**Hedging Notional Requirement**" means, on any day, that the aggregate notional amount of the hedging transactions in respect of the Loans in place on that day (which are or will be evidenced by Hedging Documents) is equal to not less than 100% of the outstanding principal amount of the Loans on that day.

"**Holdco**" means each Obligor that is not a Propco.

"**IFRS**" means international accounting standards within the meaning of IAS Regulation 1606/2002 as adopted by the European Union, to the extent applicable to the relevant financial statements.

"**Illegal Lender**" means, in respect of a Lender, where it is unlawful in any applicable jurisdiction for that Lender to perform any of its obligations as contemplated by the applicable Facilities Agreement or to make, fund, issue or maintain its participation in the relevant Loan.

"**Impaired Agent**" means the Facility Agent at any time when:

(a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment provided that such payment has been received by the Facility Agent in accordance with the Finance Documents or, where such

payment is not received by the Facility Agent but held by a third party to the order of the Facility Agent, only to the extent that the Facility Agent has control over such sums and has failed to issue the relevant payment instructions unless:

(i) payment is made within three Business Days of its due date and its failure to pay is caused by:

(A) administrative or technical error;

(B) a Disruption Event; or

(C) the Facility Agent is disputing in good faith whether it is contractually obliged to make the payment in question;

(b) the Facility Agent otherwise rescinds or repudiates a Finance Document;

(c) (if the Facility Agent is also a Lender) it is a Defaulting Lender; or

(d) an Insolvency Event has occurred and is continuing with respect to the Facility Agent.

"**Increased Cost Lender**" means a Lender:

(e) to whom any Obligor becomes obligated to pay any amount pursuant to clause 7.1 (*Illegality*), clause 15 (*Tax Gross Up and Indemnities*) and/or clause 16.1 (*Increased costs*) of the applicable Facilities Agreements; or

(f) that has made, or is part of a group of Lenders that has made, a notification to the Facility Agent pursuant to paragraph (b)(ii) of clause 11.2 (*Market disruption*) of the Facilities Agreements.

"**Initial Account Bank**" means each bank or financial institution with a Requisite Rating as the applicable Company may select prior to the Utilisation Date.

"**Initial Business Plan**" means the business plan delivered on or prior to the Utilisation Date pursuant to clause 4.1 (*Initial Conditions Precedent*) of the applicable Facilities Agreement.

"**Initial Repayment Date**" means the second anniversary of the first Interest Payment Date under the applicable Facilities Agreements.

"**Initial Valuation**" means each of the Franciacorta Initial Valuation and the Palmanova Initial Valuation.

"**Insolvency Event**" means, in relation to any person, that such person:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for the benefit of its creditors (other than as permitted under the applicable Facilities Agreement);

(d) institutes or has had instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;

(e) has had instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:

(i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

(ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

(f) has had exercised (and only to the extent such exercise continues to be in effect) in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has had instituted (and only to the extent such institution continues to be in effect) against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;

(g) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(h) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(i) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

(j) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i) above; or

(k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"**Insurance Broker Letter**" means a letter from the insurance broker addressed to the Facility Agent acting for and on behalf of the Finance Parties and the Security Agent confirming the Insurance Policies that will be in place as at the Utilisation Date comply with the requirements of clause 24.10 (*Insurance*) delivered on or prior to the Utilisation Date pursuant to clause 4.1 (*Initial Conditions Precedent*) of the applicable Facilities Agreement.

"**Insurance Policy**" means any policy of insurance or assurance in which an Obligor may at any time have an interest entered into in accordance with paragraph (a) or (f) of clause 24.10 (*Insurance*) of the applicable Facilities Agreement.

"**Insurance Prepayment Proceeds**" means the proceeds of any insurance claim received by any member of the applicable Group except for applicable Excluded Insurance Proceeds and after deducting any reasonable fees, costs and expenses in relation to that claim which are incurred by any member of that Group to persons who are not members of that Group nor Investor Affiliates.

"**Interest Payment Date**" means (a) 15 February, 15 May, 15 August and 15 November in each year of the Loans, and the Repayment Date **provided that**, in respect of each Loan, the first Interest Payment Date shall be 15 August 2019; and (b) in relation to any applicable Unpaid Sum, the last day of an applicable Loan Interest Period relevant to that Unpaid Sum.

"**Interpolated Screen Rate**" means, in relation to Loan EURIBOR for any Loan or Unpaid Sum the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Loan Interest Period of that Loan or Unpaid Sum and (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Loan Interest Period of any Loan or Unpaid Sum, each as of 11.00 a.m. Brussels time on the Quotation Day for that Loan or unpaid sum.

"**Investor**" means, in respect of each Loan:

(a) prior to a Permitted Change of Control, any Initial Investor; or

(b) on or after a Permitted Change of Control, a Qualifying Transferee that has acquired control of the relevant Company, any fund, partnership and/or other entity, managed, advised, owned and/or controlled by that Qualifying Transferee or any of its Affiliates.

"**Investor Affiliate**" means, in respect of any Loan, an Investor, each of its Affiliates, any trust of which an Investor or any of its Affiliates is a trustee, any partnership of which an Investor or any of its Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, an Investor or any of its Affiliates **provided that** any trust, fund or other entity (other than any trust, fund or other entity in the real estate business segment of the Investors) which has been established solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by an Investor which have been established for the primary or main purpose of investing in the share capital of companies shall not constitute an Investor Affiliate.

"**Investor Debt**" means any Financial Indebtedness owed by the applicable Company to any of its Holding Companies and **provided that** (unless the relevant Facility Agent (acting on the instructions of the relevant Majority Lenders) agrees otherwise in writing) such Financial Indebtedness is subordinated to the applicable Secured Liabilities under the terms of the applicable Subordination Agreement.

"**Investor Fund Guarantee (Capex)**" means any guarantee granted by any Investor (whose identity is approved by the Facility Agent (acting on the instructions of the Majority Lenders)) in favour of, and in a form and substance satisfactory to, the Facility Agent (acting on the instructions of the Majority Lenders).

"**Irrecoverable Service Charge Expenses**" means any amount (including any VAT paid in respect thereof):

(a) in respect of any management, maintenance, insurance, repair or similar expense or in respect of the provision of services relating to any applicable Property to the extent that such amount is not recoverable from a tenant; or

(b) which any Obligor is or are obliged to discharge in respect of any unlet part of any applicable Property or in respect of any shortfall in applicable Service Charge Proceeds,

other than, in each case, any amount (i) which is funded by an applicable Obligor from a General Account; (ii) any amount in respect of asset management fees or any corporation or other Tax on income or profits or (iii) any amount that is recoverable under any Insurance Policy.

"**ISDA Master Agreement**" means each of the 1992 ISDA Master Agreement (Multicurrency - Cross Border) and the 2002 ISDA Master Agreement (Multicurrency - Cross Border).

"**Italian Banking Law**" means Legislative Decree No. 385 of 1 September 1993 and the relevant implementing regulations, each as amended, integrated and supplemented from time to time.

"**Italian Civil Code**" means the Italian *codice civile*, enacted by the Italian Royal Decree No. 262 of 16 March 1942.

"**Italian Transaction Security Document**" means each Transaction Security Document governed by Italian law.

"**Land Plot**" means any Property that is:

(a) not listed in the applicable Facilities Agreements and that consists of unimproved land; or

(b) a Property Portion.

"**Lease**" means any present or future lease, underlease, sub-lease, licence, tenancy or other right to occupy or use all or any part of the applicable Property, any right to receive rent or other income in respect of all or any part of any Property and any agreement for the grant of any of the foregoing.

"**Legal Reservations**" means:

(a) the principle that equitable or discretionary remedies (or remedies that are similar or equivalent to equitable remedies in any Relevant Jurisdiction) may be granted or refused at the discretion of a

court, the limitation of enforcement by laws relating to insolvency, reorganisation, liquidation, bankruptcy, moratoria, administration, court schemes and other laws generally affecting the rights of creditors and similar principles, rights, defences and limitations under the laws of any applicable jurisdiction;

(b) the time barring of claims under any applicable limitation laws, the possibility that a court may strike out provisions of a contract as being invalid for reasons of oppression, undue influence or similar reasons, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void, defences of set off or counterclaim and similar principles, rights, defences and limitations under the laws of any applicable jurisdiction;

(c) any applicable public policy law provision and/or rules of mandatory application and any applicable provisions relating to conflict of law rules and recognition and enforcement of foreign judgments, in each case, including pursuant to Italian Law no. 218 of 31 May 1995 and EC Regulation no. 593/2008, 44/2001 (and, with regard to legal proceedings instituted on or after January 2015, pursuant to Regulation (EU) No. 1215/2012) and 864/2007; and

(d) any other general principles, reservations or qualifications, in each case, as to matters of law in any legal opinion delivered to the applicable Facility Agent under or in connection with the applicable Finance Documents.

"**Lender**" means:

(a) the Loan Transferor as original lender; and

(b) any person, bank, financial institution, trust, fund or other entity which has become a party to a Facilities Agreement as a Lender in accordance with the applicable Facilities Agreement (including, following the Issue Date, the Issuer),

(b) which in each case has not ceased to be a Lender in accordance with the terms of the applicable Facilities Agreement.

"**Lender Transfer Document**" means a Transfer Certificate or Assignment Agreement.

"**Loan**" means the Palmanova Loan or the Franciacorta Loan, as the context may require.

"**Loan EURIBOR**" means, in relation to any Loan or Unpaid Sum on which interest for a given period is to accrue:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Loan Interest Period of that Loan or unpaid sum) the Interpolated Screen Rate for that Loan or unpaid sum; or

(c) if no Screen Rate is available for Euro for the Loan Interest Period of that Loan or unpaid sum and it is not possible to calculate an Interpolated Screen Rate for that Loan or unpaid sum, the Reference Bank Rate for Euro for that Loan Interest Period,

as of, in the case of paragraphs (a) and (c) above, about 11am Brussels time on the Quotation Day for that Loan or unpaid sum and for a period equal in length to the Loan Interest Period for that Loan or unpaid sum and if any such rate is below zero, Loan EURIBOR will be deemed to be zero.

"**Loan Event of Default**" means the events of default under the applicable Loan as described in "*Loan Events of Default*", or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination under the applicable Finance Documents or any combination of the foregoing) be a Loan Event of Default under the applicable Loan.

"**Loan Margin**" means, for each Loan, the percentage rate per annum set out in the applicable Margin Letter, as described under "*The Loan Portfolio and Loan Security – Variable Margin payable in respect of the Loans*".

"**LTV Ratio**" means, on any date, the proportion expressed as a percentage which Net Debt on that date bears to the aggregate market value of the applicable Property on that date calculated by reference to the then most recent Valuation.

"**Loan Security**" means the Security created or expressed to be created pursuant to a Loan Security Document.

"**Loan Security Documents**" means the Franciacorta Loan Security Documents or the Palmanova Loan Security Documents.

"**Loan Transaction Documents**" means the Franciacorta Loan Transaction Documents or the Palmanova Loan Transaction Documents.

"**Majority Lenders**" means, for each Loan:

(a) if there are no applicable loans outstanding, the applicable Lender or Lenders whose Commitments aggregate more than 66⅔ per cent. of the applicable Total Commitments or, if the applicable Total Commitments have been reduced to zero, aggregated more than 66⅔ per cent. of the applicable Total Commitments immediately prior to that reduction); or

(b) at any other time the applicable Lender or Lenders whose participation in the applicable loans then outstanding aggregate more than 66⅔ per cent. of all the applicable loans then outstanding.

"**Material Adverse Effect**" means, for each Loan, a material adverse effect on (a) the consolidated business, assets or financial condition of the applicable Obligors taken as a whole; (b) the ability of the applicable Group taken as a whole to perform its payment obligations under the applicable Finance Documents; or (c) subject to the Legal Reservations and any applicable Perfection Requirements, the validity or enforceability of any of the applicable Security taken as a whole.

"**Moody's**" means Moody's Investor Service Limited and any successor to its rating business.

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month.

The above rules will only apply to the last Month of any period. "**Monthly**" shall be construed accordingly.

"**Net Debt**" means, on any date, the aggregate principal amount outstanding of the Loans minus the aggregate amount standing to the credit of each Prepayment Account and each Cash Trap Account, in each case, on that date.

"**Net Rental Income**" means Rental Income in respect of the applicable Property or Properties after deducting (without double counting):

(a) all Service Charge Proceeds in relation to such Property or Properties;

(b) any sum representing any VAT chargeable in respect of Rental Income;

(c) all Irrecoverable Service Charge Expenses in relation to such Property or Properties;

(d) Registration Taxes;

(e) Property Taxes; and

(f) Rent Collection Fees.

"**New Company**" has the meaning given to such term in the definition of "**Propco Sale Event**" (in the case of the Franciacorta Loan only).

"**New Property Management Agreement**" means each management agreement between the Obligors and a Permitted Property Manager which is contracted on arm's length terms and is in relation to the management and/or maintenance of the Property and which replaces an existing Property Management Agreement and which is otherwise in form and substance satisfactory to the Facility Agent (acting on the instructions of the Majority Lenders (acting reasonably)).

"**Non-Consenting Lender**" means any Lender that does not consent to any amendment, consent, request or waiver requested by an Obligor (including any such consent, request or waiver requested by an Obligor and communicated by the Facility Agent on behalf of that Obligor) to which the Majority Lenders have consented within the preceding 90 day period.

"**Obligor**" means an applicable Borrower or an applicable Guarantor.

"**Obligor Accession and Resignation Letter**" means a document substantially in the form set out in the applicable Facilities Agreement.

"**Occupational Lease**" means any Lease to which the applicable Borrower's interest in its Property or Properties is subject.

"**Ongoing Financing Costs Letter**" means each of the Franciacorta Ongoing Financing Costs Letter and the Palmanova Ongoing Financing Costs Letter, as the context may require.

"**Palmanova Arrangement Fee Letter**" means the letter dated on or prior to the Utilisation Date between the Arranger and the Palmanova Borrower setting out the arrangement fee referred to in the Palmanova Facilities Agreement.

"**Palmanova Facility Agent Fee Letter**" means the letter dated on or prior to the Utilisation Date between the Facility Agent and the Palmanova Borrower, setting out the facility agent fee referred to in the Palmanova Facilities Agreement.

"**Palmanova Security Agent Fee Letter**" means the letter dated on or about the date of the Palmanova Facilities Agreement between the Security Agent and the Palmanova Borrower, setting out the security agent fee referred to in the Palmanova Facilities Agreement.

"**Palmanova Finance Documents**" means

(a) the Palmanova Facilities Agreement;

(b) the Palmanova Arrangement Fee Letter;

(c) the Palmanova Facility Agent Fee Letter;

(d) the Palmanova Ongoing Financing Costs Letter;

(e) the Palmanova Security Agent Fee Letter;

(f) the Palmanova Prepayment Fee Letter;

(g) the Palmanova Margin Letter;

(h) the Palmanova Prepayment Side Letter;

(i) the Palmanova Cash Trap Release Side Letter;

(j) each Duty of Care Agreement entered into in respect of the Palmanova Property;

(k) each Lender Transfer Document entered into in respect of the Palmanova Loan;

(l) each Utilisation Request in respect of the Palmanova Loan;

(m) the Palmanova Subordination Agreement;

(n) the Palmanova Reports Side Letter;

(o) any Extension Option Notice entered into in respect of the Palmanova Loan;

(p) any Resignation Letter entered into in respect of the Palmanova Loan;

(q) each Debtor Accession Deed entered into in respect of the Palmanova Facilities Agreement;

(r) each Subordinated Creditor Accession Deed entered into in respect of the Palmanova Loan;

(s) each Palmanova Loan Security Document; and

(t) any other document designated as a "Finance Document" by the Facility Agent and the Palmanova Company.

"**Palmanova Group**" means the Palmanova Company, the Palmanova Holdco and each of their Subsidiaries from time to time.

"**Palmanova Hedging Documents**" means each of the present or future documents entered into by an applicable Borrower Hedge Counterparty with, or in favour of, the Palmanova Borrower evidencing or relating to the hedging transactions referred to in the Palmanova Facilities Agreement, including, but not limited to, any guarantee or similar instrument granted or to be granted in favour of the Palmanova Borrower in respect of an applicable Borrower Hedge Counterparty's obligations under such hedging transaction.

"**Palmanova Initial Valuation**" means the valuation report dated on or about the date of the Palmanova Facilities Agreement prepared by CBRE in respect of the Palmanova Property and in accordance with the terms of the Palmanova Facilities Agreement.

"**Palmanova Loan Security**" means the Loan Security created or expressed to be created pursuant to a Palmanova Loan Security Document.

"**Palmanova Loan Transaction Documents**" means:

(a) the Palmanova Finance Documents;

(b) each Property Management Agreement in respect of the Palmanova Property;

(c) each Master Lease;

(d) each Palmanova Hedging Document;

(e) each Occupational Lease in respect of the Palmanova Property;

(f) each Agreement for Lease in respect of the Palmanova Property; and

(g) any other document designated as such by the Facility Agent and the Palmanova Borrower and the Palmanova Company.

"**Palmanova Margin Letter**" means the letter dated on or about the date of the Palmanova Facilities Agreement between the applicable Facility Agent and the Palmanova Borrower, setting out how the Loan Margin under the Palmanova Facilities Agreement will be determined.

"**Palmanova Ongoing Financing Costs Letter**" means the letter dated on or about the date of the Palmanova Facilities Agreement signed by the Palmanova Borrower setting out the ongoing financing costs referred to in the Palmanova Facilities Agreement.

"**Palmanova Prepayment Fee Letter**" means the letter dated on or about the date of the Palmanova Facilities Agreement between the applicable Facility Agent and the Palmanova Borrower setting out the prepayment fee referred to in the Palmanova Facilities Agreement.

"**Palmanova Prepayment Side Letter**" means the letter dated on or about the date of the Palmanova Facilities Agreement between the applicable Facility Agent, the Palmanova Borrower and the Palmanova Company.

"**Palmanova Reports Side Letter**" means the letter dated on or about the date of the Palmanova Facilities Agreement between The Blackstone Group International Partners LLP, any other addressee of an applicable Report which is an Investor Affiliate (other than an applicable Obligor) and the applicable Facility Agent.

"**Palmanova Subordination Agreement**" means the subordination agreement dated on or prior to the Utilisation Date between, amongst others, the Palmanova Topco, the Palmanova Company, the Palmanova Borrower and the applicable Security Agent.

"**Participating Member State**" means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Perfection Requirements**" means:

(a) the delivery of all certificates of title to securities which are the subject of applicable Loan Security to the applicable Security Agent, together with signed but otherwise undated transfer forms, confirmations and notices and acknowledgements duly executed and delivered in the form required pursuant to each applicable Loan Security Document; and

(b) the making or the procuring of registrations, filings (including in any shareholder register or other person's books), endorsements, notarizations, translations, stampings, notifications, acknowledgements and/or acceptances of the applicable Finance Documents (and/or the Security created thereunder) necessary for the validity, enforceability (as against the relevant Obligor as well as any third party) and/or perfection thereof.

"**Permanent Establishment**" means any fixed base of business (stabile organizzazione) regulated by article 162 of Presidential Decree No. 917 of 22 December 1986 and Article 5 of the Organization for Economic Cooperation and Development Model Tax Convention.

"**Permitted Acquisition**" means:

(a) any acquisition by any member of the Group pursuant to paragraph (c) of the definition of Permitted Disposal;

(b) any acquisition of, or subscription for, shares permitted by paragraph (b) of clause 23.18 (*Share capital and status*) of the applicable Facilities Agreement; and/or

(c) in the case of the Franciacorta Loan, any acquisition of, or subscription for, shares in Frankie Retail Holdco. S.r.l or Franciacorta Retail S.r.l as contempleted by the Tax Structure Paper.

"**Permitted Capex Project**" means any Capex Project which:

(a) is a Recoverable Service Charge Project;

(b) is required to be undertaken by law or regulation (including health and safety regulation);

(c) is required to be undertaken by an Obligor under the terms of any Lease;

(d) is made with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders (such consent not to be unreasonably withheld, delayed or conditioned));

(e) is required to be undertaken or permitted to be undertaken by a tenant under the terms of any Lease;

(f) has projected costs (as at the date of commencement of such Capex Project) of less than or equal to €2,500,000) and the total aggregate amount of the projected costs to completion of (A) that Capex Project and (B) all other Capex Projects being undertaken at that time and permitted

pursuant to this paragraph (f), does not exceed 5% of the Market Valuation of the Properties as set out in the most recent Valuation at the time that Capex Project is commenced;

(g) can be funded from the proceeds of:

(A) committed Equity Contributions, Investor Debt and/or Subordinated Loans;

(B) Eligible Letters of Credit-Capex;

(C) Investor Fund Guarantee(s) (Capex);

(D) excess Net Rental Income projected to be received by the Obligors during the life of the Capex Project; and/or

(E) the aggregate amount standing to the credit of the General Accounts and/or subject to the provisions of paragraph (b) of clause 8.10 (*Cash Trap Account*), the Cash Trap Account,

in each case, where such amounts are not allocated for another purpose; or

(h) is necessary to ensure that no Event of Default under clause 25.14 (*Major damage*) of the applicable Facilities Agreement occurs and which can be funded from the aggregate amounts then standing to the credit of the General Accounts (provided that such amounts are not allocated towards another purpose) and any Excluded Insurance Proceeds that the relevant insurer has committed to advance under any Insurance Policy.

"**Permitted Change of Control**" occurs when:

(a) a Qualifying Transferee (other than, for the avoidance of doubt, any Initial Investor) obtains control, whether directly or indirectly, of the applicable Company; or

(b) in the case of the Franciacorta Loan only, a Propco Sale Event occurs.

"**Permitted Disposal**" means:

(a) provided that no Event of Default is continuing at the time at which the disposal is contracted, a disposal of obsolete non real estate assets which are no longer required for the operation of the disposing Obligor's business;

(b) any disposal pursuant to an Expropriation provided that the Expropriation Prepayment Proceeds received in respect of such Expropriation are paid upon receipt by the relevant Obligor into the Prepayment Account in accordance with the provisions of the applicable Facilities Agreement;

(c) provided that at the time at which the disposal is contracted no Event of Default is continuing or would result from that disposal, a disposal of any asset (other than of any Control Account, any shares in an Obligor or the Property) made by one Obligor to another Obligor provided that if the Obligor disposing of that asset has granted Transaction Security over that asset, the asset must be disposed of or otherwise new Transaction Security must be granted over that asset on terms equivalent to the terms of the existing Transaction Security;

(d) expenditure of cash for purposes in compliance with the Finance Documents;

(e) any disposal pursuant to or by way of an Agreement for Lease and/or an Occupational Lease existing on the date of the applicable Facilities Agreement or permitted pursuant to the provisions of the applicable Facilities Agreement;

(f) a disposal made with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders));

(g) a disposal arising as a result of Permitted Security;

(h) in the case of the Franciacorta Loan only, a disposal pursuant to a Propco Sale Event;

(i) a Permitted Land Plot Disposal;

(j) any disposal provided that the aggregate outstanding principal amount of the Loans are repaid and all other Secured Liabilities are irrevocably discharged in full on or prior to completion of such disposal and provided that at the time at which the disposal is contracted no Event of Default is continuing or would result from such disposal, any other disposals (other than of any Control Account, any shares in an Obligor or the Property) where the aggregate value of the assets so disposed of by members of the Group (other than in accordance with paragraphs (a) to (g) (inclusive) above) in any Financial Year does not exceed €50,000 (or its currency equivalent); and

(k) in respect of the Franciacorta Loan only, any disposal of shares in Franciacorta Retail S.r.l by Frankie Bidco S.à r.l. as contempleted by the Tax Structure Paper.

"**Permitted Distribution**" means:

(a) any distribution made out of the proceeds of any applicable Loan;

(b) any distribution of cash:

(i) made by any member of a Group to another member of that Group;

(ii) made by the relevant Company to a person that is not a member of the relevant Group **provided that** such distribution:

(A) may only be made out of monies standing to the credit of any relevant General Account (other than any monies standing to the credit of any General Account which have been transferred to a General Account for any purpose expressly specified under the relevant Facilities Agreement);

(B) is made at a time when no Loan Event of Default is continuing or would occur immediately as a result of the distribution under the applicable Facilities Agreement (unless such Loan Event of Default would be remedied as a result of such distribution); and

(C) if it is to be funded from Rental Income received by an applicable Obligor since the Interest Payment Date falling immediately prior to the date of that distribution, immediately following such distribution there is an aggregate amount of not less than the aggregate of all payments to be made pursuant to the first four levels of the relevant Debt Service Waterfall in each case, on or prior to the next Interest Payment Date, standing to the credit of the relevant Debt Service Account;

(c) any distribution other than of cash (but not by transfer or disposal of an applicable Control Account, any part of any applicable Property or Properties or any of the rights to receive applicable Rental Income or any shares which have been issued prior to the date of the distribution) made by any member of the applicable Group to another member of the applicable Group or by the applicable Company to any person that is not a member of the applicable Group **provided that** such distribution is either:

(i) made at a time when no Loan Event of Default under the relevant Facilities Agreement is continuing or would occur immediately as a result of the distribution (unless such Loan Event of Default would be remedied as a result of such distribution); and

(ii) either:

(A) made or discharged by an issuance of shares, then such issuance must be permitted pursuant to the applicable Facilities Agreement, an increase in share premium or other equivalent arrangement; or

(B) left outstanding and the amount outstanding in respect of that distribution owed to any such Holding Company or person constitutes Financial Indebtedness incurred by that member of the applicable Group under a Subordinated Loan or Investor Debt.

"**Permitted Financial Indebtedness**" means any Financial Indebtedness:

(a) which is discharged on the Utilisation Date;

(b) arising under any applicable Finance Document;

(c) any applicable Treasury Transaction which is entered into in accordance with "Hedging" above;

(d) that is applicable Investor Debt; or

(e) arising under any applicable Permitted Loan.

"**Permitted Guarantee**" means:

(a) any guarantee which is released on the Utilisation Date;

(b) any guarantee arising under any applicable Finance Document;

(c) any guarantee given in the ordinary course of business not exceeding (when aggregated with the maximum liability under any other guarantee which is a Permitted Guarantee for the purposes of this paragraph (c)) €100,000 (or its currency equivalent) in aggregate at any time;

"**Permitted Hedging Transaction**" means any Treasury Transaction:

(a) entered into in accordance with clause 12 (Hedging) of the applicable Facilities Agreements; or

(b) entered into by one Obligor with any other Obligor provided that the rights of an Obligor in respect of any such Treasury Transaction are made subject to Transaction Security and are subordinated to the Secured Liabilities under the terms of the applicable Subordination Agreement.

"**Permitted Land Plot Disposal**" means the disposal of a Land Plot provided that:

(a) if the Land Plot is a Property Portion, all of the Property Title Split Conditions in respect of that Land Plot are (or will be on completion of the disposal) satisfied;

(b) the disposal is contracted on arm's length terms; and

(c) an amount not less than the Permitted Land Plot Disposal Prepayment Proceeds are paid into the Prepayment Account on completion of such disposal (or on any other date in accordance with the relevant Closing Arrangement).

"**Permitted Letting Activity**" means any Letting Activity which is:

(a) contracted on arm's length terms;

(b) the grant (whether by grant of rights, lease, licence or otherwise) of rights of occupation and/or use in respect of any car parking spaces within or upon the Property;

(c) the exercise by an Obligor of any right to forfeit or exercise any right of re-entry in respect of, or exercise any option or power to break or determine, any Occupational Lease in circumstances where the tenant of the relevant Occupational Lease is in breach of its obligations under the relevant Occupational Lease to pay rent or is otherwise insolvent;

(d) an acceptance or agreement to any Letting Activity required to be given pursuant to any applicable law or regulation;

(e) made in accordance with the terms of any Agreement for Lease or Occupational Lease (provided that such Agreement for Lease or Occupational Lease is allowed to subsist, has been entered into in accordance with the terms of the applicable Facilities Agreement or was entered into prior to the Utilisation Date); or

(f) made with the prior written consent of the Facility Agent (acting on the instruction of the Majority Lenders (such consent not to be unreasonably withheld, delayed or conditioned)).

"**Permitted Loan**" means:

(a) any loan made by a Company to its immediate Holding Company **provided that**:

(i) the rights of that Company in respect of such loan are the subject of Loan Security;

(ii) such loan, if made in cash, may only be made out of monies standing to the credit of any applicable General Account (other than any monies standing to the credit of any General Account which have been transferred to a General Account for any purpose expressly specified in the applicable Facilities Agreement); and

(iii) such loan is made at a time when no applicable Loan Event of Default is continuing, or would occur immediately as a result of the loan made (unless such Loan Event of Default would be remedied as a result of such loan being made), under the applicable Facilities Agreement;

(b) credit balances held in any Control Account, Permitted Special Purpose Account or Existing Account with any banks or financial institutions; and

(c) any Subordinated Loan.

"**Permitted Merger**" means in respect of the Franciacorta Loan, the upstream merger of Franciacorta Retail S.r.l. with Frankie Retail Holdco S.r.l in accordance with Article 2501-bis of the Italian Civil Code.

"**Permitted Property Manager**" means:

(a) any person appointed on arms' length terms;

(b) prior to a Permitted Change of Control, any Investor Affiliate whose business is or includes acting as a property manager or managing agent of properties; and/or

(c) any other person as may be agreed from time to time between the applicable Company (acting reasonably), the applicable Borrower (acting reasonably) and the applicable Facility Agent (acting on the instructions of the relevant Majority Lenders (acting reasonably)),

in each case, to the extent appointed as property manager of the applicable Property (or any part thereof) pursuant to an applicable Property Management Agreement (which has not been terminated) **provided that** there may be multiple property managers with different responsibilities in relation to any applicable Property at any time.

"**Permitted Security**" means:

(a) any Security or Quasi Security which is discharged (which term shall include release and/or re-assignment) on the Utilisation Date;

(b) any easement or other agreement or arrangement having similar effect which is granted in the ordinary course of business provided that such easement, agreement or arrangement:

(i) does not confer rights of occupation in relation to that Property;

(ii) does not adversely affect the saleability or transferability of that Property;

(iii) is subordinated in ranking to the Transaction Security in respect of that Property; and

(iv) if granted in connection with a Permitted Letting Activity, is terminated or no longer has any force or effect at the end of the term of the lease which is the subject of that Permitted Letting Activity;

(c) any property right (including, without limitation, any easement, right of way, right of access and restrictive covenant) or other agreement or arrangement having similar effect which exists on the Utilisation Date and is disclosed in a Report;

(d) any Security, easement or other agreement or arrangement that arises at law (provided that it does not adversely affect the saleability or transferability of the Property or restrict the rights of any Finance Party under or adversely affect the validity or enforceability of, the Transaction Security Documents);

(e) any Security or Quasi Security arising under the Finance Documents;

(f) any Security or Quasi Security arising by operation of law and in the ordinary course of business and not as a result of any default or omission by any member of the Group provided that it is discharged within 60 days of coming into existence;

(g) any Security or Quasi Security arising by operation of law and in respect of Taxes being contested in good faith or required to be created in favour of any Tax or other government authority in order to appeal or otherwise challenge Tax assessments and/or claims in good faith;

(h) any netting or set-off arrangement under the Hedging Documents;

(i) any Security or Quasi Security granted in favour of a Hedge Counterparty (or its agent or nominee) pursuant to the terms of any Hedging Document entered into in accordance with the provisions of the applicable Facilities Agreements;

(j) any Security or Quasi Security entered into by any Obligor in the ordinary course of its banking arrangements (including pursuant to the general banking conditions of the relevant account bank) but only so long as (i) such arrangement does not permit credit balances of any Obligor to be netted or set-off against debit balances of persons who are not Obligors and (ii) such arrangement does not give rise to other Security or Quasi Security over the assets of Obligors in support of liabilities of persons who are not Obligors;

(k) any easement granted to a utility supplier for the purpose of laying and/or maintaining cables or pipes (and/or any equivalent infrastructure and/or equipment that is ancillary to such purpose) provided that such easement does not adversely affect the value or saleability of the relevant Property;

(l) any Security or Quasi Security arising by operation of Luxembourg law in favour of tax and other public authorities; and

(m) any Security or Quasi Security arising under any retention of title arrangements, any hire purchase or conditional sale arrangement or arrangements having similar effect in each case, in respect of goods supplied to an Obligor in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by an Obligor provided that such Security or Quasi Security is discharged within 60 days of coming into existence.

"**Permitted Special Purpose Account**" means each applicable Rent Deposit Account and each Hedge Collateral Account.

"**Planning Laws**" means, in relation to the applicable Property, all applicable laws, regulations, by laws, instructions, administrative measures (*provvedimenti amministrativi*) and/or orders and standards whether national, regional, provincial, municipal or local with regard to regional, provincial, town, country or city planning, building and construction, land registry, space occupation, landscaping, building fire and safety, demolition or employee protection (to the extent dealing with building safety) and listed buildings, historical, environmental or monumental or other applicable status, which may impact on the legitimacy of the building permits, in each case binding on that Property.

"**Prepayment Account**" means an account designated as such, required to be opened and maintained by the relevant Obligor in accordance with the applicable Facilities Agreement and includes the interest of the relevant Obligor in any replacement account or sub-division or sub-account of that account.

"**Prepayment Fee Letter**" means the letter dated on or about the date of the applicable Facilities Agreement between the Facility Agent and the Company setting out the fees referred to in the applicable Facilities Agreement.

"**Prepayment Side Letter**" means the Franciacorta Prepayment Side Letter or the Palmanova Prepayment Side Letter, as the context may require.

"**Propco Sale Event**" means, in respect of the Franciacorta Loan only, on or at any time following the completion of the Permitted Merger, the entire issued share capital of Frankie Retail Holdco S.r.l. is transferred to a Subsidiary ("**New Holdco**") of an entity (the "**Qualifying Entity**") provided that the Qualifying Entity would constitute a Qualifying Transferee if the Qualifying Entity obtained control of the Original Company and further provided that:

(a) the proposed New Holdco is incorporated in Luxembourg as a "S.à r.l." (*Société à responsabilité limitée*);

(b) the direct Holding Company of the New Holdco ("**New Company**") is incorporated in Luxembourg as a "S.à r.l." and owns 100% of the issued share capital of New Holdco;

(c) such sale is contracted on arm's length terms;

(d) no Event of Default is continuing or would occur as a result of such transfer; and

(e) on or prior to the date of such transfer, the New Holdco and the New Company:

(i) accede to the applicable Facilities Agreement each as Additional Guarantors in accordance with the applicable Facilities Agreements; and

(ii) provide the Facility Agent with each of the documents and other evidence listed in the applicable Facilities Agreements , duly executed (where applicable) by each person which is, or is expressed to be, a party to it (unless the requirement to provide any such document or other evidence is waived by the Facility Agent (acting on the instructions of the Majority Lenders) in each case in form and substance satisfactory to the Facility Agent (acting on the instructions of the Majority Lenders).

"**Property**" means each of the Franciacorta Property or the Palmanova Property, as the context may require (in each case including any other present or future freehold and/or leasehold property and any other interest in land or buildings, including, without limitation, all constructions, improvements and accessions and all rights relating thereto, in each case howsoever described, in which the applicable Obligor has an interest from time to time.

"**Property Manager Duty of Care Agreement**" means each agreement executed by a Permitted Property Manager in favour of the Security Agent and the Facility Agent in relation to the management of all or any part of the Property which is:

(a) in a form and substance satisfactory to the Facility Agent (acting on the instructions of the Majority Lenders (acting reasonably)); or

(b) in form and substance substantially the same as an existing Property Manager Duty of Care Agreement.

"**Property Management Agreement**" means each Initial Property Management Agreement and each New Property Management Agreement, as the case may be.

"**Property Portion**" has the meaning given to such term in the definition of Property Title Split.

"**Property Taxes**" means any *Imposta Municipale propria* Tax payable by an Obligor to the relevant municipal authority in relation to an applicable Property (or any equivalent or replacement Tax from time to time).

"**Property Title Split**" means, for any Loan, the partitioning of any part (each a "**Property Portion**") of an applicable Property where such part constitutes unimproved land into a separate property in a legal sense in accordance with:

(a) the relevant laws and requirements of the applicable land registry to register such a partition; and

(b) the Property Title Split Conditions.

"**Property Title Split Conditions**" means, in respect of a Property Title Split:

(a) the relevant Company gives at least 10 Business Days' prior notice of the Property Title Split to the Facility Agent, such notification to include the specific boundaries of each Property Portion and copies of the submissions to be made to the relevant land registry in connection with such Property Title Split;

(b) the validity and enforceability of the Loan Security created over the relevant Property will not be adversely affected by the Property Title Split **provided that** the relevant Obligors may ratify or confirm the existing Loan Security or grant new Loan Security (on terms equivalent to the pre-existing Loan Security Documents over the relevant Property) in favour of the applicable Finance Parties (and the applicable Obligors will also provide all customary constitutional documents, corporate authorisations and other matters as to verify that the obligations of those Obligors are legally binding, valid and enforceable);

(c) the relevant Obligor has and will continue to have a good and marketable title to each Property Portion following completion of the Property Title Split (other than in respect of any Property Portion being immediately disposed of as a Permitted Land Plot Disposal);

(d) the ownership title of each Property Portion will, upon registration in each land registry, be subject to all easements, public charges, agreements, reservations, restrictions, utility rights, access rights, all other easements necessary to permit any encroachment from these Property Portions, all waivers necessary to waive any encroachment rent otherwise payable by the owners of these Property Portions, conditions or other matters, in each case if and to the extent as required to enjoy and use each Property Portion (including those necessary for the carrying on of the business on each Property Portion) (the "**Relevant Rights**") following the Property Title Split;

(e) any Relevant Rights which were for the benefit of the relevant Property or Properties (as a whole) before the Property Title Split will not be adversely affected by the Property Title Split (or will be replaced with equivalent rights) and will continue to benefit any Property Portion retained by the Obligors following the Property Title Split (or a disposal thereof);

(f) copies of land register extracts (or equivalents) providing evidence for the registration of the relevant Property Portion as a new property in a legal sense and any other documents formalising the Property Title Split are provided to the Facility Agent;

(g) all Authorisations are obtained by the relevant Obligors to effect the Property Title Split; and

(h) no Loan Event of Default under the relevant Facilities Agreement is continuing or would arise as a result of the Property Title Split.

"**Qualifying Lender**" has the meaning given to such term in the applicable Facilities Agreement.

"**Quarterly Management Report**" means a quarterly management report in the form set out in the applicable Facilities Agreement (the form of which may need to be amended and/or updated to comply with any reporting requirements of the Final ESMA Disclosure Templates as agreed in writing by the applicable Facility Agent and the applicable Company) in respect of the Property and the business of each of the Obligors, in each case, for the Financial Quarter ending on the Financial Quarter Date falling immediately prior to delivery of that quarterly management report.

"**Quasi Security**" has the meaning given to such term in the applicable Facilities Agreements.

"**Quittance Deed**" means the Italian law governed acknowledgment and quittance deed (*atto di quietanza e ricognizione di debito*) to be executed by each applicable Borrower in front of a notary public on the Utilisation Date whereby each applicable Borrower acknowledges and confirms receipt of the funds advanced upon the Utilisation Date and confirms that it owes the Loan made to it on the Utilisation Date to the Lenders, substantially in the form set out in the applicable Facilities Agreement.

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined, the date that is two TARGET Days prior to the first day of that period.

"**Rating Agency Requirements**" means:

(a) the DBRS Criteria; and

(b) the Fitch Criteria.

"**RCS**" means the Luxembourg Register of Commerce and Companies.

"**Receiver**" means a receiver, manager or receiver and manager or administrative receiver of the whole or any part of the applicable Charged Property.

"**Recipient**" has the meaning given to such term in the Facilities Agreements.

"**Recoverable Service Charge Project**" means an applicable Capex Project if the entire cost of such Capex Project is recoverable from one or more of the tenants of the applicable Property or Properties by way of applicable Service Charge Proceeds.

"**Recovery Prepayment Proceeds**" means, in respect of each Loan, the proceeds of a claim (a "**Recovery Claim**") against:

(a) the provider of any Report (in its capacity as a provider of that Report); or

(b) any counterparty to a construction contract or collateral warranty (in its capacity as counterparty to that construction contract or collateral warranty, as applicable) with or benefitting an Obligor; or

in each case, except for applicable Excluded Recovery Proceeds, and after deducting:

(i) any reasonable fees, costs and expenses which are incurred by any member of the relevant Group to persons who are neither members of the relevant Group nor an Investor Affiliate; and

(ii) any Tax incurred, and required to be paid by a member of the Group (on the basis of existing rates and taking into account any available credit, deduction or allowance),

in each case in relation to that Recovery Claim.

"**Reference Bank Rate**" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the relevant Facility Agent at its request by all or, where a Loan Reference Bank has failed to supply a quotation, the remaining Loan Reference Banks:

(a) (other than where paragraph (b) below applies) as the rate at which the relevant Loan Reference Bank could borrow funds in the European Interbank Market in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period; or

(b) if different, as the rate (if any and applied to the relevant Loan Reference Bank and the relevant currency and period) which contributors to the relevant Screen Rate are asked to submit to the relevant administrator.

"**Reference Banks**" means the principal office in the Relevant Interbank Market of such banks as may be appointed by the Facility Agent in consultation with the applicable Company.

"**Related Fund**" means:

(a) in relation to a Fund (the "**first fund**"), a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment

manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund; and

(b) in relation to any other person (the "**first person**"), each fund which is managed or advised by an investment manager or investment adviser which is the first person or an Affiliate of the first person.

"**Release Document**" means a copy of:

(a) an English law deed of release;

(b) an English law pay-off letter;

(c) Italian law release agreements; and

(d) a Luxembourg law release agreement,

in each case, in respect of any existing Financial Indebtedness of the Group.

"**Relevant Double Taxation Treaty**" has the meaning given to such term in the applicable Facilities Agreements.

"**Relevant Interbank Market**" means in relation to euro, the European interbank market and, in relation to any other currency, the London interbank market.

"**Relevant Jurisdiction**" means, in relation to a Transaction Obligor:

(a) its jurisdiction of incorporation or formation;

(b) the jurisdiction of its Centre of Main Interests;

(c) any jurisdiction where any asset subject to or intended to be subject to the Loan Security to be created by it is situated;

(d) any jurisdiction where it conducts its business; and

(e) the jurisdiction whose laws govern the perfection of any of the Loan Security Documents entered into by it.

"**Registration Taxes**" means any Tax or other amount required to be paid to a Tax Authority in respect of the grant, entry into or amendment of any Occupational Lease.

"**Relevant Obligations**" has the meaning given to such term in the applicable Facilities Agreements.

"**Relevant Party**" has the meaning given to such term in the applicable Facilities Agreements.

"**Relevant Period**" means each period of 12 months commencing on a Financial Quarter Date and ending on the anniversary of that Financial Quarter Date.

"**Relevant Tax Payment**" has the meaning given to that term in the applicable Facilities Agreements.

"**Rent Collection Account**" means, for each Loan, an account in the name of the relevant Borrower, which includes any interest of the relevant Borrower in that account or of the relevant Borrower in any replacement account or sub-account or sub-division of that account, and into which all applicable Rental Income is deposited.

"**Rent Collection Fees**" means an account either:

(a) in the name of the relevant Propco; or

(b) a trust or client account (or equivalent) maintained by a Permitted Property Manager for the benefit of the relevant Propco in accordance with any Property Manager Duty of Care Agreement,

which, in each case, includes any interest of the relevant Propco in that account or of the relevant Propco in any replacement account or sub-account or sub-division of that account, and into which all Rental Income is paid.

"**Rent Collection Fees**" means rent collection fees payable by the relevant Propco to a Permitted Property Manager in relation to a Property.

"**Rent Deposit Account**" means any account in which an applicable Obligor has an interest which is solely maintained and used for the purpose of holding rent deposits in respect of applicable Occupational Leases.

"**Rental Income**" means, for each Loan, all sums paid or payable to or for the benefit of the relevant Obligor arising from the letting, use or occupation of all or any part of the applicable Property, including (without limitation and without double counting):

(a) rents (including any turnover rent), licence fees and equivalent sums reserved, paid or payable;

(b) sums received or receivable from any deposit held as security for performance of any tenant's obligations under an Occupational Lease to the extent such sums are not required to be held as deposit or security under such Occupational Lease and are released to the relevant Obligor as landlord under that Occupational Lease;

(c) any other monies paid or payable in respect of occupation and/or usage of the applicable Property and any fixture and fitting on the Property including any fixture on the Property for display or advertisement, on licence or otherwise;

(d) proceeds of insurance in respect of loss of rent or interest on rent;

(e) any Service Charge Proceeds;

(f) payments made in respect of a breach of covenant or dilapidations under any Occupational Lease in relation to the applicable Property and for expenses incurred in relation to any such breach;

(g) any receipts from or the value of consideration given for the surrender or variation of any Occupational Lease;

(h) interest, damages or compensation in respect of any of the items in this definition;

(i) any payment from a guarantor or other surety in respect of any of the items listed in this definition;

(j) any break payments that are received or receivable in the period for which Rental Income is being calculated following the actual exercise of any break option under any Occupational Lease; and

(k) any amount in respect of or which represents VAT in respect of any of the sums set out in paragraphs (a)-(j) above.

"**Rental Income Account**" means each account designated as such under each Facilities Agreement, and required to be opened and maintained by the an Obligor in accordance with the relevant Facilities Agreement, and includes the interests of that Obligor in any replacement account or sub-division or sub-account of that account.

"**Repeating Representations**" means each of the repeating representations set out in the applicable Facilities Agreement.

"**Replacement Amount**" has the meaning given to that term in the applicable Facilities Agreements.

"**Replacement Lender**" has the meaning given to that term in the applicable Facilities Agreements.

"**Report**" means:

(a) the legal and real estate due dilligence report prepared by Chiomenti Studio Legale dated on or about the date of the applicable Facilities Agreement;

(b) the technical and environmental due diligence report prepared by CBRE in respect of the Property dated on or around the date of the applicable Facilities Agreement;

(c) the tax due diligence report prepared by EY dated on or around the date of the applicable Facilities Agreement;

(d) the financial due diligence report prepared by EY dated on or around the date of the applicable Facilities Agreement;

(e) the Initial Notarial Report;

(f) the Final Notarial Report; and

(g) the Tax Structure Paper.

"**Requisite Rating**" means:

(a) in relation to a bank or financial institution at which a Control Account (other than a General Account) or Hedge Collateral Account is held (provided that for the purposes of determining the Requisite Rating of an Account Bank, the ratings held by a Holding Company of such Account Bank may be used):

(i) a long term counterparty rating or a rating of long term instruments with at least two of the following ratings: A (or better) by Fitch, or A (or better) by S&P; and

(ii) a short term counterparty rating or a rating of short term instruments with at least two of the following ratings: F2 (or better) by Fitch, or A-2 (or better) by S&P.

(b) in relation to any insurance company or underwriter (provided that for the purposes of determining the Requisite Rating of an insurance company or underwriter, the ratings held by a Holding Company of such insurance company or underwriter may be used), a long term counterparty rating, a rating of long term instruments or an insurer financial strength rating with at least two of the following ratings: A (or better) by AM Best, A or better by DBRS, A (or, in the case of Royal Sun Alliance plc, A-) (or better) by Fitch, or A (or better) by S&P;

(c) in relation to a Hedge Counterparty (provided that for the purposes of determining the Requisite Rating of a Hedge Counterparty, the ratings held by a Holding Company of such Hedge Counterparty which provides a guarantee of such Hedge Counterparty's obligations under the relevant Hedging Document may be used):

(i) a long term counterparty rating or a rating of long term instruments with at least two of the following ratings: A- (or better) by Fitch, A- (or better) by S&P, A (or better) by DBRS (if rated); and

(ii) a short term counterparty rating or a rating of short term instruments with at least two of the following ratings: F1 (or better) by Fitch, or A-1 (or better) by S&P.

(d) in relation to the issuer of an Eligible Letter of Credit (provided that for the purposes of determining the Requisite Rating of an issuer, the ratings held by a Holding Company of such issuer may be used), a long term counterparty rating or a rating of long term instruments with at least one of the following ratings: BBB- (or better) by Fitch, or BBB- (or better) by S&P.

"**S&P**" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business of S&P.

"**Sanctioned Country**" means any country or other territory which at the time of an applicable acquisition or accession is the subject of Sanctions.

"**Sanctions**" means economic or financial sanctions or trade embargoes or imposed administered or enforced from time to time by any Sanctions Authority.

"**Sanctions Authority**" means

(a) the United States;

(b) the United Nations Security Council;

(c) the European Union;

(d) the United Kingdom; or

(e) the respective governmental institutions of any of the foregoing including, without limitation, Her Majesty's Treasury, the Office of Foreign Assets Control of the US Department of the Treasury (OFAC), the US Department of Commerce, the US Department of State and any other agency of the US government.

"**Sanctions Claim**" means any claim, action, proceeding, investigation, notice or demand.

"**Sanctions List**" means any of the lists of specifically designated nationals or designated or sanctioned individuals or entities (or equivalent) issued by any Sanctions Authority, each as amended, supplemented or substituted from time to time.

"**Sanctions Prohibited Payment**" has the meaning given to that term in the applicable Facilities Agreement.

"**Sanctions Restricted Party**" means any person that is:

(a) listed on, or owned or controlled by a person listed on, a Sanctions List;

(b) a government of a Sanctioned Country;

(c) an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, a government of a Sanctioned Country; or

(d) resident or located in, operating from, or incorporated under the laws of, a Sanctioned Country,

or to the best knowledge of any applicable Obligor (acting with due care and enquiry), otherwise subject to or the target of Sanctions.

"**Screen Rate**" means, in relation to Loan EURIBOR, the Euro interbank offered rate administered by the European Money Market Institute (or any other person which takes over the administration of that rate) for the relevant period, displayed on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service provider which publishes that rate from time to time in place of Thomson Reuters **provided that**:

(a) if such page or service ceases to be available, the Facility Agent (acting on the instructions of the Majority Lenders (acting reasonably)) may specify another page or service displaying the relevant rate after consultation with the applicable Company; or

(b) if:

(i) in the opinion of the Majority Lenders, the methodology, formula or other means of determining the Screen Rate have materially changed or the Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under the Finance Document;

(ii) the administrator of the Screen Rate is or becomes insolvent;

(iii) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative,

regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent;

(iv) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued; or

(v) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used,

(A) the Facility Agent (acting on the instructions of the Majority Lenders (acting reasonably)) and the applicable Company may agree another page or service displaying the relevant rate or another benchmark rate to be used to calculate interest under the Finance Documents; and

(B) the Facility Agent (acting on the instructions of the Majority Lenders (acting reasonably)) and the applicable Company (acting reasonably) shall enter into any amendment to the applicable Facilities Agreement to align any provision of the applicable Facilities Agreement to the use of another page or service displaying the relevant rate or other benchmark rate.

"**Second Extended Repayment Date**" means the Interest Payment Date falling in August 2023.

"**Secured Liabilities**" means:

(a) in respect of each Obligor other than an applicable Propco, all present and future obligations and liabilities (whether actual or contingent and whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by an applicable Obligor or by some other person) of each applicable Obligor to the applicable Finance Parties (or any of them) under or in connection with any of the applicable Finance Documents each as amended, varied, supplemented or novated from time to time, including without limitation, the joint and several creditor obligation, any increase of principal or interest and any extension of maturity, novation, deferral or extension of such liabilities, in each case, together with any and all liabilities arising out of unjust enrichment and tort and other liabilities for damages or restitution in relation to the foregoing.

(b) in respect of each of the Franciacorta Loan only, in respect of the applicable Propco (before completion of the Permitted Merger), all present and future obligations and liabilities (whether actual or contingent and whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by Propco or by some other person) of Propco to the Finance Parties (or any of them) under or in connection with any of the Finance Documents, each as amended, varied, supplemented or novated from time to time, including without limitation, the joint and several creditor obligation, any increase of principal or interest and any extension of maturity, novation, deferral or extension of such liabilities, in each case together with any and all liabilities arising out of unjust enrichment and tort and other liabilities for damages or restitution in relation to the foregoing; and

(c) in respect of each of the Franciacorta Loan only, in respect of applicable Propco (upon completion of the Permitted Merger), all present and future obligations and liabilities (whether actual or contingent and whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by an Obligor or by some other person) of each Obligor to the Finance Parties (or any of them) under or in connection with any of the Finance Documents, each as amended, varied, supplemented or novated from time to time, including without limitation, the joint and several creditor obligation, any increase of principal or interest and any extension of maturity, novation, deferral or extension of such liabilities, in each case together with any and all liabilities arising out of unjust enrichment and tort and other liabilities for damages or restitution in relation to the foregoing.

"**Securitisation**" means any securitisation (including, without limitation, a synthetic securitisation), repackaging, similar transaction or transaction of broadly equivalent economic effect:

(a) involving any part of the rights of any Lender under any Facilities Agreement; or

(b) relating to, or using as a reference, the whole or part of any Loan (whether alone or in conjunction with other loans) through the issue of notes on the capital markets.

"**Securitisation Issuer**" means a Lender which (a) is a special purpose vehicle and (b) has issued (or will issue) note instruments in respect of a Securitisation.

"**Security**" means a mortgage, land charge, charge pledge, security assignment, lien Security interest (including any *diritto reale di garanzia,* as such term is defined under Italian law) assignment or transfer for security purposes, retention of title arrangements, hypothecation or other security interest securing any obligation of any person or any easement or other encumbrance or other agreement or arrangement having similar effect.

"**Security Agent**" means, in respect of each Loan, CBRE Loan Services Limited.

"**Service Charge Account**" means the account or accounts designated as such and permitted to be opened and maintained by an Obligor in accordance with the provisions of the applicable Facilities Agreement and includes the interest of that Obligor in any replacement account or sub division or sub-account of that account.

"**Service Charge Expenses**" means (including any VAT paid in respect thereof):

(a) any expense or liability incurred by a tenant under an Occupational Lease:

(i) by way of reimbursement of expenses incurred, or on account of expenses to be incurred, by or on behalf of the applicable Obligor in the management, maintenance and repair or similar obligation of, or the provision of services specified in that Occupational Lease in respect of, the applicable Property and the payment of insurance premiums for the applicable Property; or

(ii) to, or for expenses incurred by or on behalf of, the applicable Obligor for a breach of covenant where such amount is or is to be applied by the applicable Obligor in remedying such breach or discharging such expenses; and

(b) any contribution to a sinking fund paid by a tenant under its Occupational Lease.

"**Service Charge Proceeds**" means, under each Loan, any payment for applicable Service Charge Expenses (including any VAT paid in respect thereof).

"**Sharing Finance Parties**" has the meaning given to such term in the applicable Facilities Agreement.

"**Sharing Payment**" has the meaning given to such term in the applicable Facilities Agreement.

"**Sources and Uses Statement**" means a statement prepared by or on behalf of the applicable Company showing the sources and uses of the funds on the Utilisation Date delivered on or prior to the Utilisation Date pursuant to the provisions of the applicable Facilities Agreement.

"**Subordinated Creditor**" has the meaning given to such term in the applicable Subordination Agreement.

"**Subordinated Creditor Accession Deed**" has the meaning given to such term in the applicable Subordination Agreement.

"**Subordinated Loan**" means any Financial Indebtedness owed by a member of the applicable Group to another member of that Group **provided that**:

(a) such Financial Indebtedness has been subordinated to the applicable Secured Liabilities under the terms of the applicable Subordination Agreement; and

(b) the rights of the creditor in respect of such Financial Indebtedness are the subject of Loan Security.

"**Subordination Agreement**" means the Franciacorta Subordination Agreement or the Palmanova Subordination Agreement, as the context may require.

"**Sub-Participation**" means the sub-participation by any Lender of any or all of its rights and/or obligations under the Finance Documents (or the entry into a similar or equivalent arrangement or transaction (including any total return swap) in respect of those rights and/or obligations) and "**sub-participated**" and "**sub-participant**" shall be construed accordingly.

"**Subsidiary**" means in relation to any person, a person:

(a) which is controlled, directly or indirectly, by the first mentioned person;

(b) where more than half of the issued shares of such person is beneficially owned, directly or indirectly by the first mentioned person; or

(c) which is a Subsidiary of another Subsidiary of the first mentioned person,

and for this purpose, a person shall be treated as being controlled by another if that other person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body whether through the ownership of voting shares, by contract or otherwise.

"**TARGET Day**" means any day on which TARGET2 is open for the settlement of payments in Euro.

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Tax Authority**" means any fiscal, revenue, customs or excise authority anywhere in the world competent to collect, or administer matters relating to, Tax.

"**Term Facility Commitments**" means:

(a) in respect of the Franciacorta Facilities Agreement:

(i) in relation to the Original Lender, the amount set opposite its name under the heading "Term Facility A Commitment" and the amount set opposite its name under the heading "Term Facility B Commitment" in Part 1 of Schedule 1 (*The Original Parties*) of the Franciacorta Facilities Agreement; and

(ii) in relation to any other Lender, the amount of any other Term Facility A Commitment and Term Facility B Commitment transferred to it under the Franciacorta Facilities Agreement,

to the extent not cancelled, reduced or transferred by it under the Franciacorta Facilities Agreement; and

(b) in respect of the Palmanova Facilities Agreement:

(i) in relation to the Original Lender, the amount set opposite its name under the heading "Term Facility A Commitment" and the amount set opposite its name under the heading "Term Facility B Commitment" in Part 1 of Schedule 1 (*The Original Parties*) of the Palmanova Facilities Agreement; and

(ii) in relation to any other Lender, the amount of any other Term Facility A Commitment and Term Facility B Commitment transferred to it under the Palmanova Facilities Agreement,

to the extent not cancelled, reduced or transferred by it under Palmanova Facilities Agreement.

"**Third Extended Repayment Date**" means the Interest Payment Date falling in August 2024.

"**Total Commitments**" means the aggregate of the applicable Term Facility Commitments.

"**Transfer Certificate**" means a certificate substantially in the form scheduled to the relevant Facilities Agreement or any other form agreed between the relevant Facility Agent and the relevant Company (and, in the case of the Palmanova Loan, the applicable Borrower).

"**Transaction**" means the transactions contemplated by the applicable Transaction Documents.

"**Transaction Document**" means:

(a) each Finance Document;

(b) each Property Management Agreement;

(c) each Hedging Document;

(d) each Occupational Lease;

(e) each Agreement for Lease; and

(f) any other document designated as such by the Facility Agent and the applicable Company.

"**Transaction Obligor**" means an Obligor, Topco or a Subordinated Creditor.

"**Transaction Security**" means the Security created or expressed to be created pursuant to a Transaction Security Document.

"**Transaction Security Document**" means each of:

(a) the documents set out in the applicable Facilities Agreement;

(b) any other document entered into at any time by any Transaction Obligor creating any guarantee, indemnity, Security or other assurance against financial loss in favour of any of the Finance Parties as Security for any of the Secured Liabilities;

(c) any other document amending, extending and/or ratifying any of the above Transaction Security Documents; and

(d) any Security granted under any covenant for further assurance in any of the documents referred to in paragraph (a) or (b) above.

"**Treasury Transaction**" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (including any currency or interest purchase, cap or collar agreement, forward rate agreement, interest rate or currency future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap or combined interest rate and currency swap agreement and any other similar agreement) (and, when calculating the value of any derivative transaction, only the marked to market value will be taken into account).

"**Unblocked Account**" means each Control Account in respect of which an applicable Obligor or an applicable Permitted Property Manager has signing rights.

**"Unpaid Sum**" means any sum due and payable but unpaid by an applicable Obligor under the applicable Finance Documents.

"**Utilisation**" means the utilisation of a Facility.

"**Utilisation Date**" means the date of a Utilisation, being the date on which the relevant Loan, or a portion of the relevant Loan, is to be made.

"**Utilisation Request**" means a notice substantially in the form set out in the applicable Facilities Agreement.

## DESCRIPTION OF THE HEDGING DOCUMENTS

Each Borrower is required to enter into a Hedging Document with a Borrower Hedge Counterparty within 10 Business Days of the Utilisation Date. Each such Hedging Document will be in the form of an interest rate cap transaction, which is expected to be documented by an interest rate cap confirmation, which will form part of, and is subject to, an ISDA Master Agreement (including the schedule thereto and, if applicable the credit support annex) (each, a "**Hedging Document**").

### The Hedging Documents

Pursuant to the Hedging Documents, on each Interest Payment Date, the relevant Borrower Hedge Counterparty will be required to pay an amount equal to the product of (a) the excess (if any) of the floating rate of interest (set by reference to three-month Loan EURIBOR) above the agreed strike rate, (b) the notional amount of the Hedging Document, and (c) the applicable day count fraction. Each Borrower will pay an initial fixed amount to the relevant Borrower Hedge Counterparty on entry into the Hedging Document. The termination date of the initial Hedging Document will be the Initial Repayment Date under the relevant Loan. The aggregate notional amount under each Hedging Document is required to be at least equal to 100 per cent. of the outstanding principal amount of the relevant Loan. Pursuant to each Facilities Agreement, each Hedging Document is required to have a weighted average strike rate on any day that ensures that, as at the date on which the relevant hedging transaction is contracted, the ICR under the relevant Loan is not less than 2.0:1.

### Hedging Documents – Credit Support Annex

As part of the Hedging Document, each Borrower may enter into a collateral agreement with the Borrower Hedge Counterparty in the form of an ISDA Credit Support Annex (the "**CSA**"). Such CSA will require the Borrower Hedge Counterparty to make transfers of collateral to the Company in support of its obligations under the Hedging Document, and the relevant Borrower will be obliged to return such collateral in accordance with the terms of the CSA.

### Consequences of a rating downgrade of a Counterparty

If a Borrower Hedge Counterparty ceases to have a Requisite Rating (a "**Hedge Downgrade Event**"), the relevant Obligor is required to procure that either:

(a) each Hedging Document entered into with such Borrower Hedge Counterparty is terminated or closed-out and new Hedging Documents are entered into which comply with the hedging provisions in the relevant Facilities Agreement; or

(b) the Borrower Hedge Counterparty to such Hedging Documents complies with its obligations in respect of the Rating Agency Requirements,

in each case as soon as reasonably practicable but in any event , in the case of paragraph (a) above, within 15 Business Days of, and in the case of paragraph (ii) above, 15 days of notification by the relevant Facility Agent of the occurrence of such Hedge Downgrade Event and that it requires the relevant Borrower or Obligor (as applicable) to comply with the above requirements. However, the above obligations will not apply to a relevant Obligor in respect of a Hedge Downgrade Event if that Hedge Downgrade Event either (i) relates to a guarantor of the obligations of a Borrower Hedge Counterparty that continues to have a Requisite Rating following such Hedge Downgrade Event or (ii) a counterparty to an interest rate hedging transaction where a guarantor of that counterparty has a Requisite Rating following such Hedge Downgrade Event.

If the relevant Obligor terminates a Hedging Document because of a Hedge Downgrade Event or because it has become illegal for that Obligor to comply with its obligations under that Hedging Document, that Obligor must as soon as possible and, in any event, within 15 Business Days after the termination of that Hedging Document, enter into another Hedging Document(s) that complies with the hedging provisions in the relevant Facilities Agreement.

### Transfers by the relevant Borrower Hedge Counterparty

Each Hedging Document is expected to provide that neither party may transfer any interest or obligation thereunder without the prior written consent of the other party (such consent not to be unreasonably

withheld or delayed, at the sole discretion of the relevant Borrower Hedge Counterparty), **provided that** a party may transfer its rights and obligations under the Hedging Document (i) pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or all or substantially all of its assets to another entity, or (ii) in relation to any payment which is due to it by the "Defaulting Party" (as that term is defined in the relevant Hedging Document) following the early termination of the relevant Hedging Document.

## THE BORROWERS

### The Franciacorta Borrowers

*Introduction*

The Franciacorta Borrowers are (i) Franciacorta Retail S.r.l. (formerly DEGI Franciacorta S.r.l.), a limited liability company incorporated on 15 December 2006 under the laws of Italy in the form of a *società a responsabilità limitata*, with corporate capital of €10,000, and registered office in Milano, Via Melchiorre Gioia 26, with number of registration at the Companies' Registry of Milan and VAT number 05523390960 and (ii) Frankie Retail Holdco S.r.l., a limited liability company incorporated on 14 March 2019 under the laws of Italy in the form of a *società a responsabilità limitata*, with corporate capital of €10,000, and registered office in Milan, Via Melchiorre Gioia 26, with number of registration at the Companies' Registry of Milan and VAT number 10738940963.

*Main corporate purpose*

The main corporate purpose of the Franciacorta Borrowers, as set out in their by-laws (*statuti*) is: (i) the construction, acquisition, enjoyment (including non-financial lease), sale and management of real estate assets, including shopping centres, (ii) the transformation, development and use of real estate assets; and (iii) the provision of real estate services, including: the management of real estate assets or portfolios, the preparation of real estate appraisals and assessments and of economic and financial feasibility studies in connection with real estate transactions, the performance of technical support in connection with the construction, transformation and development of real estate assets.

*Directors*

The directors of the Franciacorta Borrowers and their respective business addresses and their principal activities are:

| Name | Business Address | Principal Function |
|---|---|---|
| Paolo Massimiliano Bottelli | Via Melchiorre Gioia 26, Milan (MI), Italy | Chairman of the board of directors |
| Diana Hoffman Solveig | Via Melchiorre Gioia 26, Milan (MI), Italy | Member of the Board of Directors |
| Elena Piaia | Via Melchiorre Gioia 26, Milan (MI), Italy | Member of the Board of Directors |
| Donatella Fanti | Via Melchiorre Gioia 26, Milan (MI), Italy | Member of the Board of Directors |

As far as the Issuer is aware and is able to ascertain from information provided by the Franciacorta Borrowers, there are no conflicts of interest between the private interests of the directors and their duties to the Franciacorta Borrowers.

*Auditors and financial statements*

The independent auditor of the Franciacorta Borrowers is Deloitte & Touche S.p.A., with its registered office at Milan (MI), Via Tortona 25. Deloitte & Touche S.p.A. is enrolled with the register of statutory auditors (*Registro dei revisiori legali*).

As far as the Issuer is aware and is able to ascertain from information published, (i) there has been no material adverse change in the prospects of Franciacorta Retail S.r.l. since the publication of the last audited financial statements of Franciacorta Retail S.r.l. and (ii) there has been no significant change in the financial or trading position of Franciacorta Retail S.r.l. since the date of its last audited financial statements being 31 December 2018. No audited financial statements were published by Franciacorta Retail Holdco S.r.l. since its incorporation.

*Material Contracts*

As far as the Issuer is aware and is able to ascertain from information provided by the Franciacorta Borrowers, apart from the transaction documents to which it is a party, the Franciacorta Borrowers have not entered into any material contracts other than in the ordinary course of their respective business.

*Legal and Arbitration Proceedings*

As far as the Issuer is aware and is able to ascertain from information provided by the Franciacorta Borrowers, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Franciacorta Borrowers are aware) which may have or have had since its incorporation a significant effect on the Franciacorta Borrowers' financial position or profitability.

**The Palmanova Borrower**

*Introduction*

The Palamanova Borrower is Palmanova Propco S.r.l., a limited liability company incorporated on 18 December 2006 under the laws of Italy in the form of a *società a responsabilità limitata,* with corporate capital of €10,000, and registered office in Milano, Via Melchiorre Gioia 26, with number of registration at the Companies' Registry of Milan and VAT number 05524760963.

*Principal corporate purpose*

The principal corporate purpose of the Palmanova Borrower as set out in its by-laws (*statuto*) is: (i) the design, construction, and maintenance (including through contractors) of all real estate regardless of use, (ii) the acquisition, sale, exchange, lease, development and management of real estate, including the provision of services relating to investment transactions and other operations in connection with real estate (iii) the sale, purchase and exchange of businesses, (iv) the provision of consultancy services and technical, commercial, organizational, promotional and administrative support in connection with transactions regarding real estate assets and/or businesses, (v) the provision of inventory, appraisal, settlement and classification services in connection with real estate assets, (v) the carrying out and provision of services relating to real estate assets, (vi) performance of any investments, commercial and financial transactions of any kind which might be necessary or useful to pursue the corporate purpose (subject to certain limitations); (vii) the issue of any kind of guarantee, also in favour of third parties and/or in relation to obligations undertaken by third parties and/or in the interest of third parties.

*Directors*

The directors of the Palmanova Borrower and their respective business addresses and their principal activities are:

| Name | Business Address | Principal Function |
|---|---|---|
| Paolo Bottelli | Via Melchiorre Gioia 26, Milan (MI), Italy | Chairman of the board of directors |
| Diana Hoffman Solveig | Via Melchiorre Gioia 26 | Director |
| Elena Piaia | Via Melchiorre Gioia 26 | Director |
| Donatella Fanti | Via Melchiorre Gioia 26 | Director |

As far as the Issuer is aware and is able to ascertain from information provided by the Palmanova Borrower, there are no conflicts of interest between the private interests of the directors and their duties to the Palmanova Borrower.

*Auditors and Financial Statements*

The independent auditor of the Palmanova Borrower is Deloitte & Touche S.p.A., with its registered office at Milan (MI), Via Tortona 25. Deloitte & Touche S.p.A. is enrolled with the register of statutory auditors (*Registro dei revisiori legali*).

As far as the Issuer is aware and is able to ascertain from information published, (i) there has been no material adverse change in the prospects of the Palmanova Borrower since the publication of the last audited financial statements of the Palmanova Borrower and (ii) there has been no significant change in the financial or trading position of the Palmanova Borrower since the date of its last audited financial statements being 31 December 2018.

*Material Contracts*

As far as the Issuer is aware and is able to ascertain from information provided by the Palmanova Borrower, apart from the transaction documents to which it is a party, the Palmanova Borrower has not entered into any material contracts other than in the ordinary course of its business.

*Legal and Arbitration Proceedings*

As far as the Issuer is aware and is able to ascertain from information provided by the Palmanova Borrower, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Palmanova Borrower is aware) which may have or have had since its incorporation a significant effect on the Palmanova Borrower's financial position or profitability.

## THE VALUATIONS

Prospective investors should be aware that each Valuation was prepared by CBRE Limited prior to the date of this Offering Circular. CBRE Limited has not been engaged to update or revise any of the information contained in the Valuations, nor will it be asked to do so prior to the issue of the Notes. Accordingly, the information included in each Valuation may not reflect the current physical, economic, competitive, market or other conditions with respect to the Palmanova Property or the Franciacorta Property. None of the Lead Manager, the Sole Arranger, the Master Servicer, the Delegate Servicer, the Calculation Agent, the Liquidity Reserve Facility Provider, the Representative of the Noteholders, the Corporate Servicer, the Paying Agent or the Issuer Account Bank are responsible for the information contained in the Valuations.

The Valuations should be read in conjunction with the Valuations Disclaimer above.

## THE ISSUER

### A Introduction

The Issuer was incorporated in the Republic of Italy pursuant to the Italian Securitisation Law on 15 April 2019 as a *società a responsabilità limitata* with a sole Quotaholder under the name "DECO 2019-Vivaldi S.r.l.". The Issuer's by-laws provide for termination of the same on 31 December 2100. The registered office of the Issuer is in Via Vittorio Betteloni, n°2 20131 Milano, fiscal code and enrolment with the companies register of Treviso - Milano-Monza-Brianza-Lodi number 10786060961, enrolled under number 35577.6 in the register of special purpose vehicles (*elenco delle società veicolo*) held by the Bank of Italy pursuant to article 4 of the Italy's regulation dated 7 June 2017. The Issuer has no employees and no subsidiaries. The Issuer's telephone's number is +39 02 77 88 051.

The authorised and issued quota capital of the Issuer is €10.000, fully paid. The current quotaholder of the Issuer is as follows:

| *Quotaholder* | *Quota* |
|---|---|
| Special Purpose Entity Management S.r.l. | €10.000 (100% of the quota capital) |

The Issuer has not declared or paid any dividends or, save as otherwise described in this Offering Circular, incurred any indebtedness.

### B Issuer's Principal Activities

The sole corporate object of the Issuer as set out in article 3 of its by-laws (*statuto*) and in compliance with the Italian Securitisation Law is to perform securitisation transactions (*operazioni di cartolarizzazione*).

The Issuer was established as a multi-purpose vehicle and accordingly it may carry out further securitisation transactions in addition to the Securitisation, subject to the provisions set forth in Condition 5 (*Issuer Covenants*).

Condition 5 (*Issuer Covenants*) provides that, so long as any of the Notes remain outstanding, the Issuer shall not, without the prior consent of the Representative of the Noteholders and as provided in the Conditions, incur any other indebtedness for borrowed moneys (except in relation to any other securitisation carried out in accordance with the Issuer Transaction Documents) engage in any activities (other than acquiring and holding the assets on which the Notes are secured, issuing the Notes and entering into the Issuer Transaction Documents to which it is a party), pay any dividends, repay or otherwise return any quota capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or in the Intercreditor Agreement) or increase its capital.

### C Directors

The current director of the Issuer is:

| | |
|---|---|
| Sole director | Arianna Volpato in her capacity as the sole director of the Issuer, is at Issuer's registered office, Italy. |

### D The Quotaholder's Agreement

Pursuant to the term of the Quotaholder's Agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Quotaholder, the Quotaholder has agreed, *inter alia*, not to amend the by-laws (*statuto*) of the Issuer and not to pledge, charge or dispose of the quota (save as set out below) of the Issuer without the prior written consent of the Representative of the Noteholders. The Quotaholder's Agreement is governed by, and will be construed in accordance with, Italian law.

## E Accounts of the Issuer and accounting treatment of the Loans

Pursuant to Bank of Italy regulations, the accounting information relating to the securitisation of the Loans will be contained in the explanatory notes to the Issuer's accounts (*Nota Integrativa*). The explanatory notes, together with the balance sheet and the profit and loss statements, form part of the financial statements of Italian limited liabilities companies (*società a responsabilità limitata*).

The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year with the exception of the first fiscal year which started on the date of incorporation of the Issuer and will end on 31 December 2019.

## F Capitalisation and indebtedness statement

The capitalisation of the Issuer as at the date of this Offering Circular, adjusted for the issue of the Notes, is as follows:

| **Quota capital** | |
|---|---|
| | *Euro* |
| Issued, authorised and fully paid up capital | 10,000 |

| **Loan Capital** | |
|---|---|
| | *Euro* |
| €122,000,000 Class A Commercial Mortgage Backed Notes due 2031 | 122,000,000 |
| €39,600,000 Class B Commercial Mortgage Backed Notes due 2031 | 39,600,000 |
| €41,400,000 Class C Commercial Mortgage Backed Notes due 2031 | 41,400,000 |
| €19,230,000 Class D Commercial Mortgage Backed Notes due 2031 | 19,230,000 |
| **Total loan capital (Euro)** | 222,230,000 |

Subject to the above, as at the date of this Offering Circular, the Issuer has no borrowings or indebtedness in respect of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

## G Financial statements and auditors

The auditors of the Issuer are PricewaterhouseCoopers S.p.A. through their office at Padua (Italy) (a public certified accountant enrolled with registration no. 119644).

Since the date of incorporation the Issuer has not commenced operations and no financial statements have been made up as at the date of this Offering Circular.

## H The Corporate Services Agreement

On or about the Issue Date, the Issuer and the Corporate Servicer will enter into a corporate services agreement (the "**Corporate Services Agreement**") under which the Corporate Servicer has agreed to provide certain book-keeping and corporate services to the Issuer in relation to the securitisation.

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with, the laws of the Republic of Italy.

## I Accounts of the Issuer and accounting treatment of the Securitised Loans

Pursuant to Bank of Italy regulations, the accounting information relating to the securitisation of the Securitised Loans will be contained in the explanatory notes to the Issuer's accounts (*Nota Integrativa*). The explanatory notes, together with the balance sheet and the profit and loss statements, form part of the financial statements of Italian limited liabilities companies (*società a responsabilità limitata*).

Since the date of incorporation the Issuer has not commenced operations and no financial statements have been made up as at the date of this Offering Circular.

## USE OF PROCEEDS

The proceeds from the issue of the Notes, being €223,230,000, will be applied by the Issuer to purchase the Loan Portfolio from the Loan Transferor pursuant to the Loan Portfolio Sale Agreement as described in "*Description of the Issuer Transaction Documents - Loan Portfolio Sale Agreement*" below.

## DESCRIPTION OF THE ISSUER TRANSACTION DOCUMENTS

*The description of the Issuer Transaction Documents set out below is a summary of certain features of those agreements and is qualified by reference to the detailed provisions of the Issuer Transaction Documents. Prospective Noteholders may inspect copies of the Issuer Transaction Documents upon request at the specified office of the Representative of the Noteholders.*

### A The Loan Portfolio Sale Agreement

The Loan Transferor and the Issuer have entered into the Loan Portfolio Sale Agreement, pursuant to which the Loan Transferor has agreed to assign and transfer to the Issuer, without recourse (*pro soluto*), all of its future rights, title and interest in and to the Loan Portfolio.

The sale of the Loan Portfolio has been made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of the Italian Securitisation Law) and, to the extent applicable, articles 1347 and 1472 of the Italian Civil Code. The Receivables comprised in the Loan Portfolio have been selected on the basis of the criteria listed in Schedule 1 to the Loan Portfolio Sale Agreement. Notice of the transfer has been published in the *Gazzetta Ufficiale della Repubblica Italiana, Parte Seconda* and deposited with the companies register.

***Purchase Price***

The consideration to be paid by the Issuer to the Loan Transferor in respect of the Loan Portfolio pursuant to the Loan Portfolio Sale Agreement is equal to €222,230,000 (the "**Purchase Price**").

***Representation and Warranties***

Under the Loan Portfolio Sale Agreement, the Loan Transferor makes certain representations and warranties to the Issuer.

As of the date of execution of the Loan Portfolio Sale Agreement and as of the Issue Date, the Loan Transferor gives to the Issuer representations and warranties (subject, in certain cases, to certain provisos or disclosures) about, *inter alia*, (i) its status and powers; (ii) its unencumbered legal title to the Receivables; (iii) solely on the basis of opinions delivered in respect of the relevant Loan (the "**Loans Legal Opinions**") (and subject to any assumption, reservation and/or qualification set out therein) and/or the representations given by the Transaction Obligors in the relevant Finance Documents, each of the Finance Documents constituted, as at the date of the relevant Loans Legal Opinions, valid, legal, binding and enforceable obligations of the Borrowers; (iv) each relevant Loan Security has been duly granted, created and (where applicable) registered and any activities required under the relevant security documents in relation to the perfection of the Loan Security have been performed or are required to be performed within a specified period as a condition subsequent under the relevant Facilities Agreement; and (v) the Loan Transferor has not received any written notice of any event that constitutes a Loan Event of Default.

***Remedy for breach of warranty***

Pursuant to the terms of the Loan Portfolio Sale Agreement, the Loan Transferor shall indemnify the Issuer against damages incurred by it as a result of any representation and warranty given by the Loan Transferor under the Loan Portfolio Sale Agreement being determined false, incomplete or incorrect.

In order to make a claim for a breach of representation and warranty under the Loan Portfolio Sale Agreement, the Issuer must notify the Loan Transferor in writing of the amount of the claim thereunder and a detailed description of the reasons for such claim. The Loan Transferor may challenge either the validity or the quantum of any claim within 20 Business Days from receipt of such notice of claim or shall otherwise be deemed to have accepted the claim in the amount notified to it. In the event of a dispute, the Loan Transferor and the Issuer are required to conduct good faith negotiations to resolve the dispute. If no agreement is reached within 30 Business Days, the dispute shall be referred to a mutually agreed third party expert or, if no such expert is agreed, through arbitration or, if the dispute relating to the claim cannot be settled by arbitration, through the Court of Milan (Italy).

***Governing Law***

The Loan Portfolio Sale Agreement and any non – contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

B **Key Terms of the Servicing Arrangements**

***Master Servicer***

Pursuant to the Master Servicing Agreement, the Issuer will appoint Zenith Service S.p.A (the "**Master Servicer**") as Regulatory Servicer, Primary Servicer and Special Servicer to act as its agent and provide certain services in relation to the Loan Portfolio.

The Regulatory Servicer will act as the *"soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento"* pursuant to the Italian Securitisation Law and, in such capacity, will also be responsible for ensuring compliance of the transaction with the provisions of articles 2.3, letter (c), and 2.6 of the Italian Securitisation Law (the "**Regulatory Services**").

The activities to be carried out by the Primary Servicer will include (prior to a Loan becoming a Specially Serviced Loan), taking all steps to preserve the Issuer's interests, processing and managing administrative and accounting data in relation to the Loan Portfolio and performing any other duties applicable to the Primary Servicer from time to time as specified under the Master Servicing Agreement (the "**Primary Services**").

The Special Servicer will (for as long as a Loan is a Specially Serviced Loan), among other things, be responsible for carrying out, on behalf of the Issuer, any activities related to the management, enforcement and recovery of the defaults and delinquencies under that Loan and will perform all other duties applicable to the Special Servicer from time to time in accordance with the Master Servicing Agreement (the "**Special Services**", together with the Regulatory Services and the Primary Services, the "**Services**").

On or about the Issue Date, the Master Servicer will appoint, with the consent of the Issuer, the Delegate Servicer to carry out each and every service, activity and undertaking to be fulfilled by the Primary Servicer and the Special Servicer under the Master Servicing Agreement, including the Primary Services and the Special Services. As a consequence, the Delegate Servicer will be fully and directly responsible and liable towards the Master Servicer and the Issuer in relation to such services and activities delegated to it under the Delegate Servicing Agreement and the services and activities performed by its sub-contractors and delegates. Furthermore, the execution of the Delegate Servicing Agreement constitutes a condition precedent ("*condizione sospensiva*") to the effectiveness of any contractual obligations of the Master Servicer pursuant to the Master Servicing Agreement.

(For further information see "*Delegate Servicing Agreement*" below).

For the purposes of this Offering Circular, therefore:

"**Primary Servicer**" means the provider of the Primary Services which shall be, for so long as a Delegate Primary Servicer remains appointed pursuant to the Delegate Servicing Agreement, the Delegate Primary Servicer, or if no Delegate Primary Servicer remains appointed pursuant to the Delegate Servicing Agreement, the Master Servicer, or any replacement Primary Servicer.

"**Regulatory Servicer**" means the Master Servicer in its capacity as the provider of the Regulatory Services, or any replacement Regulatory Servicer.

"**Special Servicer**" means the provider of the Special Services which shall be, for so long as a Delegate Special Servicer remains appointed pursuant to the Delegate Servicing Agreement, the Delegate Special Servicer, or if no Delegate Special Servicer remains appointed pursuant to the Delegate Servicing Agreement, the Master Servicer, or any replacement Special Servicer.

(For further information see "*Delegation by Master Servicer*" immediately below).

***Delegation by Master Servicer***

The performance of any or all of the Services (except for those reserved to the Master Servicer by law) to be provided by the Master Servicer under the Master Servicing Agreement may (if certain specified conditions are met, and at the cost of the Master Servicer) be delegated to a sub-contractor or delegate of the Master Servicer, without requiring the consent of any other person to such delegation.

Notwithstanding any sub-contracting or delegation of the performance of any of its obligations under the Master Servicing Agreement and except for the provisions relating to the delegation of the activities to the Delegate Primary Servicer and the Delegate Special Servicer, the Master Servicer will not be released or discharged from any liability under the Master Servicing Agreement. It will remain responsible for the performance, non-performance or manner of performance of its duties and obligations by any sub-servicer or delegate (other than the Delegate Servicer) and shall monitor at its own cost the performance and enforce the obligations of any such sub-servicer or delegate. The sub-contractor or delegate of the Master Servicer shall not have direct recourse to the Issuer in respect of any costs and expenses incurred by it.

***Delegate Servicing Agreement***

With effect from the Issue Date, the Master Servicer and CBRE Loan Services Limited as the delegate servicer (the "**Delegate Servicer**") will enter into the Delegate Servicing Agreement pursuant to which the Master Servicer, with the consent of the Issuer, will delegate and the Delegate Servicer will assume the roles of Primary Servicer and Special Servicer of the Loans. The Master Servicer will monitor the activities of the Delegate Servicer, and the Delegate Servicer will be directly liable to the Master Servicer and the Issuer for the performance of its obligations under the Delegate Servicing Agreement. The Delegate Servicer shall be remunerated by the Issuer for performing the Primary Services and Special Services in accordance with the terms of the Delegate Servicing Agreement and the Master Servicing Agreement (for further information see "*Servicing Fees*" below). The Delegate Servicer will acknowledge that to the extent no fee is due and payable under the terms of the Master Servicing Agreement for the provision of any service or services from time to time, the Delegate Servicer shall not receive any remuneration for such services. The Delegate Servicer shall be entitled to be reimbursed (with interest thereon) by the Issuer in respect of reasonable out-of-pocket costs, expenses and charges properly incurred by it in the performance of the Primary Services and Special Services. The Issuer will indemnify the Delegate Servicer for any loss or liability to the Delegate Servicer resulting from its participation in the Securitisation other than those losses or liabilities caused by the Delegate Servicer's own gross negligence or willful misconduct. The Delegate Servicer may (at its own cost) sub-contract or delegate the performance of any of its obligations under the Delegate Servicing Agreement provided that certain conditions are satisfied. The Master Servicer, with prior notice to the Rating Agencies, shall be permitted to deliver a termination notice to the Delegate Servicer following the occurrence of a Primary Servicer Termination Event or Special Servicer Termination Event (as applicable) in respect of the Delegate Servicer. For further information on termination rights in respect of the Delegate Servicer in its role as Primary Servicer and/or Special Servicer, see "*Termination of the appointment of the Regulatory Servicer, Primary Servicer or Special Servicer*", "*Rights upon Servicer Termination Event; replacement of Regulatory Servicer, Primary Servicer or Special Servicer*" and "*Termination without cause*" below. The Delegate Servicing Agreement will be governed by Italian law.

The Delegate Servicer may administer other mortgage loans in addition to the Loans. The Delegate Servicer's registered office is at St Martin's Court, 10 Paternoster Row, London EC4M 7HP, United Kingdom.

***Servicing Standard***

Each of the Regulatory Servicer, Primary Servicer and Special Servicer will be required to perform its duties on behalf of and for benefit of the Issuer in accordance with and subject to the following in order of priority:

(a) all applicable laws and regulations;

(b) the terms of the relevant Finance Documents;

(c) the terms of the Master Servicing Agreement;

(d) the best interests and benefit of the Issuer, using reasonable judgement and as determined in good faith by the Regulatory Servicer, the Primary Servicer or the Special Servicer (as the case may be); and

(e) in each case and to the extent consistent with such terms, the higher of:

(i) the same manner and with the same skill, care and diligence it applies to servicing similar loans for other third parties; or

(ii) the standard of care, skill and diligence which it applies in servicing commercial mortgage loans in its own portfolio (to the extent it holds mortgage loans in its own portfolio),

in each case giving due consideration to the customary and usual standards of practice of reasonably prudent commercial mortgage loan servicers servicing commercial mortgage loans which are similar to the Loans, with a view to the prudent and timely exercise of the rights of the Issuer under the Facilities Agreements, the timely collection of all scheduled payments of principal, interest and other amounts due in respect of the Loans and the Loan Security and, if any Loan comes into, and continues to be in, default, maximising recoveries in respect of such Loan on or before the Final Maturity Date for the Issuer,

(the "**Servicing Standard**").

If there is a conflict between any of the requirements set forth in paragraphs (a) to (e) (inclusive) above, the Primary Servicer or for so long as a Loan is a Specially Serviced Loan, the Special Servicer, as applicable, will apply such requirements in the order of priority in which they appear.

In applying the Servicing Standard, the Regulatory Servicer, Primary Servicer and Special Servicer (as applicable) will not have regard to:

(a) any fees or other compensation to which it may be entitled; and/or

(b) any relationship it or any of its Affiliates may have with a Borrower or any Borrower Affiliate or any party to the transactions entered into in connection with the issue of the Notes, the Issuer Transaction Documents or the Facilities Agreements (or any Affiliate of such person); and/or

(c) the ownership of any Note or any interest in a Loan by it or any of its respective Affiliates.

***Other responsibilities of the Master Servicer and the Primary Servicer***

In addition to its obligations described above, the Primary Servicer or, if a Loan is a Specially Serviced Loan, the Special Servicer will have certain obligations with respect to managing the interests of the Issuer, the Facility Agent and the Security Agent including with respect to any modification, waiver, amendment and/or consent relating to that Loan and taking any actions to realise the relevant Loan Security for that Loan.

The Primay Servicer has undertaken to use all due diligence to maintain all accounting records relating to the Loans and to supply all relevant information to the Issuer to enable it to prepare its financial statements.

The Primary Servicer, on behalf of the Issuer, shall (i) monitor on a quarterly basis, and at any other time upon the request of the Issuer and/or the Regulatory Servicer, the rating of each Borrower Hedge Counterparty and each Borrower Account Bank, (ii) use best endeavours consistent with the Servicing Standard to monitor the compliance of the relevant Borrower or Borrowers with, the requirements of the relevant Finance Documents regarding the maintenance of the Insurance Policies on the relevant Property or Properties (see "Insurance" below), and use best endeavours consistent with the Servicing Standard to require that the relevant Borrower or Borrowers maintain the Insurance Policies required under the relevant Finance Documents.

"**Borrower Account Bank**" means each account bank at which any Control Accounts of any Borrower are held.

***Special Servicer Transfer Event***

The Primary Servicer will have sole responsibility to service and administer each Loan until the occurrence of a Special Servicer Transfer Event in relation to that Loan.

Subject to the provisions of the Master Servicing Agreement, a Loan will become subject to a "**Special Servicer Transfer Event**" if any of the following events occurs:

(a) a Loan Event of Default pursuant to a Facilities Agreement on a Repayment Date;

(b) the relevant Borrower under a Facilities Agreement becoming subject to any of the events listed in clauses 25.7 (*Insolvency*), 25.8 (*Insolvency proceedings*) or 25.9 (*Creditor's process*) of each Facilities Agreement;

(c) a Loan Event of Default pursuant to clause 25.6 (*Cross Default*) of any Facilities Agreement; or

(d) any other Loan Event of Default as prescribed in a Facilities Agreement occurs or is, in the opinion of the Primary Servicer exercised in accordance with the Servicing Standard, imminent and is not likely to be cured within 21 days, and, in each case, which would be likely to have a material adverse effect upon the interests of the Issuer.

Promptly after becoming aware that a Special Servicer Transfer Event in relation to a Loan has occurred (but subject to the expiry of any applicable cure period in relation to the relevant Loan), the Primary Servicer shall give written notice thereof to the Issuer (which will notify the Noteholders), the Representative of the Noteholders, the relevant Facility Agent and the relevant Security Agent, the Special Servicer and the Operating Advisor (if appointed) and the Regulatory Servicer and each Rating Agency. Upon receipt of such notice, the Special Servicer will automatically assume special servicing duties with respect to that Loan (but not, for the avoidance of doubt, any Loans in respect of which a Special Servicer Transfer Event has not occurred and is continuing) and that Loan will become a "**Specially Serviced Loan**".

Upon determining that the Specially Serviced Loan has become a Corrected Loan, the Special Servicer shall promptly give written notice thereof to the Issuer, the Operating Advisor (if appointed), the Regulatory Servicer, each Rating Agency and the Primary Servicer, and will within 3 (three) Business Days of such determination return the related servicing file, together with any and all new information, documents and records which have become part of the servicing file, to the Primary Servicer (or such other person as may be directed by the Primary Servicer). At such time, the Special Servicer's obligation to specially service the relevant Loan and its right to receive the Special Servicing Fee in respect of that Loan will terminate and the obligations of the Primary Servicer fully to service and administer that Loan will resume (in each case until such time (if any) that the relevant Loan once more becomes a Specially Serviced Loan).

"**Corrected Loan**" means, after a Loan has become a Specially Serviced Loan, discontinuance of any event which would constitute a monetary Special Servicer Transfer Event for two consecutive Loan Interest Periods and the facts giving rise to any other Special Servicer Transfer Event with respect to the relevant Loan having ceased to exist and, in the opinion of the Special Servicer (acting in good faith), no other matter existing which would give rise to such Loan becoming a Specially Serviced Loan during the current or immediately succeeding Loan Interest Period.

Notwithstanding any provision of the Master Servicing Agreement to the contrary, upon the occurrence of a Special Servicer Transfer Event, the Primary Servicer shall continue to service the relevant Loan in all respects as provided for in the Master Servicing Agreement and will, among other things and without limitation, continue to collect information, prepare reports and perform administrative functions, subject to receipt by it of the required information from the Special Servicer (but will not be subject to any of the duties and obligations of the Special Servicer and shall not be entitled to receive the Special Servicing Fee with respect thereto). Neither the Primary Servicer nor the Special Servicer will have responsibility for the performance by the other of its obligations and duties under the Master Servicing Agreement, nor shall they be responsible for the performance of the Regulatory Services.

***Valuations and Appraisals***

Pursuant to the Facilities Agreements, the Facility Agent may instruct the Valuer to prepare and deliver a valuation in respect of the relevant Property or Properties in every 12 Month period falling during the period commencing on the date falling 12 Months after the Utilisation Date at the cost of the relevant Obligors.

Pursuant to the Master Servicing Agreement, the Primary Servicer shall instruct the relevant Valuer to prepare and issue a valuation in respect of the relevant Property or Properties in the following circumstances:

(a) once in every 12 (twelve) months' period falling during the period commencing on the date falling 12 (twelve) months after the Utilisation Date;

(b) if the Primary Servicer, or as the case maybe, the Special Servicer determines (acting reasonably and in accordance with the Servicing Standard) that a Default is continuing;

(c) if the Primary Servicer or the Special Servicer is notified that a Property is the subject of a compulsory purchase; and

(d) whenever the Primary Servicer is requested to do so by the Representative of the Noteholders following an Ordinary Resolution of the Noteholders,

(each, a "**Servicer Valuation**"). Pursuant to the terms of the Master Servicing Agreement, when requesting any Valuation, the Primary Servicer or (in the case of a Specially Serviced Loan) the Special Servicer shall use reasonable endeavours to ensure (to the extent practicable with any reputable Valuer) that the agreement with the relevant Valuer allows the Valuation to be disclosed on the website of the Information Agent. Before disclosing any Valuation on the website of the Information Agent, the Primary Servicer or (in the case of a Specially Serviced Loan) the Special Servicer shall redact any section(s) or part(s) of such Valuation which the relevant Borrower and/or the Valuer request to be redacted.

The Issuer must convene a meeting of Noteholders to consider an Ordinary Resolution referred to in paragraph (d) above if requested by holders of the Notes outstanding constituting not less than 10 (ten) per cent. in aggregate Principal Amount Outstanding of the Notes (other than any Notes held by Disenfranchised Noteholders), provided that such requesting Noteholders have entered into separate arrangements reasonably satisfactory to the Issuer (with the assistance of the Primary Servicer or the Special Servicer, as applicable) with respect to the payment of the costs of such valuation and the costs of convening the meeting of Noteholders.

The Special Servicer or the Primary Servicer (as applicable) will not be obliged (unless requested to do so by the Noteholders (other than any Notes held by Disenfranchised Noteholders)) to obtain a Valuation if (i) a Valuation has been obtained during the immediately preceding 6 (six) months or (ii) the Primary Servicer or the Special Servicer (as applicable) determines based on publicly available information in relation to the commercial property markets in Italy (without any liability on its part) that neither any Property nor the relevant property markets have experienced a decrease in value of greater than 5 (five) per cent. since the date of the Valuation.

Following receipt of a Valuation in any of the circumstances referred to above, the Primary Servicer or Special Servicer (as applicable) shall determine whether or not a Valuation Reduction Amount applies to the relevant Loan and shall notify the Regulatory Servicer who shall notify the Issuer, the Liquidity Reserve Facility Provider, the Calculation Agent, the Master Servicer and the Representative of the Noteholders of the occurrence of either forthwith.

If a Valuation Reduction Amount applies to the Loans, the Primary Servicer or Special Servicer (as applicable) shall as soon as reasonably practicable thereafter, but in any event within 5 (five) Business Days, notify the Regulatory Servicer,the Representative of the Noteholders and the Issuer of the Valuation Reduction Amount, upon which the Representative of the Noteholders shall determine which Class of Notes meets the Controlling Class Test and shall notify the Noteholders, the Primary Servicer and the Special Servicer accordingly.

***Asset Status Report***

Pursuant to the Master Servicing Agreement, if a Special Servicer Transfer Event occurs in relation to a Loan the Special Servicer shall prepare an asset status report (the "**Asset Status Report**") with respect to the relevant Loan and the relevant Property or Properties not later than 60 (sixty) calendar days after the occurrence of such Special Servicer Transfer Event, which shall be updated to reflect any material developments or modifications in strategy for so long as the that Loan is a Specially Serviced Loan.

To the extent that the Special Servicer requires information in order to be able to prepare an Asset Status

Report it must promptly request such information to the Borrowers, the Facility Agent and/or the Security Agent, or direct the Facility Agent or the Security Agent to request such information to the Borrowers. Upon receipt of each such request or direction, the Facility Agent or the Security Agent, as applicable, must supply to the Special Servicer such information (if already available to it) or request such information to the Borrowers, and provide it to the Special Servicer upon receipt from the Borrowers.

The Asset Status Report shall contain the following:

(a) the most current rent schedule and income or operating statement available for the Properties;

(b) a description of the status of the relevant Loan and the relevant Property or Properties, and any strategy with respect to the same and any negotiations with the relevant Borrower or Borrowers;

(c) a consideration of the effect on net present value of the various courses of action with respect to the Loan Portfolio including, without limitation, work-out of the relevant Loan or Loan Security;

(d) a summary of the Special Servicer's recommended actions and strategies with respect to the relevant Loan which, subject to the terms of the Master Servicing Agreement, shall be the course of action that the Special Servicer has determined would maximise recovery on the relevant Loan on a net present value basis;

(e) details of the most recent Valuation of the relevant Property; and

(f) such other information as the Special Servicer deems relevant in light of the Servicing Standard.

Promptly after the Asset Status Report has been prepared or modified, the Special Servicer shall deliver a copy of each such Asset Status Report to the Regulatory Servicer. The Special Servicer shall also deliver to the Issuer and the Representative of the Noteholders a draft form of a proposed notice to the Noteholders that will include a summary of the current Asset Status Report, and, following approval by the Representative of the Noteholders and the Issuer, the Issuer shall publish such notice in a regulated information service ("**Regulatory Information Service**") filing or equivalent filing, if any, that complies with the requirements of the applicable law.

The Special Servicer may, from time to time, modify any Asset Status Report that it has previously delivered and shall modify any such Asset Status Report to reflect any changes in strategy that it considers are required from time to time by the Servicing Standard and shall promptly deliver the modified report to the Regulatory Servicer and shall deliver a revised summary of the same to the Issuer and the Representative of the Noteholders, which the Issuer shall publish in compliance with the rules of the relevant stock exchange.

***Ad Hoc Reviews***

The Primary Servicer or, for so long as a Loan is a Specially Serviced Loan, the Special Servicer, shall enter upon and inspect, or cause to be inspected (including by way of the use of professional advisors), the applicable Properties whenever the Primary Servicer or Special Servicer, as applicable, becomes aware that such Properties have been materially damaged, left vacant, or abandoned, or if waste (environmental or otherwise) is being committed there or otherwise at their discretion in accordance with the Servicing Standard (an "**Ad Hoc Review**").

The Primary Servicer or, following any Special Servicer Transfer Event, the Special Servicer is authorised to conduct an Ad Hoc Review more frequently (to the extent permitted by applicable law and the terms of the relevant Finance Documents), if the Primary Servicer or, for so long as a Loan is a Specially Serviced Loan, the Special Servicer, has cause for concern as to the ability of the relevant Obligors to meet their financial obligations under the relevant Finance Documents.

An Ad Hoc Review may include an inspection of a sample of the Properties and a consideration of the quality of the cashflow arising from the Properties (in the opinion of the Primary Servicer or the Special Servicer, as applicable) and a compliance check of each Obligor's covenants under the relevant Finance Documents. All Ad Hoc Reviews will be performed in such manner as is consistent with the Servicing Standard and will be at the cost and expense of the Issuer.

***Insurance***

The Primary Servicer shall, on behalf of the Issuer, administer the procedures for monitoring compliance by the Borrowers with the maintenance of Insurance Policies in respect of, or in connection with, the Loans and the Loan Security. Pursuant to the terms of the Master Servicing Agreement, the Primary Servicer shall use best endeavours consistent with the Servicing Standard to monitor the compliance of the relevant Borrower or Borrowers with the requirements of the relevant Finance Documents regarding the maintenance of the Insurance Policies on the Property Portfolio and, to the extent consistent with the Finance Documents, use best endeavours consistent with the Servicing Standard to require that the relevant Borrower or Borrowers maintain the Insurance Policies required under the relevant Finance Documents.

If the Primary Servicer becomes aware that either: (a) a Property in the Property Portfolio is not covered by a buildings Insurance Policy; or (b) a buildings Insurance Policy may lapse in relation to a Property in the Property Portfolio due to the non-payment of any premium, or (c) a buildings the Insurance Policy fails to meet the requirements under the relevant Facilities Agreement, the Primary Servicer shall use best endeavours (using, if necessary, the proceeds of a Property Protection Drawing), subject always to all applicable laws and regulations and consistent with the Servicing Standard, to procure that buildings Insurance Policy is maintained for the Property Portfolio in the form required under the relevant Finance Documents. If any Borrower does not comply with its obligations in respect of any Insurance Policy, the Primary Servicer may (without any obligation to do so) effect or renew any such insurance policy on behalf of the Issuer (and not in any way for the benefit of that Borrower) .To the extent permitted under the relevant Finance Documents, the Primary Servicer shall make claim for the moneys expended so effecting or renewing any such insurance from that Borrower. However, the Primary Servicer is not required to pay or instruct payment of any amount described above if, in its reasonable opinion, to do so would not be in accordance with the Servicing Standard..

Each of the Primary Servicer and the Special Servicer shall, at all times during the term of the Master Servicing Agreement, keep in full force a policy or policies of insurance covering loss occasioned by the errors, acts and omissions of its officers, employees and agents in connection with its servicing activities under the Master Servicing Agreement and shall require any delegate servicer from time to time to do the same.

***Property Undertakings compliance***

If:

(a) the Security Agent is entitled to enter a Property and remedy a breach by the relevant Borrower pursuant to the terms of each Facilities Agreement; and

(b) there are insufficient funds available in the relevant Obligor's accounts to pay amounts to remedy or rectify such breach or, even though there are sufficient funds available in the relevant Obligors' accounts to pay such amounts, such funds are not applied, in whole or in part, to remedy or rectify the relevant breach in accordance with the provisions of the relevant Facilities Agreement; and

(c) the Primary Servicer determines in accordance with the Servicing Standard that it would be in the better interest of the Issuer, as assignee of the Loan Portfolio, that any amounts required to remedy the default in respect of the Property Portfolio were paid, as opposed to such amounts not being paid, taking into account the relevant circumstances, which will include, but not be limited to, the related risks that the Issuer would be exposed to if such amounts were not paid and whether any payments made by or on behalf of the Issuer would ultimately be recoverable from the relevant Borrower,

then, having defined the amounts of the relevant Property Protection Shortfall, the Primary Servicer or, for so long as a Loan is a Specially Serviced Loan, the Special Servicer may, (but is not obliged to) instruct (and will have the power and authority to instruct) the Issuer (or the Calculation Agent on the Issuer's behalf) to make or fund a Property Protection Advance (subject to the Issuer being able to make a Property Protection Drawing) and use the proceeds thereof to make the relevant payment or payments in relation to such Property Protection Shortfall.

The Issuer may make a Property Protection Advance if the Primary Servicer requests the Calculation Agent (acting on behalf of the Issuer) to make a Property Protection Drawing by notifying the Calculation Agent

of the relevant Property Protection Shortfall (including details of the amount, relevant third party and reason for drawing).

The Primary Servicer (for so long as a Loan is not a Specially Serviced Loan) or in respect of a Specially Serviced Loan, the Special Servicer shall use best endeavours consistent with the Servicing Standard to ensure that all Property Protection Advances are, in addition to all other sums then due under the relevant Finance Documents, recovered from the relevant Borrower.

If the Primary Servicer or the Special Servicer, as applicable, subsequently recovers any amount of any Property Protection Advance, the Primary Servicer or the Special Servicer, as applicable, shall promptly pay such amount to the Issuer by depositing the same to the Issuer Payments Account or, following the service of a Note Enforcement Notice, to such account as the Representative of the Noteholders may direct.

"**Property Protection Shortfall**" means the shortfall arising if, on any day an Obligor fails to pay amounts to insurers and there are insufficient funds available in the Borrowers' accounts to pay such amounts. A Property Protection Shortfall may be an amount identified as such by the Primary Servicer in a manner consistent with the relevant provisions of the Master Servicing Agreement.

***Covenant compliance***

Pursuant to the Master Servicing agreement the Primary Servicer (or, if a Loan is designated a Specially Serviced Loan, the Special Servicer) shall monitor on an ongoing basis compliance by the Borrowers with the Finance Documents (including, without limitation, compliance with the covenants, undertakings, representations, warranties and financial covenants assumed or given by the Borrowers under the relevant Facilities Agreement).

The Primary Servicer (or, if a Loan is designated a Specially Serviced Loan, the Special Servicer) shall monitor and to the extent reasonably practicable take all reasonable steps and ensure compliance with any provision of the Finance Documents which is necessary to perfect the Loan Security. Notwithstanding the foregoing, neither the Primary Servicer nor the Special Servicer shall in any way be responsible for the perfection of any Loan Security.

The Primary Servicer or (if a Loan is designated a Specially Serviced Loan) the Special Servicer, will promptly notify the Issuer, the Calculation Agent and the Representative of Noteholders:

(a) of the occurrence of a Loan Event of Default; and

(b) if it has reason to believe that there has been any breach of the covenants, undertakings, representations, warranties and/or financial covenants assumed or given by the Borrowers under the relevant Facilities Agreement (and the Primary Servicer or the Special Servicer, as applicable, will use reasonable endeavours to assist the Issuer generally in the examination of any circumstances which may be relevant to any such breach).

***Modifications, waivers, amendments and consents***

Subject to (i) any Borrower's request for modifications, waivers, amendments and/or consents relating to the relevant Finance Document having been notified to the Primary Servicer or the Special Servicer, as applicable, by the Facility Agent at the same time it notifies the Lenders of the same and (ii) any requirements to consult with the Operating Advisor (as to which see section entitled "*Controlling Class and Operating Advisor*" below), the Master Servicing Agreement will permit the Primary Servicer or (in respect of a Specially Serviced Loan) the Special Servicer to respond to, or otherwise consider, any request by a Borrower or any other relevant entity for modifications, waivers, amendments and/or consents relating to the relevant Finance Document.

If the Delegate Servicer or the Special Servicer, as applicable, does not respond to or accept or reject a request for any consent, amendment, release or waiver under the Finance Documents from the Facility Agent within the time period specified in the relevant Finance Document, the Issuer (as Lender) shall be deemed to have approved such consent, amendment, release or waiver when considering whether the consent of the Majority Lenders or all Lenders (as applicable) has been obtained in respect of that request, amendment, release or waiver.

Subject always to the Servicing Standard (such that the restrictions below would not apply if they would require the Master Servicer to be in breach of the Servicing Standard), the Primary Servicer (but not, for the avoidance of doubt, the Special Servicer, to whom the below restrictions do not apply) must not, unless instructed by the Issuer acting on the basis of an Ordinary Resolution of the Noteholders, agree to or authorise or instruct any action if the effect of this would be:

(a) to release any Obligor from any of its material obligations under the relevant Finance Documents (otherwise than in accordance with the terms thereof);

(b) to release any material security for any Loan (unless (A) a corresponding principal repayment is made or such release is required under law or contemplated in the relevant Finance Documents or (B) the Primary Servicer considers there would be no material prejudice to the interests of the Issuer, determined in accordance with the Servicing Standard, as a result);

(c) to require the Issuer to make any further advance of monies to any Transaction Obligor or other person (without prejudice to any Property Protection Drawing (see "*Property Undertakings compliance*") above for further details);

(d) to extend the Repayment Date of any Loan (either by formal extension or the grant of a standstill) beyond the date which is one year after the Repayment Date;

(e) to materially impair the security therefor; or

(f) without prejudice to paragraph (d) above, to otherwise reduce the likelihood of timely payments of amounts due on the relevant Loan or modify any monetary terms in relation to monies due under the relevant Finance Documents.

For the avoidance of doubt, the Primary Servicer may agree to or authorise or instruct any of the actions set out at paragraphs (a) to (f) above if such agreement, authorisation or instruction has been passed following an Ordinary Resolution of the Noteholders.

The Primary Servicer or (in respect of a Specially Serviced Loan) the Special Servicer may not extend the Repayment Date for any Loan (either by formal extension or the grant of a standstill) to a date less than 30 (thirty) months prior to the Final Maturity Date unless it has first obtained the Issuer's prior written consent (who has itself obtained the prior written consent of the Representative of the Noteholders acting upon the instruction of an Ordinary Resolution of the Noteholders). For the avoidance of doubt, the Primary Servicer or (in respect of a Specially Serviced Loan) the Special Servicer may extend the Repayment Date for any Loan (either by formal extension or the grant of a standstill) to a date less than 30 (thirty) months prior to the Final Maturity Date provided such extension has been passed following an Ordinary Resolution of the Noteholders.

The Primary Servicer (for so long as a Loan is not a Specially Serviced Loan) or the Special Servicer (for so long as a Loan is a Specially Serviced Loan) is required to notify each Rating Agency, the Representative of the Noteholders, the Issuer, the Liquidity Reserve Facility Provider, the Operating Advisor (if appointed) and the Regulatory Servicer, in writing, of any consent, modification, extension, waiver or amendment of any term of a Loan or a Loan Transaction Document, to which it has agreed.

The Primary Servicer or (in respect of a Specially Serviced Loan) the Special Servicer may agree to any request by the Transaction Obligors to provide a consent if the provisions of the relevant Finance Document provides that such consent is to be granted subject to certain conditions being satisfied, provided that: (a) it (acting in accordance with the Servicing Standard) is satisfied that the relevant conditions are met; and (b) it has consulted with the relevant Operating Advisor (if appointed) if the relevant consent is a matter regarding which the Operating Advisor has to be consulted and the Operating Advisor has confirmed in writing that it is satisfied that the relevant conditions have been met. If the Operating Advisor and the Primary Servicer or, as applicable, the Special Servicer do not agree as to whether the relevant conditions have been met within 10 (ten) Business Days (or, if shorter, the time period in which the Primary Servicer or, as applicable, the Special Servicer must respond under the terms of the relevant Finance Documents) of the Operating Advisor's confirmation having been sought), the views of the Primary Servicer or, as the case may be, the Special Servicer will prevail over those of the relevant Operating Advisor.

The Primary Servicer or, as the case may be, the Special Servicer shall further require as a condition to the effectiveness of any modification, waiver or consent to any Issuer Transaction Document or Finance

Document involving any Extraordinary Resolution or Ordinary Resolution pursuant to which Noteholders provide any consent or direction with respect to any proposed modification, waiver or consent of the Issuer Transaction Documents or the Finance Documents, that each person who voted or counted in the quorum in any meeting of any Class of Noteholders or otherwise provided any such consent or direction provides a confirmation that it was not, at the time of such quorum, vote or direction, a Disenfranchised Noteholder, which confirmation shall also be addressed to the Representative of the Noteholders.

The Primary Servicer or, as the case may be, the Special Servicer may (but shall not be obliged to) form one or more ad hoc Noteholder committees (each such committee, an "**Ad Hoc Noteholder Committee**") in order to allow the Primary Servicer or, as the case may be, the Special Servicer to consult with the Noteholders for matters such as modifications, waivers and consents relating to any Loan or Transaction Document. Any costs of the Issuer with respect to such Ad Hoc Noteholder Committee will be a cost of the Issuer. The costs known by the Primary Servicer or, as the case may be, the Special Servicer relating to any such Ad Hoc Noteholder Committee will be fully disclosed and notified to all the Noteholders pursuant to the Conditions by the Primary Servicer in the Servicer Quarterly Reports (subject to receipt of the required information from the Special Servicer if, at the relevant time, the relevant Loan is a Specially Serviced Loan). The Primary Servicer or, as the case may be, the Special Servicer may require the members of the Ad Hoc Noteholder Committee to enter in to appropriate confidentiality arrangements where required by law and/or the Servicing Standard.

The Primary Servicer or, as the case may be, the Special Servicer may agree, on behalf of the Issuer, that the Issuer will compensate the advisors to any Ad Hoc Noteholder Committee subject to the following requirements:

(a) the Primary Servicer or, as the case may be, the Special Servicer has determined, in its reasonable judgment and taking into account the Servicing Standard, that it would be beneficial to engage directly with the Noteholders in connection with any potential modification, waiver or consent relating to the relevant Loan or Loan Transaction Document;

(b) the Noteholders that are members of such Ad Hoc Noteholder Committee have requested that the Primary Servicer or, as the case may be, the Special Servicer agree on behalf of the Issuer that the Issuer will compensate the advisors to the Ad Hoc Noteholder Committee for their reasonable fees;

(c) the Primary Servicer or, as the case may be, the Special Servicer has determined that causing the Issuer to compensate the advisors to the Ad Hoc Noteholder Committee would be consistent with the Servicing Standard;

(d) the Ad Hoc Noteholder Committee has provided evidence to the Primary Servicer or, as the case may be, the Special Servicer that its advisors are independent from the relevant Transaction Obligors and their advisors and were selected as a result of a competitive bid process from at least three reputable potential advisors with relevant experience, with the selected advisor providing the lowest bid;

(e) the Ad Hoc Noteholder Committee does not consist of any Class D Noteholders or any Noteholders of any Class of Notes who are Disenfranchised Noteholders;

(f) the Primary Servicer or, as the case may be, the Special Servicer is satisfied that members of the Ad Hoc Noteholder Committee represent at least 50 per cent. of all the Notes (other than any Notes held by Disenfranchised Noteholders) based upon Principal Amount Outstanding;

(g) each Noteholder participating in the Ad Hoc Noteholder Committee will be divided based upon the Class of Notes that it holds, with each Class of Notes participating in a vote being, a "**Voting Class**"; upon a vote of the Ad Hoc Noteholder Committee conducted by the Primary Servicer or, as the case may be, the Special Servicer at least 66⅔ per cent. of the Principal Amount Outstanding of each such Voting Class (other than any Notes held by Disenfranchised Noteholders) has approved the payment of such expenses; provided, that it will not be necessary for the Ad Hoc Noteholder Committee to include Noteholders for each Class of Notes provided that the Primary Servicer or Special Servicer has invited all Classes of Notes to participate in such Ad Hoc Noteholder Committee; and

(h) such proposal to approve expenses presented for vote to the relevant Ad Hoc Noteholder Committee provides for no more than one legal advisor and one financial advisor for such Ad Hoc Noteholder Committee and does not provide for separate advisors for any Voting Class, unless such proposal for separate advisors for each Voting Class is approved by an Ad Hoc Noteholder Committee of the Noteholders containing a Voting Class for each Class of the Notes that is outstanding pursuant to a vote of a majority of at least 66⅔ per cent. of the outstanding Notes (other than any Notes held by Disenfranchised Noteholders) of each such Class of Notes based upon Principal Amount Outstandingg.

If: (i) the Primary Servicer (for so long as a Loan is not a Specially Serviced Loan) or, in respect of a Specially Serviced Loan, the Special Servicer, requires the direction of any Class of Noteholders (or has not finished consulting with the Operating Advisor in order to respond to any Borrowers' request for modifications, waivers, amendments and/or consents relating to the relevant Finance Document, the Primary Servicer or the Special Servicer (as the case may be) will respond to such request within the time period required under the relevant Finance Document pursuant to which the request is made regardless of whether it has received a direction from the relevant Class or Classes of Noteholders (as applicable) (or has finished consulting with the Operating Advisor or not; (ii) the Primary Servicer (for so long as a Securitised Loan is not a Specially Serviced Loan) or, in respect of a Specially Serviced Loan, the Special Servicer, has not received a direction from the relevant Class or Classes of Noteholders (or has not finished consulting with the Operating Advisor) sufficient to enable it to give effect to any such directions within the requisite time period, the Primary Servicer or the Special Servicer (as the case may be) must respond in a negative manner to such request (for the avoidance of doubt within the time period required under the relevant Finance Document); and (iii) subsequently the relevant Class(es) of Noteholders approve(s) such request (or the Primary Servicer or the Special Servicer (as applicable) finishes consulting with the Operating Advisor), the Primary Servicer or the Special Servicer (as the case may be) will notify the Facility Agent of the same.

The Primary Servicer shall calculate and determine the rate of interest on each Loan for each Loan Interest Period in accordance with the provisions of the relevant Facilities Agreement and, promptly after ascertaining any such rate of interest on the relevant Loan, shall make demand on the relevant Borrower or Borrowers and notify each other relevant party to the relevant Finance Documents.

The Servicer or the Special Servicer (as applicable) shall determine on a monthly basis whether any of the following events has occurred:

(a) EURIBOR ceasing to exist or be published;

(b) the insolvency or cessation of business of the EURIBOR administrator (in circumstances where no successor EURIBOR administrator has been appointed by such insolvency or cessation of business);

(c) a public statement by the EURIBOR administrator that it will cease publishing EURIBOR permanently or indefinitely (in circumstances where no successor EURIBOR administrator has been appointed by such announcement that will continue publication of EURIBOR);

(d) a public statement by the supervisor of the EURIBOR administrator that EURIBOR has been or will be permanently or indefinitely discontinued;

(e) a public statement by the supervisor of the EURIBOR administrator that means EURIBOR may no longer be used or that its use is subject to material restrictions; or

(f) the reasonable expectation of the Servicer or, for so long as the relevant Loan is designated a Specially Serviced Loan, the Special Servicer, that any of the events specified in paragraphs (a), (b), (c), (d) or (e) above will occur or exist within six months,

each, a "**EURIBOR Replacement Event**".

The Issuer shall, with the reasonable assistance of, the Servicer or, for so long as the relevant Loan is designated a Specially Serviced Loan, the Special Servicer, as soon as reasonably practicable following the occurrence of a EURIBOR Replacement Event, consult with the Noteholders in any manner it deems fit for the purposes of determining suitable replacement base rate(s) in respect of the Notes which are reasonably expected to be acceptable to the Noteholders, provided (i) such consultation period shall last

at least ten (10) Business Days, and (ii) such consultation shall aim to agree a rate which is widely used in the lending or bond market or as approved, suggested or recommended by a national regulatory or leading industry body (any such rate, an "**Alternative Note Base Rate**"). The Issuer shall promptly notify the Servicer, or for so long as the relevant Loan is designated a Specially Serviced Loan, the Special Servicer, of the Alternative Note Base Rate agreed with the Noteholders.

As soon as reasonably practicable following receipt of the notification from the Issuer, the Servicer or, for so long as the relevant Loan is designated a Specially Serviced Loan, the Special Servicer, shall request that the Facility Agent agrees with each Borrower under each relevant Facilities Agreement a replacement base rate under the relevant Loans (an "**Alternative Loan Base Rate**") that matches the Alternative Note Base Rate (an "**Alternative Loan Base Rate Modification**") and upon agreement shall direct the Facility Agent to effect the necessary amendments to the relevant Finance Documents to effect the same.

If the Servicer or, as applicable, the Special Servicer, is unable to agree with each Borrower an Alternative Loan Base Rate that matches the Alternative Note Base Rate the Servicer or, as applicable, the Special Servicer, shall consult with each Borrower under the relevant Facilities Agreement and use reasonable endeavours to agree (or, as applicable, direct the Facility Agent to agree) with each Borrower an Alternative Loan Base Rate that satisfies the following conditions:

(a) the Servicer or, as applicable, the Special Servicer, in agreeing such Alternative Loan Base Rate is acting at all times in accordance with the Servicing Standard; and

(b) the Alternative Loan Base Rate falls within published guidelines from any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board if such guidelines have been published,

(the "**Loan Base Rate Modification**") and shall direct the Facility Agent to effect the necessary amendments to the Finance Documents to effect the same.

Following the implementation of an Alternative Loan Base Rate Modification or Loan Base Rate Modification (as applicable), the Servicer or, as applicable, the Special Servicer, will notify the Issuer and the Representative of the Noteholders, following which notification the Issuer will effect amendments to the Issuer Transaction Documents to reflect a consistent change to the base rate in respect of the Notes (and make such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to the Issuer Transaction Documents to facilitate such change) (the "**Note Base Rate Modification**"). The changes to effect the Note Base Rate Modification shall be binding on all Noteholders and the Representative of the Noteholders **provided that** (i) the Issuer shall certify to the Representative of the Noteholders that such changes are required solely for the purpose of implementing the Note Base Rate Modification and have been drafted solely to such effect; and (ii) the Representative of the Noteholders shall not be obliged to agree to any modification which, in the sole opinion of the Representative of the Noteholders, as applicable, would have the effect of:

(a) exposing the Representative of the Noteholders, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or

(b) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Representative of the Noteholders, as applicable in respect of the Notes, in the Issuer Transaction Documents and/or the Conditions.

When implementing any modification pursuant to the procedure set out above, the Representative of the Noteholders will not consider the interests of the Noteholders, any Other Issuer Creditor or any other person and shall act and rely solely and without further investigation, on any certificate or evidence provided to it by the Issuer and shall not be liable to the Noteholders, any Other Issuer Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of such person.

The Facility Agent, the Servicer or, for so long as the relevant Loan is designated a Specially Serviced Loan, the Special Servicer, will bear no liability to the Issuer, any Issuer Related Party, any Noteholder or any other party for any losses, liabilities, costs or expenses whatsoever that results from:

(a) determining, or any delay in determining, an Alternative Note Base Rate;

(b) the implementation of any Note Base Rate Modification;

(c) effecting an Alternative Loan Base Rate Modification; or

(d) effecting a Loan Base Rate Modification,

in accordance with the provisions described above.

***Servicing Fees***

On each Note Payment Date, the Issuer shall pay to the Regulatory Servicer a fee ("**Regulatory Servicing Fee**") in respect of the Loans as agreed in a separate fee letter between the Issuer and the Master Servicer.

On each Note Payment Date, the Issuer shall pay to the Primary Servicer a fee ("**Primary Servicing Fee**") of:

(a) €25,000 (plus VAT, if applicable) or such applicable market rate, if the Primary Services (as may be delegated pursuant to the Delegate Servicing Agreement) are performed by an entity other than the Facility Agent; or

(b) zero, if the Primary Services (as may be delegated pursuant to the Delegate Servicing Agreement) are performed by the same entity appointed to act as Facility Agent under the Loans.

On each Note Payment Date on which a Loan is a Specially Serviced Loan, the Issuer shall pay to the Special Servicer a fee ("**Special Servicing Fee**") equal to 0.15 per cent. per annum (plus VAT, if applicable) of the outstanding principal balance of that Loan at the beginning of each Loan Interest Period for each day that it is designated as a Specially Serviced Loan.

The Special Servicing Fee shall accrue on a daily basis over such period and shall be payable on each Note Payment Date commencing with the Note Payment Date immediately following the date on which such period begins and ending on the Note Payment Date immediately following the end of such period. The Special Servicing Fee in respect of a Specially Serviced Loan shall cease to accrue on the date that the Specially Serviced Loan becomes a Corrected Loan.

The Special Servicing Fee shall be paid in addition to the Primary Servicing Fee.

A liquidation fee (the "**Liquidation Fee**") equal to 0.50 per cent. of the Liquidation Proceeds will be payable to the Special Servicer in accordance with the terms of the Delegate Servicing Agreement, **provided that** no Liquidation Fee will be payable in respect of Liquidation Proceeds:

(a) where the relevant Loan was a Specially Serviced Loan for a period of fewer than 30 (thirty) calendar days; or

(b) where the relevant Loan or a Borrower or any relevant part of the Property Portfolio (whether directly or indirectly) is sold to an Affiliate of the Special Servicer.

In addition, a work out fee will be payable to the Special Servicer (the "**Workout Fee**" and, together with the Primary Servicing Fee, the Special Servicing Fee, the Liquidation Fee and the Regulatory Servicing Fee, the "**Servicing Fees**") equal to 0.50 per cent. of interest and principal collections on the relevant Loan while it is a Corrected Loan will be payable to the Special Servicer in accordance with the Delegate Servicing Agreement.

The Servicing Fees will cease to be payable in relation to a Loan if any of the following events occur in relation to that Loan:

(a) a Loan is repaid in full; or

(b) a Final Recovery Determination is made with respect to that Loan.

"**Final Recovery Determination**" means a determination by the Special Servicer acting in accordance with the Servicing Standard, that there has been a recovery of all principal, as a result of enforcement

proceedings, undertaken in respect of a Loan and other payments or recoveries that, in the Primary Servicer or the Special Servicer's judgment will ultimately be recoverable with respect to a Loan, such judgment to be exercised in accordance with the Servicing Standard.

On each Note Payment Date, the Primary Servicer, the Regulatory Servicer and the Special Servicer shall be entitled to be reimbursed (with interest thereon) by the Issuer in respect of reasonable out-of-pocket costs, expenses and charges properly incurred by them in the performance of their servicing obligations under the Master Servicing Agreement, including where such costs were incurred in satisfaction of any indemnity provided to the Delegate Servicer in connection with the performance of the Primary Services or the Special Services pursuant to the Delegate Servicing Agreement or where such costs, expenses and/or charges were incurred directly by the Delegate Servicer in connection with the performance of the Primary Services or Special Services (as applicable) pursuant to the Delegate Servicing Agreement. Such costs and expenses shall be payable by the Issuer, in accordance with the relevant Priority of Payments and subject to the relevant limited recourse provisions set out in the Intercreditor Agreement, on the Note Payment Date following the Collection Period during which they are incurred by the Primary Servicer or, in respect of a Specially Serviced Loan, the Special Servicer, as applicable, unless otherwise agreed without prejudice to any other right to payment or, in the case of fees, costs and expenses which are paid directly by the relevant Borrower immediately on the date which such fees, costs and expenses are collected from that Borrower (without double counting).

The Issuer agrees to indemnify and hold harmless the Regulatory Servicer, Primary Servicer and the Special Servicer (as applicable) in relation to any damages, losses, liabilities, costs or expenses whatsoever (including legal fees and disbursements) which it may suffer or incur in the carrying out and performing of its activities under the Master Servicing Agreement, save where such damages, losses, claims, liabilities, costs and expenses are suffered or incurred by reason of the gross negligence ("*colpa grave*") or wilful misconduct ("*dolo*") of the Regulatory Servicer, Primary Servicer and Special Servicer (as the case may be).

The Issuer will indemnify the Master Servicer for any loss or liability to the Master Servicer resulting from its participation in the Securitisation other than those losses or liabilities caused by the Master Servicer's own gross negligence ("*colpa grave*") or wilful misconduct ("*dolo*").

***Liability of Regulatory Servicer, Primary Servicer and Special Servicer***

None of the Regulatory Servicer, Primary Servicer or the Special Servicer shall be responsible for any loss or liability to the Issuer . None of the Regulatory Servicer, Primary Servicer or the Special Servicer will be negligent if it takes any action in reliance of advice received from any adviser, **provided that** the Regulatory Servicer, the Primary Servicer or, in respect of a Specially Serviced Loan, the Special Servicer, was not fraudulent or grossly negligent in its selection of such adviser and was not aware (nor negligent for not being aware) of any conflict of interest that such adviser might have with respect to the advice being provided where such conflict of interest was a likely source of the loss to the Issuer.

None of the Regulatory Servicer, the Primary Servicer or the Special Servicer will have any liability for any obligation of the Borrowers under the Loan Transaction Documents or the relevant Loan Security, nor have any liability for the obligations of the Issuer under the Notes or of the Issuer under any documents to which it is a party nor have any liability for the failure by the Issuer to make any payment due by it under the Notes or any documents to which it is a party.

***Reporting requirements***

The Primary Servicer shall, as soon as it is available, but in any event no later than 1 (one) Business Day after each Interest Payment Date, deliver to the Issuer, the Information Agent, the Calculation Agent, the Regulatory Servicer and the Special Servicer, on each Loan Payment Report Date, a report in respect of the Loans, for the period from (and including) an Interest Payment Date to (and excluding) the next following Interest Payment Date (the "**Servicer Reporting Period**"), setting forth, amongst other things, quarterly payments actually received or expected to be received in respect of the Loans as well as both scheduled and unscheduled payments (including, without limitation, in respect of principal, interest, fees and any other amounts) actually received in respect of the Loans (the "**Loan Payment Report**").

Subject to any limitation imposed by applicable law or any confidentiality agreement, during each Servicer Reporting Period, the Primary Servicer shall deliver to the Issuer, the Calculation Agent, the Information

Agent, the Regulatory Servicer, each Rating Agency and the Special Servicer (and, following a Loan Event of Default, the Representative of the Noteholders) the following reports with respect to the Loans, each of which shall provide the required information in respect of the immediately ended Note Interest Period and in each case based on information provided by the Special Servicer in relation to any Loan which is designated a Specially Serviced Loan:

(a) on each Servicer Quarterly Report Date (as defined below), a report containing the following information (subject to it having first received such up-to-date information from the relevant Borrower and subject to the terms of the relevant Facilities Agreement permitting such information to be made public):

(i) on a Loan in relation to the immediately preceding Collection Period:

(A) financial covenant compliance calculated in accordance with the methodologies for determining compliance in the relevant Facilities Agreement (LTV Ratio and Yield Ratio);

(B) information in relation to the Loans, including interest rate, maturity date, scheduled interest and principal, and actual amounts received during the relevant period; and

(C) any other information provided by the relevant Borrowers under the Finance Documents that the Primary Servicer considers should be included in the report; and

(D) any other information in the Primary Servicer's possession necessary for the Calculation Agent to prepare the Investor Report in compliance with the EU Securitisation Regulation and the applicable regulatory technical standards

(ii) on the Property Portfolio (incorporating information provided to the Primary Servicer by the Special Servicer if applicable) in respect of each Servicer Reporting Period:

(A) Property Portfolio summary by location;

(B) Property vacancy analysis by square meter;

(C) summary of the latest electronic valuer review; and

(D) tenant concentration analyses,

the "**Servicer Quarterly Report**"). Such information provided by the Primary Servicer may be modified from time to time in the Primary Servicer's sole discretion. The Servicer Quarterly Report may be subject to audit by any auditing firm at costs of the Issuer upon request of the Regulatory Servicer; and

(b) no later than the SR Loan Level Report Date (as defined below), a report setting out loan level information required under Article 7(1)(a) of the EU Securitisation Regulation with respect of each of the Loans, in each case based on information provided by the Special Servicer if either Loan is designated a Specially Serviced Loan, such report to be in the form of the template set out in Annex 3 to the to the draft technical standards on disclosure requirements published by ESMA on 31 January 2019 (the "**Draft ESMA Disclosure RTS**") and, following their entry into force, the final disclosure templates adopted to fulfil the loan level reporting requirement under article 7(1)(a) of the EU Securitisation Regulation (the "**SR Loan Level Report**"); and.

Each Servicer Quarterly Report shall be provided by the Primary Servicer to the Regulatory Servicer by no later than 4 (four) weeks after each Note Payment Date (the "**Servicer Quarterly Report Date**") and shall be made publicly available by the Calculation Agent through delivery of same to the Information Agent who will then upload such report to its website, as specified in the Cash Allocation, Management and Payments Agreement.

Each SR Loan Level Report shall be provided by the Primary Servicer to the Regulatory Servicer by no later than 20 (twenty) calendar days after each Note Payment Date and shall be delivered, as soon as it

becomes available, in electronic form by the Regulatory Servicer to the Issuer, the Representative of the Noteholders and the Calculation Agent as soon as it becomes available to it and in any event by no later than 25 (twenty five) calendar days after each Note Payment Date (the "**SR Loan Level Report Date**"). The Issuer will procure that the Information Agent will publish each SR Loan Level Report in accordance with the Cash Allocation, Management and Payments Agreeement.

Neither the Primary Servicer nor the Special Servicer is responsible under the Master Servicing Agreement for ensuring that the Issuer complies with its obligations under the Market Abuse Regulation and/or the Securitisation Regulation and the Issuer acknowledges that the Primary Servicer and the Special Servicer do not have the expertise to determine whether any information in its possession is price sensitive information or amounts to a change in the risk characteristics of the underlying Loan or Properties that can materially impact the performance of the Securitisation.

***Other reporting***

The Primary Servicer has agreed to deliver to the Issuer, the Original Lender, the Calculation Agent, the Regulatory Servicer, the Special Servicer and the Representative of the Noteholders the following reports:

(a) on the Loan Interest Period Date immediately following a modification of a Loan, a report setting forth, among other things, the original and revised terms, as applicable, of (i) that Loan, as of such Loan Interest Period Date and (ii) that Loan as of the Issue Date; and

(b) on the Loan Interest Period Date immediately following a liquidation of a Loan, a report setting forth, among other things, the amount of Liquidation Proceeds and liquidation expenses in connection with the liquidation of that Loan,

and the Regulatory Servicer shall promptly provide each Rating Agency with a copy of the same upon receipt. The Regulatory Servicer shall not be liable for any omission or delay in making available any notice, report, information, which is to be provided to each Rating Agency due to omissions or delays by the Primary Servicer or the Special Servicer in providing such notice, report, information or due to administrative or technical failures (including in relation to electronic transmission of information).

The Primary Servicer's ability to provide the reports referred to above may, for so long as a Loan is a Specially Serviced Loan, depend on the timely receipt of the necessary information from the Special Servicer.

In order to assist in its compliance with the Regulation (EU) No. 596/2014 (the "**Market Abuse Regulation**), the Issuer has instructed the Primary Servicer and Special Servicer to notify it and the Regulatory Servicer of any information relating to a Loan or any Property, as applicable, that the Primary Servicer or Special Servicer reasonably determines is likely to have a material impact on the value of that Loan or Property and which is not, to the Primary Servicer's or Special Servicer's knowledge, already publicly available information, to the extent that the Primary Servicer or Special Servicer has actual knowledge of the same. Further, the Primary Servicer and the Special Servicer have agreed that they will only withhold information from disclosure to the extent required by the Servicing Standard or to the extent otherwise restricted by law or agreement, and subject at all times to applicable disclosure requirements under the Market Abuse Regulation and relevant implementing measures.

The Primary Servicer has undertaken in the Master Servicing Agreement to provide the Regulatory Servicer, the Corporate Servicer and the Issuer by by the 3rd (third) Business Day following the Issue Date:

a) with data relating to the Receivables and information about the Borrowers, the Guarantors and the Guarantees referred to the Receivables (in the form separately agreed between the Primary Servicer and the Regulatory Servicer, the Corporate Servicer and the Issuer); and

b) the two last "*flussi di ritorno*" of the Loan Transferor (subject to receipt by the Original Lender) with reference to the *Centrale dei Rischi*.

The Issuer will procure that such information is disclosed by making it available to any Regulatory Information Service maintained and/or recognised by the the Irish Stock Exchange and to "Company Announcements" at the Irish Stock Exchange. Such information can, as at the date of this Offering Circular, be accessed through the "Company Announcements" section of the Euronext Dublin's website at www.ise.ie and searching under the name of the Issuer.

The Primary Servicer shall also notify the Rating Agencies if the Facility Agent is notified by a Borrower that any Borrower Affiliate or Investor Affiliate have entered into a Debt Purchase.

"**Debt Purchase**" means, in relation to a person, a transaction where such person:

(a) purchases by way of assignment or transfer;

(b) enters into any sub-participation in respect of; or

(c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of,

any Commitment or amount outstanding under a Facilities Agreement.

***Enforcement of a Loan***

If the Primary Servicer determines, in its discretion (which shall be applied in accordance with the Servicing Standard) that a Loan Event of Default has occurred, the Primary Servicer will forthwith give notice to the relevant Borrower or Borrowers and any other party as required under the relevant Finance Documents, with a copy to the Issuer, the Representative of the Noteholders, the Regulatory Servicer, each Rating Agency, the Special Servicer and the Operating Advisor (if appointed).

Each of the Primary Servicer or, in respect of a Specially Serviced Loan, the Special Servicer will determine in accordance with the Servicing Standard, the best strategy for exercising the rights, powers and discretions of the Issuer under the Finance Documents and shall instruct the Security Agent to take any enforcement action following the occurrence of a Loan Event of Default, in accordance with the applicable laws and regulations, which is necessary or expedient to implement such strategy in accordance with the Servicing Standard. If a Loan has become a Specially Serviced Loan, the Special Servicer will document its proposed strategy with the delivery of the Asset Status Report.

As soon as the Primary Servicer or Special Servicer (as applicable) makes a Final Recovery Determination with respect to the relevant Loan, it shall promptly notify the Primary Servicer (in the case of the Special Servicer), the Special Servicer (in the case of the Primary Servicer), the Regulatory Servicer, the Security Agent, the Issuer and the Calculation Agent of the amount of such Final Recovery Determination. The Primary Servicer or Special Servicer (as applicable) shall maintain an accurate record of the Final Recovery Determinations (if any) and the basis of determination thereof.

Each of the Primary Servicer and the Special Servicer shall procure that if, after enforcement of the relevant Loan Security an amount in excess of all sums due from the relevant Borrower or Borrowers (as applicable) under the relevant Finance Documents is recovered or received, the balance (after discharge of all such sums) is paid to the persons entitled thereto pursuant to the terms of the relevant Finance Documents.

At any time after the occurrence of a Special Servicer Transfer Event, the Special Servicer may, if it determines (acting in accordance with the Servicing Standard) that the most appropriate course of action would be to sell the relevant Loan (instead of taking enforcement action in respect thereof), dispose of the relevant Loan on behalf of the Issuer to a third party purchaser (such purchaser cannot be an affiliate of a Borrower) on arm's length terms and for a consideration which the Special Servicer determines is the best price achievable in the market at the time.

***Note Maturity Plan***

If:

(a) any Loan remains outstanding 30 (thirty) months prior to the Final Maturity Date; and

(b) in the opinion of the Special Servicer, all recoveries then anticipated by the Special Servicer with respect to the Loans (whether by enforcement of the Loan Security or otherwise) are unlikely to be realised in full prior to the Final Maturity Date,

the Special Servicer shall be required to prepare a draft Note Maturity Plan and present the same to the Issuer, the Regulatory Servicer, the Rating Agencies, the Calculation Agent and the Representative of the Noteholders not later than 45 (forty-five) calendar days after the date falling 30 (thirty) months prior to the

Final Maturity Date. The Issuer, with the assistance of the Special Servicer, will publish the Note Maturity Plan with the Regulatory Information Service.

Upon receipt of the draft Note Maturity Plan, the Representative of the Noteholders shall convene, at the cost of the Issuer, a meeting of all Noteholders at which the Noteholders will have the opportunity to discuss the various proposals contained in the draft Note Maturity Plan with the Special Servicer. Following such meeting, the Special Servicer shall reconsider the Note Maturity Plan and make modifications thereto to address the views of Noteholders (subject to the Servicing Standard) following which it will promptly provide a final Note Maturity Plan to the Issuer, the Regulatory Servicer, the Rating Agencies, the Noteholders and the Representative of the Noteholders.

Upon receipt of the final Note Maturity Plan, the Representative of the Noteholders shall convene, at the cost of the Issuer, a meeting of the Noteholders of the Most Senior Class of Notes then outstanding at which the Noteholders of the Most Senior Class of Notes will be requested to select their preferred option among the proposals set forth in the final Note Maturity Plan. The Special Servicer shall implement the proposal that receives the approval of Noteholders of the Most Senior Class of Notes by way of Ordinary Resolution and shall , notwithstanding any other provision of this Agreement or requirement to act in accordance with the Servicing Standard, notify the Regulatory Servicer of such proposal, and the Rating Agencies.The Special Servicer shall have no liability to any person for seeking to implement and subsequently implementing such proposal.

If no option receives the approval of the Noteholders of the Most Senior Class of Notes at such meeting, then the Special Servicer shall be entitled to continue to enforce or workout the Loan in accordance with the Servicing Standard, save that the Special Servicer may not extend the relevant Loan Repayment Date to a date less than 30 (thirty) months prior to the Final Maturity Date, unless directed by an Ordinary Resolution of the Noteholders of the Most Senior Class of Notes (subject to Condition 19.2 (*Basic Terms Modification*) of the Notes. The Special Servicer shall notify the Regulatory Servicer that no proposal has been approved, and the Regulatory Servicer shall notify the Rating Agencies of the same.

***Termination of the appointment of the Regulatory Servicer, Primary Servicer or Special Servicer***

Each of the Regulatory Servicer, Primary Servicer and Special Servicer may not terminate or resign its appointment, unless such termination or resignation is accordance with this section, before the earlier of (i) the date on which the Notes have been redeemed in full or cancelled and (ii) the Final Maturity Date.

The Issuer may terminate (with the consent of the Representative of the Noteholders on the instruction of the Noteholders, and with prior notification to the Rating Agencies) the Regulatory Servicer's appointment in respect of the Regulatory Services by giving no less than 30 (thirty) calendar days prior written notice and appoint a successor servicer if certain events occur (each a "**Regulatory Servicer Termination Event**") qualified as *giusta causa di revoca del mandato* for the purposes of Articles 1725 and 1726 of the Italian Civil Code). The Regulatory Servicer Termination Events include the following events:

(a) failure on the part of the Regulatory Servicer to deposit or pay any amount required to be paid or deposited, which failure continues unremedied for 3 (three) Business Days after the due date thereof and cannot be attributed to force majeure;

(b) any failure on the part of the Regulatory Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Master Servicing Agreement and the other Issuer Transaction Documents to which it is a party, and the continuation of such failure for a period of 30 (thirty) calendar following receipt by the Regulatory Servicer of written notice from the Issuer requiring remedy of such failure, provided that with respect to any such failure that is not curable within such 30-day period, the Regulatory Servicer will have an additional cure period of 30 (thirty) calendar days to effect such cure so long as it has commenced to cure such failure within the initial 30-day period and has provided the Issuer and the Representative of the Noteholders with an officer's certificate certifying that it has diligently pursued, and is continuing to diligently pursue, such cure;

(c) any of the representations and warranties given by the Regulatory Servicer, pursuant to the Master Servicing Agreement, has been proved to be untrue, false or deceptive in any material respect unless, if capable of remedy, such breach is remedied within 20 (twenty) Business Days following

receipt by the Regulatory Servicer of written notice from the Issuer requiring remedy of such breach;

(d) an Insolvency Event occurs with respect to the Regulatory Servicer;

(e) it becomes unlawful for the Regulatory Servicer to perform or comply with any of its obligations under the Master Servicing Agreement or the other Issuer Transaction Documents to which it is a party; and

(f) the Regulatory Servicer is or will be unable to meet the current or future legal requirements and the Bank of Italy's regulations for entities acting as servicers in the context of a securitisation transaction.

The following constitute termination events in respect of the Primary Servicer or Special Servicer, as applicable, under the Master Servicing Agreement (each, a "**Primary Servicer Termination Event**" or "**Special Servicer Termination Event**", as applicable, and, together with the Regulatory Servicer Termination Events, the "**Servicer Termination Events**"):

(a) provided that there are sufficient funds available to the Issuer to make any such payment, any failure by the Primary Servicer or the Special Servicer, to remit any payment required to be made or remitted by it when required to be remitted under the terms of the Master Servicing Agreement by 11:00 a.m., London time, on the second Business Day following the date on which such remittance was required to be made;

(b) any failure by the Primary Servicer or the Special Servicer, to observe or perform in any material respect any other of its covenants or agreements or the material breach of its representations or warranties under the Master Servicing Agreement, which failure will continue unremedied for a period of 30 (thirty) calendar days after the date on which written notice of such failure is given to the Primary Servicer or, in respect of a Specially Serviced Loan, the Special Servicer, by the Issuer, the Representative of the Noteholders or by the Regulatory Servicer, as applicable, to the Primary Servicer or the Special Servicer (as applicable) **provided**, **however**, **that** with respect to any such failure that is not curable within such 30-day period, the Primary Servicer or in respect of a Specially Serviced Loan, the Special Servicer, will have an additional cure period of 30 (thirty) calendar days to effect such cure so long as it has commenced to cure such failure within the initial 30-day period and has provided the Issuer, the Representative of the Noteholders and the Regulatory Servicer with an officer's certificate certifying that it has diligently pursued, and is continuing to diligently pursue, such cure;

(c) except in connection with a Permitted Reorganisation, an order is made or an effective resolution passed for the winding up of the Primary Servicer or Special Servicer; or

(d) except in connection with a Permitted Reorganisation, the Primary Servicer or the Special Servicer ceases to own the whole or substantially the whole of its business or ceases to own the whole or substantially the whole of its commercial mortgage servicing business;

(e) except in connection with a Permitted Reorganisation:

(i) the Primary Servicer or the Special Servicer stops payment of its debts or the Primary Servicer or the Special Servicer is deemed unable to pay its debts within the meaning of the insolvency laws applicable to such entity or becomes unable to pay its debts as they fall due or otherwise becomes insolvent;

(ii) proceedings are initiated (including the presentation of a petition or filing of documents with the court for administration (other than proceedings for dissolution or winding-up which are contested in good faith and discharged within 60 (sixty) calendar days or 90 (ninety) calendar days if such proceedings cannot be discharged within such 60 (sixty) day period) and the Primary Servicer or Special Servicer as applicable has diligently pursued, and continues to pursue, such discharge during such 60 (sixty) day period)) against the Primary Servicer or the Special Servicer under any applicable laws concerning liquidation, administration, insolvency, examinership, composition or reorganisation (save where such proceedings are frivolous or vexatious or are being contested in good faith by the Primary Servicer or the Special Servicer);

(f) it becomes unlawful for the Primary Servicer or the Special Servicer, to perform any material part of the services except in circumstances where no other person could perform such material part of the services lawfully; or

(g) the Primary Servicer or the Special Servicer, paying any part of its remuneration under the Master Servicing Agreement, or Delegate Servicing Agreement as applicable to any Noteholder in connection with securing its appointment as such.

Upon the occurrence of any Servicer Termination Event, the Issuer will publish notice of the same in accordance with the Conditions.

***Rights upon Servicer Termination Event; replacement of Regulatory Servicer, Primary Servicer or Special Servicer***

For so long as a Servicer Termination Event has not been remedied, the Issuer or, with respect to the Delegate Servicer, the Master Servicer:

(a) may, with the consent of the Representative of the Noteholders on the instruction of the Noteholders, and with prior notification to the Rating Agencies; and

(b) shall, if instructed to do so by the Representative of the Noteholders on the instruction of the Noteholders, and with prior notification to the Rating Agencies,

terminate all the rights and obligations of the Primary Servicer, the Special Servicer or the Regulatory Servicer, as applicable, under the Master Servicing Agreement and/or the Delegate Servicing Agreement (other than rights and obligations which accrued prior to such termination) pursuant to the terms of the Master Servicing Agreement and/or the Delegate Servicing Agreement (as applicable).

For so long as a Servicer Termination Event has not been remedied, with respect to a Primary Servicer Termination Event or Special Servicer Termination Event, if the Noteholders by way of a separate Ordinary Resolution of each Class of Notes (with prior notification to the Rating Agencies should such Ordinary Resolution be issued after the Issue Date) direct it to do so, the Representative of the Noteholders shall instruct the Issuer to terminate all of the rights and obligations of the Primary Servicer or the Special Servicer, as applicable, under the Master Servicing Agreement and/or the Delegate Servicing Agreement, other than the rights and obligations which accrued prior to such termination, and in and to the Loans and the proceeds of the Loans by notice in writing to the Primary Servicer, or, for so long as a Loan is a Specially Serviced Loan, the Special Servicer, the Regulatory Servicer and the Issuer.

***Termination without cause of the Primary Servicer***

If the Representative of the Noteholders is directed by each Class of Noteholders in respect of which no Control Valuation Event has occurred, by separate Extraordinary Resolution of each such Class of Noteholders, the Representative of the Noteholders will, upon giving 3 (three) months' written notice to the Issuer (and with prior notification to the Rating Agencies), instruct the Issuer to terminate the appointment of the Primary Servicer by giving not less than 90 (ninety) calendar days' prior written notice to the Primary Servicer (and the Primary Servicer must accept such termination) whether or not a Primary Servicer Termination Event has occurred, **provided that** a replacement Primary Servicer is first appointed prior to termination of the appointment. For avoidance of doubt, the termination of the Master Servicer's appointment as Primary Servicer will not constitute a termination of the Master Servicer's appointment as Regulatory Servicer.

***Termination without cause of the Special Servicer***

The appointment of the entity acting as Special Servicer may also be terminated upon the Operating Advisor providing the Regulatory Servicer, the Issuer and the Representative of the Noteholders and the Rating Agencies prior notice requiring a replacement Special Servicer to be appointed. Any such termination of the appointment of the Special Servicer shall be in respect of its role as Special Servicer in relation to all Loans.

***Result of Termination***

Upon the termination of the appointment or resignation of the Master Servicer as Regulatory Servicer, the Primary Servicer and/or the Special Servicer (as the case may be), the Issuer will delegate the performance of the Regulatory Services, the Primary Services and the Special Services to a qualified substitute regulatory servicer, substitute primary servicer and/or substitute special servicer, as the case may be (each a "**Substitute Servicer**"). To the extent practicable, the Substitute Servicer shall be selected based on its ability and willingness to appoint the Delegate Servicers then appointed by the Master Servicer, to the extent is it not incompatible with its operations and such Delegate Servicers are not in breach of their obligations under the Delegate Servicing Agreement.

To ensure that the Primary Services and Special Services do not suffer any interruption and are not otherwise impaired or affected by any such termination of the appointment of the Master Servicer, such termination shall not be effective until either the Substitute Servicer confirms the appointment of the existing Delegate Servicer (by acceding to the Delegate Servicing Agreement as Regulatory Servicer, Primary Servicer and/or Special Servicer, as the case may be) or a new Delegate Primary Servicer (by acceding to the Delegate Servicing Agreement as Regulatory Servicer, Primary Servicer and/or Special Servicer, as the case may be) or a new Delegate Primary Servicer and/or one or more, as applicable, Delegate Special Servicers have been appointed and continue to perform the relevant Primary Services and/or the Special Services.

Upon any termination or resignation of the Regulatory Servicer, the Primary Servicer or the Special Servicer as applicable, or appointment of the relevant Successor, the Issuer will publish written notice of such termination and/or appointment in accordance with the Conditions.

No termination of the appointment of, resignation or removal of the Regulatory Servicer, the Primary Servicer or the Special Servicer, as applicable, under the Master Servicing Agreement will be effective unless:

(a) the relevant Substitute Servicer succeeding to the Regulatory Servicer, the Primary Servicer or the Special Servicer, as applicable, is appointed which has experience in servicing mortgages of commercial property on similar terms to that required under this Agreement;

(b) such Substitute Servicer is approved in each case by the Issuer (having itself obtained the prior written approval of the Representative of the Noteholders, with prior written notification to the Rating Agencies, such approval in each case not to be unreasonably withheld);

(c) the relevant Substitute Servicer agrees, in each case, in writing to be bound by the terms of the Master Servicing Agreement and the other Issuer Transaction Documents in such relevant capacity or enters into an agreement substantially on the terms of this Agreement and agrees to accede to the Intercreditor Agreement;

(d) the fee payable to the relevant Substitute Servicer will not, without the prior written consent of the Issuer, exceed the rate payable to the Regulatory Servicer, the Primary Servicer or the Special Servicer pursuant to the Master Servicing Agreement and in any event will not exceed the rate then generally payable to providers of commercial loan servicing services; and

(e) such appointment is effective no later than the date of termination of the outgoing Regulatory Servicer, Primary Servicer and/or Special Servicer.

If no substitute Regulatory Servicer, substitute Primary Servicer or substitute Special Servicer, as applicable, is appointed within 60 (sixty) calendar days of the termination of appointment (or, in the case of the Regulatory Servicer, its resignation) of the Regulatory Servicer, the Primary Servicer or in respect of a Specially Serviced Loan, the Special Servicer, as applicable, may appoint, or may petition a court of competent jurisdiction to appoint, such a replacement.

***Termination of the appointment of the Delegate Primary Servicer or Delegate Special Servicer***

***Termination with cause***

Upon the occurrence of any Servicer Termination Event, the Master Servicer may (with prior notice having been given at once to the Rating Agencies, by notice in writing to the Delegate Servicer) and without the

consent of the Representative of the Noteholders or any other entity/person, terminate the appointment of the Delegate Primary Servicer or Delegate Special Servicer (as applicable) with effect from the date specified in the notice, provided that the effective date of termination shall be the date falling 6 months from the prior written notice (the "**Notice Period**"), provided further that:

(a) a substitute delegate primary servicer or substitute delegate special servicer (as applicable) acceptable to the Master Servicer, shall be appointed, such appointment to be effective not later than the date of expiry of the Notice Period;

(b) the Delegate Servicer shall not be released from its obligations under the Delegate Servicing Agreement until such substitute delegate primary servicer or substitute delegate special servicer (as applicable) has entered into an agreement with the Master Servicer on substantially the same terms as the Delegate Servicing Agreement in respect of the servicer delegated duties it has undertaken to assume, and at fees consistent with those payable generally at the relevant time for the provisions of the relevant commercial property loan servicing services, and it has acceded to the Intercreditor Agreement,

(the "**Replacement Criteria**").

The Master Servicer and the Delegate Servicer shall be permitted to agree in writing to an effective date of termination prior to the date of expiry of the Notice Period if a substitute delegate servicer satisfying the Replacement Criteria has been appointed prior to such date.

The Master Servicer is required to deliver a termination notice if, for so long as a Servicer Termination Event has not been remedied, the Noteholders direct the Representative of the Noteholders (by Ordinary Resolution of each Class of Notes) to direct the Issuer to direct the Master Servicer to so do. In such circumstances, the Master Servicer must terminate all of the rights and obligations of the Delegate Primary Servicer or the Delegate Special Servicer (as applicable) under the Delegate Servicing Agreement (other than the rights and obligations which accrued prior to such termination) and in and to the Loans and the proceeds of the Loans.

***Termination without cause of the Delegate Primary Servicer***

If the Representative of the Noteholders is directed by each Class of Noteholders in respect of which no Control Valuation Event has occurred, by separate Extraordinary Resolution of each such Class of Noteholders, the Representative of the Noteholders will, upon giving 3 (three) months' written notice (and with prior notification to the Rating Agencies), instruct the Issuer to instruct the Master Servicer to terminate the appointment of the Delegate Primary Servicer (and the Delegate Primary Servicer must accept such termination) whether or not a Primary Servicer Termination Event has occurred in respect of the Delegate Primary Servicer, provided that a replacement Delegate Primary Servicer satisfying the Replacement Criteria is first appointed prior to termination of the appointment.

***Termination without cause of the Delegate Special Servicer***

The appointment of the entity acting as Delegate Special Servicer may be terminated upon the Operating Advisor notifying the Regulatory Servicer, the Issuer, the Representative of the Noteholders and the Rating Agencies, following the Issue Date in writing that it requires a replacement Delegate Special Servicer to be appointed. Any such termination of the appointment of the Delegate Special Servicer shall be in respect of its role as Delegate Special Servicer in relation to all Loans.

***Resignation of the Master Servicer***

If:

(a) a Primary Servicer Termination Event or Special Servicer Termination Event occurs in respect of the Delegate Servicer or a Special Servicer Termination Event occurs in respect of the Delegate Special Servicer; and

(b) the Master Servicer is unable to deliver a termination notice in respect of the Delegate Primary Servicer or Delegate Special Servicer (as applicable) under the terms of the Delegate Servicing Agreement (because the Issuer has refused to give its instructions to do so and the Master Servicer has sought and failed to obtain Noteholder consent to the same),

then the Master Servicer shall be permitted to tender its resignation under the Master Servicing Agreement **provided that** the Replacement Criteria have been met and **provided further that** any substitute Master Servicer has acceded to the Delegate Servicing Agreement as Master Servicer and executed all other documentation (including any powers of attorney) required in order to ensure that any delegate servicing arrangement in place at that time survives such resignation wholly intact, suffers no interruption and is not otherwise impaired or affected by such resignation.

***Resignation of the Regulatory Servicer***

The Regulatory Servicer shall have the right to resign before the Final Maturity Date subject to the conditions set out in Master Servicing Agreement.

The right of resignation may be exercised by the Regulatory Servicer only by serving 3 (three) months prior written notice to the Issuer, the Representative of the Noteholders and the Rating Agencies and subject to the conditions for the appointment of a substitute Regulatory Servicer set out in the Master Servicing Agreement been met.

***Resignation of the Delegate Servicer***

Each of the Delegate Primary Servicer or Delegate Special Servicer may resign from its appointment upon giving at least 3 (three) months' notice to each of the Issuer, the Representative of the Noteholders and the Master Servicer and provided provided that a substitute delegate primary servicer or substitute delegate special servicer (as applicable) acceptable to the Master Servicer has been appointed.

***Resignation of the Facility Agent and Facility Agent***

The Facility Agent and the Security Agent confirm that they shall not resign from their role as the Facility Agent and the Security Agent in respect of one Facilities Agreement without simultaneously resigning from their role as the Facility Agent and the Security Agent in respect of the other Facilities Agreements.

***Controlling Class and Operating Advisor***

The most junior Class of Notes outstanding shall be the "**Controlling Class**" if at the relevant time it meets the "**Controlling Class Test**". A Class of Notes will meet the Controlling Class Test if, at the relevant time:

(a) its Principal Amount Outstanding is equal to or exceeds 25 per cent. of the Principal Amount Outstanding of such Class of Notes on the Issue Date;

(b) a Control Valuation Event is not continuing in respect of that Class of Notes; and

(c) such Class does not consist entirely of Noteholders who are Disenfranchised Noteholders.

A "**Control Valuation Event**" will occur with respect to any Class of Notes if and for so long as:

(a) the difference between:

(i) the sum of (A) the then Principal Amount Outstanding of such class of Notes and (B) the then Principal Amount Outstanding of all classes of Notes ranking junior to such class; and

(ii) the sum of (A) any Valuation Reduction Amounts with respect to the Loans; and (B) without duplication, losses realised with respect to any enforcement of security in respect of the Property Portfolio,

is less than

(b) 25 per cent. of the then Principal Amount Outstanding of such class of Notes.

A "**Valuation Reduction Amount**" with respect to a Loan will be an amount (subject to a minimum of zero) equal to the excess of:

(a) the outstanding principal balance of the Loan; over

(b) the excess of:

(i) 90 per cent. of the sum of the values set forth in the most recent Valuation (including all reserves or similar amount which may be applied toward payments on such Loan) excluding the values of any Property within the Property Portfolio no longer held by a Borrower as at the testing date above

(ii) the sum of:

(A) all unpaid interest on the relevant Loan;

(B) any other unpaid fees, expenses and other amounts that are payable prior to amounts payable to the Issuer under the relevant Loan; and

(C) all currently due and unpaid ground rents and insurance premia and all other amounts due and unpaid with respect to the relevant Properties.

The Valuation Reduction Amount will be redetermined on each occasion on which an updated Valuation is obtained, by reference to such Valuation.

If the most junior Class of Notes outstanding does not meet the Controlling Class Test, the next most junior Class of Notes outstanding that does meet the Controlling Class Test will be the Controlling Class. If no Class of Notes has a Principal Amount Outstanding that satisfies the Controlling Class Test then the Controlling Class will be the Most Senior Class of Notes then outstanding. The Principal Amount Outstanding of a Class of Notes for the purposes of calculating the Controlling Class Test shall be the Principal Amount Outstanding of such Class (excluding any Notes held by Disenfranchised Noteholders) less any Valuation Reduction Amount that has been applied to that Class.

The Representative of the Noteholders shall determine which Class of Notes meets the Controlling Class Test and shall notify the Primary Servicer and the Special Servicer accordingly.

The Controlling Class will have the right, acting by Ordinary Resolution, to elect and appoint an adviser (the "**Operating Advisor**") to represent its interests and consult with the Primary Servicer or the Special Servicer acting in relation to the Loans. The Operating Advisor will, subject to certain conditions being met, be entitled to require the Issuer to terminate the appointment of and replace the Special Servicer with respect to any of the Loans that are Specially Serviced Loans and will also have the right to be consulted with respect to certain matters relating to the servicing and enforcement of the Loans. See "*Operating Advisor*" below.

***Operating Advisor***

Any Operating Advisor appointed by an Ordinary Resolution of the Controlling Class will be entitled to require the Issuer to terminate the appointment of and replace the person acting as the Special Servicer under the Master Servicing Agreement with respect to any of the Loans that are Specially Serviced Loans subject to certain limitations as set out in the Master Servicing Agreement, including that:

(a) no termination of the appointment of the Special Servicer will be effective until a qualified substitute special servicer will have been appointed and agreed to be bound by any relevant documents, such appointment to be effective not later than the date of termination;

(b) such termination or replacement does not cause the then current rating of the Notes of any Class to be downgraded, withdrawn or qualified, unless the substitute Special Servicer has been appointed by an Extraordinary Resolution of the Noteholders of each Class of Notes.

The Operating Advisor will also have the right to be consulted on certain matters relating to the servicing and enforcement of the Loans. The Primary Servicer or, in respect of a Specially Serviced Loan, the Special Servicer must consult with and give prior notice to the Operating Advisor if it intends to take certain decision s in relation to the following matters (the "**Proposed Course of Action**") shall not, for at least 5 (five)Business Days after notifying the Operating Advisor of its intention to do so:

(a) exercising any consent or approval right or agreeing to waive or amend a Facilities Agreement if the effect of such consent, waiver or amendment would be to:

(i) change the date or method of calculation of any interest or principal due under the Facilities Agreements;

(ii) permit any Borrower to incur any further indebtedness, other than as permitted by the Finance Documents;

(iii) release any Borrower from any of its obligations under or in respect of the Finance Documents, other than any of its material obligations thereunder and in the circumstances expressly contemplated thereby;

(iv) release (in whole or in part) any Loan Security or substitute (in whole or in part) any Property, other than in the circumstances expressly contemplated by the Finance Documents;

(v) approve any material capital expenditure (other than in circumstances which are contemplated by the Finance Documents);

(vi) agree to the further encumbrance of any assets which secure the Loans;

(vii) bring forward (except in connection with an acceleration of that Loan) the Loan Repayment Date;

(viii) reduce or waive any interest, principal, prepayment fee, late payment charge or default interest due under that Facilities Agreement;

(ix) change the currency of any payment due under that Facilities Agreement; or

(x) permit the relevant Borrower or Borrowers to incur any further indebtedness, other than as permitted by that Facilities Agreement;

(xi) consent to the granting of any new Lease or the modification or termination of any existing Lease unless in accordance with the relevant Facilities Agreement;

(b) approve a restructuring plan in insolvency of any Borrower;

(c) make an amendment to the Finance Documents not described above which the Primary Servicer or, if at the relevant time the relevant Loan is a Specially Serviced Loan, the Special Servicer, considers in its absolute discretion to be material;

(d) to commence formal enforcement proceedings in respect of a Loan or the relevant Loan Security; or

(e) to commence a loan sale process as described in "*Enforcement of a Loan*" above.

At the same time as notifying the Operating Advisor of the Proposed Course of Action, the Primary Servicer shall notify the Regulatory Servicer, the Special Servicer and the Rating Agencies or (as applicable) the Special Servicer shall notify the Primary Servicer and the Rating Agencies, as applicable, thereof.

If, within such 5 (five) Business Day period, as applicable, the Operating Advisor has not confirmed in writing to the Primary Servicer or the Special Servicer whether it agrees or disagrees with the Proposed Course of Action or has failed to respond, the Operating Advisor will be deemed to have agreed thereto. The Primary Servicer or the Special Servicer, as applicable, may carry out the Proposed Course of Action at an earlier date if the Operating Advisor agrees prior to the expiration of the 5 (five) Business Day period, as applicable.

If, during the 5 (five) Business Day period referred to above, the Operating Advisor notifies the Primary Servicer or, as the case may be, the Special Servicer that it disagrees with the Proposed Course of Action, the Operating Advisor shall suggest by notice thereof to the Primary Servicer or the Special Servicer, as applicable, alternative courses of action (the "**Alternative Course of Action**") and, pending receipt of such notice, the Primary Servicer or, as the case may be, the Special Servicer shall not carry out the Proposed Course of Action notified to the Operating Advisor.

Within 5 (five) Business Days from the receipt of the Operating Advisor's Alternative Course of Action, the Primary Servicer or the Special Servicer shall submit to the Regulatory Servicer , the Rating Agencies and the Operating Advisor a revised Proposed Course of Action which shall incorporate the alternative actions suggested by the Operating Advisor in the Alternative Course of Action to the extent that the same are not inconsistent with the Servicing Standard and shall not be liable for doing so (the "**Revised Proposed Course of Action**").

The Primary Servicer or, as applicable, the Special Servicer shall have the right to revise and change the Revised Proposed Course of Action until the earliest of:

(a) the delivery by the Operating Advisor to the Primary Servicer or the Special Servicer, as applicable, of written approval of such Revised Proposed Course of Action;

(b) the failure by the Operating Advisor to disapprove such Revised Proposed Course of Action in writing within 5 (five) Business Days of its delivery to the Operating Advisor by the Primary Servicer or the Special Servicer; and

(c) the expiry of 30 (thirty) calendar days from the date of submission of such Revised Proposed Course of Action by the Primary Servicer or the Special Servicer to the Operating Advisor,

(d) following which the Primary Servicer or the Special Servicer (as applicable) may take such actions set out under the Revised Proposed Course of Action as it deems appropriate acting in accordance with the Servicing Standard.).

Notwithstanding any of the foregoing requirements, no right of an Operating Advisor to be consulted in connection with any Loan or to approve or disapprove any Proposed Course of Action shall permit the Primary Servicer or the Special Servicer from taking any action or to refrain from taking any action which would, in the opinion of the Primary Servicer, or Special Servicer, cause the Primary Servicer or Special Servicer, as applicable, to violate the Servicing Standard, and the Primary Servicer or the Special Servicer shall not refrain from taking any action pending receipt of any proposals, if in the opinion of the Primary Servicer, or Special Servicer, immediate action is necessary to comply with the Servicing Standard.

The taking of any action prior to the receipt of the Operating Advisor's approval thereof or in a manner which is contrary to the directions of, or disapproved by, the Operating Advisor shall not constitute a breach by the Primary Servicer or the Special Servicer of the Master Servicing Agreement so long as such action was required by the Servicing Standard. If, in order to comply with the requirements described in this paragraph, the Primary Servicer or the Special Servicer takes action prior to receiving a response from the Operating Advisor and the Operating Advisor objects to such actions within 5 (five) Business Days after being notified of such action and being provided with all reasonably requested information, the Primary Servicer or, as the case may be, the Special Servicer must (subject always to the foregoing requirements described in this paragraph) take due account of the advice and representations made by the Operating Advisor regarding any further steps that should be taken.

***Condition Precedent***

The entry into the Delegate Servicing Agreement by the Master Servicer, the Primary Servicer and the Special Servicer constitutes a condition precedent to the effectiveness of the Master Servicing Agreement.

C **The Cash Allocation, Management and Payments Agreement**

On or about the Issue Date, the Issuer, the Master Servicer, the Delegate Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Issuer Account Bank, the Paying Agent and the Information Agent will enter into the Cash Allocation, Management and Payments Agreement.

Under the terms of the Cash Allocation, Management and Payments Agreement:

(a) the Issuer Account Bank has agreed to establish and maintain, in the name and on behalf of the Issuer, the Issuer Collection Account, the Issuer Expenses Account, the Issuer Payments Account, the Issuer Liquidity Reserve Account and such other accounts may be required (the "**Issuer Accounts**");

(b) the Issuer Account Bank will provide the Issuer with certain reporting services together with account handling and payment services in relation to monies from time to time standing to the credit of the Issuer Payments Account;

(c) the Corporate Servicer has agreed to operate the Issuer Expenses Account held with the Issuer Account Bank in accordance with the instructions of the Issuer;

(d) the Calculation Agent has agreed to provide the Issuer with the Calculation Agent Quarterly Report (which will have been approved by the Master Servicer);

(e) the Paying Agent has agreed to provide the Issuer with certain payment services together with certain calculation services in relation to the Notes; and

(f) the Information Agent has agreed to make available via a website (being https://gctinvestorreporting.bnymellon.com) the Investor Reports made available to the holders of the Notes since the Issue Date.

***Issuer Accounts***

The Issuer Payments Account held with the Issuer Account Bank shall be opened in the name of the Issuer and shall be operated by the Issuer Account Bank and the amounts standing to the credit thereof shall be debited and credited in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

The Issuer Account Bank has agreed to comply with any direction of the Issuer (also through the Calculation Agent, the Paying Agent and the Corporate Servicer) (prior to the delivery of a Note Enforcement Notice) or the Representative of the Noteholders (following the delivery of a Note Enforcement Notice) to effect payments from the Issuer Accounts if such direction is made in accordance with the Cash Allocation, Management and Payments Agreement and the mandate governing the applicable account.

The Issuer Account Bank shall deliver from time to time to the Issuer, the Corporate Servicer, the Representative of the Noteholders, the Master Servicer, the Delegate Servicer and the Calculation Agent a copy of its account report (the "**Issuer Account Bank Report**") prepared in accordance with the Cash Allocation, Management and Payments Agreement.

***Operation of Issuer Accounts***

The Calculation Agent will undertake with the Issuer and the Representative of the Noteholders that in performing the services to be performed by it and in exercising its discretions under the Cash Allocation, Management and Payments Agreement, the Calculation Agent will perform such responsibilities and duties diligently and in conformity with the Issuer's obligations with respect to the Securitisation and that it will comply with any directions, orders and instructions which the Issuer or the Representative of the Noteholders may from time to time give to the Calculation Agent in accordance with the Cash Allocation, Management and Payments Agreement.

***Calculation of amounts and payments***

On each Calculation Date, the Calculation Agent is required to determine all amounts due in accordance with the relevant Priority of Payments (other than those amounts of interest payable on the Notes to be determined by the Paying Agent) on the forthcoming Note Payment Date and the amounts available to make such payments. In addition, the Calculation Agent will calculate the Note Factor for each Class of Notes for the Note Interest Period commencing on the next following Note Payment Date and the amount of each principal payment (if any) due on each Class of Notes on the next following Note Payment Date, in each case pursuant to Condition 8.8 (*Principal Amount Outstanding and Note Factor*).

The Calculation Agent will prepare the Calculation Agent Quarterly Report on the basis of which the Issuer will:

(a) make all Liquidity Reserve Drawings;

(b) from time to time, make all payments and expenses required to be paid by the Issuer to third parties by way of the relevant Priority of Payments or otherwise; and

(c) make all payments required to carry out an optional redemption of Notes pursuant to Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption for taxation reasons*) in each case according to the provisions of the relevant Condition.

If the Primary Servicer fails to deliver the Loan Payment Report and/or the Servicer Quarterly Report in accordance with the Master Servicing Agreement, the Calculation Agent in the relevant Calculation Agent Quarterly Report shall consider, for the purpose of determining the Issuer Available Funds to be applied on the immediately following Note Payment Date, all the amounts standing to the credit of the Issuer Collection Account (as resulting from the latest Issuer Account Bank Report and will set its determinations so to provide for the payment of any amounts due in respect of the Most Senior Class of Notes, in accordance with the relevant Priority of Payments, in order not to incur in any Note Event of Default. In doing so, the Calculation Agent will not be liable to any person for the accuracy of such determinations save where such liabilities are suffered or incurred as a result of any gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Calculation Agent.

On the date occurring four Business Days prior to a Calculation Date, the Calculation Agent shall determine the amount of Administrative Fees and Issuer Expenses that the Issuer is entitled to recharge to the Borrowers on the next Interest Payment Date in accordance with the terms of each Facilities Agreement, and notify the Primary Servicer and Special Servicer of the same.

***Reporting***

The Calculation Agent will, no later than 12:00 noon CET on each Calculation Date, prepare and deliver to the Issuer, the Master Servicer, the Delegate Servicer, the Corporate Servicer, the Information Agent and the Rating Agencies a statement in respect of the current Note Interest Period in which it will notify the recipients of, among other things, all amounts received in the Issuer Accounts, all payments to be made and any other apportionments to be made with respect thereto on the immediately following Note Payment Date including but not limited to:

(a) any interest and principal payable in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;

(b) any Administrative Fees;

(c) any Note Premium Amount;

(d) any Allocated Note Prepayment Fee Amount;

(e) any payment of Deferred Interest;

(f) the Class D Adjusted Note Interest Payment Amount;

(g) any Liquidity Reserve Drawings; and

(h) any amounts to be paid to the Liquidity Reserve Facility Provider including any interest on the Liquidity Reserve Drawings.

(the "**Calculation Agent Quarterly Report**").

On each Note Payment Date, the Calculation Agent will provide the Calculation Agent Note Payment Date Investor Report containing information in relation to the Notes including, but not limited to, amounts paid by the Issuer pursuant to the Priority of Payments in respect of the relevant period, and confirmation of risk retention by the Original Lender.

No later than 4 (four) weeks after each Note Payment Date, the Calculation Agent will prepare and publish the SR Investor Report pursuant to Article 7(1)(e) of the Securitisation Regulation, in the form of the template set out in Annex 12 to the Draft ESMA Disclosure Templates or, following their entry into force, in the form of the Final ESMA Disclosure Templates.

The Calculation Agent will make available electronically to the Issuer, the Master Servicer, the Delegate Servicer, the Corporate Servicer, the Original Lender, the Paying Agent, the Representative of the

Noteholders and the Rating Agencies and will, in accordance with the Cash Allocation, Management and Payments Agreement, publish and/or procure publication of, as the case may be:

(a) no later than 1 (one) Business Day after each Interest Payment Date, each Loan Payment Report;

(b) no later than the Servicer Quarterly Report Date, each Servicer Quarterly Report;

(c) no later than the SR Loan Level Report Date, each SR Loan Level Report;

(d) no later than 12:00 noon CET on each Calculation Date, each Calculation Agent Quarterly Report;

(e) on the Note Payment Date, each Calculation Agent Note Payment Date Investor Report;

(f) no later than 4 (four) weeks after each Note Payment Date, each SR Investor Report,

on the website of the Information Agent at https://gctinvestorreporting.bnymellon.com, being a secure website meeting the requirements of the Securitisation Regulation.

Furthermore, upon written request by the Issuer, the Calculation Agent will publish reports setting out details of (i) any inside information as required by Article 7(1)(f) of the EU Securitisation Regulation and (the "**Inside Information Report**") and (ii) any significant event as required by Article 7(1)(g) of the EU Securitisation Regulation (the "**Significant Event Report**"), in the form of the templates set out, respectively, in Annex 14 and 16 to the Draft ESMA Disclosure Templates or, following their entry into force in the form of the Final ESMA Disclosure Templates.

Until no securitisation repository registered under article 10 of the EU Securitisation Regulation (the "**SR Repository**") is appointed by the Issuer for the Securitisation, the Calculation Agent will:

(a) following each Note Payment Date, deliver the Investor Reports to the Information Agent, who will thereafter upload such Investor Reports to the Information Agent's website (currently: https://gctinvestorreporting.bnymellon.com) no later than 30 (thirty) calendar days following the relevant Note Payment Date; and

(b) without delay following preparation of the same, deliver any Inside Information Report or, if applicable, Significant Event Report to the Information Agent, who will promptly thereafter upload such Inside Information Report or Significant Event Report to the Information Agent's website (currently: https://gctinvestorreporting.bnymellon.com);

Once a SR Repository has been registered and appointed by the Issuer, the Calculation Agent will:

(a) deliver the Investor Reports to the SR Repository and such Investor Reports will be made available *via* the SR Repository no later than 30 (thirty) calendar days following the relevant Note Payment Date; and

(b) deliver to the SR Repository any Inside Information Report or, if applicable, Significant Event Report and such Inside Information Report or Significant Event Report will be made available promptly *via* the SR Repository;

(c) make available on its internet website (currently: https://gctinvestorreporting.bnymellon.com) for review copies of, among other things, the following items:

(i) any Valuation received by the Primary Servicer or Special Servicer;

(ii) all accountants' reports delivered to the Calculation Agent since the Closing Date pursuant to the Servicing Agreement.

Copies of the above items will be available from the Paying Agent during usual business hours on any weekday (excluding Saturdays, Sundays and any public holiday) at the cost of the Noteholders requesting such copies.

The Calculation Agent will also procure that the Servicer Quarterly Reports provided to it and the Calculation Agent Quarterly Report are made available to Bloomberg L.P. for publication.

It is agreed and understood that the Calculation Agent, the Information Agent or the Issuer shall not be liable for any omission or delay in making available such Investor Report and/or Calculation Agent Quarterly Report which is due to electronic or technical inconveniences relating to or connected with the internet network or the relevant website or which is not due to wilful misconduct (*dolo*) or gross negligence (*colpa grave*) of any of the Calculation Agent, the Information Agent or the Issuer, as the case may be.

The Calculation Agent shall not be liable for the accuracy and completeness of the information and data contained in the reports provided to it by the Primary Servicer and/or Delegate Servicer and shall have no obligation, responsibility or liability whatsoever for such information, save for the case of gross negligence ("*colpa grave*") or wilful misconduct ("*dolo*") in the performance of its services under the Cash Allocation, Management and Payments Agreement.

It is not intended that the Calculation Agent Quarterly Report will be made available in any other format, save in certain limited circumstances with the Calculation Agent's agreement. The Calculation Agent's website does not form part of the information provided for the purposes of this Offering Circular and disclaimers may be posted with respect to the information posted thereon.

The Information Agent shall not be liable for the accuracy and completeness of the information and data provided to it and contained in the reports provided to it. The Information Agent shall not be obliged to verify, re-compute, reconcile or recalculate any such information. The Information Agent shall not have any duty to monitor, enquire or satisfy itself as to the veracity, accuracy or completeness of any documentation provided to it under this Agreement and shall have no obligation, responsibility or liability whatsoever for the information and documentation on its internet website (currently: https://gctinvestorreporting.bnymellon.com), save for the case of gross negligence ("*colpa grave*") or wilful misconduct ("*dolo*") in the publication pursuant to the Cash Allocation, Management and Payments Agreement.

***Fees***

Pursuant to the Cash Allocation, Management and Payments Agreement, the Issuer will pay to the Agents on each Note Payment Date a fee as agreed between the Issuer and the relevant Agent and will reimburse the Agents for all reasonable out-of-pocket costs, expenses and charges properly incurred by the relevant party in the performance of its duties in accordance with the terms of the Cash Allocation, Management and Payments Agreement.

***Termination of appointment***

The Issuer may (with the prior approval of the Representative of the Noteholders and with notice to the Rating Agencies) revoke its appointment of any of the Paying Agent and the Issuer Account Bank by giving not less than 60 days written notice. The Issuer may terminate the appointment of any of the Paying Agent, the Calculation Agent, the Information Agent and the Issuer Account Bank (each an "**Agent**") if material default is made by Agent in the performance of its obligations under the terms of the Cash Allocation, Management and Payments Agreement or any of the representations and warranties given by it under the Cash Allocation, Management and Payments Agreement proves to be untrue and the Representative of the Noteholders is of the opinion that such default, or such representation or warranty being untrue is materially prejudicial to the interests of the holders of the Notes outstanding, and where such default (except where in the sole opinion of the Representative of the Noteholders, such default is incapable of remedy, in which case, no notice requiring remedy shall be required) continues unremedied for a period of 30 days after the earlier of (i) such Agent becoming aware of such default and (ii) receipt by such Agent of a written notice from the Representative of the Noteholders requiring the same to be remedied. No revocation or termination of the appointment of any Agent shall take effect until a successor, approved by the Representative of the Noteholders, has been duly appointed. The appointment of each Agent shall automatically terminate forthwith: (i) an Insolvency Event occurs in relation to it; or (ii) any Agent that is required to be an Eligible Institution ceases to have the required rating; or (iii) the Notes have been redeemed in full or cancelled; or (iv) it is rendered unable to perform its obligations for a period of 30 days by circumstances beyond its control. Upon termination, the provisions and the consequences of article 1456 of the Italian Civil Code shall apply. Each Agent may resign from its appointment, upon giving not less than 3 (three) months' (or such shorter period as the Representative of the Noteholders may agree) prior written notice of resignation to the Issuer and the Representative of the Noteholders. Such resignation will not take effect until a substitute Agent has been appointed by the Issuer on substantially the same terms as those set out in the Cash Allocation, Management and Payments Agreement.

*Agent's Required Rating*

The Cash Allocation, Management and Payments Agreement also requires that the Issuer Account Bank and the Paying Agent is an Eligible Institution.

"**Eligible Institution**" means any depository institution organised under the laws of any state which is a member of the European Economic Area:

(a) in the case of Fitch, whose long-term issuer default rating is at least "BBB" by Fitch or short-term issuer default rating is at least "F2" by Fitch; and

(b) in the case of DBRS:

(i) if DBRS has assigned a long-term COR to the relevant institution, a rating that is the higher of:

(A) the DBRS rating that is one notch below such COR for the relevant institution; and

(B) the issuer rating or long-term senior unsecured debt or deposit rating from DBRS for the relevant institution,

in each case as is commensurate with the ratings assigned to the Notes from time to time as set out in the table in paragraph (b)(ii) below; or

(ii) if a long-term COR is not available from DBRS for the relevant institution, an issuer rating or long-term senior unsecured debt or deposit rating from DBRS for the relevant institution (whichever is the higher) as is commensurate with the ratings assigned to the Notes from time to time as set out in the table below;

| **Current rating of the Most Senior Class of Notes outstanding** | **DBRS minimum rating** |
|---|---|
| AA (sf) | "**BBB (high)**" |
| AA (low) (sf) | "**BBB (high)**" |
| A (high) (sf) | "**BBB**" |
| A (sf) | "**BBB (low)**" |
| A (low) (sf) | "**BBB (low)**" |
| BBB (high) (sf) | "**BBB (low)**" |
| BBB (sf) | "**BBB (low)**" |

(iii) to the extent that no DBRS rating is available, the DBRS Minimum Equivalent Rating shall apply to the DBRS rating as is commensurate with the ratings assigned to the Notes from time to time as set out in the table in paragraph (b)(ii) above.

If the Issuer Account Bank or the Paying Agent ceases to be an Eligible Institution, the relevant Agent will give written notice of such event to the Issuer, the Master Servicer, the Delegate Servicer, the Rating Agencies and the Representative of the Noteholder. The Issuer Account Bank will, within 45 (forty five) calendar days of ceasing to be an Eligible Institution, procure the transfer of any account held by the Issuer with the Issuer Account Bank to another bank that is an Eligible Institution after having obtained the prior written consent of the Issuer and the Representative of the Noteholders and subject to the Issuer having established similar arrangements to those obligations of the relevant Agent contained in the Cash Allocation, Management and Payments Agreement. If the Paying Agent ceases to be an Eligible Institution, within 45 (forty five) calendar days from the occurrence of such event, the Issuer shall select another bank, which shall be an Eligible Institution and shall assume the role of Paying Agent upon the terms of the Cash Allocation, Management and Payments Agreement.

The Cash Allocation, Management and Payments Agreement and any non – contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

D **The Intercreditor Agreement**

On or about the Issue Date, the Issuer and the Other Issuer Creditors entered into the Intercreditor Agreement. Under the Intercreditor Agreement provision is made as to the application of the proceeds from collections in respect of the Loans and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Loans.

In the Intercreditor Agreement the Other Issuer Creditors have agreed, inter alia, to the order of priority of payments to be made out of the Issuer Available Funds and that the obligations owed by the Issuer to the Noteholders and, in general, to the Other Issuer Creditors are limited recourse obligations of the Issuer. The Noteholders and the Other Issuer Creditors have a claim against the Issuer only to the extent of the Issuer Available Funds in each case subject to and as provided in the Intercreditor Agreement and the other Issuer Transaction Documents.

Under the terms of the Intercreditor Agreement, the Issuer has undertaken, following the service of a Note Enforcement Notice, to comply with all directions of the Representative of the Noteholders, acting pursuant to the Conditions, in relation to the management and administration of the Loans.

In addition, the Intercreditor Agreement provides that, notwithstanding the terms of any related Issuer Transaction Documents or other provisions of the Intercreditor Agreement, if any action under any Issuer Transaction Documents or the Intercreditor Agreement requires a rating agency confirmation (the "**Rating Agency Confirmation**") as a condition precedent to such action, if the party (the "**Requesting Party**") attempting to obtain such Rating Agency Confirmation from each Rating Agency has made a request to any Rating Agency (the "**RAC Request**") for such Rating Agency Confirmation and, within 10 Business Days of the RAC Request, such Rating Agency has not replied to such request or has responded in a manner that indicates that such Rating Agency is neither reviewing such request nor waiving the requirement for a Rating Agency Confirmation, then with respect to any such condition in any Issuer Transaction Document requiring such Rating Agency Confirmation, the Requesting Party shall made a new RAC Request (the "**Second RAC Request**"). If within 5 Business Days from the Second RAC Request such Rating Agency has not replied to such request or has responded in a manner that indicates that such Rating Agency is neither reviewing such request nor waiving the requirement for a Rating Agency Confirmation, then the Requesting Party shall determine, in accordance with its duties under the relevant Issuer Transaction Document, whether or not such action would be in the best interests of the Noteholders, and if the Requesting Party determines that such action would be in the best interest of such parties, then the requirement for a Rating Agency Confirmation will be deemed not to apply.

The Intercreditor Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

E **The Mandate Agreement**

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the Mandate Agreement under which, subject to a Note Enforcement Notice being served upon the Issuer or upon failure by the Issuer to exercise its rights under the Issuer Transaction Documents within 10 days from the notification of such failure, the Representative of the Noteholders, acting in such capacity, shall be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non monetary rights (with exclusion of the rights pertaining to the collection and recovery activities carried out by the Master Servicer in accordance with the Master Servicing Agreement) arising out of the Issuer Transaction Documents to which the Issuer is a party. It remains understood that if the Issuer fails to timely exercise any and all of its rights for the benefit of the Other Issuer Creditors and the Noteholders, the mandate shall only produce its effects in relation to those Issuer Transaction Documents with reference to which the Issuer's default has occurred.

The Mandate Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

F **The Liquidity Reserve Facility Agreement**

On or prior to the Issue Date, the Issuer will enter into the Liquidity Reserve Facility Agreement.

***The Liquidity Reserve Facility***

On the Issue Date, the Liquidity Reserve Facility Provider will make available to the Issuer a facility (the "**Liquidity Reserve Facility**") in a total aggregate amount equal to €10,500,000 (the "**Original Liquidity Reserve Amount**"). The full Original Liquidity Reserve Amount will be drawn by the Issuer (the "**Liquidity Reserve Loan**") and deposited into the Issuer Liquidity Reserve Account on the Issue Date.

***Repayment***

On each Note Payment Date, the Issuer is required (using funds standing to the credit of the Issuer Liquidity Reserve Account following any re-credit of such account as described under *"The Liquidity Reserve Facility Agreement — Re-crediting the Issuer Liquidity Reserve Account*" below) to repay the Liquidity Reserve Loan in an amount (the "**Adjustment Prepayment Amount**") equal to the lesser of:

(a) the balance of the proceeds of the Liquidity Reserve Loan on deposit in the Issuer Liquidity Reserve Account on such Note Payment Date; and

(b) an amount which, following such prepayment, would cause the outstanding principal balance of the Liquidity Reserve Loan to equal the Adjusted Liquidity Reserve Amount.

If a prepayment of the Adjustment Prepayment Amount is required on any Note Payment Date, the Calculation Agent (on behalf of the Issuer) is required to withdraw the Adjustment Prepayment Amount (if applicable) from the Issuer Liquidity Reserve Account and apply such amount in prepayment of the Liquidity Reserve Facility Agreement on such Note Payment Date.

The "**Adjusted Liquidity Reserve Amount**" means the amount calculated in accordance with the following formula:

A*(B/C)

where:

**A =** the Original Liquidity Reserve Amount;

**B =** the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes (taking into account any repayment of principal made or to be made on such Note Payment Date); and

**C =** the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes as of the Issue Date.

***Voluntary Prepayment***

In certain other circumstances, the Issuer (if so instructed by the Noteholders acting by Ordinary Resolution) may prepay the Original Liquidity Reserve Amount in whole or in part using funds standing to the credit of the Issuer Liquidity Reserve Account at any time, provided the Issuer has first received a Rating Agency Confirmation in respect of such proposed prepayment (and a confirmation from the Rating Agencies if the ratings of any of the Notes have previously been downgraded, suspended or withdrawn, that such reduction in the Liquidity Reserve Loan will not prevent the restoration of the relevant ratings).

The Issuer is required to repay the Liquidity Reserve Loan in full by applying funds in accordance with the Pre Note Enforcement Notice Interest Priority of Payments or the Post Note Enforcement Notice Priority of Payments (as applicable), on the earliest to occur of the following:

(a) service of a Note Enforcement Notice and/or the Note otherwise becoming due and repayable in full;

(b) the occurrence of a Liquidity Reserve Facility Event of Default;

(c) prepayment of the Liquidity Reserve Loan in accordance with the Liquidity Reserve Facility Agreement following the Issuer becoming required to pay additional amounts to the Liquidity Reserve Facility Provider as a result of withholding taxes or increased costs; and

(d) the Final Maturity Date.

A "**Liquidity Reserve Facility Event of Default**" will include non-payment by the Issuer of amounts payable by it to the Liquidity Reserve Facility Provider, certain insolvency related events, the occurrence of a Note Event of Default and illegality.

***Purpose***

The Liquidity Reserve Facility may be used to remedy an Expenses Shortfall or an Interest Shortfall or a Property Protection Shortfall. A Property Protection Shortfall, an Expenses Shortfall and an Interest Shortfall are each referred to in this Offering Circular as, a "**Shortfall**".

The Liquidity Reserve Facility cannot be drawn to cover shortfalls in funds available to the Issuer to pay any principal amounts, any Allocated Note Prepayment Fee Amount, the Note Premium Amount or any amounts payable on the Class C Notes or the Class D Notes under the relevant Priority of Payments or any amounts payable to the Original Lender under the relevant Priority of Payments.

***Additional Right of Prepayment***

If the Issuer is required to pay additional amounts to the Liquidity Reserve Facility Provider in accordance with the Liquidity Reserve Facility Agreement as a result of withholding taxes or increased costs becoming due with respect to the Liquidity Reserve Loan, the Issuer may, subject to the receipt of a Rating Agency Confirmation, prepay the Liquidity Reserve Loan.

No amount may be withdrawn from the Issuer Liquidity Reserve Account as a Liquidity Reserve Drawing after the repayment date of the Liquidity Reserve Facility.

***Interest***

Interest will accrue on the Liquidity Reserve Loan daily at a per annum rate equal to the aggregate of:

(a) a margin of 2.0 per cent per annum; and

(b) the lesser of (A) the three-month EURIBOR determined in accordance with the Liquidity Reserve Facility Agreement (which will be subject to a floor of zero); and (B) 5 per cent. per annum. and will be calculated on the basis of actual days elapsed and a 360-day year.

In certain circumstances, increased costs may also be payable by the Issuer. Default Interest will accrue on any unpaid amount under the Liquidity Reserve Facility Agreement at a rate which is one per cent. above the rate applicable to the overdue amount (or which would have applied if the overdue amount had constituted a Liquidity Reserve Loan).

***Use of funds in Issuer Liquidity Reserve Account***

*Interest Shortfall and Expenses Shortfall*

An "**Interest Shortfall**" will arise, if on any Calculation Date, the amount determined by the Calculation Agent by which Interest Available Funds (excluding any Liquidity Reserve Drawings made with reference to the relevant Note Payment Date), are less than the amount of interest due on the relevant Note Payment Date in respect of the Class A Notes and the Class B Notes following payment of all amounts paid senior to such interest in accordance with the relevant Priority of Payments and excluding any amounts payable in respect of:

(a) principal;

(b) interest amounts payable in respect of the Class C Notes and the Class D Notes;

(c) any Note Premium Amount; and

(d) any Allocated Note Prepayment Fee Amount.

An "**Expenses Shortfall**" will arise if, on any Calculation Date, the amount by which the aggregate of the sum of all amounts due in accordance with items (a) to (e) of the Pre Note Enforcement Notice Interest

Priority of Payments on the relevant Note Payment Date is less than the funds available to the Issuer on that day (excluding any Liquidity Reserve Drawing made with respect to that Note Payment Date) to make payment of such amounts.

The Issuer (on the basis of the Calculation Agent Quarterly Report produced by the Calculation Agent) will make a drawing pursuant to the Liquidity Reserve Facility Agreement in an amount equal to any relevant Expenses Shortfall (an "**Expenses Drawing**") and/or any relevant Interest Shortfall (an "**Interest Drawing**") on the Note Payment Date immediately following the receipt of notice from the Calculation Agent of an Interest Shortfall or Expenses Shortfall, as appropriate.

The Issuer shall use the proceeds of any Interest Drawing in making payments of interest to the Class A Noteholders and the Class B Noteholders in accordance with the relevant Priority of Payments.

*Property Protection Shortfall*

A "**Property Protection Shortfall**" will arise if, on any day any Transaction Obligor does not comply with its obligations in respect of maintaining insurance under the relevant Facilities Agreement and there are insufficient funds available in the relevant Borrowers' accounts to pay amounts to remedy or rectify such breach. A Property Protection Shortfall may be an amount identified as such by the Primary Servicer, as applicable, in a manner consistent with the relevant provisions of the Master Servicing Agreement.

The Primary Servicer or the Special Servicer (as applicable) may direct the Issuer to make the relevant payment if certain additional requirements have been met (such payment being, a "**Property Protection Advance**"). (See "*Key Terms of the Servicing Arrangements*" for further details.)

On the occurrence of a Property Protection Shortfall, the Primary Servicer will notify the Calculation Agent and the Issuer of the existence of any such Shortfall that has arisen on any Calculation Date.

The Issuer will make a withdrawal from the Issuer Liquidity Reserve Account in an amount equal to the relevant Property Protection Advance (the "**Property Protection Drawing**") on any given Business Day falling no less than 2 Business Days after receipt of notice from the Primary Servicer or the Special Servicer (as applicable) of a Property Protection Shortfall.

An Expenses Drawing, an Interest Drawing and a Property Protection Drawing are each referred to as a "**Liquidity Reserve Drawing**". An Interest Drawing will not be made to pay principal, any Allocated Note Prepayment Fee Amount, any amount of interest in respect of the Class C Notes and the Class D Notes, or any amounts owed to the Original Lender under the relevant Priority of Payments.

***Priority of Payments***

All payments due to the Liquidity Reserve Facility Provider under the Liquidity Reserve Facility Agreement (other than in respect of any Liquidity Reserve Subordinated Amounts) will rank ahead of payments of interest and repayments of principal on the Notes.

"**Liquidity Reserve Subordinated Amounts**" means any amounts in respect of increased costs and tax gross up amounts payable to the Liquidity Reserve Facility Provider to the extent that such amounts exceed (and for the amount of such excess only) one per cent. of the Original Liquidity Reserve Amount or, if lower, the Adjusted Liquidity Reserve Amount.

For further information about the ranking of such payments, see Condition 6 (*Priority of Payments*).

***Re-crediting the Issuer Liquidity Reserve Account***

On each Note Payment Date, the Issuer is required to re-credit to the Issuer Liquidity Reserve Account an amount equal to any Liquidity Reserve Drawings which have been made prior to that Note Payment Date but which have not, as of that Note Payment Date, been re-credited to the Issuer Liquidity Reserve Account (the "**Outstanding Liquidity Reserve Drawings**") or, if less, the amount calculated as described in the following paragraph, by applying funds in accordance with the Pre Note Enforcement Notice Principal Priority of Payments, the Pre Note Enforcement Notice Interest Priority of Payments or the Post Note Enforcement Notice Priority of Payments (as applicable).

The amount the Issuer is required to re-credit to the Issuer Liquidity Reserve Account on any Note Payment Date is the lesser of:

(a) an amount equal to the Outstanding Liquidity Reserve Drawings on such Note Payment Date; and

(b) the lesser of:

(i) the amount of such Outstanding Liquidity Reserve Drawings which could be re-credited out of Interest Available Funds (excluding amounts on deposit in the Issuer Liquidity Reserve Account) on such Note Payment Date without a further Liquidity Reserve Drawing being required to be made in accordance with the Liquidity Reserve Facility Agreement on such Note Payment Date; and

(ii) the Permitted Rollover Drawing Amount.

The "**Permitted Rollover Drawing Amount**" means on any Note Payment Date, the amount which would be permitted to be drawn as a Liquidity Reserve Drawing on such date taking into account (i) any restriction on the ability to make a Liquidity Reserve Drawing on such date including as described under "*Drawstop*" below; and (ii) any repayment of the Liquidity Reserve Loan required to be made on that Note Payment Date as described under *"Repayment—Adjusted Liquidity Reserve Amount*" above, if the full amount of the Outstanding Liquidity Reserve Drawings were to be re-credited to the Issuer Liquidity Reserve Account on such Note Payment Date immediately prior to such Liquidity Reserve Drawing being made.

***Eligible Investments***

Pursuant to the Liquidity Reserve Facility Agreement, subject to the Issuer entering into a custody agreement which is fully compliant with the then applicable requirements of the Rating Agencies for debt securities rated at least at the same level as the then highest rated Class of Notes being entered into and a custody account being opened following a request by the Liquidity Reserve Facility Provider to the Issuer pursuant to the Liquidity Reserve Facility Agreement (and a copy of such request having been received by the Calculation Agent, the Calculation Agent (on behalf of the Issuer) will, if directed in writing by the Issuer (acting on the instructions of the Liquidity Reserve Facility Provider which may be given as a standing instruction), subject to the opening of a custody account in accordance with the Liquidity Reserve Facility Agreement, invest the amount standing to the credit of the Issuer Liquidity Reserve Account from time to time provided that such funds are equal to or exceed €250,000 (other than an amount of €250,000 which shall be retained on deposit in the Issuer Liquidity Reserve Account) in Eligible Investments.

"**Eligible Investment**" means:

(a) any senior, unsubordinated debt security, investment, commercial paper, deposit or other debt instrument (including, for the avoidance of doubt, a money market fund) issued by, or fully and unconditionally guaranteed by, an Eligible Institution, which:

(i) will be denominated in Euro;

(ii) will have a maturity date falling, or which are redeemable at par together with accrued unpaid interest, not later than one Business Day prior to the next following Calculation Date;

(iii) (except in the case of a deposit) will be in the form of notes or financial instruments having, as applicable:

(A) in the case of Eligible Investments with a maturity which is equal to or less than 30 calendar days, a long-term rating of at least BBB or a short-term rating of at least "F2" from Fitch and a long-term rating of at least "BBB (high)" or a short-term rating of at least "R-1 (low)" from DBRS; or

(B) in the case of Eligible Investments with a maturity which is longer than 30 calendar days a "AA-" long-term rating or an F1+ short-term rating (or its equivalent) by Fitch and a "AA (low)" long-term rating (or its equivalent) or "R-1 (middle)" by DBRS, as applicable, for their unguaranteed, unsecured and unsubordinated debt obligations,

or such lower short-term or, as applicable, long-term debt rating as is commensurate with the rating assigned to the Notes from time to time; and

(iv) provides for principal to be repaid in respect of such investment which is at least equal to the price paid to purchase such investment and does not fall to be determined by reference to any formula or index and is not subject to any contingency; and

(v) (except in the case of a deposit) qualifies as a "Portfolio Interest Obligation" or for some other exemption from United States withholding tax if such Eligible Investment is issued by a United States Eligible Institution; and

(b) repurchase transactions between the Issuer and the Eligible Institution in respect of which the obligations of the Eligible Institution to repurchase from the Issuer the underlying debt securities are senior and unsubordinated and rank pari passu with other senior and unsubordinated debt obligations of the Eligible Institution; and

(c) with respect to paragraph (a) above, if no DBRS rating is available, the DBRS Minimum Equivalent Rating will apply.

No amount standing to the credit of the Issuer Liquidity Reserve Account shall be invested in Eligible Investments:

(d) during the period from the date that is one Business Day prior to each Note Payment Date to the date that is one Business Day after each Note Payment Date;

(e) following the occurrence of a Liquidity Reserve Facility Prepayment Trigger Event;

(f) after the delivery by the Issuer of a notice of prepayment pursuant to the Liquidity Reserve Facility Agreement; or

(g) if a Property Protection Drawing has been requested and the balance of the amounts standing to the credit of the Issuer Liquidity Reserve Account at that time is not sufficient to cover such requested Property Protection Drawing.

***Drawstop***

Under the terms of the Liquidity Reserve Facility Agreement, a Liquidity Reserve Drawing cannot be made out of the Issuer Liquidity Reserve Account if, on the date of the proposed withdrawal, the aggregate value of the Properties (based on the Initial Valuations or, as applicable, the most recent Servicer Valuation) is less than the aggregate of (A)(i) all unpaid costs and expenses due to the Finance Parties under the Facilities Agreements (including any due to any receiver or delegate), (ii) all amounts due or accrued which are payable but unpaid to the Liquidity Reserve Facility Provider under the Liquidity Reserve Facility Agreement (other than Liquidity Reserve Subordinated Amounts) together with, if on the relevant date, full amount of the Liquidity Reserve Loan is not due and payable, the amount of any Liquidity Reserve Drawing which is outstanding on that date or to be drawn on that date and, in each case, all amounts ranking in priority thereto in the Pre Note Enforcement Notice Interest Priority of Payments to the extent not already referred to under (A)(i) above and excluding any Indemnified Loss payable thereunder, in each case, if such date is not a Note Payment Date, as at the immediately following Note Payment Date, such aggregate of (i) and (ii) multiplied by three and (B) any Indemnified Loss due and unpaid, ranking in priority to all amounts due or accrued but unpaid to the Liquidity Reserve Facility Provider under the Liquidity Reserve Facility Agreement (other than Liquidity Reserve Subordinated Amounts) under the Pre Note Enforcement Notice Interest Priority of Payments.

"**Indemnified Loss**" means any amount payable by the Issuer to an Other Issuer Creditor pursuant to an indemnity for any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges other than Tax on the net income profit or gains of the relevant indemnified party) and including any irrecoverable VAT or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.

***The Liquidity Reserve Facility Provider***

The Liquidity Reserve Facility Provider is Deutsche Bank AG, London Branch at its offices at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

The information contained in this section entitled "*The Liquidity Reserve Facility Provider*" with respect to the Liquidity Reserve Facility Provider has been obtained from it. Delivery of this Offering Circular will not create any implication that there has been no change in the affairs of the Liquidity Reserve Facility Provider since the date hereof or that the information contained or referred to herein is correct as of any time subsequent to this date.

### G **The Corporate Services Agreement**

Under the Corporate Services Agreement entered into on or about the Issue Date between the Issuer, the Corporate Servicer and the Representative of the Noteholders, the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer in relation to the Securitisation.

The Corporate Services Agreement and any non – contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

### H **The Quotaholder's Agreement**

On or about the Issue Date, the Issuer, the Quotaholder, the Original Lender and the Representative of the Noteholders entered into the Quotaholder's Agreement whereby the Quotaholder has, inter alia, assumed certain undertakings in relation to the management of the Issuer and the exercise of its rights as quotaholder.

The Quotaholder's Agreement and any non – contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

### J **Master Definitions Agreement**

Pursuant to the Master Definitions Agreement, the definitions and interpretations of certain terms and expressions used in the Issuer Transaction Documents have been agreed by the parties to the Issuer Transaction Documents.

## THE ISSUER ACCOUNTS STRUCTURE

The Issuer has opened and, subject to the terms of the Issuer Transaction Documents, shall at all times maintain the following accounts:

A **Issuer Collection Account**

"**Issuer Collection Account**" means the Euro denominated account established in the name of the Issuer with the Issuer Account Bank, as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

***Into the Issuer Collection Account:***

(a) Any Receivables (other than the amounts described under "*Into the Issuer Payments Account*" below) received from a Borrower under or in relation to the Loan Portfolio and/or daily upon receipt thereof, any amounts recovered by the Master Servicer or the Delegate Servicer, as the case may be, under or in relation to the Loan Portfolio; and

(b) any interest accrued on the Issuer Collection Account.

***Out of the Issuer Collection Account:***

Any amounts standing to the credit of the Issuer Collection Account to the Issuer Payments Account, on the Business Day immediately preceding the relevant Note Payment Date.

B **Issuer Payments Account**

"**Issuer Payments Account**" means the Euro denominated account established in the name of the Issuer with the Issuer Account Bank or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

***Into the Issuer Payments Account:***

(a) On the Issue Date, (i) the proceeds of the issue of the Notes, as payment of the Purchase Price, and (ii) any amount received by the Borrowers on the Issue Date as Retention Amount, Issuer Liquidation Expenses Amount, refund of Initial Expenses and any other up-front costs;

(b) any amount received under the Issuer Transaction Documents that are not expressed to be paid to a different Issuer Account;

(c) any Liquidity Reserve Drawings;

(d) on the Business Day immediately preceding the relevant Note Payment Date, (i) the balance transferred from the Issuer Collection Account and related to the immediately preceding Collection Period, and (ii) the amount transferred from the Issuer Liquidity Reserve Account as described under "*Issuer Liquidity Reserve Account*" below;

(e) on the second Business Day prior to the Note Payment Date on which all the Notes are redeemed in full or otherwise cancelled, the balance transferred from the Issuer Expenses Account;

(f) any interest accrued on the Issuer Payments Account; and

(g) on each Interest Payment Date, any amount received from the Borrowers as refund of the ongoing costs relating to the Securitisation in accordance with the Facilities Agreements.

***Out of the Issuer Payments Account:***

(a) On the Issue Date, (i) firstly, to pay the Initial Expenses and any other fees, costs and expenses due on that date by the Issuer, (ii) secondly, to pay the Purchase Price under the Loan Portfolio Sale Agreement to the Loan Transferor, each as set out in the relevant Issuer Transaction Documents;

(b) on the Issue Date, to transfer an amount equal to the Retention Amount and the Issuer Liquidation Expenses Amount into the Issuer Expenses Account;

(c) on each Note Payment Date for so long as the Paying Agent and the Issuer Account Bank are the same entity, to make payments to the Noteholders through the Monte Titoli system in accordance with the relevant Priority of Payments and the relevant Calculation Agent Quarterly Report, it being understood that, for so long as the Paying Agent and the Issuer Account Bank are not the same entity, one Business Day prior to each Note Payment Date, the Issuer Account Bank shall pay the amount specified in the Calculation Agent Quarterly Report to the relevant Paying Agent;

(d) on each Note Payment Date, to make payments to the Other Issuer Creditors other than the Noteholders in accordance with the relevant Priority of Payments and the relevant Calculation Agent Quarterly Report or Note Event of Default Report, as the case may be;

(e) on each Note Payment Date, in accordance with the relevant Priority of Payments, to transfer the amounts necessary (if any) to replenish the Issuer Expenses Account up to the Retention Amount and to credit amounts to the Issuer Liquidity Reserve Account in the amount required pursuant to the Liquidity Reserve Facility Agreement; and

(f) on the Note Payment Date on which all the Notes are redeemed in full or otherwise cancelled, an amount calculated by the Corporate Servicer to be used to pay any expenses relating to all the Issuer's obligations towards any third party creditors (other than the Noteholders and the Other Issuer Creditors) accruing until the liquidation of the Issuer and connected with the Securitisation.

C **Issuer Expenses Account**

"**Issuer Expenses Account**" means the Euro denominated account established in the name of the Issuer with the Issuer Account Bank, or such other substitute account opened in accordance with the Cash Allocation, Management and Payments Agreement.

***Into the Issuer Expenses Account:***

(a) On the Issue Date, an amount equal to the Retention Amount and the Issuer Liquidation Expenses Amount;

(b) on each Note Payment Date falling thereafter, an amount to bring the balance (if necessary) of the Issuer Expenses Account up to (but not in excess of) the Retention Amount in accordance with the Priority of Payments;

(c) on the Note Payment Date on which all the Notes are redeemed in full or otherwise cancelled, the amount calculated by the Corporate Servicer to be used to pay any expenses relating to all the Issuer's obligations towards any third party creditors (other than the Noteholders and the Other Issuer Creditors) accruing until the liquidation of the Issuer and connected with the Securitisation; and

(d) any interest accrued on the Issuer Expenses Account.

***Out of the Issuer Expenses Account:***

(a) Any amounts standing to the credit of the Issuer Expenses Account (other than, prior to the liquidation of the Issuer, the Issuer Liquidation Expenses Amount) will be used for paying the Issuer Expenses during a Note Interest Period;

(b) on the second Business Day immediately preceding the Note Payment Date on which all the Notes are redeemed in full or otherwise cancelled, all the funds then standing to the credit of the Issuer Expenses Account (other than, prior to the liquidation of the Issuer, the Issuer Liquidation Expenses Amount) to the Issuer Payments Account; and

(c) after the Note Payment Date on which all the Notes are redeemed in full or otherwise cancelled, any amount to party creditors (other than the Noteholders and the Other Issuer Creditors) due by the Issuer until its liquidation and connected with the Securitisation.

"**Issuer Liquidation Expenses Amount**" means an amount to be estimated by the Corporate Servicer on or prior to the Issue Date representing the expected liquidation expenses of the Issuer to be deposited into the Issuer Expenses Account on the Issue Date.

It is understood that at the Final Maturity Date the amount credited into the Issuer Expenses Account could be adjusted as a consequence of new, updated, unexpected or incidental events or outcomes. For avoidance of doubts, the Issuer Liquidation Expenses Amount does not include the final fee that could be borne by the Issuer for the unwinding of the Securitisation towards to any creditors, neither the amount to be credited/debited to the Issuer Expenses Account to replenish the balance of the advances occurred between the Issuer and the Securitisation.

D **Issuer Liquidity Reserve Account**

"**Issuer Liquidity Reserve Account**" means the Euro denominated account established in the name of the Issuer with the Issuer Account Bank, as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Liquidity Reserve Facility Agreement.

***Into the Issuer Liquidity Reserve Account:***

(a) On the Issue Date the Original Liquidity Reserve Amount provided to the Issuer by the Liquidity Reserve Facility Provider;

(b) any amounts re-credited to the Issuer Liquidity Reserve Account in accordance with the Liquidity Reserve Facility Agreement;

(c) any interest earned from Eligible Investments and any proceeds received on maturity, sale or other disposal of Eligible Investments.

***Out of the Issuer Liquidity Reserve Account:***

(a) Any Liquidity Reserve Drawings that are required to be made and any amounts repaid to the Liquidity Reserve Facility Provider in accordance with the Liquidity Reserve Facility Agreement;

(b) at any time, as requested by the Liquidity Reserve Facility Provider, any amounts required to be applied in order to executed Eligible Investments in accordance with the provisions of the Liquidity Reserve Facility Agreement;

(c) on the Business Day immediately preceding the relevant Note Payment Date any amount of interest earned from Eligible Investments (and any proceeds received on maturity, sale or other disposal of Eligible Investments) made pursuant to the Liquidity Reserve Facility Agreement should be transferred to the Issuer Payments Account..

E **Quota Capital Account**

"**Quota Capital Account**" means the Euro denominated account established in the name of the Issuer with the Issuer Account Bank (IBAN: IT 12 A 03479 01600 000802301504), or such other substitute account opened in accordance with the Cash Allocation, Management and Payments Agreement, which shall be at all times maintained, until the earlier of (i) the date upon which any Notes have been redeemed in full or cancelled and (ii) the Final Maturity Date, for the deposit of its quota capital. The Quota Capital Account will not be closed until the date on which the Issuer is liquidated.

The Issuer Account Bank will be required at all times to be an Eligible Institution. Should the Issuer Account Bank cease to be an Eligible Institution, the Issuer Accounts held with it will be transferred to another Eligible Institution within 30 calendar days from the date on which the Issuer Account Bank ceased to be an Eligible Institution.

## WEIGHTED AVERAGE LIFE OF THE NOTES

The weighted average life of a Note refers to the average amount of time that will elapse from the date of its issuance until each Euro allocable to principal of such Note is distributed to the investor. For the purposes of this Offering Circular, the weighted average life of a Note is determined by (a) multiplying the amount of each principal distribution thereon by the number of years from the Issue Date to the related Note Payment Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in the Principal Amount Outstanding of such Note. Accordingly, the weighted average life of any such Note will be influenced by, among other things, the rate at which principal of the Loans is repaid or otherwise collected or advanced and the extent to which such payments, collections or advances of principal are in turn applied in reduction of the Principal Amount Outstanding of the Class of Notes to which such Note belongs.

For the purposes of preparing the following tables, it was assumed that:

(a) the initial Principal Amount Outstanding of, and the interest rates for, each Class of Notes are as set forth herein;

(b) the scheduled quarterly payments for the Loans are based on scheduled quarterly principal (assuming funds are available therefore) and interest payments;

(c) all scheduled quarterly payments are assumed to be timely received on the due date of each quarter commencing on the first Note Payment Date;

(d) there are no delinquencies or losses in respect of the Loans, there are no extensions of maturity in respect of the Loans and there are no casualties or compulsory purchases affecting the Properties;

(e) no prepayments are made on the Loans (except as otherwise assumed in the Scenarios);

(f) the Issuer has not exercised the rights of optional redemption described herein and in Conditions 8.3 (*Optional redemption*) and 8.4 (*Optional redemption for taxation reasons*) of the Conditions, as applicable;

(g) there are no additional unanticipated Administrative Fees and expenses;

(h) principal and interest payments on the Notes are made on each Note Payment Date, commencing in August 2019;

(i) the prepayment provisions for the Loans are as set forth in this Offering Circular, assuming the term for the prepayment provisions begin on the first Interest Payment Date;

(j) the Hedging Documents remain in place in accordance with their terms, the relevant Borrower Hedge Counterparty makes timely payment of all amounts due under the relevant Hedging Document;

(k) the Issue Date is on or about 6 June 2019;

(l) no Note Enforcement Notice has been served; and

(m) the weighted average lives of the Notes have been calculated on an actual/360 basis.

Assumptions (a) through (m) above are collectively referred to as, the "**Modelling Assumptions**".

**Scenario 1**: it is assumed that each Loan is repaid in full on the fully extended relevant Repayment Date.

**Scenario 2**: it is assumed that each Loan is prepaid in full on the first Interest Payment Date on which prepayments can be made without any prepayment fees.

Scenarios 1 and 2 are collectively referred to herein as the "**Scenarios**".

Based on the Modelling Assumptions, the following tables indicate the resulting weighted average lives of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, and set forth the percentage of the initial Principal Amount Outstanding of each such Class of Notes that would be outstanding after the

Issue Date and on each Note Payment Date, after repayment or prepayment, as applicable, of principal paid in that period, occurring in February, May, August and November of each year until the Final Maturity Date.

| | Class A | | Class B | | Class C | | Class D | |
|---|---|---|---|---|---|---|---|---|
| **Note Payment Date** | **Scenario 1** | **Scenario 2** | **Scenario 1** | **Scenario 2** | **Scenario 1** | **Scenario 2** | **Scenario 1** | **Scenario 2** |
| Closing | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| 22-Aug-19 | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| 22-Nov-19 | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| 22-Feb-20 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-May-20 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Aug-20 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Nov-20 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Feb-21 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-May-21 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Aug-21 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Nov-21 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Feb-22 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-May-22 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Aug-22 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Nov-22 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Feb-23 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-May-23 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Aug-23 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Nov-23 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Feb-24 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-May-24 | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% |
| 22-Aug-24 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 22-Nov-24 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 22-Feb-25 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 22-May-25 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 22-Aug-25 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 22-Nov-25 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 22-Feb-26 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 22-May-26 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 22-Aug-26 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes. In these Conditions, references to the "holder" of a Note and to the "Noteholders" are to the ultimate owners of the Notes, dematerialised and evidenced by book entries with Monte Titoli in accordance with the provisions of (i) article 83-*bis *of the Financial Laws Consolidation Act and (ii) the Joint Regulation, as subsequently amended and supplemented from time to time. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules, attached as an Exhibit to, and forming part of, these Conditions.*

The €122,000,000 Class A Commercial Mortgage Backed Notes due 2031 (the "**Class A Notes**"), the €39,600,000 Class B Commercial Mortgage Backed Notes due 2031 (the "**Class B Notes**"), the €41,400,000 Class C Commercial Mortgage Backed Notes due 2031 (the "**Class C Notes**") and the €19,230,000 Class D Commercial Mortgage Backed Notes due 2031 (the "**Class D Notes**" and, together with the Class A Notes, the Class B Notes and the Class C Notes, the "**Notes**") will be issued by the Issuer on the Issue Date pursuant to the Italian Securitisation Law to finance the purchase of the Loan Portfolio from the Original Lender pursuant to the Loan Portfolio Sale Agreement. The principle source of payment of interest and repayment of principal due and payable in respect of the Notes will be collections and recoveries made in respect of the Loans.

Any reference below to a "*Class*" of Notes or a "*Class*" of Noteholders shall be a reference to the Notes or to the respective ultimate owners thereof.

### 1. INTRODUCTION

#### 1.1 Noteholders deemed to have notice of Issuer Transaction Documents

The Noteholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Issuer Transaction Documents (described below).

#### 1.2 Provisions of Conditions subject to Issuer Transaction Documents

Certain provisions of these Conditions include summaries of, and are subject to, the detailed provisions of the Issuer Transaction Documents.

#### 1.3 Copies of Issuer Transaction Documents available for inspection

Copies of the Issuer Transaction Documents (other than the Subscription Agreement) are available for inspection by the Noteholders during normal business hours at the registered office of the Issuer, being as at the Issue Date, at the registered office of the Representative of the Noteholders, being, as at the Issue Date, Milan, Vittorio Betteloni 2 - Rome, Milan, Italy, and at the Specified Office of the Paying Agent, being, as at the Issue Date, Piazza Lina Bo Bardi 3, 20124 Milan (Italy).

#### 1.4 Description of Issuer Transaction Documents

(a) Pursuant to the Subscription Agreement, the Lead Manager has agreed to subscribe for the Notes and has appointed the Representative of the Noteholders to perform the activities described in the Subscription Agreement, these Conditions, the Rules and the other Issuer Transaction Documents.

(b) Pursuant to the Master Servicing Agreement and the Delegate Servicing Agreement, the Master Servicer and the Delegate Servicer have agreed to administer, service and recover amounts in respect of the Loans on behalf of the Issuer. The Master Servicer will be the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento* pursuant to the Italian Securitisation Law and will be responsible for ensuring that such transactions comply with the provisions of article 2.3(c) and article 2.6 of the Italian Securitisation Law.

(c) Pursuant to the Corporate Services Agreement, the Corporate Servicer has agreed to provide to the Issuer certain services in relation to the management of the Issuer.

(d) Pursuant to the Cash Allocation, Management and Payments Agreement, the Calculation Agent, the Paying Agent, the Information Agent, the Issuer Account Bank, the Master Servicer, the Delegate Servicer and the Corporate Servicer have agreed to provide the Issuer with certain calculation, notification, reporting and agency services together with account handling, cash management and payment services in relation to moneys from time to time standing to the credit of the Issuer Accounts. The Cash Allocation, Management and Payments Agreement also contains provisions relating to, *inter alia*, the payment of principal and interest in respect of the Notes.

(e) Pursuant to the Monte Titoli Mandate Agreement, Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Notes.

(f) Pursuant to the Intercreditor Agreement, provision is made as to the order of application of Issuer Available Funds and the circumstances under which the Representative of the Noteholders will be entitled to exercise certain of the Issuer's Rights in respect of the Loan Portfolio and the Issuer Transaction Documents.

(g) Pursuant to the Liquidity Reserve Facility Agreement, the Liquidity Reserve Facility Provider has agreed to grant a facility to the Issuer in order to make good any Interest Shortfall, Expenses Shortfall or Property Protection Shortfall.

(h) Pursuant to the Quotaholder's Agreement, certain rules have been set forth in relation to the corporate management of the Issuer.

(i) Pursuant to the Master Definitions Agreement, the definitions and interpretations of certain terms and expressions used in the Issuer Transaction Documents have been agreed by the parties to the Issuer Transaction Documents.

1.5 **Acknowledgement**

Each Noteholder, by reason of holding Notes, acknowledges and agrees that the Lead Manager shall not be liable in respect of any loss, liability, claim, expenses or damages suffered or incurred by any of the Noteholders as a result of the performance by Zenith Services S.p.A, or any successor thereof of its duties as Representative of the Noteholders as provided for in the Issuer Transaction Documents.

## 2. DEFINITIONS AND INTERPRETATION

### 2.1 Definitions

In these Conditions the terms set out below have the following meanings:

"**Adjusted Liquidity Reserve Amount**" means the amount calculated in accordance with the following formula:

A*(B/C)

where:
**A =** the Original Liquidity Reserve Amount;
**B =** the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes (taking into account any repayment of principal made or to be made on such Note Payment Date); and
**C =** the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes as of the Issue Date.

"**Administrative Fees**" means the following fees and expenses to be paid by the Issuer to the Other Issuer Creditors:

| Type of Fee | Amount of Fee | Priority in Cashflow | Frequency |
|---|---|---|---|
| **Primary Servicing Fees** | €25,000 if the Primary Services are performed by an entity other than the Facility Agent [3] (plus VAT if applicable) | Ahead of all outstanding Notes | Facility Agent Fee payable quarterly in advance on each Interest Payment Date |
| **Special Servicing Fees** | 0.15 per cent. per annum of outstanding principal balance of each Loan while it is a Specially Serviced Loan (exclusive of VAT) | Ahead of all outstanding Notes | Payable on each Interest Payment Date for such period that a Loan is designated a Specially Serviced Loan |
| **Liquidation Fee** | 0.50 per cent. of Liquidation Proceeds (exclusive of VAT) | Ahead of all outstanding Notes | Payable on each Note Payment Date that a Loan is a Specially Serviced Loan to the extent liquidation proceeds are received |
| **Workout Fee** | 0.50 per cent. of interest and principal collections on each Loan while it is a Corrected Loan | Ahead of all outstanding Notes | Payable on each Note Payment Date |
| **Other fees and expenses of the Issuer** | Estimated at 0.07 per cent. per annum (exclusive of VAT) | Ahead of all outstanding Notes | Various |

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Allocated Note Prepayment Fee Amount**" has the meaning ascribed to such term in Condition 8.2 (*Mandatory redemption and Loan Prepayment Fee Amounts*).

"**Borrower Affiliate**" means a Borrower and each of their respective Affiliates and:

(a) any trust of which either a Borrower or any of its respective Affiliates is a trustee;

(b) any partnership of which either a Borrower or any of its respective Affiliates is a partner;

(c) any trust, fund or other entity which is managed or advised by, or is under the control of, a Borrower or any of its respective Affiliates; and

(d) any trust, fund or other entity which is managed or advised by the same investment manager or investment adviser as a Borrower or any of its respective Affiliates or, if it is managed by a different investment manager or investment adviser, any trust, fund or other entity whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of a Borrower or any of its respective Affiliates,

[3] The Primary Servicing Fee will be €0 for so long as the Delegate Primary Servicer and Facility Agent are the same entity. The aggregate fees payable to the Facility Agent under the Facilities Agreements is €50,000 (excluding VAT) per annum.

**provided that** any such trust, fund or other entity which has been established for at least 6 months solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by a Borrower or any of its Affiliates otherwise included under this definition shall not constitute a Borrower Affiliate.

"**Borrowers**" means the Palmanova Borrower and the Franciacorta Borrowers, and a "**Borrower**" means each of these.

"**Business Day**" means, a day (other than a Saturday or Sunday) on which banks are open for general business in London, Luxembourg and Milan and which is a TARGET Day.

"**Calculation Agent**" means Zenith Service S.p.A., or any other person for the time being acting as Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

"**Calculation Agent Quarterly Report**" means the report to be prepared by the Calculation Agent on the Calculation Date to deliver to the Issuer, the Master Servicer, the Delegate Servicer, the Corporate Servicer and the Rating Agencies in respect of the current Note Interest Period in which it will notify the recipients of, among other things, all amounts received in the Issuer Accounts, all payments to be made and any other apportionments to be made with respect thereto on the immediately following Note Payment Date including but not limited to:

(a) any interest and principal payable in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;

(b) any Administrative Fees;

(c) any Note Premium Amount;

(d) any Allocated Note Prepayment Fee Amount;

(e) any payment of Deferred Interest;

(f) the Class D Adjusted Note Interest Payment Amount;

(g) any Liquidity Reserve Drawings; and

(h) any amounts to be paid to the Liquidity Reserve Facility Provider including any interest on the Liquidity Reserve Drawings.

"**Calculation Date**" means the date falling 4 Business Days prior to the Note Payment Date on which the Calculation Agent is required to determine all amounts due in accordance with the relevant Priority of Payments on the forthcoming Note Payment Date and the amounts available to make such payments and shall deliver the Calculation Agent Quarterly Report.

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement dated on or about the Issue Date entered into between the Issuer, the Master Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Issuer Account Bank, the Delegate Servicer, the Paying Agent and the Information Agent.

"**Class**" shall be a reference to a class of Notes being the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes and "**Classes**" shall be construed accordingly.

"**Class A Noteholder**" means a holder for the time being of the Class A Notes.

"**Class A Principal Payment Amount**" has the meaning ascribed to such term in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

"**Class B Noteholder**" means a holder for the time being of the Class B Notes.

"**Class B Principal Payment Amount**" has the meaning ascribed to such term in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

"**Class C Noteholder**" means a holder for the time being of the Class C Notes.

"**Class C Principal Payment Amount**" has the meaning ascribed to such term in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

"**Class D Noteholder**" means a holder for the time being of the Class D Notes.

"**Class D Principal Payment Amount**" has the meaning ascribed to such term in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

"**Clean-up Option Date**" means any Note Payment Date on which the aggregate Outstanding Principal of the Loans is equal to or less than 10 per cent. of the aggregate Outstanding Principal of the Loans as at the most recent Note Payment Date.

"**Clearstream**" means Clearstream Banking, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

"**Collection Period**" means a period which starts one day after an Interest Payment Date and ends on the next Interest Payment Date, except in respect of the first Collection Period, which commences on (and including) the Utilisation Date and ends on an Interest Payment Date falling in August 2019.

"**Company**" has the meaning ascribed to such term in each Facilities Agreement.

"**Conditions**" means the terms and conditions of the Notes, as from time to time modified in accordance with the provisions herein contained and including any agreement or other document expressed to be supplemental thereto and any reference to a particular numbered Condition shall be construed in relation to the Notes accordingly.

"**Control Valuation Event**" has the meaning ascribed to such term in Condition 18 (*Controlling Class*).

"**CONSOB**" means *Commissione Nazionale per le Società e la Borsa*.

"**Consolidated Banking Act**" means Italian Legislative Decree number 385 of 1 September 1993, as amended and supplemented from time to time.

"**Controlling Class**" means the most junior Class of Notes outstanding if it meets the Controlling Class Test.

"**Controlling Class Test**" means the test which the Controlling Class will be subjected to at the relevant time, which will be met if:

(a) the Class of Notes has a total Principal Amount Outstanding which is not less than 25 per cent. of the Principal Amount Outstanding of such Class of Notes on the Issue Date;

(b) a Control Valuation Event is not continuing with respect to such Class of Notes; and

(c) such Class does not consist entirely of Noteholders who are Disenfranchised Noteholders.

"**Corporate Servicer**" means Zenith Service S.p.A., or any other person for the time being acting as Corporate Servicer pursuant to the Corporate Services Agreement.

"**Corporate Services Agreement**" means the corporate services agreement entered into on or about the Issue Date between the Issuer and the Corporate Servicer.

"**Corrected Loan**" means, after a Loan has become a Specially Serviced Loan, discontinuance of any event which would constitute a monetary Special Servicer Transfer Event for two consecutive Loan Interest Periods and the facts giving rise to any other Special Servicer Transfer Event with respect to the relevant Loan having ceased to exist and, in the opinion of the Special Servicer (acting in good faith), no other matter existing which would give rise to such Loan becoming a Specially Serviced Loan during the current or immediately succeeding Loan Interest Period.

"**DBRS Minimum Equivalent Rating**" means:

(a) if a Fitch public rating, a Moody's public rating and an S&P public rating in respect of the relevant company or the relevant investment, as applicable, (each, a "**Public Long Term Rating**") are all available at such date, the DBRS Minimum Equivalent Rating will be such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then it will be considered one notch lower);

(b) if Public Long Term Ratings of the relevant company or the relevant investment, as applicable, are available only by any two of Fitch, Moody's and S&P at such date, the DBRS Minimum Equivalent Rating will be the lower of such Public Long Term Ratings (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then it will be considered one notch lower); and

(c) if a Public Long Term Rating is available only by any one of Fitch, Moody's and S&P at such date, the DBRS Minimum Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, it will be considered one notch lower).

If at any time the DBRS Minimum Equivalent Rating cannot be determined under subparagraphs (a) to (c) above, then it will be the rating that DBRS will confirm to the Issuer.

"**Decree 213**" means Legislative Decree number 213 of 24 June 1998, as amended and supplemented from time to time.

"**Decree 239**" means Italian Legislative Decree No. 239 of 1 April 1996.

"**Decree 239 Deduction**" means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree 239.

"**Default**" means a Loan Event of Default or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination under the applicable Finance Documents or any combination of the foregoing) be a Loan Event of Default.

"**Default Interest**" means any default interest due under a Facilities Agreement.

"**Delegate Servicer**" means CBRE Loan Services Limited or any other person for the time being acting as Delegate Servicer pursuant to the Delegate Servicing Agreement.

"**Delegate Servicing Agreement**" means a delegate servicing agreement entered into on or about the Issue Date between the Master Servicer and the Delegate Servicer.

"**Disenfranchised Noteholder**" means (i) the Issuer; (ii) any Obligor, (iii) the Sponsor, or (iv) any affiliate of the Issuer, any Obligor or the Sponsor.

"**Eligible Institution**" means any depository institution organised under the laws of any state which is a member of the European Economic Area:

(a) in the case of Fitch, whose long-term issuer default rating is at least "BBB" by Fitch or short-term issuer default rating is at least "F2" by Fitch; and

(b) in the case of DBRS:

(i) if DBRS has assigned a long-term COR to the relevant institution, a rating that is the higher of:

(A) the DBRS rating that is one notch below such COR for the relevant institution; and

(B) the issuer rating or long-term senior unsecured debt or deposit rating from DBRS for the relevant institution;

in each case as is commensurate with the ratings assigned to the Notes from time to time as set out in the table in paragraph (b)(ii) below); or

(ii) if a long-term COR is not available from DBRS for the relevant institution, an issuer rating or long-term senior unsecured debt or deposit rating from DBRS for the relevant institution (whichever is the higher) as is commensurate with the ratings assigned to the Notes from time to time as set out in the table below;

| **Current rating of the Most Senior Class of Notes outstanding** | **DBRS minimum rating** |
|---|---|
| AA (sf) | "**BBB (high)**" |
| AA (low) (sf) | "**BBB (high)**" |
| A (high) (sf) | "**BBB**" |
| A (sf) | "**BBB (low)**" |
| A (low) (sf) | "**BBB (low)**" |
| BBB (high) (sf) | "**BBB (low)**" |
| BBB (sf) | "**BBB (low)**" |

(iii) to the extent that no DBRS rating is available, the DBRS Minimum Equivalent Rating shall apply to the DBRS rating as is commensurate with the ratings assigned to the Notes from time to time as set out in the table in paragraph (b)(ii) above.

"**Eligible Investment**" means:

(a) any senior, unsubordinated debt security, investment, commercial paper, deposit or other debt instrument (including, for the avoidance of doubt, a money market fund) issued by, or fully and unconditionally guaranteed by, an Eligible Institution, which:

(i) will be denominated in Euro;

(ii) will have a maturity date falling, or which are redeemable at par together with accrued unpaid interest, not later than one Business Day prior to the next following Calculation Date;

(iii) (except in the case of a deposit) will be in the form of notes or financial instruments having, as applicable:

(A) in the case of Eligible Investments with a maturity which is equal to or less than 30 calendar days, a long-term rating of at least BBB or a short-term rating of at least "F2" from Fitch and a long-term rating of at least "BBB (high)" or a short-term rating of at least "R-1 (low)" from DBRS; or

(B) in the case of Eligible Investments with a maturity which is longer than 30 calendar days a "AA-" long-term rating or an F1+ short-term rating (or its equivalent) by Fitch and a "AA (low)" long-term rating (or its equivalent) or "R-1 (middle)" by DBRS, as applicable, for their unguaranteed, unsecured and unsubordinated debt obligations,

or such lower short-term or, as applicable, long-term debt rating as is commensurate with the rating assigned to the Notes from time to time; and

(iv) provides for principal to be repaid in respect of such investment which is at least equal to the price paid to purchase such investment and does not fall to be

determined by reference to any formula or index and is not subject to any contingency; and

(v) (except in the case of a deposit) qualifies as a "Portfolio Interest Obligation" or for some other exemption from United States withholding tax if such Eligible Investment is issued by a United States Eligible Institution; and

(b) repurchase transactions between the Issuer and the Eligible Institution in respect of which the obligations of the Eligible Institution to repurchase from the Issuer the underlying debt securities are senior and unsubordinated and rank pari passu with other senior and unsubordinated debt obligations of the eligible institution; and

(c) with respect to paragraph (a) above, if no DBRS rating is available, the DBRS Minimum Equivalent Rating will apply.

"**Eligible Letter of Credit-Capex**" means an Eligible Letter of Credit issued in connection with a Permitted Capex Project.

"**Eligible Letter of Credit-Equity Cure**" means an Eligible Letter of Credit issued pursuant to the provisions described in "*Bank Accounts – Equity Cure*".

"**EURIBOR**" means:

(a) prior to the delivery of a Note Enforcement Notice, the Euro interbank offered rate administered by the European Money Market Institute (or any other person which takes over the administration of that rate) for three-month Euro deposits which appears on the display page designated EURIBOR 01 on Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) (except in respect of the first Note Interest Period, where an interpolated interest rate based on interest rates for three and six month deposits in Euro which appears on the display page designated EURIBOR 01 on Thomson Reuters will be substituted); or

(b) following the delivery of a Note Enforcement Notice, the Euro interbank offered rate administered by the European Money Market Institute (or any other person which takes over the administration of that rate) for Euro deposits applicable to any period in respect of which interest on the Notes is required to be determined which appears on a Thomson Reuters display page nominated and notified by the Representative of the Noteholders for such purpose or, if necessary, the relevant linear interpolation, as indicated by the Representative of the Noteholders in accordance with the Intercreditor Agreement; or

(c) in the case of (a) and (b), EURIBOR shall be determined by reference to such other page as may replace the relevant Thomson Reuters page on that service for the purpose of displaying such information; or

(d) in the case of paragraph (a) and (b) above, EURIBOR shall be determined, if the Thomson Reuters service ceases to display such information, by reference to such page as displays such information on such other service as may be nominated information vendor for the purpose of displaying comparable rates and approved by the Representative of the Noteholders,

(the rate determined in accordance with paragraphs (a) to (d) above being the "**Screen Rate**" or, in the case of the first Note Interest Period, the "**Additional Screen Rate**") at or about 11:00 a.m. (Brussels time) on the Note Interest Determination Date; and

(e) if the Screen Rate (or, in the case of the first Note Interest Period, the Additional Screen Rate) is unavailable at such time for Euro deposits for the relevant period, then the rate for any relevant period shall be:

(i) the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Paying Agent at its request by each of the Reference Banks as the rate at which deposits in Euro for the relevant period in a representative amount are offered by that Reference Bank to leading banks in the

Eurozone interbank market at or about 11.00 a.m. (Brussels time) on the Note Interest Determination Date; or

(ii) if only two of the Reference Banks provide such offered quotations to the Paying Agent, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Bank providing such quotations; or

(iii) if only one or none of the Reference Banks provides the Paying Agent with such an offered quotation, the relevant rate shall be the rate in effect for the immediately preceding period to which one of paragraphs (i) or (ii) above shall have applied,

and if any such rate is below zero, EURIBOR will be deemed to be zero.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Expected Note Maturity Date**" means:

(a) if no Extension Option Conditions are satisfied, the Initial Expected Note Maturity Date;

(b) if any of the Borrowers satisfies the First Extension Option Conditions but not the Second Extension Option Conditions or the Third Extension Option Conditions, the First Extended Expected Note Maturity Date;

(c) if any Borrower satisfies the First Extension Option Conditions and the Second Extension Option Conditions but not the Third Extension Option Conditions, the Second Extended Expected Note Maturity Date; and

(d) if any Borrower satisfies each of the Extension Option Conditions, the Third Extended Expected Note Maturity Date.

"**Expenses Drawing**" means a drawing made by the Calculation Agent, on behalf of the Issuer, from amounts on deposit in the Issuer Liquidity Reserve Account in an amount equal to any relevant Expenses Shortfall on any Note Payment Date.

"**Expenses Shortfall**" means, on any Calculation Date, the amount by which the aggregate of the sum of all amounts due in accordance with items (i) to (v) of the Pre Note Enforcement Notice Interest Priority of Payments on the relevant Note Payment Date is less than the funds available to the Issuer on that day (excluding any Liquidity Reserve Drawing made with respect to that Note Payment Date) to make payment of such amounts.

"**Extension Option Conditions**" means collectively the First Extension Option Conditions, the Second Extension Option Conditions and the Third Extension Option Conditions.

"**Extension Option Notice**" means a document substantially in the form set out in the applicable Facilities Agreement.

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in the Rules by a majority of not less than three quarters of the votes cast. For the purposes of determining the majority of votes cast at a Meeting of the Noteholders any Notes held by a Disenfranchised Noteholder, shall be treated as if they were not outstanding and shall not be counted in or towards any required majority.

"**Facility Agent**" means CBRE Loan Services Limited as facility agent under the Facilities Agreements.

"**Facility Agent Fee**" means any fee payable to the Facility Agent in accordance with the terms of the Finance Documents.

"**Facilities Agreements**" means each of the Palmanova Facilities Agreement and the Franciacorta Facilities Agreement.

"**Final Maturity Date**" means the Note Payment Date falling in 2031.

"**Final Recovery Determination**" means a determination by the Special Servicer acting in accordance with the Servicing Standard, that there has been a recovery of all principal, as a result of enforcement proceedings, undertaken in respect of a Loan and other payments or recoveries that, in the Primary Servicer or the Special Servicer's judgment will ultimately be recoverable with respect to a Loan, such judgment to be exercised in accordance with the Servicing Standard.

"**Finance Documents**" means each of the Palmanova Finance Documents or the Franciacorta Finance Documents, as applicable.

"**Finance Party**" means each of the Issuer, the Facility Agent, the Security Agent, the mandated lead arranger under a Finance Document and the underwriter under a Finance Document.

"**Financial Laws Consolidation Act**" means Italian Legislative Decree number 58 of 24 February 1998, as amended and supplemented from time to time.

"**First Extended Expected Note Maturity Date**" means the Note Payment Date falling in August 2022.

"**First Extended Repayment Date**" means, for each Loan, the Interest Payment Date falling in August 2022.

"**First Extension Option Conditions**" means, in respect of each Loan, each of the following conditions:

(e) the relevant Company has submitted an Extension Option Notice on any day during the First Extension Option Period;

(f) on both:

(i) the date of delivery of the Extension Option Notice; and

(ii) the Initial Repayment Date,

no Default for non payment is continuing under the applicable Facilities Agreement; and

(g) on or prior to the Initial Repayment Date, Hedging Documents are entered into that comply with the provisions of the applicable Facilities Agreement or, as the case may be, Hedging Documents are amended such that the provisions of the applicable Facilities Agreement are complied with, in each case, in respect of the period from the Initial Repayment Date to the First Extended Repayment Date.

"**First Extension Option Period**" means, for each Loan, the period commencing on the date falling 90 days prior to the Initial Repayment Date and ending on the date falling 10 Business Days prior to the Initial Repayment Date.

"**Franciacorta Borrower**" means each of Franciacorta Retail S.r.l. and Frankie Retail Holdco S.r.l.

"**Franciacorta Facilities Agreement**" means the agreement dated 3 May 2019 between, amongst others, the Franciacorta Borrowers, the Franciacorta Guarantors, Deutsche Bank AG, London Branch as the Original Lender, the Facility Agent and the Security Agent.

"**Franciacorta Finance Document**" has the meaning ascribed to the term "Finance Document" in the Franciacorta Facilities Agreement.

"**Franciacorta Guarantor**" means each of Frankie Holdco S.à r.l., Frankie Bidco S.à r.l. and Frankie Retail Holdco S.r.l.

"**Franciacorta Loan**" means €167,245,000 aggregate loan which the Franciacorta Borrowers borrowed pursuant to the Franciacorta Facilities Agreement.

"**Franciacorta Loan Security**" means the security granted in favour of any Finance Party pursuant to the Franciacorta Loan Security Documents.

"**Guarantor**" has the meaning ascribed to such term in each relevant Facilities Agreement.

"**Hedging Document**" means each of the present or future documents entered into by an applicable Borrower Hedge Counterparty with, or in favour of, the Palmanova Borrower or a Franciacorta Borrower (as applicable).

"**Holding Company**" means a legal entity in respect of which another legal entity is a Subsidiary.

"**Information Agent**" means The Bank of New York Mellon, London Branch, or any other person for the time being acting as Information Agent pursuant to the Cash Allocation, Management and Payments Agreement.

"**Initial Repayment Date**" means, in respect of each Loan, the second anniversary of the first Interest Payment Date under the applicable Facilities Agreements.

"**Insolvency Event**" means in respect of any company or corporation that:

(a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect, unless, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or

(b) an application for the commencement of any of the proceedings under paragraph (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

(c) the commencement of negotiations with one or more creditors of the Issuer with a view to rescheduling any indebtedness of the Issuer other than in connection with any refinancing in the ordinary course of business; or

(d) such company or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or

(e) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation(except a winding-up for the purposes of, or pursuant to, a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders); or

(f) such company or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"**Intercreditor Agreement**" means the intercreditor agreement entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Interest**" means interest, premium and other income derived from Notes falling within the category of bonds (*obbligazioni*) and similar securities issued, *inter alia*, by Italian limited liability company incorporated under article 3 of Law No 130 of 30 April 1999.

"**Interest Available Funds**" means the aggregate of:

(a) all amounts paid in respect of the Loans on account of interest (including any Default Interest), fees (excluding Loan Prepayment Fee Amounts), breakage costs, expenses, commissions and other sums, and any receipts in respect of any insurance policy covering the risk of loss of rent during the immediately preceding Collection Period and credited to the Issuer Collection Account;

(b) all amounts received from the Borrowers in respect of initial and ongoing securitisation costs pursuant to the Facilities Agreements and the related costs side letter;

(c) all Recoveries in respect of interest collected by the Primary Servicer or Special Servicer during the immediately preceding Collection Period and credited to the Issuer Collection Account;

(d) any Liquidity Reserve Drawings made with reference to such Note Payment Date (other than any Property Protection Drawing);

(e) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Issuer Accounts (other than the Issuer Expenses Account) during the immediately preceding Collection Period, to the extent that such amounts exceed zero; and

(f) all other items and payments received by the Issuer which do not qualify as Principal Available Funds and which have been credited to the Issuer Collection Account and to the Issuer Payments Account during the immediately preceding Collection Period.

"**Interest Drawing**" means a drawing made by the Issuer from amounts on deposit in the Issuer Liquidity Reserve Account in an amount equal to any relevant Interest Shortfall on any Note Payment Date.

"**Interest Payment Date**" means:

a) for each Loan, 15 February, 15 May, 15 August, 15 November and the relevant Repayment Date or, if any such day is not a Business Day, the Interest Payment Date will instead be on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not), with the first Interest Payment Date for each Loan being 15 August 2019; and

b) in relation to any Unpaid Sum, the last day of a Loan Interest Period relevant to that Unpaid Sum.

"**Interest Shortfall**" means on any Calculation Date, the amount determined by the Calculation Agent by which Interest Available Funds (excluding any Liquidity Reserve Drawings made with reference to the relevant Note Payment Date), are less than the amount of interest due on the relevant Note Payment Date in respect of of the Class A Notes and the Class B Notes following payment of all amounts paid senior to such interest in accordance with the relevant Priority of Payments and excluding any amounts payable in respect of:

(a) interest the of the Class C Notes and the Class D Notes;

(b) principal;

(c) any Note Premium Amount; and

(d) any Allocated Note Prepayment Fee Amount.

"**Issue Date**" means 6 June 2019, or such other date on which the Notes are issued.

"**Issuer**" means DECO 2019-Vivaldi S.r.l., a *società a responsabilità limitata* with a sole Quotaholder incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Betteloni, 2, 20131 Milan, Italy and with fiscal code and enrolment with the companies register of Milano-Monza-Brianza-Lodi number 10786060961, enrolled under number 35577.6 in the register of special purpose vehicles (*elenco delle società veicolo*) held by the Bank of Italy pursuant to article 4 of the Italy's regulation dated 7 June 2017, having as its sole corporate object the performance of securitisation transactions under the Italian Securitisation Law.

"**Issuer Account Bank**" means BNP Paribas Securities Services, Milan Branch or any other person for the time being acting as Issuer Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**Issuer Accounts**" means the Issuer Collection Account, the Issuer Payments Account, the Issuer Expenses Account, the Issuer Liquidity Reserve Account or any other account opened in the name of the Issuer.

"**Issuer Available Funds**" means, in respect of any Note Payment Date, comprise the aggregate of the Interest Available Funds, the Principal Available Funds and any Loan Prepayment Fee Amounts.

"**Issuer Collection Account**" means the Euro denominated account established in the name of the Issuer with the Issuer Account Bank (IBAN: IT 14 W 03479 01600 000802301500), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Issuer Expenses**" means any and all documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or required to be paid (as determined in accordance with the Corporate Services Agreement, by reference to the number of the then outstanding securitisation transaction carried out by the Issuer) in order to preserve the existence of the Issuer, to maintain it in good standing or to comply with applicable laws.

"**Issuer Expenses Account**" means the Euro denominated account established in the name of the Issuer with the Issuer Account Bank (IBAN: IT 42 Z 03479 01600 000802301503), or such other substitute account opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Issuer Liquidity Reserve Account**" means the Euro denominated account established in the name of the Issuer with the Issuer Account Bank (IBAN: IT 65 Y 03479 01600 000802301502), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Liquidity Reserve Facility Agreement.

"**Issuer Payments Account**" means the Euro denominated account established in the name of the Issuer with the Issuer Account Bank (IBAN: IT 88 X 03479 01600 000802301501) or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Issuer's Rights**" means the Issuer rights under the Issuer Transaction Documents.

"**Issuer Transaction Documents**" means, together, the Loan Portfolio Sale Agreement, the Master Servicing Agreement, the Delegate Servicing Agreement, the Intercreditor Agreement, the Liquidity Reserve Facility Agreement, the Cash Allocation, Management and Payments Agreement, the Mandate Agreement, the Corporate Services Agreement, the Quotaholder's Agreement, the Master Definitions Agreement, the Conditions and any other document which may be deemed to be necessary in relation to the Securitisation.

"**Italian Securitisation Law**" means Italian Law number 130 of 30 April 1999, as amended and supplemented from time to time.

"**Joint Regulation**" means the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018 and published on the Official Gazette number 201 of 30 August 2018, as amended from time to time.

"**Lead Manager**" means Deutsche Bank AG, London Branch.

"**Liabilities**" means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgements, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any value added or similar tax charged or chargeable in respect of any sum referred to in this definition.

"**Liquidation Fee**" means a liquidation fee (equal to 0.50 per cent. of the Liquidation Proceeds) payable to the Special Servicer in accordance with the terms of the Master Servicing Agreement.

"**Liquidation Proceeds**" means the proceeds arising from any sale, which the Issuer would realise in the event of enforcement and liquidation and which shall be net of costs and expenses of sale, if any, of a Loan, any direct or indirect interest in any Borrower or any part of the Property Portfolio (plus VAT, if applicable).

"**Liquidity Reserve Drawing**" means an Expenses Drawing or an Interest Drawing or a Property Protection Drawing.

"**Liquidity Reserve Facility Agreement**" means the Facilities Agreement entered into on or about the Issue Date between the Issuer and the Liquidity Reserve Facility Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Liquidity Reserve Subordinated Amounts"** means any amounts in respect of increased costs and tax gross up amounts payable to the Liquidity Reserve Facility Provider to the extent that such amounts exceed (and for the amount of such excess only) one per cent. of the Original Liquidity Reserve Amount or, if lower, the Adjusted Liquidity Reserve Amount.

"**Liquidity Reserve Facility Provider**" means Deutsche Bank AG, London Branch, or any other person for the time being acting as Liquidity Reserve Facility Provider pursuant to the Liquidity Reserve Facility Agreement.

"**Loan**" means each of the Palmanova Loan and the Franciacorta Loan.

"**Loan Event of Default**" means an event of default under the Palmanova Loan or the Franciacorta Loan pursuant to the applicable Facilities Agreement.

"**Loan Final Maturity Event of Default**" means, for any Loan, a Loan Event of Default arising as a result of non-payment of any amounts due under the Finance Documents on the Initial Repayment Date, the First Extended Repayment Date, the Second Extended Repayment Date or the Third Extended Repayment Date, as applicable.

"**Loan Interest Period**" means, for each Loan:

(a) in respect of the first Loan Interest Period, the period from (and including) the Utilisation Date and ending on (but excluding) the Loan Interest Period Date falling in August 2019; and

(b) in respect of any subsequent Loan Interest Period, the period from (and including) a Loan Interest Period Date to (but excluding) the next Loan Interest Period Date.

"**Loan Portfolio**" means the portfolio comprising approximately 95% of the Total Commitments of the Loans, the relevant Loan Security and any other related documents purchased on or about the Issue Date by the Issuer pursuant to the terms and conditions of the Loan Portfolio Sale Agreement.

"**Loan Portfolio Sale Agreement**" means the agreement dated 3 May 2019, as subsequently amended and restated on 16 May 2019 and on 23 May 2019, between the Issuer and the Loan Transferor, as per which the Loan Transferor has sold to the Issuer its right, title, interest and benefit in and to the Loan Portfolio, as from time to time modified in accordance with the

provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Loan Prepayment Fee**" means any prepayment fees payable under the Palmanova Facilities Agreement or the Franciacorta Facilities Agreement.

"**Loan Security**" means the Palmanova Loan Security or the Franciacorta Loan Security.

"**Loan Transferor**" means Deutsche Bank AG, London Branch as transferor of the Loans pursuant to the Loan Portfolio Sale Agreement.

"**Mandate Agreement**" means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Master Definitions Agreement**" means the master definitions agreement entered into on or about the Issue Date between all the parties to each of the Issuer Transaction Documents, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Master Servicer**" means Zenith Service S.p.A., or any other person for the time being acting as master servicer pursuant to the Master Servicing Agreement.

"**Master Servicing Agreement**" means the agreement entered into on or about the Issue Date between, the Issuer, the Facility Agent, the Security Agent, the Representative of the Noteholders and the Master Servicer

"**Meeting**" means a meeting of Noteholders of any Class or Classes, whether originally convened or resumed following an adjournment.

"**Monte Titoli**" means Monte Titoli S.p.A., a *società per azioni* having its registered office at Piazza Affari 6, 20123, Milan, Italy.

"**Monte Titoli Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with article 30 of Decree 213 and includes any depository banks approved by Euroclear and Clearstream.

"**Monte Titoli Mandate Agreement**" means the agreement entered into between the Issuer and Monte Titoli as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Most Senior Class of Notes**" means at any time:

(a) the Class A Notes; or

(b) if no Class A Notes are then outstanding, the Class B Notes (if at that time any Class B Notes are then outstanding); or

(c) if no Class A Notes or Class B Notes are then outstanding, the Class C Notes (if at that time any Class C Notes are then outstanding); or

(d) if no Class A Notes or Class B Notes or Class C Notes are then outstanding, the Class D Notes (if at that time any Class D Notes are then outstanding).

"**Note EURIBOR**" means:

(a) prior to the Note Payment Date immediately preceding the Expected Note Maturity Date, EURIBOR; and

(b) from the Note Payment Date immediately preceding the Expected Note Maturity Date, the lower of EURIBOR and 5 per cent.

"**Note Interest Determination Date**" means, with respect to the first Note Interest Period, the day falling 2 TARGET Days prior to the Issue Date and with respect to each subsequent Note Interest Period, the date falling 2 TARGET Days prior to the Note Payment Date at the beginning of such Note Interest Period.

"**Note Interest Payment Amount**" has the meaning ascribed to such term in Condition 7.7 (*Calculation of Note Interest Payment Amounts and Interest Deferral*).

"**Note Interest Period**" means each period from (and including) a Note Payment Date to (but excluding) the next following Note Payment Date.

"**Note Interest Rate**" has the meaning ascribed to such term in Condition 7.5 (*Rates of Interest*).

"**Note Payment Date**" means 22 February, 22 May, 22 August and 22 November of each year **provided that** the first Note Payment Date shall be 22 August 2019 or, if any such day is not a Business Day, the Note Payment Date will instead be on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

"**Note Premium Amount**" means, with effect from the Expected Note Maturity Date, for each Note Interest Period in which EURIBOR exceeds 5 per cent. per annum, any amount payable on the Notes calculated in accordance with the following formula:

**(A x (B - C)) x D**

Where:

A = the aggregate outstanding principal balance of the Loans on the Note Payment Date falling at the beginning of such Note Interest Period

B = three-month EURIBOR (where EURIBOR exceeds 5 per cent. per annum)

C = 5 per cent. per annum

D = Day Count Fraction

and otherwise shall be zero.

"**Noteholders**" means, together, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders.

"**Obligations**" means all the obligations of the Issuer created by or arising under the Notes and the Issuer Transaction Documents.

"**Obligor**" means an applicable Borrower or an applicable Guarantor.

"**Official Gazette**" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"**Operating Advisor**" means an advisor elected and appointed by the Controlling Class, acting by Ordinary Resolution, to represent its interests and consult with the Primary Servicer or the Special Servicer acting in relation to the Loans.

"**Ordinary Resolution**" means any resolution passed at a Meeting duly convened and held in accordance with the provisions contained in the Rules by more than 50 per cent. of the vote cast. For the purposes of determining the majority of votes cast at a Meeting of the Noteholders any Notes held by a Disenfranchised Noteholder, shall be treated as if they were not outstanding and shall not be counted in or towards any required majority.

"**Organisation of the Noteholders**" means the association of the Noteholders, organised pursuant to the Rules of the Organisation of the Noteholders.

"**Original Lender**" means Deutsche Bank AG, London Branch.

"**Original Liquidity Reserve Amount**" means an amount equal to €10,500,000.

"**Other Issuer Creditors**" means the Loan Transferor, the Master Servicer, the Delegate Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Liquidity Reserve Facility Provider, the Paying Agent, the Information Agent, the Issuer Account Bank, the Sole Arranger and the Lead Manager.

"**Outstanding Principal**" means, on any date, (i) the principal amount of a Loan minus (ii) the aggregate amount of all principal payments which have been paid prior to such date, in respect of a Loan.

"**Palmanova Borrower**" means Palmanova Propco S.r.l..

"**Palmanova Facilities Agreement**" means the agreement dated 3 May 2019 between, amongst others, the Palmanova Borrower, the Palmanova Guarantors, Deutsche Bank AG, London Branch as the Original Lender, the Facility Agent and the Security Agent.

"**Palmanova Finance Document**" has the meaning ascribed to the term "Finance Document" in the Palmanova Facilities Agreement.

"**Palmanova Guarantor**" means Palm Pledgeco S.à r.l., Palm Bidco S.à r.l. and Palmanova Propco S.r.l.

"**Palmanova Loan**" means €66,690,000 aggregate loan which the Palmanova Borrower borrowed on the Utilisation Date and on the Issue Date pursuant to the Palmanova Facilities Agreement.

"**Palmanova Loan Security**" means the security granted in favour of any Finance Party pursuant to the Palmanova Loan Security Documents.

"**Paying Agent**" means BNP Paribas Securities Services, Milan Branch, or any other person for the time being acting as Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

**"Permitted Change of Control"** occurs when a Qualifying Transferee (other than, for the avoidance of doubt, any Initial Investor) obtains control, whether directly or indirectly, of the applicable Company.

"**Post Note Enforcement Notice Priority of Payments**" means the Priority of Payments under Condition 6.3 (*Post Note Enforcement Notice Priority of Payments*).

"**Pre Note Enforcement Notice Interest Priority of Payments**" means the Priority of Payments under Condition 6.1 (*Pre Note Enforcement Notice Interest Priority of Payments*).

"**Pre Note Enforcement Notice Principal Priority of Payments**" means the Priority of Payments under Condition 6.2 (*Pre Note Enforcement Notice Principal Priority of Payments*).

"**Primary Servicer**" means the provider of the Primary Services which shall be, for so long as a Delegate Servicer remains appointed pursuant to the Delegate Servicing Agreement, the Delegate Servicer, or if no Delegate Servicer remains appointed pursuant to the Delegate Servicing Agreement, the Master Servicer, or any replacement Primary Servicer.

"**Primary Services**" means the activities to be carried out by the Primary Servicer including (prior to a Loan becoming a Specially Serviced Loan), taking all steps to preserve the Issuer's interests, processing and managing administrative and accounting data in relation to the Loan Portfolio and performing any other duties applicable to the Primary Servicer from time to time as specified under the Master Servicing Agreement.

"**Principal Amount Outstanding**" means, on any date:

(a) the principal amount of a Note upon issue, minus

(b) the aggregate amount of all principal payments which have been paid prior to such date, in respect of such Note.

"**Principal Available Funds**" means, in respect of any Note Payment Date, the aggregate of:

(a) all amounts in respect of the Loans on account of principal received during the immediately preceding Collection Period and credited to the Issuer Collection Account;

(b) all Recoveries in respect of principal collected by the Primary Servicer or Special Servicer during the immediately preceding Collection Period and credited to the Issuer Collection Account;

(c) the amount available in accordance with limb (k) of the Pre Note Enforcement Notice Interest Priority of Payments on such Note Payment Date;

(d) the amount available in accordance wih limb (n) of the Pre Note Enforcement Notice Interest Priority of Payments on such Note Payment Date;

(e) any insurance proceeds received by the Issuer (other than those relating to loss of rent);

(f) the principal element of any indemnity payments under the Loan Portfolio Sale Agreement received by the Issuer; and

(g) any other receipts of a principal nature.

"**Principal Payment Amount**" has the meaning ascribed to such term in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

"**Priority of Payments**" means the order of priority pursuant to which the Issuer Available Funds that shall be applied on each Note Payment Date prior to and/or following the service of a Note Enforcement Notice in accordance with the Conditions and the Intercreditor Agreement.

"**Property**" means each of the individual real estate assets included in the Property Portfolio.

"**Property Portfolio**" means the portfolio of properties comprising the Palmanova Property and the Franciacorta Property.

"**Property Protection Advance**" means the relevant payment in respect of a Property Protection Shortfall to be made by the Calculation Agent on behalf of the Issuer at the direction of the Primary Servicer or the Special Servicer (as applicable), if certain additional requirements have been met.

"**Property Protection Drawing**" means a drawing made by the Calculation Agent, on behalf of the Issuer, from amounts on deposit in the Issuer Liquidity Reserve Account in an amount equal to the relevant Property Protection Advance on any given Business Day falling no less than 2 Business Days after receipt of notice from the Primary Servicer or the Special Servicer (as applicable) of a Property Protection Shortfall.

"**Property Protection Shortfall**" will arise if, on any day, a Transaction Obligor fails to pay amounts to insurers and there are insufficient funds available in the Borrowers' accounts to pay such amounts. A Property Protection Shortfall may be an amount identified as such by the Primary Servicer in a manner consistent with the relevant provisions of the Master Servicing Agreement.

"**Prospectus Directive**" means Directive 2003/71/EC as amended from time to time.

"**Qualifying Transferee**" means, in respect of any Loan, any person which at the date on which the relevant person obtains control of the relevant Company directly or indirectly:

(a) owns, controls and/or manages; and/or

(b) is advised and/or managed by any person that owns, controls and/or manages, directly or indirectly,

(c) commercial real estate assets (excluding any applicable Property) (A) in Europe which have an aggregate market value of not less than €2,000,000,000 (or its equivalent in another currency); and/or (B) which have an aggregate market value of not less than €5,000,000,000 (or its equivalent in another currency).

"**Quotaholder**" means Special Purpose Entity Management S.r.l..

"**Quotaholder's Agreement**" means the quotaholder agreement between the Issuer, the Original Lender, the Representative of the Noteholders, and the Quotaholder.

"**Quota Capital Account**" means the Euro denominated account established in the name of the Issuer with the Issuer Account Bank (IBAN: IT 12 A 03479 01600 000802301504) for the deposit of the Issuer's corporate capital, as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Rating Agency**" means each of DBRS and Fitch.

"**Receivables**" means any monetary rights and claims included in the Loan Portfolio and all amounts received by the Issuer (or any other person on the Issuer's behalf) in respect of and other monies due under a Loan and any other amounts whatsoever received by the Issuer in respect of a Loan.

"**Recoveries**" means any Receivable received or recovered by the Primary Servicer or, if a Loan has become a Specially Serviced Loan, the Special Servicer after the scheduled date of payment.

"**Reference Bank**" means the principal office in London of Deutsche Bank AG, Société Générale and BNP Paribas or such other banks as may be appointed by the Calculation Agent.

"**Regulatory Servicer**" means the Master Servicer in its capacity as the provider of the Regulatory Services, or any replacement Regulatory Servicer.

"**Regulatory Services**" means the services provided by the Regulatory Servicer as the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento* pursuant to the Italian Securitisation Law and, in such capacity, also ensuring compliance of the transaction with the provisions of articles 2.3, letter (c), and 2.6 of the Italian Securitisation Law.

"**Relevant Margin**" means the relevant margin specified in Condition 7.5 (*Rates of interest*).

"**Repayment Date**" means, for each Loan:

(a) the Initial Repayment Date;

(b) if each of the First Extension Option Conditions is satisfied on the relevant date specified in the definition of First Extension Option Conditions, the First Extended Repayment Date;

(c) if each of the Second Extension Option Conditions is satisfied on the relevant date specified in the definition of Second Extension Option Conditions, the Second Extended Repayment Date; or

(d) if each of the Third Extension Option Conditions is satisfied on the relevant date specified in the definition of Third Extension Option Conditions, the Third Extended Repayment Date,

or, in each case, if any such day is not a Business Day, the immediately following Business Day.

"**Representative of the Noteholders**" means Zenith Services S.p.A, or any other person for the time being acting as representative of the Noteholders.

"**Reverse Sequential Principal Payment Amount**" has the meaning ascribed to such term in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

"**Reverse Sequential Voluntary Prepayment Right**" has the meaning ascribed to such term in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

"**Retention Amount**" means €20,000.

"**Rules**" means Rules of the Organisation of the Noteholders.

"**Rules of the Organisation of the Noteholders**" means the rules of the organisation of the Noteholders attached as Exhibit to the Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereof.

"**Second Extended Expected Note Maturity Date**" means the Note Payment Date falling in August 2023.

"**Second Extended Repayment Date**" means, for each Loan, the Interest Payment Date falling in August 2023.

"**Second Extension Option Condition"** means, in respect of each Loan, each of the following conditions:

(a) the relevant Company has submitted an Extension Option Notice on any day during the Second Extension Option Period;

(b) on both:

(i) the date of the Extension Option Notice; and

(ii) the First Extended Repayment Date,

no Default for non payment is continuing under the applicable Facilities Agreement; and

(c) on or prior to the First Extended Repayment Date, Hedging Documents are entered into that comply with the provisions of the applicable Facilities Agreement or, as the case may be, Hedging Documents are amended such that the provisions of the applicable Facilities Agreement are complied with, in each case, in respect of the period from the First Extended Repayment Date to the Second Extended Repayment Date.

"**Second Extension Option Period**" means, for each Loan, the period commencing on the date falling 90 days prior to the First Extended Repayment Date and ending on the date falling 10 Business Days prior to the First Extended Repayment Date.

"**Securitisation**" means the securitisation of the Loan Portfolio made by the Issuer through the issuance of the Notes, pursuant to articles 1 and 5 of the Italian Securitisation Law.

"**Securitisation Regulation**" means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 and the technical standards relating thereto, each as amended and/or implemented from time to time.

"**Security Agent**" means CBRE Loan Services Limited as security agent under the Facilities Agreements.

"**Security Interest**" means:

(a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;

(b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or

(c) any other type of preferential arrangement having a similar effect.

"**Sequential Payment Trigger**" has the meaning ascribed to such term in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

"**Servicing Standard**" means the standard according to which each of the Regulatory Servicer, Primary Servicer and Special Servicer will perform its duties on behalf of and for the benefit of the Issuer, such standard being in the following order of priority:

(a) all applicable laws and regulations;

(b) the terms of the relevant Finance Document;

(c) the terms of the Master Servicing Agreement (as delegated to the Delegate Servicer pursuant to the Delegate Servicing Agreement);

(d) in the best interests and for the benefit of the Issuer, using reasonable judgment and as determined in good faith by the Primary Servicer or the Special Servicer (as the case may be); and

(e) in each case and to the extent consistent with such terms, the higher of:

(i) the same manner and with the same skill, care and diligence it applies to servicing similar loans for other third parties; or

(ii) the standard of care, skill and diligence which it applies in servicing commercial mortgage loans in its own portfolio (to the extent that it holds mortgage loans in its own portfolio),

in each case giving due consideration to the customary and usual standards of practice of reasonably prudent commercial mortgage loan servicers servicing commercial mortgage loans which are similar to a Loan, with a view to the timely collection of all scheduled payments of principal, interest and other amounts due in respect of the Loan Portfolio and, if a Loan comes into, and continues to be in, default, maximising recoveries in respect of the Loan Portfolio on or before the Final Maturity Date for the Issuer.

"**Sole Arranger**" means Deutsche Bank AG, London Branch.

"**Special Servicer**" means the provider of the Special Services which shall be, for so long as a Delegate Special Servicer remains appointed pursuant to the Delegate Servicing Agreement, the Delegate Special Servicer, or if no Delegate Special Servicer remains appointed pursuant to the Delegate Servicing Agreement, the Master Servicer, or any replacement Special Servicer.

"**Special Servicer Transfer Event**" means any of the following events:

(a) a Loan Event of Default pursuant to a Facilities Agreement on a Repayment Date;

(b) the relevant Borrower under a Facilities Agreement becoming subject to any of the events listed in Clauses 25.6 (*Insolvency*), 25.7 (*Insolvency proceedings*) or 25.9 (*Creditor's process*) of either Facilities Agreement;

(c) a Loan Event of Default pursuant to clause 25.5 (*Cross-default*) of either Facilities Agreement; or

(d) any other Loan Event of Default as prescribed in a Facilities Agreement occurs or is, in the opinion of the Primary Servicer exercised in accordance with the Servicing Standard, imminent and is not likely to be cured within 21 days, and, in each case, which would be likely to have a material adverse effect upon the interests of the Issuer.

"**Special Services**" means any activities related to the management, enforcement and recovery of the defaults and delinquencies under a Loan and will perform all other duties applicable to the Special Servicer from time to time in accordance with the Master Servicing Agreement.

"**Specially Serviced Loan**" means a Loan which comes into effect upon determination by the Primary Servicer that a Special Servicer Transfer Event has occurred and the Special Servicer will formally assume special servicing duties in respect of that Loan.

"**Specified Office**" means, with respect to the Paying Agent, its Italian branch at Piazza Lina Bo Bardi 3, 20124 Milan, Italy, or, with respect to any additional or other Paying Agent appointed pursuant to Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*) and the provisions of the Cash Allocation, Management and Payments Agreement, the specified office notified to the Noteholders upon notification of the appointment of each such Paying Agent in accordance with Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*) and in each such case, such other address as it may specify in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

"**Sponsor**" means The Blackstone Group L.P.

"**Subscription Agreement**" means the subscription agreement in relation to the Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Lead Manager, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Subsidiary**" means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

"**TARGET Day**" means any day on which TARGET2 is open for the settlement of payments in Euro.

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

"**Tax**" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein.

"**Tax Deduction**" means any present or future tax, levy, impost, duty charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying of any of the same, but excluding taxes or net income) imposed or levied by or on behalf of any tax authority in Italy.

"**Third Extended Expected Note Maturity Date**" means the note Payment Date falling in August 2024.

"**Third Extended Repayment Date**" means, for each Loan, the Interest Payment Date falling in August 2024.

"**Third Extension Option Conditions**" means, in respect of each Loan, each of the following conditions:

(a) the relevant Company has submitted an Extension Option Notice on any day during the Third Extension Option Period;

(b) on both:

(i) the date of the Extension Option Notice; and

(ii) the Second Extended Repayment Date,

no Default for non payment is continuing under the applicable Facilities Agreement; and

(c) on or prior to the Second Extended Repayment Date, Hedging Documents are entered into that comply with the provisions of the applicable Facilities Agreement or, as the case may be, Hedging Documents are amended such that the provisions of the applicable Facilities Agreement are complied with, in each case, in respect of the period from the Second Extended Repayment Date to the Third Extended Repayment Date.

"**Third Extension Option Period**" means, for each Loan, the period commencing on the date falling 90 days prior to the Second Extended Repayment Date and ending on the date falling 10 Business Days prior to the Second Extended Repayment Date.

"**Transaction Obligor**" means an Obligor, Topco or a Subordinated Creditor.

"**Total Commitments**" means the aggregate of the applicable Term Facility Commitments

"**Unpaid Sum**" means any sum due and payable but unpaid by an Obligor under the Finance Documents.

"**Utilisation Date**" means on or about 24 May 2019.

"**Valuation**" means a valuation (*relazione*) of a property which forms part of the Property Portfolio, prepared on the basis of the market value as that term is defined in the then current Valuation Global Standards issued by the Royal Institution of Chartered Surveyors.

"**VAT**" means *Imposta sul Valore Aggiunto* (IVA) as defined in Italian D.P.R. number 633 of 26 October 1972, as amended and implemented from time to time.

2.2 **Interpretation**

(a) ***References in Condition***

Any reference in these Conditions to:

(1) "holder" and "Holder" mean the ultimate holder of a Note and the words "holder", "Noteholder" and related expressions shall be construed accordingly;

(2) a "law" shall be construed as a reference to any law, statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body and a reference to any provision of any law, statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any such legislative measure is to that provision as amended or re-enacted;

(3) "person" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state and any association or partnership (whether or not having legal personality) of two or more of the foregoing;

(4) a "successor" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Issuer Transaction Document or to which, under such laws, such rights and obligations have been transferred.

(b) ***Issuer Transaction Documents and other agreements***

Any reference to the Master Definitions Agreement, any other document defined as a "Issuer Transaction Document" or any other agreement, deed or document shall be construed as a reference to the Master Definitions Agreement, such other Issuer Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be amended, varied, novated, supplemented or replaced.

(c) ***Transaction parties***

A reference to any person defined as an "Other Issuer Creditor" in these Conditions or in any Issuer Transaction Document shall be construed so as to include its and any subsequent successors and permitted assignees and transferees in accordance with their respective interests.

(d) ***Master Definitions Agreement***

Words and expressions used herein and not otherwise defined shall have the meanings and constructions ascribed to them in the Master Definitions Agreement.

## 3. FORM, TITLE AND DENOMINATION

### 3.1 Denomination

The Notes are issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

### 3.2 Form

The Notes are issued in dematerialised form and will be evidenced by, and title thereto will be transferable by means of, one or more book-entries in accordance with the provisions of (i) article 83-*bis* of the Financial Laws Consolidation Act and (ii) the Joint Regulation, as amended and supplemented from time to time.

### 3.3 Title and Monte Titoli

The Notes will be held by Monte Titoli on behalf of the Noteholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holders. No physical documents of title will be issued in respect of the Notes.

### 3.4 The Rules

The rights and powers of the Noteholders may only be exercised in accordance with the Rules attached to these Conditions as an Exhibit which shall constitute an integral and essential part of these Conditions.

## 4. STATUS, PRIORITY AND SEGREGATION

### 4.1 Status

The Notes constitute limited recourse obligations of the Issuer and, accordingly, the obligation of the Issuer to make payments under the Notes is limited to the amounts received or recovered by the Issuer in respect of a Loan and pursuant to the exercise of the Issuer's Rights, as further specified in Condition 9.2 (*Limited Recourse Obligations of Issuer*). The Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a "*contratto aleatorio*" (aleatory agreement) under Italian law and are deemed to accept the consequences thereof, including, but not limited to, the provisions of article 1469 of the Italian civil code.

### 4.2 Segregation by law and security

By virtue of the Italian Securitisation Law, the Issuer's right, title and interest in and to (i) the Loan Portfolio (ii) any sums collected therefrom and (iii) the financial assets purchased using the collections under (ii) above is segregated from all other assets of the Issuer and from any other securitisation transaction carried out by the Issuer and any amount deriving therefrom (including any moneys and deposits held by or on behalf of the Issuer with other depositories) will only be available both before and after a winding-up of the Issuer to satisfy the obligations of the Issuer to the Noteholders, to the Other Issuer Creditors and to any third party creditors of the Issuer in respect of costs, fees and expenses incurred by the Issuer in relation to the Securitisation.

4.3 **Ranking**

(a) In respect of the obligations of the Issuer to pay interest on the Notes:

(1) payments of interest on the Class A Notes will rank *pari passu*, but will rank at all times in priority to payments of interest on the Class B Notes, the Class C Notes and the Class D Notes;

(2) payments of interest on the Class B Notes will rank *pari passu*, but subordinate to the payments of interest on the Class A Notes but in priority to the payment of interest on the Class C Notes and the Class D Notes;

(3) payments of interest on the Class C Notes will rank *pari passu*, but subordinate to the payments of interest on the Class A Notes and the Class B Notes, but in priority to the payment of interest on the Class D Notes;

(4) payments of interest on the Class D Notes will rank *pari passu*, but subordinate to the payments of interest on the Class A Notes, the Class B Notes and the Class C Notes.

(b) Prior to the occurrence of a Sequential Payment Trigger, Principal Available Funds will be applied to redeem the Notes on a *pro rata* basis according to their respective Principal Amount Outstanding (other than in respect of any Principal Available Funds comprising any voluntary prepayment proceeds received following the exercise of the Reverse Sequential Voluntary Prepayment Right which shall be applied in reverse sequential order) pursuant to Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

(c) Prior to the delivery of a Note Enforcement Notice but following the occurrence of a Sequential Payment Trigger, on each Note Payment Date payments of principal of the Notes relating to the receipt by the Issuer of all Principal Available Funds will rank as follows:

(1) payments of principal on the Class A Notes will rank *pari passu*, but in priority to the payment of principal on the Class B Notes, the Class C Notes and the Class D Notes;

(2) payments of principal on the Class B Notes will rank *pari passu*, but subordinate to the payments of principal on the Class A Notes, but in priority to the payment of principal on the Class C Notes and the Class D Notes;

(3) payments of principal on the Class C Notes will rank *pari passu*, but subordinate to the payments of principal on the Class A Notes and the Class B Notes, but in priority to the payment of principal on the Class D Notes;

(4) payments of principal on the Class D Notes will rank *pari passu*, but subordinate to the payments of principal on the Class A Notes, the Class B Notes and Class C Notes.

(d) Following the delivery of a Note Enforcement Notice:

(1) payments of interest and principal on the Class A Notes will rank *pari passu*, but in priority to payments of interest and principal on the Class B Notes, the Class C Notes and the Class D Notes;

(2) payments of interest and principal on the Class B Notes will rank *pari passu*, but subordinate to the payments of interest and principal on the Class A Notes, but in priority to the payment of interest and principal on the Class C Notes and the Class D Notes;

(3) payments of interest and principal on the Class C Notes will rank *pari passu*, but subordinate to the payments of interest and principal on the Class A Notes, and

the Class B Notes but in priority to the payment of interest and principal on the Class D Notes;

(4) payments of interest and principal on the Class D Notes will rank *pari passu*, but subordinate to the payments of interest and principal on the Class A Notes, the Class B Notes and the Class C Notes.

4.4 **Obligations of Issuer only**

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any other entity or person.

5. **ISSUER COVENANTS**

For so long as any amount remains outstanding in respect of the Notes of any Class, the Issuer shall not, save with the prior written consent of the Representative of the Noteholders, or as expressly provided in any of the Issuer Transaction Documents:

5.1 **Negative pledge**

create or permit to subsist any Security Interest whatsoever over the Loan Portfolio or any part thereof or over any of its other assets or sell, lend, part with or otherwise dispose of all or any part of a Loan or any of its assets.

5.2 **Restrictions on activities**

(a) engage in any activity whatsoever which is not incidental to or necessary in connection with the Securitisation, or with any of the activities in which the Issuer Transaction Documents provide or envisage that the Issuer will engage; or

(b) have any subsidiary (*società controllata* as defined in article 2359 of the Italian civil code) or any employees or premises; or

(c) at any time approve or agree or consent to any act or thing whatsoever which may be materially prejudicial to the interests of the Noteholders under the Issuer Transaction Documents and shall not do, or permit to be done, any act or thing in relation thereto which may be materially prejudicial to the interests of the Noteholders under the Issuer Transaction Documents; or

(d) become the owner of any real estate asset, including in the context of enforcement proceedings relating to a Property.

5.3 **Dividends or distributions**

pay any dividend or make any other distribution or return or repay any quota capital to its Quotaholder, or increase its capital, save as required by applicable law.

5.4 **De-registrations**

ask for de-registration from the register of special purpose vehicles (*elenco delle società veicolo*) held by Bank of Italy under article 4 of the Bank of Italy's regulation dated 7 June 2017, for as long as the Italian Securitisation Law, the Consolidated Banking Act or any other applicable law or regulation requires issuers of notes issued under the Italian Securitisation Law or companies incorporated pursuant to the Italian Securitisation Law to be registered thereon.

5.5 **Borrowings**

incur any indebtedness in respect of borrowed money whatsoever (including by way of further notes or further securitisation), or give any guarantee, indemnity or security in respect of any indebtedness or other obligation of any person or entity or become liable for the debts of any other person or entity or hold out its credit as being available to satisfy the obligations of others.

5.6 **Merger**

consolidate or merge with any other person or entity or convey or transfer its properties or assets substantially as an entirety to any other person or entity.

5.7 **No variation or waiver**

subject to the terms of the Intercreditor Agreement, permit any of the Issuer Transaction Documents to which it is party to be amended, terminated or discharged, or exercise any powers of consent or waiver pursuant to the terms of any of the Issuer Transaction Documents to which it is a party, or permit any party to any of the Issuer Transaction Documents to which it is a party to be released from such obligations.

5.8 **Bank accounts**

have an interest in any bank account other than the Issuer Accounts, Quota Capital Account, or any other bank account opened pursuant to the terms of the Issuer Transaction Documents.

5.9 **Statutory documents**

amend, supplement or otherwise modify its by-laws (*statuto*) or deed of incorporation (*atto costitutivo)* except where such amendment, supplement or modification is required by a compulsory provision of Italian law or by the competent regulatory authorities.

5.10 **Corporate records, financial statements and books of account**

cease to maintain corporate records, financial statements and books of account separate from those of the Original Lender and any other person or entity.

5.11 **Disposal of Assets**

not transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire the Loan Portfolio or any other of its assets or undertaking or any interest, estate, right, title or benefit therein other than as expressly contemplated by the Issuer Transaction Documents.

5.12 **Assets**

not own assets other than those representing its share capital, the Issuer Accounts, any tax refund, the property, rights and associated and ancillary rights and interests thereto, the benefit of the Issuer Transaction Documents and any investments and other rights or interests created or acquired thereunder, as all of the same may vary from time to time.

5.13 **Equitable Interest**

not permit any person other than the Issuer and the Representative of the Noteholders to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein except as otherwise provided for in the Issuer Transaction Documents.

5.14 **U.S. Activities**

not engage, or permit any of its Affiliates, to engage, in any activities in the United States (directly or through agents), derive, or permit any of its Affiliates to derive, any income from sources within the United States as determined under United States federal income tax principles, and hold, or permit any of its Affiliates to hold, any property that would cause it or any of its Affiliates to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States federal income tax principles.

5.15 **Independent Directors**

ensure that at all times all of its directors act independently of any of its creditors, other than the Corporate Servicer and the Master Servicer, or their respective Affiliates.

5.16 **Separate Issuer Accounts**

maintain its records, books of account and bank accounts separate and apart from any other person or entity and maintain such books and records in the ordinary course of its business.

5.17 **Separate Identity**

(a) correct any known misunderstandings regarding its separate identity from any of its members, general partners, principals or Affiliates thereof or any other person;

(b) not fail to hold itself out to the public as a legal entity separate and distinct from any other person, to conduct its business solely in its own name or mislead others as to the identity with which such other party is transacting business;

(c) not have its assets listed on the accounts or financial statements of any other entity; and

(d) not commingle its assets with those of any other person or entity.

In giving any consent to the foregoing, the Representative of the Noteholders may require (not being obliged) the Issuer to make such modifications or additions to the provisions of any of the Issuer Transaction Documents (and may itself consent thereto on behalf of Noteholders) or may impose such other conditions or requirements as the Representative of the Noteholders may deem expedient (in its absolute discretion) in the interests of the Noteholders and may rely on any written confirmation from the Issuer as to the matters contained therein.

5.18 **EU Retention and EU Transparency Requirements**

As soon as reasonably practicable, notify the Sole Arranger, the Representative of the Noteholders, the Noteholders and the Rating Agencies upon becoming aware of the occurrence of any of the events specified in Article 7(1)(f) and (g) of the Securitisation Regulation and without delay take all reasonable steps to ensure that such information is made available as required by the EU Risk Retention Requirements.

6. **PRIORITY OF PAYMENTS**

6.1 **Pre Note Enforcement Notice Interest Priority of Payments**

Prior to the delivery of a Note Enforcement Notice or upon full redemption of all the Notes pursuant to any provision of Condition 8 (*Redemption, Purchase and Cancellation*), the Interest Available Funds and the Loan Prepayment Fee Amounts shall be applied on each Note Payment Date in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

(a) *First*, to pay or allocate for payment during the following Note Interest Period, *pari passu* and *pro rata* according to the respective amounts thereof, any Issuer Expenses (to the extent that amounts standing to the credit of the Issuer Expenses Account have been insufficient to pay such costs during the immediately preceding Note Interest Period and, on the first Note Payment Date, to pay to the Loan Transferor an amount equal to the interest received under the Loans in respect of the period from (and including) the Utilisation Date to (but excluding) the Issue Date;

(b) *Second*, to pay the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Issuer Transaction Documents;

(c) *Third*, to credit into the Issuer Expenses Account on each Note Payment Date such amount as will maintain the balance of such account at (but not in excess of) the Retention Amount;

(d) *Fourth* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Note Payment Date to the Issuer Account

Bank, the Calculation Agent, the Paying Agent, the Information Agent, the Corporate Servicer, the Master Servicer, the Delegate Servicer, the Facility Agent and the Security Agent pursuant to the Issuer Transaction Documents;

(e) *Fifth*, to pay any amounts due to the Liquidity Reserve Facility Provider (other than Liquidity Reserve Subordinated Amounts) following the prior application of funds on deposit in the Issuer Liquidity Reserve Account in accordance with the Liquidity Reserve Facility Agreement;

(f) *Sixth*, in or towards re-crediting the Issuer Liquidity Reserve Account in the amount required pursuant to the Liquidity Reserve Facility Agreement;

(g) *Seventh*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A Notes and any Allocated Note Prepayment Fee Amount payable on the Class A Notes;

(h) *Eighth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes and any Allocated Note Prepayment Fee Amount payable on the Class B Notes on such Note Payment Date;

(i) *Ninth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes and any Allocated Note Prepayment Fee Amount payable on the Class C Notes on such Note Payment Date;

(j) *Tenth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class D Notes and any Allocated Note Prepayment Fee Amount payable on the Class D Notes on such Note Payment Date;

(k) *Eleventh*, prior to the Expected Note Maturity Date, any Note Premium Amount available on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will form part of Principal Available Funds;

(l) *Twelfth*, on the Note Payment Date on which redemption in full of the Notes occurs, any Note Premium Amount due and payable on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;

(m) *Thirteenth*, to pay any Liquidity Reserve Subordinated Amounts;

(n) *Fourteenth*, if any Class of Note is still outstanding, an amount equal to any Default Interest remaining after payment of the amounts referred to at limbs (a) to (m) (inclusive) above will be credited to the Issuer Collection Account and form part of Principal Available Funds;

(o) *Fifteenth*, to pay any amounts due to the Lead Manager pursuant to the Subscription Agreement; and

(p) *Sixteenth*, payment of any remaining amounts to the Issuer,

**provided that** Liquidity Reserve Drawings shall not be available to make payments of principal, Allocated Note Prepayment Fee Amounts, Note Premium Amounts, interest payable on the Class C Notes, the Class D Notes or any amounts due to the Original Lender.

6.2 **Pre Note Enforcement Notice Principal Priority of Payments**

Prior to the delivery of a Note Enforcement Notice, the Principal Available Funds shall be applied on each Note Payment Date in making the following payments in the following order of priority, (in each case only if and to the extent that payments of a higher priority have been made in full):

(a) *First*, to pay *pari passu* and *pro rata*, the lesser of the Class A Principal Payment Amount due and payable and the Principal Amount Outstanding of the Class A Notes;

(b) *Second*, to pay the lesser of the Class B Principal Payment Amount due and payable and the Principal Amount Outstanding of the Class B Notes;

(c) *Third*, to pay the lesser of the Class C Principal Payment Amount due and payable and the Principal Amount Outstanding of the Class C Notes;

(d) *Fourth*, to pay the lesser of the Class D Principal Payment Amount due and payable and the Principal Amount Outstanding of the Class D Notes;

(e) *Fifth*, to pay any surplus in accordance with the Pre Note Enforcement Notice Interest Priority of Payments.

6.3 **Post Note Enforcement Notice Priority of Payments**

On each Note Payment Date following the delivery of a Note Enforcement Notice, the Issuer Available Funds shall be applied in making the following payments in the following order of priority, (in each case only if and to the extent that payments of a higher priority have been made in full):

(a) *First*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Issuer Expenses (to the extent that amounts standing to the credit of the Issuer Expenses Account have been insufficient to pay such costs during the immediately preceding Note Interest Period);

(b) *Second*, to pay the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Issuer Transaction Documents;

(c) *Third*, to credit into the Issuer Expenses Account on each Note Payment Date such amount as will maintain the balance of such account at (but not in excess of) the Retention Amount;

(d) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Note Payment Date to the Issuer Account Bank, the Calculation Agent, the Paying Agent, the Information Agent, the Corporate Servicer, the Master Servicer, the Delegate Servicer, the Facility Agent and the Security Agent pursuant to the Issuer Transaction Documents;

(e) *Fifth*, to pay any amounts due to the Liquidity Reserve Facility Provider (other than Liquidity Reserve Subordinated Amounts);

(f) *Sixth*, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of interest and principal payable on the Class A Notes and any Allocated Note Prepayment Fee Amount payable on the Class A Notes;

(g) *Seventh*, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of interest and principal payable on the Class B Notes and any Allocated Note Prepayment Fee Amount payable on the Class B Notes;

(h) *Eighth*, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of interest and principal payable on the Class C Notes and any Allocated Note Prepayment Fee Amount payable on the Class C Notes;

(i) *Ninth*, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of interest and principal payable on the Class D Notes and any Allocated Note Prepayment Fee Amount payable on the Class D Notes;

(j) *Tenth*, to pay any Liquidity Reserve Subordinated Amounts;

(k) *Eleventh*, to pay any amounts due to the Lead Manager pursuant to the Subscription Agreement; and

(l) *Twelfth*, payment of any remaining amounts to the Issuer,

**provided that** Liquidity Reserve Drawings shall not be available to make payments of principal, Allocated Note Prepayment Fee Amounts, Note Premium Amounts, interest payable on the Class C Notes or the Class D Notes, or any amounts due to the Original Lender.

## 7. INTEREST

### 7.1 Accrual of interest

Each Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date.

### 7.2 Note Payment Dates and Note Interest Periods

Interest in respect of the Notes will accrue on a daily basis and will be payable in Euro in arrears on each Note Payment Date in respect of the preceding Note Interest Period. The first Note Payment Date is the Note Payment Date falling in August 2019 in respect of the first Note Interest Period.

### 7.3 Cessation of interest accrual

Each Note (or the portion of the Principal Amount Outstanding due for redemption) shall cease to bear interest from (and including) the Final Maturity Date or from (and including) any earlier date fixed for redemption unless payment of the principal due and payable but unpaid is improperly withheld or refused, in which case, each Note (or the relevant portion thereof) will continue to bear interest in accordance with this Condition (both before and after judgment) at the rate from time to time applicable to such Note until the day on which either all sums due in respect of such Note up to that day are received by the relevant Noteholder or the Representative of the Noteholders, or the Paying Agent receives all amounts due on behalf of all such Noteholders.

### 7.4 Calculation of interest

Interest in respect of any Note Interest Period or any other period shall be calculated on the basis of the actual number of days elapsed and a 360 day year (the "**Day Count Fraction**").

### 7.5 Rates of interest

(a) The interest rate payable from time to time in respect of each class of Notes (each a "**Note Interest Rate**" and together the "**Note Interest Rates**") will be determined by the Paying Agent on behalf of the Issuer on the basis of the following provisions.

(1) The Note Interest Rate applicable to the Class A Notes for each Note Interest Period, including the first Note Interest Period, shall be the aggregate of three-month Note EURIBOR plus a margin of 1.90 per cent. per annum except in respect of the first Note Interest Period where an interpolated interest rate based on three and six month deposits in Euro will be substituted for three-month Note EURIBOR.

(2) The Note Interest Rate applicable to the Class B Notes for each Note Interest Period, including the first Note Interest Period, shall be the aggregate of three-month Note EURIBOR plus a margin of 2.90 per cent. per annum except in respect of the first Note Interest Period where an interpolated interest rate based on three and six months deposits in Euro will be substituted for three-month Note EURIBOR.

(3) The Note Interest Rate applicable to the Class C Notes for each Note Interest Period, including the first Note Interest Period, shall be the aggregate of three-month Note EURIBOR plus a margin of 4.00 per cent. per annum except in respect of the first Note Interest Period where an interpolated interest rate based on three and six months deposits in Euro will be substituted for three-month Note EURIBOR.

(4) The Note Interest Rate applicable to the Class D Notes for each Note Interest Period, including the first Note Interest Period, shall be the aggregate of three-month Note EURIBOR plus a margin of 6.75 per cent. per annum except in respect of the first Note Interest Period where an interpolated interest rate based on three and six months deposits in Euro will be substituted for three-month Note EURIBOR.

7.6 **Payment of Interest, Administrative Fees and Note Premium Amount**

(a) Payment of Interest on the Notes and payment of Administrative Fees shall be paid out of Interest Available Funds standing to the credit of the Issuer Payments Account on each Note Payment Date in accordance with the relevant Priority of Payments.

(b) For each Note Interest Period commencing on the Note Payment Date on which the Notes will be redeemed in full, payments in respect of the Notes (if any) that represent a Note Premium Amount will be subordinated to *inter alia* payment of interest and principal on the Notes and applied in accordance with the relevant Priority of Payments.

7.7 **Calculation of Note Interest Payment Amounts and Interest Deferral**

(a) The Issuer shall on each Note Interest Determination Date determine or cause the Paying Agent to determine:

(1) the Note Interest Rate applicable to the Notes for the next Note Interest Period beginning on the Note Payment Date following Note Interest Determination Date (or, in case of the first Note Interest Period, beginning on and including the Issue Date);

(2) the aggregate Euro amount (the "**Note Interest Payment Amount**") of interest payable on each Class of Notes in respect of the following Note Interest Period, calculated by:

(A) applying the relevant Note Interest Rate to the Principal Amount Outstanding of each Class of Notes on the Note Payment Date at the commencement of such Note Interest Period (or, in the case of the first Note Interest Period, the Issue Date) (after deducting therefrom any payment of principal due and paid on that Note Payment Date); and

(B) multiplying (A) above by the actual number of days in the Note Interest Period, divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

(b) To the extent that funds available to the Issuer to pay interest or any Note Premium Amount on any Class of Notes (other than any interest on the Most Senior Class of Notes) on a Note Payment Date are insufficient to pay the full amount of the aggregate Note Interest Payment Amount due on that Class of Notes, then the amount of the shortfall (the "**Deferred Interest**") shall not be paid on that Note Payment Date and shall (subject to the Class D Available Funds Cap) be paid on the following Note Payment Date in accordance with the relevant Priority of Payments.

(c) The Issuer shall, in respect of each affected class of Notes, create a provision in its accounts for the relevant Deferred Interest on the relevant Note Payment Date. Such Deferred Interest shall not accrue interest, and shall be payable (subject to the Class D Available Funds Cap) on the earlier of:

(1) any succeeding Note Payment Date when any such Deferred Interest shall be paid, but only if and to the extent that, on such Note Payment Date, there are sufficient Interest Available Funds, after deducting amounts ranking in priority to the relevant class of Notes in accordance with the Pre Note Enforcement Notice Interest Priority of Payments; and

(2) the date on which the relevant Notes are due to be redeemed in full.

7.8 **Available Funds Cap**

(a) If on any Note Payment Date the Note Interest Payment Amount payable in respect of the Class D Notes as determined in accordance with Condition 7.7 above, but excluding any adjustment in accordance with this Condition 7.8 (the "**Class D Note Interest Payment Amount**") on that date is in excess of the Class D Adjusted Note Interest Payment Amount, and such excess is attributable to a reduction in the interest-bearing balance of any Loan due to prepayments on such Loan (whether arising voluntarily or otherwise) or as a result of a Final Recovery Determination having been made in respect thereof, then the aggregate amount of interest payable in respect of the Class D Notes will be subject to a cap (the "**Class D Available Funds Cap**") at the Class D Adjusted Note Interest Payment Amount and the Issuer will have no further obligation to pay any additional amount in respect of interest on the Class D Notes that would otherwise be due on such Note Payment Date.

(b) The "**Class D Adjusted Note Interest Payment Amount**" means an amount equal to:

(1) the Interest Available Funds in respect of such Note Payment Date (excluding, for avoidance of doubt, the amount available for drawing by way of Interest Drawing from the Issuer Liquidity Reserve Account on such Note Payment Date), less

(2) the sum of all amounts payable out of Interest Available Funds on such Note Payment Date in priority to the payment of interest on the Class D Notes in accordance with the relevant Priority of Payments,

and will in any event not be less than zero.

7.9 **Notification of Note Interest Payment Amount and Note Payment Date**

As soon as practicable (and in any event not later than the close of business on the relevant Note Interest Determination Date), the Issuer (or the Paying Agent on its behalf) will cause:

(a) the Note Interest Rate for the Notes for the related Note Interest Period;

(b) the Note Interest Payment Amount for each Class of Notes for the related Note Interest Period; and

(c) the Note Payment Date in respect of each such Note Interest Payment Amount,

to be notified to the Master Servicer, the Special Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, Monte Titoli and Euronext Dublin and will cause the same to be published in accordance with Condition 20 (*Notices*) on or as soon as possible after the relevant Note Interest Determination Date.

7.10 **Note Payment Dates and Note Interest Periods**

(a) Subject to this Condition 7.10(a), interest on the Notes is, subject as provided in this Condition 7 (*Interest*), payable quarterly in arrears on 22 February, 22 May, 22 August and 22 November in each year (or, if any such day is not a Business Day, the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not)) (each, a "**Note Payment Date**") in respect of the Note Interest Period ending immediately prior thereto.

(b) The first Note Payment Date in respect of each Class of Notes is the Note Payment Date falling in August 2019 in respect of the period from (and including) the Issue Date to (but excluding) that Note Payment Date.

7.11 **Amendments to publications**

The Note Interest Rate, the Note Interest Payment Amount and the Note Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of

adjustment) without notice in the event of any extension or shortening of the relevant Note Interest Period.

7.12 **Determination by the Representative of the Noteholders**

(a) If the Issuer (or the Paying Agent on its behalf) does not at any time for any reason calculate (or cause to be calculated) the Note Interest Rate and the Note Interest Payment Amount in accordance with this Condition 7 (*Interest*), the Representative of the Noteholders as legal representative of the Organisation of the Noteholders shall (i) determine (or cause to be determined) the Note Interest Rate for the Notes at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and (ii) determine (or cause to be determined) the Note Interest Payment Amount for the Notes in the manner specified in Condition 7.7 (*Calculation of Note Interest Payment Amounts and Interest Deferral*) and such determination shall be deemed to have been made by the Paying Agent.

(b) The Representative of the Noteholders shall have no liability to any person (other than the Issuer) in connection with any determination or calculation made by it or its agent pursuant to this Condition 7.12 (*Determination by the Representative of the Noteholders*) or any failure to make such determination or calculation or any failure to appoint such an agent willing or able to make such determination or calculation save in case of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) of the Representative of the Noteholders, and the Representative of the Noteholders shall not be in any way responsible for any liabilities incurred by reason of wilful misconduct on the part of any such agent or be bound to supervise the proceedings or acts of any such agent, ***provided that*** such agent has been selected by the Representative of the Noteholders among financial institutions having certified experience in making the above determination and calculation and already acting as calculation agent in other securitisation transactions.

7.13 **Notifications to be final**

Each notification, calculation and quotation given, expressed, made or obtained for the purposes of this Condition 7 (*Interest*), whether by the Reference Banks (or any of them), the Paying Agent, the Issuer or the Representative of the Noteholders shall (in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*)) be binding on all persons.

7.14 **Reference Banks**

The Issuer shall ensure that, so long as any of the Notes remain outstanding, there shall at all times be three Reference Banks.

7.15 **Non Payment of Interest**

There shall be no Note Event of Default caused by reason only of the non payment when due of interest on any Class of Notes other than for non-payment of interest on the Most Senior Class of Notes then outstanding.

7.16 **Benchmark replacement**

(a) Following receipt of written notice from the Primary Servicer or, for so long as the relevant Loan is designated a Specially Serviced Loan, the Special Servicer, that a Loan Base Rate Modification or an Alternative Loan Base Rate Modification has occurred, the Issuer shall effect such amendments to these Conditions and the Issuer Transaction Documents to reflect a consistent change to the base rate in respect of the Notes (and make such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to the Issuer Transaction Documents to facilitate such change) (the "**Note Base Rate Modification**"), and the changes to effect the Note Base Rate Modification shall be binding on all Noteholders, the Representative of the Noteholders **provided that** (i) the Issuer shall certify to the Representative of the Noteholders that such changes are required solely for the purpose of implementing the Note Base Rate Modification and have been drafted solely to such effect; and (ii) the Representative of the Noteholders shall not be

obliged to agree to any modification which, in the sole opinion of the Representative of the Noteholders, as applicable, would have the effect of:

(i) exposing the Representative of the Noteholders, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or

(ii) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Representative of the Noteholders, as applicable in respect of the Notes, in the Issuer Transaction Documents and/or the Conditions.

(b) When implementing any modification pursuant to this Condition 7.16(a), the Representative of the Noteholders shall not consider the interests of the Noteholders, any Other Issuer Creditor or any other person and shall act and rely solely and without further investigation, on any certificate or evidence provided to it by the Issuer and shall not be liable to the Noteholders, any Other Issuer Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of such person.

(c) Any such modification, waiver, authorisation or determination in accordance with these Conditions or the Issuer Transaction Documents (other than any Finance Documents) shall be binding on the Noteholders and, unless the Representative of the Noteholders agrees otherwise, any such modification, waiver, authorisation or determination shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 20 (*Notices*).

## 8. REDEMPTION, PURCHASE AND CANCELLATION

### 8.1 Final redemption

(a) Unless previously redeemed in full or cancelled as provided in this Condition, the Issuer shall redeem the Notes at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Final Maturity Date.

(b) The Issuer may not redeem the Notes in whole or in part prior to that date except as provided below in Conditions 8.2 (*Mandatory redemption and Loan Prepayment Fee Amounts*), 8.3 (*Optional redemption*) and 8.4 (*Optional redemption for taxation reasons*), but without prejudice to Condition 12 (*Note Events of Default*) and Condition 13 (*Enforcement*).

(c) If the Issuer has insufficient Principal Available Funds to repay the Notes in full on the Final Maturity Date, then the Notes shall be deemed to be discharged in full and any amount in respect of principal, interest or other amounts due and payable in respect of the Notes shall (unless payment of such amounts is being improperly withheld or refused) be finally and definitively cancelled.

### 8.2 Mandatory redemption and Loan Prepayment Fee Amounts

(a) On each Note Payment Date on which there are Principal Available Funds, in accordance with the Priority of Payments set out in Condition 6 (*Priority of Payments*) on such Note Payment Date, the Issuer shall cause each Class of Notes to be redeemed from such Principal Available Funds in an amount equal to the Principal Payment Amount determined on the relevant Calculation Date allocated to such Class (subject to the relevant Priority of Payments).

(b) On each Interest Payment Date, any Loan Prepayment Fees received by the Issuer (the "**Loan Prepayment Fee Amounts**") shall be paid by the Primary Servicer into the Issuer Collection Account for application in accordance with this Condition 8.2 (*Mandatory redemption and Loan Prepayment Fee Amounts*).

(c) On each Note Payment Date, any Loan Prepayment Fee Amounts shall be allocated to each Class of Notes that is subject to mandatory early redemption as a result of the

corresponding prepayment of a Loan calculated according to the following formula (the "**Allocated Note Prepayment Fee Amount**"):

(d) Loan Prepayment Fee Amount x (principal amount redeemed of the relevant Class of Notes / Principal Amount Outstanding of the Notes redeemed) x (the Relevant Margin of the relevant Class of Notes redeemed / weighted average margin of the Notes redeemed)

(e) Loan Prepayment Fee Amounts shall be paid in accordance with the Pre Note Enforcement Notice Interest Priority of Payments, but shall only be applied to pay any Allocated Note Prepayment Fee Amount payable on each Class of Notes.

8.3 **Optional redemption**

**Provided that** no Note Enforcement Notice has been served on the Issuer, the Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding, together with interest accrued thereon, on any Note Payment Date falling on or after the Clean-up Option Date subject to the following:

that the Issuer has given not more than 60 days and not less than 30 days' notice to the Representative of the Noteholders and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes; and

that prior to giving such notice, the Issuer has provided to the Representative of the Noteholders a certificate signed by the Issuer confirming that the Issuer will on the relevant Note Payment Date have the funds, not subject to the interests of any person, required to redeem the Notes in accordance with this Condition and any amount required to be paid under the Pre Note Enforcement Notice Principal Priority of Payments in priority to or *pari passu* with the Notes.

8.4 **Optional redemption for taxation reasons**

**Provided that** no Note Enforcement Notice has been served on the Issuer, the Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding on any Note Payment Date:

(a) after the date on which the Issuer is required to make any payment in respect of the Notes and the Issuer would be required to make a Tax Deduction in respect of such payment (other than in respect of a Decree 239 Deduction);

(b) after the date of a change in the Tax law of Italy (or the application or official interpretation of such law) which would cause the total amount payable in respect of a Loan to cease to be receivable by the Issuer, including as a result of any of the Obligors being obliged to make a Tax Deduction in respect of any payment in relation to any Receivables,

subject to the following:

(c) that the Issuer has given not more than 60 days' and not less than 30 days' notice to the Representative of the Noteholders and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes; and

(d) that prior to giving such notice, the Issuer has provided to the Representative of the Noteholders:

(i) a certificate signed by a director of the Issuer to the effect that the obligation to make a Tax Deduction or the imposition resulting in the total amount payable in respect of a Loan ceasing to be receivable by the Issuer cannot be avoided by taking measures reasonably available to the Issuer and not prejudicial to its interest as a whole; and

(ii) a certificate signed by a director of the Issuer confirming that the Issuer will, on the relevant Note Payment Date, have the funds not subject to the interests of any other person required to redeem the Notes pursuant to this Condition and any

amount required to be paid under the Priority of Payments in priority to or *pari passu* with the Notes.

8.5 **Conclusiveness of certificates**

Any certificate given by or on behalf of the Issuer pursuant to Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption for taxation reasons*) may be relied on by the Representative of the Noteholders without further investigation and shall be binding on the Noteholders and the Other Issuer Creditors.

8.6 **Calculation of Principal Payment Amount and Principal Amount Outstanding**

(a) On each Calculation Date, the Issuer shall calculate or cause the Calculation Agent to calculate:

(1) the amount of the Principal Available Funds;

(2) the Principal Payment Amount due on the Notes on the next following Note Payment Date, the Class A Principal Payment Amount, the Class B Principal Payment Amount, the Class C Principal Payment Amount and the Class D Principal Payment Amount;

(3) the Principal Amount Outstanding of each Note on the next following Note Payment Date (after deducting any principal payment due to be made on that Note Payment Date in relation to each Note).

(b) The "**Principal Payment Amount**" means the Class A Principal Payment Amount, the Class B Principal Payment Amount, the Class C Principal Payment Amount or the Class D Principal Payment Amount, as applicable.

"**Class A Principal Payment Amount**" means the lesser of:

(i) the Principal Amount Outstanding of the Class A Notes; and

(ii) the sum of that portion of:

(A) the Pro Rata Principal Payment Amount allocated pursuant to Condition 8.6(c);

(B) the Sequential Principal Payment Amount allocated pursuant to Condition 8.6(e); and

(C) the Reverse Sequential Principal Payment Amount allocated pursuant to Condition 8.6(f),

allocated to the Class A Notes on such Note Payment Date.

"**Class B Principal Payment Amount**" means the lesser of:

(i) the Principal Amount Outstanding of the Class B Notes; and

(ii) the sum of that portion of:

(A) the Pro Rata Principal Payment Amount allocated pursuant to Condition 8.6(c);

(B) the Sequential Principal Payment Amount allocated pursuant to Condition 8.6(e); and

(C) the Reverse Sequential Principal Payment Amount allocated pursuant to Condition 8.6(f),

allocated to the Class B Notes on such Note Payment Date.

"**Class C Principal Payment Amount**" means the lesser of:

(i) the Principal Amount Outstanding of the Class C Notes; and

(ii) the sum of that portion of:

(A) the Pro Rata Principal Payment Amount allocated pursuant to Condition 8.6(c);

(B) the Sequential Principal Payment Amount allocated pursuant to Condition 8.6(e); and

(C) the Reverse Sequential Principal Payment Amount allocated pursuant to Condition 8.6(f),

allocated to the Class C Notes on such Note Payment Date.

"**Class D Principal Payment Amount**" means the lesser of:

(i) the Principal Amount Outstanding of the Class D Notes; and

(ii) the sum of that portion of:

(A) the Pro Rata Principal Payment Amount allocated pursuant to Condition 8.6(c);

(B) the Sequential Principal Payment Amount allocated pursuant to Condition 8.6(e); and

(C) the Reverse Sequential Principal Payment Amount allocated pursuant to Condition 8.6(f),

allocated to the Class D Notes on such Note Payment Date.

"**Pro Rata Principal Payment Amount**" as determined on any Calculation Date will be: (i) if a Sequential Payment Trigger has occurred on or prior to such Calculation Date, zero; or (ii) if no Sequential Payment Trigger exists on such Calculation Date, an amount equal to the Principal Available Funds which are available for distribution on that Note Payment Date minus any Reverse Sequential Principal Payment Amount.

"**Reverse Sequential Principal Payment Amount**" means any prepayment proceeds received in respect of the Loans as a result of the exercise of the Reverse Sequential Voluntary Prepayment Right.

"**Reverse Sequential Voluntary Prepayment Right**" means, on an Interest Payment Date on or following the occurrence of a Permitted Change of Control with respect to all of the Loans together, the right of the Borrowers to make a single voluntary prepayment of the Loans, the proceeds of which will be applied to redeem the Notes in reverse sequential order (subject to the voluntary prepayment limits set out in the relevant Facilities Agreement) subject to the following conditions:

(i) the Reverse Sequential Voluntary Prepayment Right may be exercised once throughout the life of the Loans;

(ii) the Reverse Sequential Voluntary Prepayment Right may not be exercised following the occurrence of a Sequential Payment Trigger; and

(iii) immediately following the resulting prepayment of the Loans, the LTV for each of the Loans (based on the most recent Valuation, which may be instructed by the relevant Facility Agent for these purposes) is (i) equal and (ii) no greater than 50 per cent.

"**Sequential Principal Payment Amount**" as determined on any Calculation Date will be (i) if no Sequential Payment Trigger exists on such Calculation Date, zero; (ii) if a Sequential Payment Trigger has occurred on or prior to such Calculation Date, an amount equal to the Principal Available Funds which are available for distribution on that Note Payment Date.

"**Sequential Payment Trigger**" means the first to occur of the following:

1. a Calculation Date on which any Loan is a Specially Serviced Loan; or

2. a Note Payment Date following a Loan Final Maturity Event of Default (for the avoidance of doubt, without reference to any extension that may be agreed to by the Servicer or the Special Servicer).

(c) The Pro Rata Principal Payment Amount (as determined on any Calculation Date) will be allocated to the Notes on the immediately following Note Payment Date after the allocation of any Sequential Principal Payment Amount and any Reverse Sequential Principal Payment Amount *pro rata* to the Principal Amount Outstanding of the relevant Class of Notes as a percentage of the aggregate Principal Amount Outstanding of the Notes on the immediately preceding Calculation Date (for the avoidance of doubt, and without double counting, after the allocation of any Sequential Principal Payment Amount or any Reverse Sequential Principal Payment Amount).

(d) On each Note Payment Date, to the extent that a Class of Notes have been, or will on such Note Payment Date be, redeemed in full, an amount equal to the Pro Rata Principal Payment Amount reduced by any amount allocated to the redeemed Class of Notes on such Note Payment Date will be allocated to the Most Senior Class of Notes then outstanding.

(e) The Sequential Principal Payment Amount will be allocated sequentially to:

(1) the Class A Notes *pro rata*; and

(2) if the Class A Notes have been or will on such Note Payment Date be redeemed in full an amount equal to the Sequential Principal Payment Amount reduced by any amount allocated to the Class A Notes under (a) above on such Note Payment Date will be allocated to the Class B Notes *pro rata*; and

(3) if the Class B Notes have been or will on such Note Payment Date be redeemed in full, an amount equal to the Sequential Principal Payment Amount reduced by any amount allocated to the Class A Notes and Class B Notes under (1) and (2) above on such Note Payment Date will be allocated to the Class C Notes *pro rata*; and

(4) if the Class C Notes have been or will be redeemed in full on such Note Payment Date, an amount equal to the Sequential Principal Payment Amount reduced by any amount allocated to the Class A Notes, the Class B Notes and the Class C Notes under (1) to (3) above on such Note Payment Date will be allocated to the Class D Notes *pro rata*;

(6) if the Class D Notes have been or will be redeemed in full on such Note Payment Date, an amount equal to the Sequential Principal Payment Amount reduced by any amount allocated to the Class A Notes, the Class B Notes and the Class C Notes under (1) to (4) above on such Note Payment Date will be applied in accordance with the relevant Priority of Payments.

(f) The Reverse Sequential Principal Payment Amount will be allocated in reverse sequential order to:

(1) the Class D Notes *pro rata*; and

(2) if the Class D Notes have been or will on such Note Payment Date be redeemed in full an amount equal to the Reverse Sequential Principal Payment Amount reduced by any amount allocated to the Class D Notes under (1) above on such Note Payment Date will be allocated to the Class C Notes *pro rata*; and

(3) if the Class C Notes have been or will on such Note Payment Date be redeemed in full, an amount equal to the Reverse Sequential Principal Payment Amount reduced by any amount allocated to the Class D Notes and Class C Notes under (1) and (2) above on such Note Payment Date will be allocated to the Class B Notes *pro rata*; and

(4) if the Class B Notes have been or will on such Note Payment Date be redeemed in full, an amount equal to the Reverse Sequential Principal Payment Amount reduced by any amount allocated to the Class D Notes, Class C Notes and the Class B Notes under (1) to (3) above on such Note Payment Date will be allocated to the Class A Notes *pro rata*; and

(5) if the Class A Notes have been or will be redeemed in full on such Note Payment Date, an amount equal to the Reverse Sequential Principal Payment Amount reduced by any amount allocated to the Class D Notes, the Class C Notes, the Class B Notes and the Class A Notes under (1) to (4) above on such Note Payment Date will be applied in accordance with the relevant Priority of Payments.

8.7 **Calculation by the Representative of the Noteholders in case of Issuer default**

(a) If the Issuer does not at any time for any reason calculate (or cause the Calculation Agent to calculate) the Issuer Available Funds, the amount thereof available for principal payments in respect of the Notes, the Principal Payment Amount in respect of each Note or the Principal Amount Outstanding in relation to each Note in accordance with this Condition, such amounts shall be calculated by (or on behalf of) the Representative of the Noteholders in accordance with this Condition (based on information supplied to it by the Issuer or the Calculation Agent) and each such calculation shall be deemed to have been made by the Calculation Agent.

(b) The Representative of the Noteholders shall have no liability to any person in connection with any determination or calculation made by it or its agent pursuant to this Condition 8.7 (*Calculation by the Representative of the Noteholders in case of Issuer default*) or any failure to make such determination or calculation or any failure to appoint such an agent willing or able to make such determination or calculation save in case of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) of the Representative of the Noteholders, and the Representative of the Noteholders shall not be in any way responsible for any liabilities incurred by reason of wilful misconduct (*dolo*) or gross default (*colpa grave*) on the part of any such agent or be bound to supervise the proceedings or acts of any such agent, **provided that** such agent has been selected by the Representative of the Noteholders among financial institutions having certified experience in making the above determination and calculation and already acting as calculation agent in other securitisation transactions.

8.8 **Principal Amount Outstanding and Note Factor**

(a) On each Calculation Date, the Calculation Agent shall determine (a) the Principal Amount Outstanding of each Note on the next following Note Payment Date (after deducting any principal payment to be paid on such Note on that Note Payment Date) and (b) the fraction (the "**Note Factor**"), the numerator of which is equal to the Principal Amount Outstanding of each Class of Notes immediately prior to such Note Payment Date and the denominator of which is equal to the aggregate Principal Amount Outstanding of all the Classes of Notes immediately prior to such Note Payment Date. Each determination by Calculation Agent of the Principal Amount Outstanding of a Note and the Note Factor shall in each case (in the absence of its own wilful default, bad faith or manifest error) be final and binding on all persons.

(b) The Principal Amount Outstanding of a Note on any date will be its face amount less the aggregate amount of principal repayments or prepayments made in respect of that Note since the Issue Date.

(c) The Issuer (or the Calculation Agent on its behalf) will cause each determination of the Principal Amount Outstanding and the Note Factor to be notified in writing forthwith to the Representative of the Noteholders, the Paying Agent, the Rating Agencies, the Issuer Account Bank and (for so long as the Notes are listed on Euronext Dublin) Euronext Dublin and will cause notice of each determination of a Principal Amount Outstanding and the Note Factor to be given to the Noteholders in accordance with Condition 20 (*Notices*) as soon as reasonably practicable thereafter.

(d) If the Issuer (or the Calculation Agent on its behalf) does not at any time for any reason determine the Principal Amount Outstanding or the Note Factor in accordance with the preceding provisions of this Condition 8.8 (*Principal Amount Outstanding and Note Factor*), such Principal Amount Outstanding and the Note Factor may be determined by the Representative of the Noteholders, in accordance with this Condition 8.8 (*Principal Amount Outstanding and Note Factor*), and each such determination or calculation shall be conclusive and shall be deemed to have been made by the Issuer or the Calculation Agent, as the case may be and the Representative of the Noteholders shall have no liability to any person in respect thereof.

8.9 **Notice of calculation of Principal Payment Amount and Principal Amount Outstanding**

The Issuer will cause each calculation of the Principal Payment Amount and Principal Amount Outstanding in relation to the Notes to be notified immediately after calculation (through the Calculation Agent Quarterly Report) to the Representative of the Noteholders, the Paying Agent and, for so long as the Notes are listed on Euronext Dublin.

8.10 **Notice Irrevocable**

Any such notice as is referred to in Conditions 8.3 (*Optional redemption*), 8.4 (*Optional redemption for taxation reasons*) and 8.9 (*Notice of calculation of Principal Payment Amount and Principal Amount Outstanding*) shall be irrevocable and, upon the expiration of notice pursuant to Conditions 8.3 (*Optional redemption*) or 8.4 (*Optional redemption for taxation reasons*), the Issuer shall be bound to redeem the Notes at their Principal Amount Outstanding.

8.11 **No purchase by Issuer**

The Issuer is not permitted to purchase any of the Notes at any time.

8.12 **Cancellation**

All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be resold or reissued.

9. **LIMITED RECOURSE AND NON PETITION**

9.1 **Noteholders not entitled to proceed directly against Issuer**

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Issuer Transaction Documents to obtain payment of the Obligations and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations. In particular,

(a) no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) shall, save as expressly permitted by the Issuer Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;

(b) until the date falling two years and one day after the date on which the Notes have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder

(nor any person on its behalf, other than the Representative of the Noteholders when so directed by an Extraordinary Resolution of all the Noteholders) shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and

(c) no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

9.2 **Limited Recourse Obligations of Issuer**

Notwithstanding any other provision of the Issuer Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

(a) each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the relevant Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital or its quotaholders, directors or officers;

(b) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to or *pari passu* with sums payable to such Noteholder; and

(c) if the Master Servicer (or the Delegate Servicer on its behalf) has certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further realisations in respect of the Loans or the Loan Security (whether arising from judicial enforcement proceedings, enforcement of the Loan Security or otherwise) which would be available to pay unpaid amounts outstanding under the Issuer Transaction Documents and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Condition 20 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Loan Portfolio (whether arising from judicial enforcement proceedings, enforcement of the Loan Security or otherwise) which would be available to pay amounts outstanding under the Issuer Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and deemed to be discharged in full.

10. **PAYMENTS**

10.1 **Payments through Monte Titoli**

Payment of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent on behalf of the Issuer to the accounts of the Monte Titoli Account Holder in whose accounts with Monte Titoli the Notes are held and thereafter credited by such Monte Titoli Account Holders from such aforementioned accounts to the accounts of the beneficial owners of those Notes or through Euroclear and Clearstream to the accounts with Euroclear and Clearstream of the beneficial owners of those Notes, all in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

10.2 **Payments subject to fiscal laws**

All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

10.3 **Payments on Business Days**

Noteholders will not be entitled to any interest or other payment in consequence of any delay after the due date in receiving any amount due as a result of the due date not being a Business Day in the place of payment to such Noteholder.

10.4 **Change of Paying Agent and appointment of additional paying agents**

The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders and prior written notice to the Rating Agencies, at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents (**provided that** any additional or substitute paying agent, as the case may be, shall be an Eligible Institution). The Issuer will cause at least 30 days' prior notice of any change in or addition to the Paying Agent or its Specified Office to be given in accordance with Condition 20 (*Notices*).

11. **TAXATION**

11.1 **Payments free from Tax**

All payments in respect of the Notes will be made free and clear of and without withholding or deduction (other than a Decree 239 Deduction, where applicable) for any Taxes imposed, levied, collected, withheld or assessed by applicable law unless the Issuer, the Representative of the Noteholders or the Paying Agent or any paying agent appointed under Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*) (as the case may be) is required by law to make any Tax Deduction. In that event the Issuer, the Representative of the Noteholders or such Paying Agent (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.

11.2 **No payment of additional amounts**

None of the Issuer, the Representative of the Noteholders, the Paying Agent or any paying agent appointed under Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*) will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction. The Issuer shall however pay any additional amount as will result in the receipt by the Noteholders, after any Decree 239 Deduction, of such amount as would have been received by them if no such Decree 239 Deduction had been required in all circumstances in which the requirements and procedures to obtain an exemption from *imposta sostitutiva* or any alternative future system of deduction or withholding set forth in Decree 239, or related implementing regulations, have not been met or complied with as a consequence of any actions or omissions of the Issuer.

11.3 **Tax Deduction not Note Event of Default**

Notwithstanding that the Representative of the Noteholders, the Issuer or the Paying Agent or any paying agent appointed under Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*) are required to make a Tax Deduction this shall not constitute a Note Event of Default.

12. **NOTE EVENTS OF DEFAULT**

12.1 **Note Events of Default**

Each of the following events is a "**Note Event of Default**":

(a) ***Non-payment***

The Issuer fails to pay any amount of principal due and payable in respect of any Class of Notes within five days of the due date for payment of such principal or fails to pay the Note Interest Payment Amount in respect of the Most Senior Class of Notes or any amount of interest due and payable in respect of any other Class of Notes within three days of the due date for payment of such interest; or

(b) ***Breach of other obligations***

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Issuer Transaction Documents to which it is a party (other than any obligation to pay principal or interest in respect of the Notes) and such default (a) is in the opinion of the Representative of the Noteholders, incapable of remedy

or (b) being a default which is, in the opinion of the Representative of the Noteholders, capable of remedy remains unremedied for 30 days after the Representative of the Noteholders has given written notice of such default to the Issuer requiring the same to be remedied;

(c) ***Insolvency of the Issuer***

an Insolvency Event occurs with respect to the Issuer; or

(d) ***Unlawfulness***

it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Issuer Transaction Documents to which it is a party.

12.2 **Delivery of Note Enforcement Notice**

If a Note Event of Default occurs and is continuing, subject to Condition 12.3 (*Conditions to delivery of Note Enforcement Notice*) the Representative of the Noteholders may or shall, if so directed by an Extraordinary Resolution of the Noteholders of all Classes of Notes then outstanding, other than any Class of Notes in respect of which a Control Valuation Event has occurred, serve a written notice (a "**Note Enforcement Notice**") on the Issuer.

12.3 **Conditions to delivery of Note Enforcement Notice**

Notwithstanding Condition 12.2 (*Delivery of Note Enforcement Notice*) the Representative of the Noteholders shall not be obliged to deliver a Note Enforcement Notice unless:

12.3.1 in the case of the occurrence of any of the events mentioned in Condition 12.1(b) (*Breach of other obligations*), the Representative of the Noteholders shall have certified in writing that the occurrence of such event is in its sole opinion materially prejudicial to the interests of the Noteholders; and

12.3.2 it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.4 **Consequences of delivery of Note Enforcement Notice**

Upon the service of a Note Enforcement Notice, all payments of principal, interest and other amounts in respect of the Notes shall become immediately due and payable without further action or formality at their Principal Amount Outstanding, together with any accrued interest and shall be payable in accordance with the order of priority set out in Condition 6.3 (*Post Note Enforcement Notice Priority of Payments*) and on such dates as the Representative of the Noteholders shall determine as being Note Payment Dates.

13. **ENFORCEMENT**

13.1 **Proceedings**

At any time after a Note Enforcement Notice has been served on the Issuer, the Representative of the Noteholders may, at its discretion and without further notice take such steps and/or institute such proceedings as it thinks fit to enforce repayment of the Notes and payment of accrued interest thereon but it shall not be bound to do so unless directed by an Extraordinary Resolution of the Noteholders of all Classes of Notes then outstanding, other than any Class of Notes in respect of which a Control Valuation Event has occurred, and subject to Article 32.2.3 of the Rules of the Organisation of the Noteholders.

13.2 **Directions to the Representative of the Noteholders**

The Representative of the Noteholders may take such action without having regard to the effect of such action on any individual Noteholder or on any Other Issuer Creditor.

13.3 **Sale of Loan Portfolio**

(a) Following the delivery of a Note Enforcement Notice the Representative of the Noteholders shall direct the Issuer to sell the Loan Portfolio or a substantial part thereof only if so requested by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding has occurred, and strictly in accordance with the instructions approved thereby subject to Article 32.2.3 of the Rules of the Organisation of the Noteholders, and subject to indemnification to its satisfaction.

(b) Upon occurrence of the circumstance under Condition 13.3(a) above, the assignee of the Loan Portfolio (or part of it) shall provide the Issuer with (i) a solvency certificate and (ii) a good standing certificate (*certificate di vigenza*) issued by the relevant Chamber of Commerce confirming that no insolvency proceedings have been filed or are pending against it or other similar certificates issued in the relevant jurisdiction of the assignee.

## 14. THE REPRESENTATIVE OF THE NOTEHOLDERS AND OTHER AGENTS

### 14.1 The Organisation of the Noteholders

The Organisation of the Noteholders shall be established upon and by virtue of the issue of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes. The provisions relating to the Organisation of the Noteholders and the Representative of the Noteholders are contained in the Rules of the Organisation of the Noteholders.

### 14.2 Appointment of the Representative of the Noteholders

Pursuant to the Rules of the Organisation of the Noteholders there shall at all times be a Representative of the Noteholders.

## 15. NOTE MATURITY PLAN

15.1 If either Loan remains outstanding on the date which is 30 months prior to the Final Maturity Date and, in the opinion of the Special Servicer, all recoveries then anticipated by the Special Servicer with respect to the Loans (whether by enforcement of the relevant Loan Security or otherwise) are unlikely to be realised in full prior to the Final Maturity Date of the Notes, the Special Servicer will be required to prepare a draft note maturity plan (the "**Note Maturity Plan**") and present the same to the Issuer, the Regulatory Servicer (who shall send such Note Maturity Plan to the Rating Agencies), the Calculation Agent and the Representative of the Noteholders no later than 45 days after such date.

15.2 Upon receipt of the draft Note Maturity Plan, the Representative of the Noteholders will convene, at the cost of the Issuer, a meeting of the Noteholders at which the Noteholders will have the opportunity to discuss the various proposals contained in the draft Note Maturity Plan with the Special Servicer. Following such meeting, the Special Servicer shall reconsider the Note Maturity Plan and make modifications thereto to address the views of Noteholders (subject to the Servicing Standard) following which it shall provide a final Note Maturity Plan to the Issuer, the Noteholders and the Representative of the Noteholders.

15.3 Upon receipt of the final Note Maturity Plan, the Representative of the Noteholders will convene, at the cost of the Issuer, a meeting of the Noteholders of the Most Senior Class of Notes outstanding at which the Noteholders of the Most Senior Class of Notes will be requested to select their preferred option among the proposals set forth in the final Note Maturity Plan. The Special Servicer will implement the proposal that receives the approval of the holders of the Most Senior Class of Notes then outstanding by way of Ordinary Resolution.

15.4 If no option receives the approval of the Noteholders of Most Senior Class of Notes at such meeting, then the Special Servicer shall be entitled to continue to enforce or workout the Loan in accordance with the Servicing Standard, save that the Special Servicer may not extend the relevant Repayment Date to a date less than 30 months prior to the Final Maturity Date, unless directed by an Ordinary Resolution of the Noteholders of the Most Senior Class of Notes (subject to Article 19.2 (*Basic Terms Modification*).

16. **PAYING AGENT, CALCULATION AGENT, REGULATORY SERVICER, PRIMARY SERVICER AND SPECIAL SERVICER**

So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a Paying Agent and Calculation Agent in respect of the moneys from time to time standing to the credit of the Issuer Accounts and a Primary Servicer or Special Servicer (as applicable) in respect of the Issuer's assets. None of the Paying Agent, Calculation Agent, Regulatory Servicer, Primary Servicer or Special Servicer will be permitted to terminate its appointment unless a replacement paying agent, calculation agent, regulatory servicer, primary servicer or special servicer, as the case may be, acceptable to the Issuer and the Representative of the Noteholders has been appointed.

17. **DEALINGS WITH THE RATING AGENCIES**

The Issuer shall not engage in any communication (whether written, oral, electronic or otherwise) with any of the Rating Agencies unless it:

(a) has given at least two Business Days' notice of the same to the Representative of the Noteholders, the Regulatory Servicer, the Primary Servicer and the Special Servicer;

(b) permits such parties (or any of them) to participate in such communications; and

(c) summarises any information provided to the Rating Agencies in such communication in writing.

18. **CONTROLLING CLASS**

The Controlling Class may from time to time appoint by way of an Ordinary Resolution not more than one Noteholder of such class to be their representative for the purposes of this Condition 18 (each such person, an Operating Advisor).

Any Operating Advisor so appointed will have the rights set forth in the Master Servicing Agreement (including the right to instruct the Issuer to terminate the appointment of the Special Servicer with respect to any Loan that is a Specially Serviced Loan). Any Operating Advisor shall, unless instructed to the contrary in writing by the majority of persons who constitute the Controlling Class, be entitled in its sole discretion to exercise all of the rights given to it pursuant to the Master Servicing Agreement as it sees fit.

The appointment of any Operating Advisor shall not take effect until it notifies the Issuer, the Representative of the Noteholders, the Regulatory Servicer, the Primary Servicer and the Special Servicer in writing (attaching a copy of the relevant Ordinary Resolution) of its appointment.

The Controlling Class may by Ordinary Resolution (notified in writing to the Representative of the Noteholders, the Regulatory Servicer, the Primary Servicer and the Special Servicer) terminate the appointment of any Operating Advisor. Any Operating Advisor may retire by giving not less than 21 days' notice in writing to the Noteholders of the Controlling Class (in accordance with the terms of Condition 20 (*Notices*), the Representative of the Noteholders, the Regulatory Servicer, the Primary Servicer and the Special Servicer.

The most junior Class of Notes outstanding shall be the Controlling Class if at the relevant time it meets the Controlling Class Test. A Class of Notes will meet the Controlling Class Test if the following conditions are satisfied:

(a) it has a total Principal Amount Outstanding which is not less than 25 per cent. of the Principal Amount Outstanding of such Class of Notes on the Issue Date;

(b) a Control Valuation Event is not continuing with respect to the relevant Class of Notes; and

(c) such Class does not consist entirely of Noteholders who are Disenfranchised Noteholders.

A "**Control Valuation Event**" will occur with respect to any class of Notes if and for so long as:

(a) the difference between:

(i) the sum of (A) the then Principal Amount Outstanding of such class of Notes and (B) the then Principal Amount Outstanding of all classes of Notes ranking junior to such class; and

(ii) the sum of (A) any Valuation Reduction Amounts with respect to the Loans; and (B) without duplication, losses realised with respect to any enforcement of security in respect of the Property Portfolio,

is less than

(b) 25 per cent. of the then Principal Amount Outstanding of such class of Notes.

A "**Valuation Reduction Amount**" with respect to a Loan will be an amount (subject to a minimum of zero) equal to the excess of:

(a) the outstanding principal balance of the Loan; over

(b) the excess of:

(i) 90 per cent. of the sum of the values set forth in the most recent Valuation (including all reserves or similar amount which may be applied toward payments on such Loan) excluding the values of any Property within the Property Portfolio no longer held by a Borrower as at the testing date above; and

(ii) the sum of:

(A) all unpaid interest on the relevant Loan;

(B) any other unpaid fees, expenses and other amounts that are payable prior to amounts payable to the Issuer under the relevant Loan; and

(C) all currently due and unpaid ground rents and insurance premia and all other amounts due and unpaid with respect to the relevant Properties.

If the most junior class of Notes outstanding does not meet the Controlling Class Test, the next most junior Class of Notes outstanding that does meet the Controlling Class Test will be the Controlling Class.

The Valuation Reduction Amount will be re-determined on each occasion on which an updated Valuation is obtained, by reference to such Valuation.

If no Class of Notes has a Principal Amount Outstanding that satisfies this requirement, then the Controlling Class will be the Most Senior Class of Notes then outstanding. For the avoidance of doubt, the Principal Amount Outstanding of a Class of Notes for the purposes of calculating the Controlling Class Test shall be the Principal Amount Outstanding of such Class less any Valuation Reduction Amounts that have been applied to that Class.

The Representative of the Noteholders shall determine which Class of Notes meets the Controlling Class Test to the extent it has received in a timely manner: (i) the required information to enable it to determine which Class of Notes meets the Controlling Class Test; and (ii) written confirmation from any relevant Noteholder if such Noteholder is a Disenfranchised Noteholder, and shall notify the Primary Servicer and the Special Servicer accordingly.

Each Noteholder acknowledges and agrees, by its purchase of the Notes, that:

(a) the Operating Advisor may have special relationships and interests that conflict with those of the holders of one or more classes of the Notes;

(b) the Operating Advisor may act solely in the interests of the Controlling Class;

(c) the Operating Advisor does not have any duties to any Noteholders other than the Controlling Class;

(d) the Operating Advisor may take actions that favour the interests of the Noteholders of the Controlling Class over the interests of the other Noteholders;

(e) the Operating Advisor will not be deemed to have been negligent or reckless, or to have acted in bad faith or engaged in wilful misconduct, by reason of its having acted solely in the interests of the Controlling Class; and

(f) the Operating Advisor will have no liability whatsoever for having acted solely in the interests of the Controlling Class, and no holder of any other Class of Notes may take any action whatsoever against the Operating Advisor for having so acted.

## 19. PRESCRIPTION

Claims against the Issuer for payments in respect of the Notes shall be prescribed and shall become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the date on which a payment in respect thereof first becomes due and payable.

## 20. NOTICES

### 20.1 Notices Given Through Monte Titoli

Any notice regarding the Notes, as long as the Notes are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

### 20.2 Notices in Ireland

As long as the Notes are listed on the Official List of Euronext Dublin and the rules of such exchange so require, any notice to Noteholders given by or on behalf of the Issuer shall also be published on the website of Euronext Dublin and shall also be considered sent for the purposes of Directive 2004/109/CE. The website of Euronext Dublin does not form part of the information provided for the purposes of this Offering Circular. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner referred to above.

### 20.3 Other Method of Giving Notice

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to Noteholders (including, without limitation, any relevant screen) if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Notes are then listed and **provided that** notice of such other method is given to the Noteholders in such manner as the Representative of the Noteholders shall require.

## 21. NOTIFICATIONS TO BE FINAL

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Conditions, whether by the Paying Agent or any paying agent appointed under Notes Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*), the Calculation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of its own wilful default (*dolo*) and/or gross negligence (*colpa grave*)) be binding on the Paying Agent or any paying agent appointed under Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*), the Calculation Agent, the Issuer, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretion hereunder.

## 22. GOVERNING LAW AND JURISDICTION

### 22.1 Governing Law of Notes

The Notes and any non-contractual obligations arising out of them are governed by Italian law.

### 22.2 Governing Law of Issuer Transaction Documents

All the Issuer Transaction Documents and any non-contractual obligations arising out of them are governed by Italian law.

### 22.3 Jurisdiction of Courts

The Courts of Milan are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and any disputes related to any non-contractual obligations arising out of or in connection with the Notes.

**EXHIBIT TO THE TERMS AND CONDITIONS OF THE NOTES**
**RULES OF THE ORGANISATION OF THE NOTEHOLDERS**

## TITLE I
## GENERAL PROVISIONS

### 1. GENERAL

1.1 The Organisation of the Noteholders is created concurrently with the issue of and subscription for the €122,000,000 Class A Commercial Mortgage Backed Notes due 2031 (the "**Class A Notes**"), the €39,600,000 Class B Commercial Mortgage Backed Notes due 2031 (the "**Class B Notes**"), the €41,400,000 Class C Commercial Mortgage Backed Notes due 2031 (the "**Class C Notes**"), and the €19,230,000 Class D Commercial Mortgage Backed Notes due 2031 (the "**Class D Notes**" and, together with the Class A Notes, the Class B Notes and the Class C Notes, the "**Notes**") issued by Deco 2019-Vivaldi S.r.l., and is governed by the Rules of the Organisation of the Noteholders set out herein (the "**Rules**").

1.2 The Rules shall remain in force and effect until full repayment or cancellation of all the Notes.

1.3 The contents of the Rules are deemed to be an integral part of each Note issued by the Issuer.

### 2. DEFINITIONS AND INTERPRETATION

#### 2.1 Definitions

2.1.1 In these Rules the terms set out below have the following meanings:

"**Basic Terms Modification**" means any proposal:

(a) to change any date fixed for the payment of principal or interest in respect of the Notes of any Class;

(b) to reduce or cancel the amount of principal or interest due on any date in respect of the Notes of any Class or to alter the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;

(c) to modify the method of calculating the amount payable or the date of payment in respect of any interest or principal in respect of any Class of Notes;

(d) to change the quorum required at any Meeting or the majority required to pass any Ordinary Resolution or Extraordinary Resolution;

(e) to change the currency in which payments due in respect of any Class of Notes are payable;

(f) the appointment or termination of the appointment of the Representative of the Noteholders;

(g) to alter the priority of payments of interest or principal in respect of any of the Notes; or

(h) to change this definition;

"**Block Voting Instruction**" means, in relation to a Meeting, a document issued by the Tabulation Agent (where appointed) or otherwise by the Paying Agent:

(a) where applicable, certifying that the Notes relating to the relevant Block Voting Instructions have been blocked in an account with a clearing system, the Monte Titoli Account Holder or the relevant custodian and will not be released until the earlier of:

(i) the conclusion of the Meeting; and

(ii) the surrender to the Tabulation Agent (where appointed) or otherwise to the Paying Agent which issued the same not less than 48 hours before the time fixed for the Meeting (or, if the meeting has been adjourned, the time fixed for its resumption) of confirmation that the Notes are Blocked Notes and notification of the release thereof by the Tabulation Agent (where appointed) or otherwise the Paying Agent to the Issuer and Representative of the Noteholders; or

(b) certifying to have received appropriate evidence of the ownership of the Notes being the subject of the relevant Voting Instructions as at the relevant Record Date;

(c) certifying that the Holder of the relevant Notes or Blocked Notes, as the case may be, or a duly authorised person on its behalf has notified the Tabulation Agent (where appointed) or otherwise the Paying Agent that the votes attributable to such Notes are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;

(d) listing the aggregate principal amount of such specified Blocked Notes, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution;

(e) authorising a named individual to vote in accordance with such instructions;

"**Blocked Notes**" means Notes which have been blocked in an account with a clearing system or otherwise are held to the order of or under the control of the relevant Monte Titoli Account Holder for the purpose of voting at a Meeting;

"**Chairman**" means, in relation to a Meeting, the individual who takes the chair in accordance with Article 8 (*Chairman of the Meeting*) of the Rules;

"**Conditions**" means the terms and conditions of the Notes as from time to time modified in accordance with the Rules of the Organisation of the Noteholders and including any other document expressed to be supplemental thereto and any reference to a particular numbered Condition shall be construed accordingly.

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in the Rules by a majority of not less than three quarters of the votes cast. For the purposes of determining the majority of votes cast at a Meeting of the Noteholders any Notes held by a Disenfranchised Noteholder, shall be treated as if they were not outstanding and shall not be counted in or towards any required majority;

"**Hedging Document**" means each of the present or future documents entered into by an applicable Borrower Hedge Counterparty with, or in favour of, the Palmanova Borrower or a Franciacorta Borrower (as applicable);

"**Insolvency Proceedings**" means any corporate action, legal proceedings or other procedure or step taken in relation to:

(a) the suspension of payments, a moratorium of any indebtedness, winding up (including, without limitation, the filing of documents with the court or the service of a notice of intention to appoint an administrator), dissolution, examination, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer;

(b) a composition, assignment or arrangement or similar arrangement with any creditor of the Issuer or taking steps to obtain a moratorium in respect of any of the indebtedness of the Issuer; or

(c) the appointment of a liquidator, receiver, receiver and manager, examiner, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Issuer or any of its assets.

"**Meeting**" means a meeting of Noteholders of any Class or Classes, whether originally convened or resumed following an adjournment;

"**Monte Titoli**" means Monte Titoli S.p.A.

"**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with article 79-quarter of Legislative Decree no. 58 of 24 February 1998 and includes any depository banks appointed by the relevant clearing system;

"**Monte Titoli Mandate Agreement**" means the agreement entered into between the Issuer and Monte Titoli as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Most Senior Class of Notes**" means at any time:

(a) the Class A Notes; or

(b) if no Class A Notes are then outstanding, the Class B Notes (if at that time any Class B Notes are then outstanding); or

(c) if no Class A Notes or Class B Notes are then outstanding, the Class C Notes (if at that time any Class C Notes are then outstanding); or

(d) if no Class A Notes or Class B Notes or Class C Notes are then outstanding, the Class D Notes (if at that time any Class D Notes are then outstanding).

"**Note Enforcement Notice**" means a notice described as such in Condition 12 (*Note Events of Default*) of the Conditions.

"**Note Event of Default**" means any of the events described in Condition 12 (*Note Events of Default*) of the Conditions.

"**Ordinary Resolution**" means any resolution passed at a Meeting duly convened and held in accordance with the provisions contained in the Rules by more than 50 per cent. of the votes cast. For the purposes of determining the majority of votes cast at a Meeting of the Noteholders any Notes held by a Disenfranchised Noteholder, shall be treated as if they were not outstanding and shall not be counted in or towards any required majority;

"**Proxy**" means any person appointed to vote at a Meeting other than any person whose appointment has been revoked and in relation to whom the Tabulation Agent (where appointed) or otherwise the relevant Paying Agent, or in the case of a proxy appointed under a Voting Certificate, the Issuer has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting;

"**Record Date**" means the date falling 7 Business Days prior to the Meeting;

"**Resolutions**" means Ordinary Resolutions and Extraordinary Resolutions collectively;

"**Specified Office**" means, with respect to the Paying Agent, its Italian branch at Piazza Lina Bo Bardi 3, 20124 Milan, Italy, or, with respect to any additional or other Paying Agent appointed pursuant to Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*) and the provisions of the Cash Allocation, Management and Payments Agreement, the specified office notified to the Noteholders upon notification of the appointment of each such Paying Agent in accordance with Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*) and in each such case, such

other address as it may specify in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

"**Tabulation Agent**" means the agent appointed by the Issuer to take care of the organisation of the Meeting and any administrative activities relating thereto;

"**Voter**" means, in relation to any Meeting, the Holder or a Proxy named in a Voting Certificate or a Proxy named in a Block Voting Instruction;

"**Voting Certificate**" means, in relation to any Meeting a certificate issued by a Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended from time to time containing, *inter alia*, evidence of the ownership of the Notes being the subject of the relevant Voting Certificate as at the relevant Record Date;

"**Voting Instruction**" means, in respect to a Resolution, the Voting Certificate and the voting instruction that may be delivered to the Tabulation Agent (where appointed) or otherwise the Paying Agent by each Noteholder wishing to request the issuance of a Block Voting Instruction, stating that the vote(s) attributable to the Notes that are the subject of such voting instruction should be cast in a particular way in relation to the relevant Resolution (either in favour or against such Resolution);

"**Written Resolution**" means a resolution in writing signed by or on behalf of all Noteholders of any Class of Classes who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders;

"**24 hours**" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Paying Agent has its Specified Office; and

"**48 hours**" means 2 consecutive periods of 24 hours.

2.1.2 Unless otherwise provided in these Rules, or the context requires otherwise, words and expressions used in the Rules shall have the meanings and the constructions ascribed to them in the Conditions.

2.2 **Interpretation**

2.2.1 Any reference herein to an "**Article**" shall, except where expressly provided to the contrary, be a reference to an article of these Rules.

2.2.2 A "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Issuer Transaction Document or to which, under such laws, such rights and obligations have been transferred.

2.2.3 Any reference to any person defined as an "**Transaction Party**" in these Rules or in any Issuer Transaction Document or the Conditions shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

## 3. PURPOSE OF THE ORGANISATION

3.1 Each Noteholder is a member of the Organisation of the Noteholders.

3.2 The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the Noteholders.

## TITLE II
## MEETINGS OF THE NOTEHOLDERS

### 4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

#### 4.1 Issue

4.1.1 A Noteholder wishing to participate in person at a Meeting may obtain a Voting Certificate in respect of such Meeting.

4.1.2 A Noteholder wishing to vote but not wishing to participate in person at a Meeting shall deliver a Voting Instruction to the Tabulation Agent (where appointed) or otherwise to the Paying Agent and appoint a Proxy to participate at the Meeting on its behalf.

4.1.3 Upon receipt of a Voting Instructions by the Tabulation Agent (where appointed) or otherwise by the Paying Agent, the Paying Agent (on the basis of the information received by the Tabulation Agent (where appointed)) will issue a Block Voting Instruction in accordance to which the designed Proxy will vote at the Meeting.

#### 4.2 Blocking of the Notes

The Notes in respect of which a Voting Instruction has been delivered or a Voting Certificate is being requested may, or may not, at the Issuer discretion, be blocked with a clearing system, the relevant Monte Titoli Account Holder. The relevant Notes, if blocked, will be Blocked Notes with effect from the date on which the Voting Instruction is submitted or the Voting Certificate is requested (as the case may be) until the earlier of: (i) the conclusion of the Meeting and (ii) the surrender to the Tabulation Agent (where appointed) or otherwise the Paying Agent, not less than 48 hours before the time fixed for the Meeting, of the confirmation that the Notes are Blocked Notes and notification of the release thereof by the Tabulation Agent (where appointed) or otherwise the Paying Agent to the Issuer and Representative of the Noteholders.

#### 4.3 Expiry of validity

A Voting Certificate or Block Voting Instruction shall be valid, in case the relevant Notes are blocked, until the release of the Blocked Notes to which it relates or otherwise (unless earlier revoked) until the conclusion of the relevant Meeting.

#### 4.4 Deemed Holder

Noteholders who, as at the Record Date, own beneficial interests (as shown in the records of the relevant clearing system, or the relevant Monte Titoli Account Holders) shall be deemed to be the Holder of the Notes for all purposes in connection with the Meeting.

#### 4.5 Mutually exclusive

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

#### 4.6 References to blocking and release

References to the blocking or release of Notes, where applicable, shall be construed in accordance with the usual practices (including blocking the relevant account) of any relevant clearing system.

### 5. VALIDITY OF BLOCK VOTING INSTRUCTIONS AND VOTING CERTIFICATES

A Block Voting Instruction or a Voting Certificate issued by a Monte Titoli Account Holder shall be valid for the purpose of the relevant Meeting only if it is deposited at the Specified Offices of the Paying Agent, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time fixed for the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid. If the Representative of the Noteholders or the Tabulation Agent (where appointed) so requires, a notarised (or otherwise acceptable) copy of each Block Voting Instruction and satisfactory evidence of the identity of each

Proxy shall be produced at the Meeting but the Representative of the Noteholders or the Tabulation Agent (as the case may be) shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the identity of any Proxy.

## 6. CONVENING A MEETING

### 6.1 Convening a Meeting

6.1.1 The Representative of the Noteholders or the Issuer, in accordance with these rules, may convene separate or combined Meetings of the Noteholders of any Class or Classes to consider Extraordinary Resolutions or Ordinary Resolutions at any time, and the Representative of the Noteholders shall be obliged to do so:

(a) upon the request in writing by Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of the relevant Class or Classes; and

(b) upon request in writing by the Primary Servicer or the Special Servicer for obtaining Noteholder consent for any purpose.

6.1.2 Any Disenfranchised Noteholders shall not be entitled to request to convene a Meeting of the Noteholders.

### 6.2 Meetings convened by Issuer

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Noteholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

### 6.3 Negative Consent

The Issuer or the Representative of the Noteholders may propose an Extraordinary Resolution or an Ordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default or the acceleration of the Notes) of the Noteholders or any class of Noteholders relating to any matter for consideration and approval by Negative Consent by the Noteholders or the Noteholders of such class.

"**Negative Consent**" means, in relation to an Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default or the acceleration of the Notes) or an Ordinary Resolution of the Noteholders or any class of Noteholders, the process whereby such Extraordinary Resolution or Ordinary Resolution shall be deemed to be duly passed and shall be binding on all of the Noteholders or the Noteholders of such class in accordance with its terms where:

(a) notice of such Extraordinary Resolution or Ordinary Resolution, as applicable, (including the full text of the same) has been given by the Issuer or the Representative of the Noteholders to the Noteholders or the Noteholders of such Class in accordance with the provisions of Condition 20 (*Notices*);

(b) such notice contains a statement requiring such Noteholders to inform the Representative of the Noteholders in writing if they object to such Extraordinary Resolution or Ordinary Resolution, stating that unless holders of (i) in the case of an Extraordinary Resolution, 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class; or (ii) in the case of an Ordinary Resolution, 50 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such class, makes such objection, the Extraordinary Resolution or Ordinary Resolution will be deemed to be passed by the Noteholders or the Noteholders of such Class and specifying the requirements for the making of such objections (including addresses, email addresses and deadlines) further as set out in the following paragraph; and

(c) holders of (i) in the case of an Extraordinary Resolution, 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such class or (ii) in the case of

an Ordinary Resolution, 50 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class, have not informed the Representative of the Noteholders in writing of their objection to such Extraordinary Resolution or Ordinary Resolution within 30 days of the date of the relevant notice.

6.4 **Time and place of Meetings**

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Noteholders.

Meetings may be held where there are Voters located at different places connected via audio-conference or video-conference, **provided that**:

(a) the Chairman is able to ascertain and verify the identity and legitimacy of those Voters, monitor the Meeting, and acknowledge and announce to those Voters the outcome of the voting process;

(b) the person drawing up the minutes is able to hear the meeting events which are the subject-matter of the minutes;

(c) each Voter attending via audio-conference or video-conference is able to follow and intervene in the discussions and vote the items on the agenda in real time;

(d) the notice of the Meeting expressly states, where applicable, how Voters may obtain the information necessary to attend the relevant Meeting via audio-conference and/or video-conference equipment; and

(e) for the avoidance of doubt, the Meeting will be deemed to take place where the Chairman and the person drawing up the minutes will be.

7. **NOTICE**

7.1 **Notice of meeting**

At least 14 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Noteholders and the Paying Agent and any other agent appointed under Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*), with a copy to the Issuer, where the Meeting is convened by the Representative of the Noteholders, or with a copy to the Representative of the Noteholders, where the Meeting is convened by the Issuer.

7.2 **Content of notice**

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Noteholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that (i) Voting Certificates for the purpose of such Meeting may be obtained from a Monte Titoli Account Holder in accordance with the provisions of the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended from time to time, (ii) the procedure to request a Block Voting Instruction and to appoint a Proxy and (iii) that Notes may or may not at the Issuer's discretion be blocked in an account with a clearing system starting from the delivery of the relevant Voting Instruction or request of the relevant Voting Certificate, as the case may be.

7.3 **Validity notwithstanding lack of notice**

A Meeting is valid notwithstanding that the formalities required by this Article 7 (*Notice*) are not complied with if the Holders of the Notes constituting the Principal Amount Outstanding of all outstanding Notes, the Holders of which are entitled to attend and vote, are represented at such Meeting, and the Issuer and the Representative of the Noteholders are present at the Meeting.

8. **CHAIRMAN OF THE MEETING**

8.1 **Appointment of Chairman**

An individual (who may, but need not be, a Noteholder), nominated by the Representative of the Noteholders may take the chair at any Meeting, but if:

8.1.1 the Representative of the Noteholders fails to make a nomination; or

8.1.2 the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

8.2 **Duties of Chairman**

The Chairman shall ascertain that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and defines the terms for voting.

8.3 **Assistance to Chairman**

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Noteholders.

9. **QUORUM**

9.1 The quorum at any Meeting convened to vote on:

9.1.1 an Ordinary Resolution relating to a Meeting of a particular Class or Classes will be two or more persons holding Notes, or representing Noteholders of that Class or those Classes, representing at least 50 per cent. of the Principal Amount Outstanding of the Notes then outstanding in that Class or these Classes, or at any adjourned Meeting two or more persons holding Notes, or representing Noteholders of that Class or those Classes, representing 25 per cent. of the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;

9.1.2 an Extraordinary Resolution, other than in respect of a Basic Terms Modification, relating to a Meeting of a particular Class or Classes of Notes, will be two or more persons holding Notes, or representing Noteholders of that Class or those Classes, representing at least 75 per cent. of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes. An adjourned Meeting relating to an Extraordinary Resolution (other than in respect of a Basic Terms Modification, to approve the waiver of any Note Event of Default or to approve the acceleration of the Notes) will be two or more persons holding Notes, or representing Noteholders of that Class or those Classes, representing at least 25 per cent. of the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;

9.1.3 an Extraordinary Resolution, in respect of a Basic Terms Modification, (which must be proposed separately to each Class of Noteholders), will be two or more persons holding Notes, or representing Noteholders of that Class, representing at least 75 per cent. of the Principal Amount Outstanding of the Notes then outstanding in the relevant Class. An adjourned Meeting relating to an Extraordinary Resolution in respect of a Basic Terms Modification, to approve the waiver of any Note Event of Default or to approve the acceleration of the Notes will be two or more persons holding Notes, or representing Noteholders of that Class, representing 50 per cent. of the Principal Amount Outstanding of the Notes then outstanding in the relevant Class of Notes,

**provided that**, if in respect of any Class of Notes the Paying Agent has received evidence that all the Notes of that Class are held by a single Holder and the Voting Certificates and/or Block Voting Instructions so confirm, then a single Voter appointed in relation thereto or being the Holder of the Notes thereby represented shall be deemed to be two Voters for the purpose of forming a quorum.

9.2 For the purposes of determining the quorum at any meeting of Noteholders considering an Extraordinary Resolution or an Ordinary Resolution any Notes held by a Disenfranchised Noteholder, shall be treated as if they were not outstanding and shall not be counted in or towards any required quorum.

## 10. ADJOURNMENT FOR WANT OF QUORUM

If a quorum is not present within 15 minutes after the time fixed for any Meeting:

10.1 if such Meeting was requested by Noteholders, the Meeting shall be dissolved; and

10.2 in any other case, the Meeting (unless the Issuer and the Representative of the Noteholders otherwise agree) shall, subject to paragraphs 10.2.1 and 10.2.2 below, be adjourned to a new date no earlier than 14 days and no later than 42 days after the original date of such Meeting, and to such place as the Chairman determines with the approval of the Representative of the Noteholders **provided that**:

10.2.1 no Meeting may be adjourned more than once for want of a quorum; and

10.2.2 the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders together so decide.

## 11. ADJOURNED MEETING

Except as provided in Article 10 (*Adjournment for want of a quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned Meeting except business which might have been transacted at the Meeting from which the adjournment took place.

## 12. NOTICE FOLLOWING ADJOURNMENT

### 12.1 Notice required

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

12.1.1 7-days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

12.1.2 the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

### 12.2 Notice not required

It shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for want of a quorum*).

## 13. PARTICIPATION

13.1 The following categories of persons may attend and speak at a Meeting:

13.1.1 Voters;

13.1.2 the directors and the auditors of the Issuer;

13.1.3 representatives of the Issuer and the Representative of the Noteholders;

13.1.4 financial advisers to the Issuer and the Representative of the Noteholders;

13.1.5 legal advisers to the Issuer and the Representative of the Noteholders;

13.1.6 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Noteholders.

## 14. VOTING BY SHOW OF HANDS

14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.

14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

## 15. VOTING BY POLL

### 15.1 Demand for a poll

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than one-fiftieth of the Principal Amount Outstanding of the outstanding Notes conferring the right to vote at the Meeting. A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business.

### 15.2 The Chairman and a poll

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null. After voting ends, the votes shall be counted and after the counting the Chairman shall announce to the Meeting the outcome of the vote.

## 16. VOTES

### 16.1 Voting

Each Voter shall have:

16.1.1 on a show of hands, one vote; and

16.1.2 on a poll, one vote for each €1,000 in aggregate face amount of outstanding Notes represented or held by the Voter.

### 16.2 Block Voting Instruction

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

### 16.3 Voting tie

In the case of a voting tie, the relevant resolution shall be deemed to have been rejected.

### 16.4 Disenfranchised Noteholders

Disenfranchised Noteholders shall not be entitled to vote in respect of any resolution of the Noteholders and shall not be counted in or towards any required majority.

## 17. VOTING BY PROXY

### 17.1 Validity

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting Certificate appointing a Proxy shall be valid even if such Block Voting Instruction or any instruction pursuant to which it has been given had been amended or revoked **provided that** none of the Issuer, the Representative of the Noteholders or the Chairman has been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

### 17.2 Adjournment

Unless revoked, the appointment of a Proxy in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such meeting when it is resumed.

## 18. ORDINARY RESOLUTIONS

### 18.1 Powers exercisable by Ordinary Resolution

Subject to Article 19 (*Extraordinary Resolutions*), a Meeting shall have power exercisable by Ordinary Resolution, to:

18.1.1 grant any authority, order or sanction which, under the provisions of the Rules or the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and

18.1.2 authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

### 18.2 Ordinary Resolution of a Single Class

18.2.1 No Ordinary Resolution of any Class of Noteholders shall be effective unless it is sanctioned by an Ordinary Resolution of the Holders of each of the other Classes of Notes ranking senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking senior to such Class would be materially prejudiced by the absence of such sanction.

18.2.2 Subject to provisions governing (i) the termination of the appointment of the Primary Servicer or Special Servicer, and (ii) a Basic Terms Modification or matters that require an Extraordinary Resolution, an Ordinary Resolution of Noteholders of the Most Senior Class of Notes shall be binding on all other Classes and would override any resolutions to the contrary by them.

### 18.3 Written Ordinary Resolution

The Noteholders (or Noteholders of the relevant Class) may determine certain matters which could be determined by Ordinary Resolution passed at a Meeting duly convened and held to be determined instead by a Written Resolution (a "**Written Ordinary Resolution**"). A Written Ordinary Resolution has the same effect as an Ordinary Resolution.

## 19. EXTRAORDINARY RESOLUTIONS

19.1 A Meeting, in addition to any powers assigned to it in the Conditions, shall have power exercisable by Extraordinary Resolution to:

19.1.1 approve any Basic Terms Modification;

19.1.2 approve any modification, abrogation, variation or compromise of the provisions of these Rules, the Conditions or of any Issuer Transaction Document or any arrangement in

respect of the obligations of the Issuer under or in respect of the Notes which, in any such case, is not a Basic Terms Modification and which shall be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;

19.1.3 in accordance with Article 27 (*Appointment, Removal and Remuneration*), appoint and remove the Representative of the Noteholders;

19.1.4 authorise the Representative of the Noteholders to issue a Note Enforcement Notice as a result of a Note Event of Default pursuant to Condition 12 (*Note Events of Default*);

19.1.5 discharge or exonerate, including retrospectively, the Representative of the Noteholders from any liability in relation to any act or omission for which the Representative of the Noteholders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Issuer Transaction Document;

19.1.6 grant any authorisation or approval, which, under the provisions of these Rules or of the Conditions, must be granted by an Extraordinary Resolution;

19.1.7 authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Issuer Transaction Document;

19.1.8 waive any breach or authorise any proposed breach by the Issuer or (if relevant) any other Transaction Party of its obligations under or in respect of these Rules, the Notes or any other Issuer Transaction Document or any act or omission which might otherwise constitute a Note Event of Default under the Notes;

19.1.9 appoint any persons as a committee to represent the interests of the Noteholders and to confer on any such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution;

19.1.10 authorise the Representative of the Noteholders (subject to its being indemnified and/or secured to its satisfaction) and/or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution; or

19.1.11 approve any request for the indemnity pursuant to the Loan Portfolio Sale Agreement.

19.2 **Basic Terms Modification**

19.2.1 No Extraordinary Resolution involving a Basic Terms Modification that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes then outstanding.

19.2.2 The implementation of certain Basic Terms Modifications and certain other matters will pursuant to the Issuer Transaction Documents be subject to the receipt of written confirmation from each Rating Agency then rating the Notes that the then current ratings of each class of Notes rated thereby will not be qualified, downgraded or withdrawn as a result of such modification (a "**Rating Agency Confirmation**"). If any action under any Issuer Transaction Documents or the Conditions requires a Rating Agency Confirmation as a condition precedent to such action, if the party (the "**Requesting Party**") attempting to obtain such Rating Agency Confirmation from each Rating Agency has made a request to any Rating Agency (the "**RAC Request**") for such Rating Agency Confirmation and, within 10 Business Days of the RAC Request, such Rating Agency has not replied to such request or has responded in a manner that indicates that such Rating Agency is neither reviewing such request nor waiving the requirement for a Rating Agency Confirmation, then with respect to any such condition in any Issuer Transaction Document requiring such Rating Agency Confirmation, the Requesting Party shall made a new RAC Request (the "**Second RAC Request**"). If within 5 Business Days from the Second RAC Request such Rating Agency has not replied to such request or has responded in a manner that indicates that such Rating Agency is neither reviewing such request nor waiving the requirement for a Rating Agency Confirmation, then the Requesting Party shall determine, in accordance with its duties under the relevant Issuer Transaction Document, whether or not such action would be in the best interests of the Noteholders, and if the Requesting Party

determines that such action would be in the best interest of such parties, then the requirement for a Rating Agency Confirmation will be deemed not to apply.

19.3 **Extraordinary Resolution of a Single Class**

Subject to Article 19.2 (*Basic Terms Modification*) above, no Extraordinary Resolution to approve any matter of any Class of Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes ranking senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking senior to such Class would be materially prejudiced by the absence of such sanction. Subject to the provisions governing an Extraordinary Resolution of Noteholders relating to (i) a Basic Terms Modification, or (ii) the delivery of a Note Enforcement Notice, or the commencement of any enforcement proceedings by the Representative of the Noteholders, an Extraordinary Resolution of Noteholders of the Most Senior Class of Notes shall be binding on all other Classes and would override any resolutions to the contrary by them.

19.4 **Written Extraordinary Resolution**

The Noteholders (or Noteholders of the relevant Class) may determine certain matters which could be determined by Extraordinary Resolution passed at a Meeting duly convened and held to be determined instead by a Written Resolution (a "**Written Extraordinary Resolution**"). A Written Extraordinary Resolution has the same effect as an Extraordinary Resolution.

20. **EFFECT OF RESOLUTIONS**

20.1 **Binding Nature**

Subject to Article 18.2 (*Ordinary Resolution of a Single Class*), Article 19.2 (*Basic Terms Modification*) and Article 19.3 (*Extraordinary Resolution of a Single Class*) which take priority over the following, any resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and held in accordance with the Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting, and in each case, all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

20.2 **Notice of Voting Results**

Notice of the results of every vote on a Resolution duly considered by Noteholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agent (with a copy to the Issuer and the Representative of the Noteholders within 14 days of the conclusion of each Meeting).

21. **CHALLENGE TO RESOLUTIONS**

Any absent or dissenting Noteholder has the right to challenge Resolutions which are not passed in compliance with the provisions of the Rules.

22. **MINUTES**

Minutes shall be made of all resolutions and proceedings of each Meeting. The minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted at such meeting shall be regarded as having been duly passed and transacted. The minutes shall be recorded in the minute book of Meetings of Noteholders maintained by the Issuer (or the Corporate Servicer on behalf of the Issuer).

23. **JOINT MEETINGS**

Subject to the provisions of the Rules, the Conditions, joint Meetings of the Noteholders may be held to consider the same Ordinary Resolution or Extraordinary Resolution and the provisions of the Rules shall apply *mutatis mutandis* thereto.

24. **SEPARATE AND COMBINED MEETINGS OF NOTEHOLDERS**

The following provisions shall apply in respect of Meetings where outstanding Notes belong to more than one Class:

24.1 business which, in the opinion of the Representative of the Noteholders, affects only one Class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class;

24.2 business which, in the opinion of the Representative of the Noteholders, affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion; and

24.3 business which, in the opinion of the Representative of the Noteholders, affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate Meetings of the Noteholders of each such Class.

25. **INDIVIDUAL ACTIONS AND REMEDIES**

25.1 Each Noteholder has accepted and is bound by the provisions of Condition 9 (*Limited Recourse and Non Petition*) and, accordingly, if any Noteholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Notes, any such action or remedy shall be subject to a Meeting not passing an Ordinary Resolution objecting to such individual action or other remedy on the grounds that it is not consistent with such Condition. In this respect, the following provisions shall apply:

25.1.1 the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders of his/her intention;

25.1.2 the Representative of the Noteholders will, without delay, call a Meeting in accordance with the Rules;

25.1.3 if the Meeting passes an Ordinary Resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and

25.1.4 if the Meeting of Noteholders does not object to an individual action or remedy, the Noteholder may take such individual action or remedy.

25.2 No Noteholder will be allowed to take any individual action or remedy to enforce his/her rights under the Notes unless a Meeting of holders of the Most Senior Class of Notes has been held to resolve on such action or remedy in accordance with the provisions of this Article.

26. **FURTHER REGULATIONS**

Subject to all other provisions contained in the Rules, the Representative of the Noteholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Noteholders in its sole discretion may decide.

## TITLE III
## THE REPRESENTATIVE OF THE NOTEHOLDERS

### 27. APPOINTMENT, REMOVAL AND REMUNERATION

#### 27.1 Appointment

The appointment of the Representative of the Noteholders takes place by Extraordinary Resolution of the holders of the Most Senior Class of Notes in accordance with the provisions of this Article 27 (*Appointment, Removal and Remuneration*), except for the appointment of the first Representative of the Noteholders which will be Zenith Service S.p.A.

#### 27.2 Identity of Representative of the Noteholders

The Representative of the Noteholders shall be:

27.2.1 a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or

27.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to article 107 of the Consolidated Banking Act; or

27.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in article 2399 of the Italian civil code cannot be appointed as Representative of the Noteholders and, if appointed as such, they shall be automatically removed.

#### 27.3 Duration of appointment

Unless the Representative of the Noteholders is removed by Extraordinary Resolution of the of the holders of the Most Senior Class of Notes pursuant to Article 19 (*Extraordinary Resolutions*) or resigns pursuant to Article 28 (*Resignation of the Representative of the Noteholders*), it shall remain in office until full repayment or cancellation of all the Notes.

#### 27.4 After termination

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Noteholders, which shall be an entity specified in Article 27.2 (*Identity of Representative of the Noteholders*), accepts its appointment, and the powers and authority of the Representative of the Noteholders the appointment of which has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Notes.

#### 27.5 Remuneration

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders from the Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Notes or in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the Priority of Payments up to (and including) the date when the Notes shall have been repaid in full or cancelled in accordance with the Conditions.

### 28. RESIGNATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS

The Representative of the Noteholders may resign at any time by giving at least three calendar months' written notice to the Issuer, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until a new Representative of the Noteholders has been appointed in accordance with Article 27.1

(*Appointment*) and such new Representative of the Noteholders has accepted its appointment **provided that** if Noteholders fail to select a new Representative of the Noteholders within three months of written notice of resignation delivered by the Representative of the Noteholders, the Representative of the Noteholders may appoint a successor which is a qualifying entity pursuant to Article 27 (*Appointment, Removal and Remuneration*).

## 29. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE NOTEHOLDERS

### 29.1 Representative of the Noteholders is legal representative

The Representative of the Noteholders is the legal representative of the Organisation of the Noteholders and has the power to exercise the rights conferred on it by the Issuer Transaction Documents in order to protect the interests of the Noteholders.

### 29.2 Meetings and Resolutions

Unless any Resolution provides to the contrary, the Representative of the Noteholders is responsible for implementing all Resolutions of the Noteholders. The Representative of the Noteholders has the right to convene and attend Meetings to propose any course of action which it considers from time to time necessary or desirable.

### 29.3 Delegation

The Representative of the Noteholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Issuer Transaction Documents:

29.3.1 act by responsible officers or a responsible officer for the time being of the Representative of the Noteholders;

29.3.2 whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

Any delegation pursuant to Article 29.3.2 may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit in the interest of the Noteholders. The Representative of the Noteholders shall not, other than in the normal course of its business, be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, **provided that** the Representative of the Noteholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

### 29.4 Judicial Proceedings

The Representative of the Noteholders is authorised to initiate and to represent the Organisation of the Noteholders in any judicial proceedings, including Insolvency Proceedings.

### 29.5 Consents given by the Representative of the Noteholders

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Issuer Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders deems appropriate and notwithstanding anything to the contrary contained in these Rules or in the Issuer Transaction Documents such consent or approval may be given retrospectively.

29.6 **Discretions**

Save as expressly otherwise provided herein, the Representative of the Noteholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law.

29.7 **Obtaining instructions**

In connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, the Representative of the Noteholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Noteholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request that the Noteholders indemnify it and/or provide it with security as specified in Article 30.2 (*Specific limitations*). The Representative of the Noteholders shall not be obliged to take any action in respect of these rules, the Notes, the Conditions or any Issuer Transaction Document unless it is indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities (**provided that** supporting documents are delivered) which it may incur by taking such action.

29.8 **Note Events of Default**

The Representative of the Noteholders may certify whether or not a Note Event of Default is in its opinion materially prejudicial to the interests of the Noteholders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Issuer Transaction Documents.

29.9 **Remedy**

The Representative of the Noteholders may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of the Rules, the Notes or any other Issuer Transaction Documents may be remedied, and if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Securitisation.

30. **EXONERATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS**

30.1 **Limited obligations**

The Representative of the Noteholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Issuer Transaction Documents.

30.2 **Specific limitations**

Without limiting the generality of Article 30.1 (*Limited obligations*), the Representative of the Noteholders:

30.2.1 shall not be under any obligation to take any steps to ascertain whether a Note Event of Default or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any other Issuer Transaction Document, has occurred and until the Representative of the Noteholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Note Event of Default, or such other event, condition or act has occurred;

30.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in these Rules, the Issuer Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that the Issuer and each other party to the Issuer Transaction Documents are duly observing and performing all their respective obligations;

30.2.3 except as expressly required in the Rules or any Issuer Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Issuer Transaction Document;

30.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Issuer Transaction Document, or of any other document or any obligation or right created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:

(a) the nature, status, creditworthiness or solvency of the Issuer;

(b) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection with the Notes or a Loan;

(c) the suitability, adequacy or sufficiency of any collection procedure operated by the Primary Servicer or the Special Servicer or compliance therewith;

(d) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of a Loan; and

(e) any accounts, books, records or files maintained by the Issuer, the Primary Servicer, the Master Servicer, the Special Servicer and the Paying Agent or any other person in respect of a Loan;

30.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the persons entitled thereto;

30.2.6 shall have no responsibility for procuring or maintaining any rating and/or listing of the Notes by any credit or rating agency or stock exchange, any other person;

30.2.7 shall not be responsible for or for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Noteholders contained herein or in any Issuer Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;

30.2.8 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting the Rules or any Issuer Transaction Document;

30.2.9 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to a Loan or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;

30.2.10 shall not be under any obligation to guarantee or procure the repayment of a Loan or any part thereof;

30.2.11 shall not be responsible for reviewing or investigating any report relating to a Loan provided by any person;

30.2.12 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of a Loan or any part thereof;

30.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Notes, a Loan or any Issuer Transaction Document;

30.2.14 shall not be under any obligation to insure a Loan or any part thereof;

30.2.15 shall not have any liability for any loss, liability, damages claim or expense directly or indirectly suffered or incurred by the Issuer, any Noteholder, any Other Issuer Creditor or any other person as a result of the delivery by the Representative of the Noteholders of a certificate of material prejudice pursuant to Condition 12 (*Note Events of Default*) on the basis of an opinion formed by it in good faith.

30.2.16 shall not be bound to take any steps or institute any proceedings after a Note Enforcement Notice is served upon the Issuer following the occurrence of a Note Event of Default, or to take any other action (or direct any action to be taken) to enforce any security interest created by the Security Documents or any rights under the Intercreditor Agreement unless it has been indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing;

30.2.17 shall not be liable for acting upon any resolution purporting to have been passed at any Meeting of the relevant Class of Notes or Classes of Notes in respect whereof minutes have been made and signed, also in the event that, subsequent to its acting it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the Noteholders, in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders;

30.2.18 shall not be liable for failing to act in any manner whatsoever for the protection of the Noteholders' interests in all circumstances where, according to these Rules and the Transaction Documents, it was not expressly required to take any such action; and

30.2.19 The Representative of the Noteholders shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other person any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other person in connection with these rules, the Notes or any other Issuer Transaction Document, and none of the Noteholders, Other Issuer Creditors nor any other person shall be entitled to take any action to obtain from the Representative of the Noteholders any such information.

30.3 **Specific Permissions**

30.3.1 When in the Rules or any Issuer Transaction Document the Representative of the Noteholders is required in connection with the exercise of its powers, trusts, authorities, duties or discretions to have regard to the interests of the Noteholders, the Representative of the Noteholders shall have regard to the interests of the Noteholders as a class and shall not be obliged to have regarded to the consequences of such exercise for any individual Noteholder resulting from his or its being for any purpose domiciled, resident in or otherwise connected with or subject to the jurisdiction of any particular territory or tax authority.

30.3.2 The Representative of the Noteholders shall, as regards the exercise and performance of the powers, trusts, authorities, duties and discretions vested in it by the Issuer Transaction Documents, except where expressly provided therein, have regard to the interests of both the Noteholders and the Other Issuer Creditors but if, in the opinion of the Representative of the Noteholders, there is a conflict between their interests the Representative of the Noteholders will have regard solely to the interest of the Noteholders.

30.3.3 Where the Representative of the Noteholders is required to consider the interests of the Noteholders and, in its sole opinion, there is a conflict between the interests of the holders of different Classes of Notes, the Representative of the Noteholders will consider only the interests of the holders of the Most Senior Class of Notes.

30.3.4 The Representative of the Noteholders may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Issuer Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all costs, charges, damages, expenses and liabilities which may be suffered, incurred or sustained by it as a result. Nothing contained in the Rules or any of the other Issuer Transaction Documents shall require the Representative of the Noteholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

30.4 **Notes held by Issuer**

The Representative of the Noteholders may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer;

30.5 **Illegality**

No provision of the Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Noteholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Noteholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

31. **RELIANCE ON INFORMATION**

31.1 **Advice**

The Representative of the Noteholders may act on the advice of, a certificate or opinion of or any written information obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert, whether obtained by the Issuer, the Representative of the Noteholders or otherwise, and shall not be liable for any loss occasioned by so acting and notwithstanding any limitation of liability in respect thereof and in circumstances where, in the opinion of the Representative of the Noteholders, it is not practicable for the Representative of the Noteholders to obtain advice on any other basis, notwithstanding any limitation of or cap on liability in respect thereof.

31.2 **Transmission of Advice**

Any opinion, advice, certificate or information referred to in Article 31.1 (*Advice*) may be sent or obtained by letter, telegram, e-mail or fax transmission and the Representative of the Noteholders shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic.

31.3 **Certificates of Issuer**

The Representative of the Noteholders may call for, and shall be at liberty to accept as sufficient evidence:

31.3.1 as to any fact or matter *prima facie* within the Issuer's knowledge, a certificate duly signed by a director of the Issuer;

31.3.2 that such is the case, a certificate of a director of the Issuer to the effect that any particular dealing, transaction, step or thing is expedient; and

31.3.3 as sufficient evidence that such is the case, a certificate signed by a director of the Issuer to the effect that the Issuer has sufficient funds to make an optional redemption under the Conditions.

and the Representative of the Noteholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers responsible for the administration of the Securitisation shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

31.4 **Resolution or direction of Noteholders**

The Representative of the Noteholders shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Noteholders, even though it may subsequently be found that there was some defect in the constitution of the Meeting or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the giving of the direction was not valid or binding upon the Noteholders.

31.5 **Certificates of Monte Titoli Account Holders**

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

31.6 **Clearing System**

The Representative of the Noteholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Representative of the Noteholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Notes.

31.7 **Rating Agencies**

The Representative of the Noteholders shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the Noteholders **provided that** such action does not have an adverse impact on the rating of the then current rating of the Notes. Notwithstanding the foregoing, it is agreed and acknowledged by the Representative of the Noteholders and notified to the Noteholders that a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders, and it is expressly agreed and acknowledged that the attribution of such rating does not impose on or extend to any Rating Agency any actual or contingent liability to the Representative of the Noteholders, the Noteholders or any other third party or create legal relations between any of the Rating Agencies and the Representative of the Noteholders, the Noteholders or any other third party by way of contract or otherwise. If the Representative of the Noteholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the view of the Rating Agencies as to how a specific act would affect the outstanding rating of the Notes, the Representative of the Noteholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Noteholders or the Representative of the Noteholders may seek and obtain such views itself at the cost of the Issuer.

31.8 **Certificates of Parties to Issuer Transaction Documents**

The Representative of the Noteholders shall have the right to call for or require the Issuer to call for and to rely on written certificates issued by any party (other than the Issuer) to the Intercreditor Agreement or any other Issuer Transaction Document,

31.8.1 in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Issuer Transaction Document;

31.8.2 as any matter or fact *prima facie* within the knowledge of such party; or

31.8.3 as to such party's opinion with respect to any issue,

and the Representative of the Noteholders shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any loss, liability, cost, damage, expense, or charge incurred as a result of having failed to do so unless any of its officers responsible for the administration of the Securitisation shall have actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

31.9 **Auditors**

The Representative of the Noteholders shall not be responsible for reviewing or investigating any auditors' report or certificate and may rely on the contents of any such report or certificate.

## 32. MODIFICATIONS

32.1 **Modification**

The Representative of the Noteholders may from time to time and without the consent or sanction of the Noteholders concur with the Issuer and any other relevant parties in making:

32.1.1 any modification to these Rules, the Notes or to any of the Issuer Transaction Documents in relation to which its consent is required if, in the opinion of the Representative of the Noteholders, such modification is of a formal, minor or technical nature, is made to comply with mandatory provisions of law or is made to correct a manifest error;

32.1.2 any modification to these Rules or any of the Issuer Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Issuer Transaction Documents referred to in the definition of Basic Terms Modification) in relation to which its consent is required which, in the opinion the Representative of the Noteholders, is not materially prejudicial to the interests of the holders of the Most Senior Class of Notes; and

32.1.3 any modification to these Rules or the Issuer Transaction Documents (other than in respect of a Basic Terms Modification which, in the opinion of the Representative of the Noteholders, will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes and the fact that the execution of the relevant amendment or modification would not adversely affect the current ratings of the Notes shall be conclusive evidence that the requested amendment is not materially prejudicial to the interests of the of the holders of the Most Senior Class of Notes.

32.2 **Compliance with criteria of the Rating Agencies**

32.2.1 If the Issuer is of the opinion (following discussions with the applicable Rating Agencies or otherwise) that any modification is required to be made to (i) the Issuer Transaction Documents, and/or the Conditions, or (ii) a Facilities Agreement or Hedging Document, in order to comply with any criteria of the Rating Agencies which may be published after the Issue Date, the Issuer shall promptly notify all Noteholders in accordance with Condition 20 (*Notices*) of the proposed amendments, and shall make available to Noteholders for inspection drafts of any amendments to applicable documents.

32.2.2 If within 30 calendar days from service of such notice Noteholders representing at least 20 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) to reject the proposed amendments, then all Noteholders will be deemed to have consented to the modifications and the Representative of the Noteholders shall (subject as further provided below), without seeking any further consent or sanction of any of the Noteholders or any

Other Issuer Creditors and irrespective of whether such modifications are or may be materially prejudicial to the interests of the Noteholders of any Class or any other parties to any of the Issuer Transaction Documents, concur with the Issuer, in making the proposed modifications to the Issuer Transaction Documents and/or the Conditions that are requested by the Issuer in order to comply with such updated criteria, **provided that** the Issuer certifies to the Representative of the Noteholders in writing that:

(a) the proposed modifications are required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to any Class of Notes;

(b) the proposed modifications seek only to implement the new criteria published by the applicable Rating Agencies;

(c) the proposed modifications do not constitute a Basic Terms Modification;

(d) the Noteholder consultation provisions set out above have been complied with and the Noteholders have not rejected the proposed amendments within the specified timeframe.

32.2.3 The Representative of the Noteholders shall not be obliged to agree to any modification which, in the sole opinion of the Representative of the Noteholders would have the effect of:

(a) exposing the Representative of the Noteholders to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or

(b) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Representative of the Noteholders in respect of the Notes, in the Issuer Transaction Documents and/or the Conditions.

32.3 **Modifications requested by the Noteholders**

The Representative of the Noteholders shall be bound to concur with the Issuer and any other party in making any modifications if it directed to do so by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or, in the case of any modification which constitutes Basic Terms Modification, of the holders of each Class of the Notes but only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

32.4 **Binding Notice**

Any such modification referred to in Article 32.1 (*Modification*) shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such modification be notified to the Noteholders and the Other Issuer Creditors as soon as practicable thereafter in accordance with provisions of the Conditions relating to notices of Noteholders and the relevant Issuer Transaction Documents.

33. **WAIVER**

33.1 **Waiver of Breach**

The Representative of the Noteholders may at any time and from time to time in its sole direction, without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the holders of the Most Senior Class of Notes shall not be materially prejudiced thereby:

33.1.1 authorise or waive, on such terms and subject to such conditions (if any) as it may decide, any proposed breach or breach of any of the covenants or provisions contained in the Notes or any of the Issuer Transaction Documents; or

33.1.2 determine that any Note Event of Default shall not be treated as such for the purposes of the Issuer Transaction Documents,

without any consent or sanction of the Noteholders.

33.2 **Binding Nature**

Any authorisation, waiver or determination referred in Article 33.1 (*Waiver of Breach*) shall be binding on the Noteholders.

33.3 **Restriction on powers**

The Representative of the Noteholders shall not exercise any powers conferred upon it by this Article 33 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding but so that no such direction or request:

33.3.1 shall affect any authorisation, waiver or determination previously given or made; or

33.3.2 shall authorise or waive any such proposed breach or breach relating to a Basic Terms Modification unless the holders of the Most Senior Class of Notes have, by Extraordinary Resolution, so authorised its exercise.

33.4 **Notice of waiver**

Unless the Representative of the Noteholders agrees otherwise, the Issuer shall cause any such authorisation, waiver or determination to be notified to the Noteholders and the Other Issuer Creditors, as soon as practicable after it has been given or made in accordance with the provisions of the conditions relating to Notices and the relevant Issuer Transaction Documents.

33.5 **Professional advice**

In the exercise of its powers, the Representative of the Noteholders shall be entitled to seek any professional advice it might deem appropriate, at costs and expenses of the Issuer.

34. **INDEMNITY**

Pursuant to the Subscription Agreement, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Noteholders and without any obligation to first make demand upon the Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands properly incurred by or made against the Representative of the Noteholders, or any entity to which the Representative of the Noteholders has delegated any power, authority or discretion, in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to the Rules and the Issuer Transaction Documents, including but not limited to, legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant to the Issuer Transaction Documents against the Issuer, or any other person to enforce any obligation under the Rules, the Notes or the Issuer Transaction Documents.

35. **LIABILITY**

Notwithstanding any other provision of these Rules, the Representative of the Noteholders shall not be liable for any act, matter or thing done or omitted (including special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits) whether or not foreseeable) in any way in connection with the Issuer Transaction Documents, the Notes or these Rules without prejudice to any mandatory provisions of law, and in any case except in the case of its gross negligence (*colpa grave*) or wilful misconduct (*dolo*).

## TITLE IV
## THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF AN ENFORCEMENT NOTICE

### 36. POWERS

It is hereby acknowledged that, upon service of a Note Enforcement Notice or, prior to service of a Note Enforcement Notice, following the failure of the Issuer to exercise any right to which it is entitled, pursuant to the Mandate Agreement the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, shall be entitled (also in the interests of the Other Issuer Creditors) pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to a Loan. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, any and all of the Issuer's Rights under certain Issuer Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Issuer Transaction Documents.

## TITLE V
## GOVERNING LAW AND JURISDICTION

### 37. GOVERNING LAW

The Rules and any other non-contractual obligation arising out of them are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

### 38. JURISDICTION

The Courts of Milan will have jurisdiction to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with the Rules.

## SELECTED ASPECTS OF ITALIAN LAW

*This section summarises certain Italian law aspects and practices in force at the date hereof relating to the transactions described in this Offering Circular and of which prospective Noteholders should be aware. It does not purport to be a complete analysis and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on the relevant matters, nor on any such issue which may be relevant in the context of this Offering Circular.*

### A The Italian Securitisation Law

The Italian Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in Italy.

It applies to securitisation transactions involving a "true" sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with Article 3 of the Italian Securitisation Law and all amounts paid by the debtors in respect of the receivables are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction.

The Italian Securitisation Law has been amended through law No. 145 of 30 December 2018 which, *inter alia*, (i) introduces the possibility for issuers to carry out securitisation transactions through the subscription of bonds issued by unlisted companies provided that the relevant asset-backed securities are subscribed by qualified investors, by amending article 1, sub-paragraph 1-*bis*; (ii) broadens the category of enterprises eligible to borrow from issuers, by amending article 1, sub-paragraph 1-*ter*; and (iii) enhances ring-fencing of receivables and related underlying assets in the context of securitisations carried out through a limited recourse loan granted by an issuer to a borrower.

As at the date of this Offering Circular, no interpretation of the application of the Italian Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for limited regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions by special purpose companies incorporated under the Italian Securitisation Law, such as the Issuer, and the duties of the companies which carry out collection and recovery activities in the context of a securitisation transaction. Consequently, it is possible that such or different authorities may issue further regulations relating to the Italian Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Offering Circular.

***Ring-fencing of the assets***

The Notes have the benefit of the provisions of the Italian Securitisation Law pursuant to which the Receivables, the Collections and any other rights arising in favour of the Issuer under the Issuer Transaction Documents and, more generally, in respect of the Securitisation (i) are segregated (*costituiscono patrimonio separato*) by operation of law from the Issuer's other assets, both before and after a winding-up of the Issuer, (ii) may be applied by the Issuer exclusively for the purpose of satisfying the Issuer's obligations to the Noteholders, the Other Issuer Creditors and any third party creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation, and (iii) may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any third party creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation, until discharge by the Issuer of its payment obligations towards the Noteholders, the Other Issuer Creditors and any third party creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation.

***The assignment***

The assignment of the receivables under the Italian Securitisation Law will be governed by article 58 paragraphs 2, 3 and 4 of the Consolidated Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Italian Securitisation Law, is that

the assignment can be perfected against the Loan Transferor, the debtors in respect of the assigned receivables, and third party creditors by way of publication of the relevant notice in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) and, in the case of the debtors, registration in the Companies' Register (*Registro delle Imprese*), so avoiding the need for notification to be served on each debtor.

Pursuant to article 4, paragraph of the Italian Securitisation Law, as of the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*), the assignment becomes enforceable (*opponibile*) against any creditors of the Loan Transferor who have not prior to the date of publication of the notice commenced enforcement proceedings in respect of the relevant debts:

(a) the liquidator or other bankruptcy official of the Loan Transferor; and

(b) other permitted assignees of the Loan Transferor who have not perfected their assignment prior to the date of publication.

As of the later of (i) the date of the publication of the notice in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) or (ii) the date of registration of the notice in the Companies' Register (*Registro delle Imprese*), the assignment becomes enforceable against:

(i) the debtors; and

(ii) the liquidator or other bankruptcy official of such debtors (so that any payments made by a debtor whose debt has been assigned to the purchasing company may not be subject to any claw-back action pursuant to articles 65 and 67 of the Bankruptcy Law).

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned debts will automatically be transferred to and perfected with the same priority in favour of the Issuer, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette, no legal action may be brought in respect of the debt assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the noteholders in relation to the notes issued for the purpose of financing the acquisition of the relevant debts and to meet the costs of the transaction.

Notice of the assignment of the Loans pursuant to the Loan Portfolio Sale Agreement was published in the *Gazzetta Ufficiale della Repubblica Italiana*, Parte II number 54 of 9 May 2019 (as further supplemented through publications in the Gazzetta Ufficiale della Repubblica Italiana, Parte II number 60 of 23 May 2019 and number 64 of 1 June 2019 ) and was published in the Companies' Register (*Registro delle Imprese*) of Milano-Monza-Brianza-Lodi on 7 May 2019 (prot. 167263/2019) (as further supplemented through publications on 20 May 2019 (prot. 194243/2019) and on 28 May 2019 (prot. 223014/2019).

Assignments executed under the Italian Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the adjudication of bankruptcy of the relevant party is made within three months of the securitisation transaction or, in cases where paragraph 1 of article 67 applies, within six months of the securitisation transaction.

The Loan Transferor is not an Italian company and is not subject to bankruptcy under the Bankruptcy Law. The provisions of the Italian Securitisation Law or revocation on bankruptcy will not apply to the Loan Transferor.

"**Bankruptcy Law**" means Italian Royal Decree number 267 of 16 March 1942, as amended and supplemented from time to time.

B **The Issuer**

The Issuer must be registered on the register of special purpose vehicles (*elenco delle società veicolo*) held by the Bank of Italy pursuant to article 4 of the Bank of Italy's regulation dated 7 June 2017.

C **Mortgages**

***Mortgage (ipoteca)***

A mortgage over real property gives the creditor a right to expropriate the specified property made liable to secure its identified claim, even against a third party transferee, and a preference in being paid from the proceeds of such expropriation. A mortgage is indivisible and extends in its entirety over all mortgaged assets, over each of them and over any part of them. A mortgage extends to interest accrued in the two years preceding the attachment (*pignoramento*) and in the then current year, notwithstanding any agreement to the contrary, **provided that** the relevant rate is indicated in the registration. The mortgage extends also to interest accrued in the period following the year when the attachment is lodged and ending on the date of the sale, but such interest must be calculated at the legally prescribed rate.

Mortgages have different rankings, depending on the date of registration. A mortgage may be constituted by operation of law, by virtue of a judicial decision or at the instance of the mortgagor. The analysis under this section "*Mortgage (ipoteca))*" focuses only on the last indicated method. A mortgage may also be given by a third party mortgagor (*terzo datore di ipoteca*) over its immovable property in favour of a debtor for the benefit of the latter's creditor. A mortgage may also be granted on assets which the mortgagor does not currently own. In this case, the mortgage can be validly perfected only upon acquisition of the asset by the mortgagor. A mortgage may also be granted on future assets, but it can validly be perfected only upon the asset coming into existence.

***Instrument granting a mortgage***

A mortgage may be granted by either a unilateral or bilateral deed. It should be noted that the mortgage deed (whether or not unilateral in nature) must be made in the form of a public deed or a written document with signature certified as true by a notary public. If these formalities are not followed, the mortgage will be null and void. The instrument creating a mortgage must specifically designate the immovable property involved, indicating what such immovable property consists of, the municipality (*comune*) in which it is located and the number referencing the immovable property registration details. In addition, the instrument must define the sum of money denominated in euro for which the property is mortgaged. A mortgage may also be granted by an instrument concluded outside of Italy. If this is the case, such instruments must be legalised (or apostilled) in order for registration to occur.

***Perfection of mortgage***

A mortgage is only perfected once it is registered in the public register of immovable property of the place in which the immovable property is situated (the local land/property registry i.e., *Uffici del Territorio – Conservatorie dei Registri Immobiliari* – and in certain areas, *Uffici Tavolari*). In order to do this, the instrument creating a mortgage, together with a note signed by the applicant in duplicate, must be presented to the registrar.

With respect to the creditor, debtor and any third party mortgagor, the note must state, among others:

(a) if they are physical persons, their surname, first name, place and date of birth and tax code;

(b) if they are legal entities, their full name, registered office and tax code;

(c) the domicile elected by the creditor within the jurisdiction of the tribunal in whose district the office of immovable property records is located;

(d) the instrument on the basis of which the mortgage is being registered, its date and the name of the public official who has drawn it up or authenticated it;

(e) the amount for which registration is made;

(f) the interest and annuities produced by the debt;

(g) the time at which the claim can be collected; and

(h) the nature and the location of the property encumbered, together with the indications referred to in the description of the instrument creating a mortgage above.

Once registered, the applicant will be given one of the duplicates of the above note on which the date and the serial number of the registration shall be recorded. It should be noted that such registration is valid for a 20-year period from the date of registration. Registration will need to be renewed if the mortgage continues for any longer period.

In certain cases the public register of immovable property evidences registration of mortgages ranking senior to a mortgage which has been agreed to be taken as a first-ranking mortgage by the lender, notwithstanding that the creditor secured by the pre-existing mortgages has consented to their cancellation or that the obligation secured by such mortgage has been satisfied and/or that the mortgage has not been renewed at its expiration date. This may depend either on the fact that the mortgage cancellation deed has not been filed with the public register of immovable property and/or as a result of the slow bureaucratic timing for the perfection of the cancellation formalities in Italy. When a situation like this occurs, notarial reports relating to the registration of the new mortgages granted to a new lender describe such new mortgages as "substantive" first or first and second-ranking mortgages (*ipoteche di primo grado o di primo e secondo grado sostanziale*).

In case of real property registered in one of the *Uffici Tavolari*, registration of a mortgage, and cancellation of any registered mortgage that is released, requires a longer term to be completed because of the peculiar formalities of the *Uffici Tavolari*.

***Changes to the parties***

The details contained in the mortgage register would need to be amended if any changes occur in the parties secured by the mortgages: e.g. if a lender transfers its participation to a new lender, the name of such new lender will have to be inserted into the records by way of an annotation (*annotazione*) on the relevant register. This is not required, however, if the transfer takes place in the context of a transfer pursuant to the Italian Securitisation Law.

D **Pledges**

***General***

A pledge grants to the pledgee:

(a) priority of payment as against unsecured creditors;

(b) the right to expropriate the pledged asset, which is binding against third-party purchasers;

(c) the right to satisfy its claims on the proceeds of sale of the pledged asset; and

(d) certain expedited measures in the forced sale of the pledged asset.

A pledge is indivisible and secures the relevant claim for as long as it has not been completely satisfied, even if the debt or obligation secured is itself divisible. Priority of payment will also include interest for the year current at the date of attachment (*pignoramento*), or, in the absence of attachment, at the date of service of the notice of intention to start enforcement proceedings (*precetto*), as well as all interest accrued up to the date of sale of the pledged asset.

In general terms, upon occurrence of an event of default, the holder of a pledge may choose between the following remedies:

(a) applying for the ordinary court-supervised enforcement procedure and have the relevant assets sold, according to an appraisal to be made by experts, or according to the current market price of the pledged asset (if it has a market price). In effect, the court would be authorising a sale to the secured creditor itself; or

(b) autonomously selling the pledged asset. If this is proposed, then, prior to the sale, the secured creditor must, through a court bailiff (*ufficiale giudiziario*), serve a demand for payment of the debt and charges on the debtor. This demand must include a warning (the "**Notice**") that if the debtor

fails to comply with the request, then the pledged asset will be sold. The Notice shall also be served on any third party pledgor (if applicable). In the case of a debtor who resides or has his elected domicile in Italy, if no objection is raised within five days from receipt of the Notice, or if the court overrules any objection, the secured creditor can sell the pledged asset by public auction or, if it has a market price, he may sell it for that current market price through a person authorised to make such a sale.

According to the opinion of the majority of Italian legal scholars, should the pledgee choose procedure paragraph (b) above, no service of the titolo esecutivo is required for the purposes of enforcing a pledge.

Alternatively, it is open to the parties to agree to other procedures in connection with the sale of the asset given in pledge, **provided that**, also in this case, the Notice is given to the debtor.

A pledge is established according to particular rules depending on the nature of the asset over which the pledge is created. If the value of the pledge exceeds €2.58, the pledge will not be effective unless it is evidenced by a written instrument which has a date certain at law (*data certa*) and contains a sufficient indication of the secured obligation and of the subject matter of the pledge.

***Pledge of quotas in a limited liability company (società a responsabilità limitata)***

In case of a pledge of quotas in a limited liability company (*società a responsabilità limitata*), the pledge is granted by a notarised written document. Following registration with the relevant registry office and payment of any applicable registration tax, the document is then submitted by the notary involved to the Companies' Register (*Registro delle Imprese*) where the company is enrolled and a request is made for the pledge to be registered. Once such registration is completed, a request can be made to the company the quotas of which are the subject of the pledge to enter the pledge in the quotaholders' register (*libro soci*), to the extent the relevant company has opted to keep such register (as it is not mandatory under Italian law). The pledge created will have priority over all charges upon this entry being made.

***Voting rights***

The voting rights relevant to the pledged quotas are transferred to the pledgee after executing the relevant formalities. Nevertheless it is worth noting that the pledgor and the pledgee may agree to a different distribution of voting rights. Therefore they may contractually set out that the pledgor keeps the voting rights at meetings of the quotaholders of the pledged company.

***Future capital increase and dividends***

The security interest created by the pledge over quotas will extend to any future capital increase of the company concerned, subject to carrying out the relevant formalities over any newly issued quotas.

However, it should be noted that, after the grant of a pledge, dividends continue, as a rule, to accrue to the pledgor.

***Pledge over accounts***

In order for a pledge over accounts to be enforceable, the requirement for an identified subject matter of the pledge would require that the formalities for creating a pledge are carried out each time monies are credited or debited to the account.

According to article 2800 of the Italian civil code, the enforceability of such pledge would therefore be subject to (i) the written agreement between the parties and (ii) the service of the notice relevant to the pledge creation to the debtor whose bank account has been pledged (the "**Debtor**") or the pledge acceptance through a written document bearing date certain at law (*data certa*) by the Debtor. Moreover in case of pledgor default, the pledgee may demand that the claim received by the pledgor is assigned to him as payment up to the amount of his claim.

***Fluctuating credit balances***

Due to the fact that the balance on the pledged account may fluctuate, it is necessary to re-create this security periodically so as to re-create the security over the amount standing from time to time to the credit of the account, which can never be in overdraft.

Such re-creation of the security may be carried out either:

(a) each time the balance of the account changes; or

(b) on a periodic basis previously agreed between the parties.

E **Assignment of receivables or claims by way of security (*cessione dei crediti a scopo di garanzia*) and pledge of receivables (*pegno su crediti*)**

Although widely used in commercial practice, Italian law does not specifically regulate the assignment of receivables or claims by way of security. Such assignment is governed by general rules on assignment of receivables. An assignment/pledge of future receivables by way of security is also a recognised form of security under Italian law. However, such an assignment/pledge can only be perfected when the conditions to the receivable coming into existence have been satisfied and the receivable becomes actual. For instance, if an assigned/pledged receivable is the consideration for the use of an asset (such as rental payments in the case of leases), then the assignment/pledge is fully perfected only when the obligation to pay the relevant instalment has arisen and **provided that** the assignment/pledge has been fully perfected at that time. The consequence of this is that, in the case of the bankruptcy of the assignor, Italian law does not recognise the enforceability of the assignment/pledge as against other creditors until such assignment/pledge is perfected.

An assignment of receivables by way of security and the pledge of receivables must be evidenced by a written document. In addition, the Obligor of the receivables must have:

(a) been notified of the assignment/pledge; or

(b) acknowledged the granting of the assignment/pledge.

Such notification or acknowledgement (as applicable) must be in writing in a document bearing a date certain at law (*data certa*).

If the receivable is evidenced by a document (not having the characteristics of a security), the assignor/pledgor is bound to deliver such document to the secured creditor. Receivables arising in respect of securities are pledged according to specific rules.

An assignment of receivables by way of security as well as a pledge of receivables grants to the assignee/pledgee the right to appropriate and apply the relevant amounts to discharge the secured obligations. Upon the secured obligations being discharged in full, the assignment/pledge is automatically terminated and the right to the receivables reverts to the assignor/pledgor.

***Registration process of the assignment by way of security of the claims arising under the lease agreements***

The assignment by way of security of the claims arising under the lease agreements should be registered with the competent registered offices (i.e. *Uffici del Territorio — Conservatorie dei Registri Immobiliari* and, in certain areas, *Uffici Tavolari*), in order to be enforceable and give priority *vis-à-vis* third parties (including but not limited to any creditor of the relevant Borrower), pursuant to article 2643, no. 9 of the Italian civil code.

F **Enforcement proceedings**

If a debtor, such as a mortgagor, does not perform the obligation in favour of the creditor, such as a mortgagee, Italian law provides for the enforcement proceedings as remedies since the creditor's rights are met.

Provisions on the enforcement proceedings are contained in the Italian civil code (articles 2910-2933) and in the Italian code of civil procedure (articles 474-632).

The enforcement proceedings are based, subject to specific exceptions, on the following prerequisites:

(a) service of notice of the title on which the enforcement proceedings are based (*titolo esecutivo*): for example, an enforceable decision of a court, or a promissory note (*cambiale*) or a bank draft (*assegno bancario*) or a written document with notarized signatures (*scrittura privata autenticata*). A public instrument (*atto pubblico*) evidencing payment obligations also constitutes an enforceable title. This is why the practice has developed to execute lending contractual instruments in the form of a public instrument (*atto pubblico*);

(b) service of the notice of the intention to start enforcement proceedings (*precetto*); and

(c) the attachment (*pignoramento*) of the debtor's assets.

There are three types of enforcement proceedings, namely:

(a) proceedings involving real estate assets (*espropriazione immobiliare*);

(b) proceedings involving movable assets (*espropriazione mobiliare*); and

(c) enforcement proceedings involving third parties (*esproriazione presso terzi*).

However, all of them aim at meeting the creditor's right to be satisfied by way of either the assignment of the attached asset concerned by one of the proceedings above (article 529 ff. of the Italian code of civil procedure) or its forced sale (article 570 ff. of the Italian code of civil procedure), the profit of which is given to the creditor.

The enforcement proceedings, pursuant to article 26 of the Italian code of civil procedure, should be commenced before the court of the place where the real or the movable asset is situated.

The court of the place where the real or the movable asset is situated will interview the parties, sustain or overrule objections (if any) and order the sale of the relevant property. It also may appoint a public notary or a lawyer or a business consultant (*commercialista*) to carry out the sale of the property overseeing the relevant proceeding.

***Proceedings involving immovable assets (espropriazione immobiliare)***

As a first step, the mortgagee needs to serve on the mortgagor through a court bailiff (*ufficiale giudiziario*) (1) the enforcement title (*titolo esecutivo*); and (2) a notice of the intention to start enforcement proceedings (*precetto*) requesting that the mortgagor pay the secured liabilities within 10 calendar days and putting the mortgagor on notice that in default enforcement of the mortgage security will be commenced.

The service of the *titolo esecutivo* and the *precetto* enables the mortgagee to take the next step in the enforcement proceedings, which is the attachment (*pignoramento*) of the mortgaged property but only in case the mortgagor fails to honour the statutory demand in a timely fashion. The mortgagee has 90 calendar days from the service of the enforcement title and the statutory demand to effect an attachment. For this purpose, it must serve notice of the attachment to the mortgagor through a court bailiff (*ufficiale giudiziario*) and register the attachment with the Court (*iscrizione a ruolo*), which, in turn, will register the attachment with the land register (*registro immobiliare*).

The attachment protects the attaching creditor against any subsequent disposals of the attached property by the mortgagor. The attachment usually cannot be effected prior to the 11th calendar day after the service of the statutory demand and the enforcement title. However, if time is of the essence, the Court may grant leave to effect the attachment immediately after service of the statutory demand and the enforcement title.

In the context of the attachment (*pignoramento*), the mortgagee must first attach the mortgaged property, under article 2911 of the Italian civil code, and if necessary extend the attachment (*pignoramento*) to other debtor's assets.

The attachment (*pignoramento*) shall be served on the mortgagor by the court officer in compliance with article 555 of the Italian Code of Civil Procedure. The attachment (*pignoramento*) must

contain: (i) a detailed description of the property and rights upon which the execution is intended to be levied and (ii) a warning to refrain from any actions that may interfere with the function of that property, and any such rights constituting security for a claim. As of the date of the service of the attachment (*pignoramento*), the attachment (*pignoramento*) is perfected *vis-à-vis* the mortgagor. The attachment must then be registered at the appropriate land registry. Such registration perfects the attachment *vis-à-vis* third parties.

Furthermore, the court will, at the request of the mortgagee, appoint a custodian to manage the mortgaged property on behalf of the mortgagee. If the mortgagee does not make such a request, the mortgagor will automatically be entrusted with the custody of such property.

Once the attachment has been registered with the Court (*iscrizione a ruolo*), the mortgagee has 45 calendar days to submit a petition for sale (*istanza di vendita*) with the Court and the relevant land register documentation with respect to the property within the following 60 calendar days.

Alternatively, the mortgagee, by filing a petition, may apply to the court for the assignment of the attached goods, under article 529 ff. of the Italian Code of Civil Procedure.

***Sale of the attached property***

If the mortgagee does not apply for the assignment of the attached property, it may receive payment of the sum obtained through a forced sale of the property.

In particular, no later than 15 calendar days after the submission of the petition for sale and the land register documentation, the Court will appoint an independent valuer (*consulente tecnico d'ufficio*) to provide an estimate of the market value of the property (taking into account factors expressly provided for by Italian law) and schedule a hearing (to be held during the following 90 days) to discuss the sale process with the stakeholders (*i.e.* the debtor and any creditor(s) party to the enforcement proceedings).

A forced sale may be made:

(a) by way of "sealed bids" and without auction (*vendita senza incanto*), or

(b) by way of "public auction sale" (*vendita con incanto*).

The Court must first attempt to sell the property by way of "sealed bids" (*vendita senza incanto*) and may resort to a "public auction sale" (*vendita con incanto*) only as a fall-back option.

The opening of Court-supervised sale processes must be announced by a notice of sale (*avviso di vendita*) (stating the reserved prince, the minimum bid and the time for sale) to be published on an online portal of the Ministry of Justice and updates as to its progress posted regularly in order to maximise the number of potential bidders and ensure a transparent process for all stakeholders.

In the sale without auction, a sealed bid must set out the offered purchase price and any conditions to which the offer is subject (e.g. financing) and provide evidence of payment of the deposit. The deposit must be equal to at least one tenth of the "reserve price" (*prezzo base*) specified by the Court, which will usually be the estimate of the market value determined by the Court-appointed independent valuer. The validity of a sealed bid is conditional upon the payment of the deposit. In the event that only one valid sealed bid is submitted and such sealed bid offers a purchase price which is equal to or greater than the sum of (1) the reserve price; plus (2) one fifth of the reserve price, such offer must be accepted by the Court. In the event that the sealed bid offers a purchase price which is lower than the reserve price, but not less than 75% of the reserve price, such offer will be accepted unless the Court determines in its sole discretion that a sale price greater than 150% of reserve price could be achieved through a public auction sale and no application for an order of foreclosure has been received by the Court. In the event that multiple valid sealed bids are received, the Court will ask the bidders to tender offers in excess of the highest offer received by the Court. If no higher offers are submitted and no application for an order of foreclosure has been received by the Court (see below), the Court may either order a sale to the person submitting the highest offer or order a public auction sale if he believes that a higher price could be achieve though such new sale.

When the sale without auction is not successful, the sale by auction takes place before a judge with public hearings. When the judge orders the auction, he establishes the following: (1) whether the sale shall be accomplished by one or more lots; (2) the auction, base price; (3) the day and hour of the auction; (4) the time limit which shall run from the accomplishment of the publicity forms and the auction; (5) the bond amount no higher than one-tenth of the auction starting price and the time limit by which it shall be deposited by the bidders; (6) the minimum amounts of the bids' increases; and (7) the term, no longer than 60 days running from the award, by which the price shall be deposited and the modalities of deposit.

The bids are not valid if they do not exceed the auction base price or the previous offer made by others bidders in the minimum amount indicated by the judge. Once the auction is adjudicated, bids may still be made by the final time limit of ten days, but they are valid only if the price offered exceeds one-fifth of the price reached at the auction.

If an auction fails to result in the sale of the property, the court will arrange a new auction with a lower minimum bid price. The courts have discretion to decide whether, and to what extent, the bid price should be reduced (the maximum permitted reduction being one-fifth of the minimum bid price of the previous auction). In practice, the courts tend to apply the one-fifth reduction. In the event that no offer is made during an auction, the mortgage lender may apply to the court for a direct assignment of the mortgaged property to the mortgage lender itself. In practice, however, the courts tend to hold auctions until the mortgaged property is sold.

No later than 30 days from the payment of the purchase price into Court, the Court will issue a distribution plan for the sale proceeds.

The sale proceeds, after deduction of the expenses of the enforcement proceedings and any expenses for the deregistration of the mortgages, will be applied in satisfaction of the claims of the mortgage lender in priority to the claims of any other creditor of the debtor (except for the claims for taxes due in relation to the mortgaged property and for which the collector of taxes participates in the enforcement proceedings).

In particular, the sale proceeds will be applied:

(a) ***firstly***, towards the court fees, costs, expenses and fees due in relation to the cancellation of the mortgage security on the land register, which may vary according to the amount of the enforcing proceeds;

(b) ***secondly***, towards the discharge of any amounts owing to creditors preferred by statute (e.g. certain claims of the tax authorities: IMU, transfer taxes and certain VAT-related claims);

(c) ***thirdly***, towards the liabilities secured by the enforced mortgage security; and

(d) ***fourthly***, towards the liabilities of other creditors which have participated in the enforcement process,

and any excess will be returned to the mortgagor.

Upon payment in full of the purchase price by the purchaser within the specified time period, title to the property will be transferred after the court issues an official decree ordering the transfer. In the event that proceedings have been commenced by creditors other than the mortgage lender, the mortgage lender will have priority over such other creditors in having recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average length of enforcement proceedings from the court order or injunction of payment to the final distribution varies greatly and it can be between two and five years. In the medium-sized central and northern Italian cities it can be significantly less, whereas in major cities or in southern Italy the duration of the procedure can significantly exceed the average. Law Decree No. 83 of 27 June 2015 (became Law on 6 August 2015, hereafter "**Law 132/2015**") introduced significant changes affecting the enforcement procedural rules aiming at streamlining and expediting credit enforcement procedures.

In addition, in an attempt to speed up and facilitate the enforcement of securities, Law Decree No. 59 of 3 May 2016 (became Law on 30 June 2016, hereafter "**Law 119/2016**") introduced some forms of out-of-court enforcement aimed at shortening the length of Italian enforcement proceedings and creating a digital registry – held by the Ministry of Justice – where all enforcement proceedings must be tracked and recorded electronically.

***Proceedings involving movable property (espropriazione mobiliare)***

A mortgagee may resort to a forced sale of a debtor's movable property (*espropriazione mobiliare*) instead of, or in the case of a mortgagee intending to attach movable assets located in the mortgaged property, in addition to, real estate sale proceedings.

The mortgagee may commence a forced sale proceedings of a debtor's movable property by serving the *titolo esecutivo* together with a *precetto* followed by the performance of the attachment (*pignoramento*) carried out at the debtor's premises by a court officer who will remove the attached moveable property or forbid the debtor from transferring or otherwise disposing of the attached movable property and appoint a third party or the debtor himself as custodian thereof.

Not earlier than ten days but not later than 90 days from the attachment (*pignoramento*), the mortgagee may request the court to: (a) share out all monies found at the debtor's premises; (b) assign to the mortgagee the properties consisting of listed or marketable securities; and (c) sell the remaining attached moveable property.

The average length of a forced sale of a debtor's movable property, from obtaining the court order or injunction of payment to the final pay out, is approximately three years. However, time may vary from court to court.

## G Restructuring and insolvency procedures

***General***

Insolvency proceedings (*procedure concorsuali*) conducted under Italian law may take the form of, *inter alia*, bankruptcy (*fallimento*), under article 5 ff. of the Bankruptcy Law, a composition with creditors (*concordato preventivo*), under article 160 ff. of the Bankruptcy Law, or an out-of court debts restructuring procedure (*accordi di ristrutturazione dei debiti*), under article 182-bis of the Bankruptcy Law. Insolvency proceedings are only applicable to commercial and not small businesses run either by companies or by individuals (*imprenditori commerciali non piccoli*). An individual who is not a sole entrepreneur is not subject to insolvency. The procedure followed will depend on factors relating to the financial status of the debtor, the court and the creditors involved. In each case, a lender must petition the court for approval of its claim against the debtor.

***Bankruptcy (fallimento)***

A request to declare a debtor bankrupt and to commence a bankruptcy proceeding for the judicial liquidation of its assets can be filed by the debtor, a creditor, or public prosecutor. The request must be approved by the competent insolvency court. The Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds is met (a) assets in an aggregate amount exceeding €0.3 million in each of the latest 3 fiscal years (b) gross revenues in an aggregate amount exceeding €0.2 million for each of the latest 3 fiscal years and (c) total indebtedness in excess of €0.5 million). Upon the commencement of a bankruptcy proceeding:

(i) subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. In particular, under certain circumstances secured creditors may execute against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the bankrupt entity's other unsecured debt; subject to certain exceptions, the *in rem* secured creditor may sell the secured asset only after it has obtained authorisation from the designated judge (*giudice delegato*). After hearing the bankruptcy receiver (*curatore fallimentare*) and the creditors' committee, the designated judge decides whether to authorize the sale, and sets forth the timing in its decision;

(ii) the administration of the debtor and the management of its assets pass from the debtor to the bankruptcy receiver (*curatore fallimentare*);

(iii) any action by the debtor after a declaration of bankruptcy with respect to a creditor is ineffective;

(iv) continuation of business may be authorized by the court if an interruption would cause greater damage to the company, but only if the continuation of the company's business does not cause damage to creditors; and

(v) the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration are suspended until the receiver decides whether to take them over.

The bankruptcy proceeding is carried out under the direction of the receiver and under the supervision of a judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is responsible for the liquidation of the assets of the debtor for the satisfaction of creditors. The proceeds from the liquidation are distributed to the creditors whose claims have been filed and approved by the court in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real property. The Bankruptcy Law provides for priority to the payment of certain preferential creditors, including employees, the Italian treasury and judicial and social authorities.

In relation to the bankruptcy proceeding, it is worth-mentioning also the following:

(a) bankruptcy composition with creditors (*concordato fallimentare*): a bankruptcy proceeding can be terminated prior to liquidation through a bankruptcy composition with creditors. Over the first year following the bankruptcy declaration, only creditors or third parties may file a composition proposal, whereas the debtor or its subsidiaries are admitted to file such a proposal only after such period. The petition must indicate the percentage of the unsecured claims that will be paid and the timing of the repayment. The petition may provide for the division of creditors into classes (thereby proposing different treatments among the classes), and the restructuring of debts and the satisfaction of creditors in any manner. The petition may provide the possibility that the secured claims are paid only in part. The *concordato fallimentare* proposal must be approved by the creditors' committee and creditors holding the majority of claims (and, if classes are formed, by majority of claims in a majority of classes). Final court confirmation is required;

(b) statutory priorities: the statutory priority given to creditors under the Bankruptcy Law may be different from priorities in the United States, the United Kingdom and certain other European Union jurisdictions. In Italy, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, which include the claims of the Italian tax authorities and social security administrators and claims for employee wages. The rules of statutory priority apply irrespective of whether the proceeds are derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset. Article 111 of the Bankruptcy Law establishes the order of allocation of proceeds deriving from liquidation. In particular, the law sets a hierarchy of claims that must be strictly adhered to when distributing the proceeds derived from the sale of the entire bankrupt's estate, a part thereof, or from a single asset; and

(c) avoidance powers in insolvency: similarly to other jurisdictions, there are so-called "claw- back" or avoidance provisions under Italian law that may give rise to the revocation of payments or grants of security interests made by the debtor prior to the declaration of bankruptcy. The key avoidance provisions include transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Claw-back rules under Italian law are normally considered to be particularly favourable to the receiver in bankruptcy in comparison to the rules applicable in the United States and the United Kingdom. The Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/court commissioner.

In a bankruptcy proceeding, the Bankruptcy Law provides for a claw-back period of up to one year (6 months in certain circumstances). In addition, in certain cases, the bankruptcy receiver can seek the court to set aside transactions effected in the previous 5 years under article 2901 of the Italian civil code (*revocatoria ordinaria*), provided the bankrupt entity disposed of its assets prejudicially

to creditor's rights and was aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the bankruptcy entity for the purpose of prejudicing the bankrupt entity) and that, in the case of a transaction entered into for consideration with a third person, the third person was also aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design).

In any case, it should be noted that (a) under article 64 of the Bankruptcy Law, all transactions for no consideration or at an undervalue, depending on certain circumstances, are ineffective *vis-à-vis* creditors if entered into by the bankrupt entity in the 2-year period prior to the insolvency declaration and (b) under article 65 of the Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective *vis-à-vis* creditors, if made by the bankrupt entity in the 2-year period prior to insolvency.

***Court supervised pre-bankruptcy composition with creditors pursuant to Article 160 et seq. of the Bankruptcy Law (*concordato preventivo*)***

A company, in a state of crisis or insolvency that has not been declared bankrupt by the court, has the option to seek an arrangement with its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings. Such arrangement with creditors can be sought by a company which exceeds certain thresholds (i.e., assets in an aggregate amount exceeding €0.3 million in each of the latest 3 fiscal years, gross revenues in an aggregate amount exceeding €0.2 million for each of the latest 3 fiscal years and total indebtedness in excess of €0.5 million).

Only the debtor can file a petition with the court for a *concordato preventivo* (together with, *inter alia*, the proposed agreement and an independent expert report certifying the feasibility of the composition proposal and the truthfulness of the business data provided by the company). The petition for *concordato preventivo* is then published by the debtor in the competent Companies' Register (*Registro delle Imprese*).

From the date of such publication to the date on which the court sanctions the *concordato preventivo*, creditors (whose title to enforcement arose before the filing with the court) are prevented to commence or continue enforcement and interim relief actions . Such creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the ninety days preceding the date on which the petition for the *concordato preventivo* is published in the competent Companies' Register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for (a) the restructuring of debts and the satisfaction of creditors in any manner, including by way of example, through extraordinary transactions such as the granting to creditors and their subsidiaries or affiliated companies of shares, bonds (also convertible into shares), or other financial instruments and debt securities (b) the transfer to a third party who undertakes the debts (*assuntore*) of the operations of the business involved in the proposed composition agreement (c) the division of creditors into classes and different treatments for creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The composition proposal may propose that (i) the debtor's company's business continues to be run by the debtor's company as a going concern or (ii) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated (*concordato con continuità aziendale*). In these cases, the petition for the concordato preventivo should fully describe the costs and revenues which are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert shall also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such composition proposal was not implemented. Furthermore, the going concern based arrangements with creditors can provide for, *inter alia*, the winding-up of those assets which are not functional to the business allowed. The composition agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting.

During the implementation of the proposal, the company generally continues to be managed by its board of directors, but is supervised by the appointed judicial officers and judge (who shall authorize all transactions that exceed the ordinary course of business).

The *concordato preventivo* must be approved by creditors representing a majority of claims entitled to vote (including privileged or secured creditors regarding those claims to which they have waived their right to security in relation to the procedure or that are not to be satisfied pursuant to the recovery plan). Where different classes of creditors are formed, the *concordato preventivo* is approved if also the majority of classes approve it by a majority vote of the relevant creditors entitled to vote. Those creditors who, being entitled to vote, did not do so and those who did not express their dissent (including failing to notify their objection via telegraph, fax, mail or certified e mail) within 20 days of the closure of the minutes of the creditors' meeting are deemed to be consenting to the *concordato preventivo*.

After the creditors' approval, the court must confirm the concordato preventivo proposal and decide on possible objections raised by dissenting creditors. During the implementation of the arrangement, the company is managed by the debtor under the supervision of the judicial commissioner(s) (*commissario giudiziale*) appointed by the court, and under the supervision of the court.

If the *concordato preventivo* fails, the court may declare the company bankrupt.

***Pre-application for the composition with creditors (concordato preventivo in bianco), even in view of a restructuring agreement (accordo di ristrutturazione del debito)***

The filing of the application for a composition with creditors (*concordato preventivo*) and the application for the certification of a restructuring arrangement (*accordo di ristrutturazione del debito*) may be pre-empted by the filing by the debtor's distressed company of a pre-application for a composition with creditors (*concordato preventivo in bianco*).

In particular, according to article 161, paragraph 6, of the Bankruptcy Law, the distressed company may file a pre-application for the composition with creditors together with (a) the financial statements of the last 3 financial years; and, pursuant to the recent law Italian law decree No. 69/2013 as converted into law No. 98 of August 9, 2013 ("**Law Decree 69/2013**") (b) the list of creditors with the reference to the amount of their respective receivables, asking the competent court to set a deadline, between 60 and 120 days (subject to a further extension of up to 60 days where there are reasonable grounds (*giustificati motivi*)) for the filing of additional documents required for the filing of a petition at court for a *concordato preventivo*.

Pursuant to Law Decree 69/2013, the court, if accepts such pre-application, may appoint a judicial commissioner to overview the company, who, in the event that the debtor has carried out one of the activities under article 173 of the Bankruptcy Law (e.g. concealment of part of assets, omission to report one or more claims, declaration of non-existent liabilities or commission of other fraudulent acts), shall report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo* and sets forth reporting and information duties of the company during the above mentioned period. The debtor company is prevented to file such pre-application where it had already done so in the previous 2 years without the admission to the *concordato preventivo* (or the certification of a debt restructuring agreement) having followed.

The decree setting the term for the presentation of the documentation contains also the periodical information requirements (relating also to the financial management of the company and to the activities carried out for the purposes of the filing of the application and the restructuring plan) that the company has to fulfil, at least on a monthly basis, until the lapse of the term established by the court. The debtor company shall file, on a monthly basis, the company's financial position, which is published, the following day, in the Companies' Register. Non-compliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the

relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, ex officio, after hearing the debtor and – if appointed – the judicial commissioner, reduce the time for the filing of additional documents.

Following the filing of the pre-application and until the decree of admission to the composition with creditors, the distressed company may (a) carry out acts pertaining to its ordinary activity and (b) seek the court's authorisation to carry out acts pertaining to its extraordinary activity, to the extent they are urgent.

Claims arising from acts lawfully carried out by the distressed company are treated as super senior (*prededucibili*) pursuant to article 111 of the Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw-back action provided under article 67 of the Bankruptcy Law. Law No. 9 of February 21 2014 specified that the super-seniority of the claims – which arise out of loans granted with a view to allowing the filing of the pre-application for the composition with creditors (*domanda di pre concordato*) – is granted, pursuant to article 111 of the Bankruptcy Law, conditional upon the proposal, the plan and all other required documents being filed within the term set by the court and the company being admitted to the *concordato preventivo* within the same proceeding opened with the filing of the pre-application.

Law Decree No. 83/2015 as converted into Law No. 132/2015 introduced two different tools aimed at facilitating the competition among investors that are interested in buying debtor's assets or debtor's going concern. Such legal tools are the competing offers (*offerte concorrenti*) and the competing proposals (*proposte concorrenti*). As for the competing offers, where the workout plan is based on an offer by an identified third party, and such offer contemplates the transfer of the business or one or more business units or company's assets, the court shall open a competitive tender process, pursuant to article 163-*bis* of the Bankruptcy Law. Such provisions also apply in the event that the debtor has entered into (i) a lease agreement having as its object the debtor's business or (ii) a purchase agreement which provides for a non-immediate transfer of the business, one business unit or company assets. As for the competing proposals, it shall be also noted that one or more creditors, representing at least 10 per cent. of the claims, may file an offer proposal competing with the debtor's proposal, in the event that the debtor's proposal (as certified by the independent expert's report) does not envisage the payment of at least (a) 40 per cent. of the unsecured claims in a *concordato preventivo* with liquidation purposes; or (b) 30 per cent. of the unsecured claims in a *concordato preventivo* "with the continuation of the business".

***Debt restructuring arrangements (accordi di ristrutturazione dei debiti) pursuant to article 182-bis of the Bankruptcy Law***

Bank restructuring arrangements (*accordi di ristrutturazione dei debiti*) pursuant to article 182-*bis* of the Bankruptcy Law entered into with creditors representing at least 60 per cent. of the outstanding claims can be ratified by the court: an independent expert must certify that the agreement is feasible and, particularly, that non-participating creditors can be fully satisfied within 120 days from (a) the ratification (*omologazione*) of the debt restructuring agreement by the court, in case the relevant claims are already due and payable to the non-participating creditors as at the date of the ratification (*omologazione*) of the debt restructuring agreement by the court or (b) the date on which the relevant debts fall due, in case the relevant claims are not yet due and payable to the non-participating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court.

Only the debtor who is in a situation of financial distress (*i.e.* facing financial distress which does not yet amount to insolvency) can request the court's ratification of the debt restructuring arrangements entered into with its creditors (*omologazione*).

The debt restructuring agreement must be made public through its filing with the register of the companies and is effective as of the day of its publication. For 60 days from such publication all restraining or enforcement actions by existing creditors are stayed. Such moratorium can be requested, pursuant to article 182-*bis*, paragraph 6, of the Bankruptcy Law, by the debtor from the court pending negotiations with creditors (prior to the above mentioned publication of the agreement), subject to the fulfilment of certain conditions. Such moratorium request must be

published in the Companies' Register (*Registro delle Imprese*) and becomes effective as of the date of publication.

The court, having verified the completeness of the documentation, sets the date for a hearing within 30 days of the publication and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. In such hearing, the court assesses whether the conditions for granting the moratorium are in place and, if they are, orders that no interim relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which the restructuring agreement has to be filed.

The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the *concordato preventivo* (as described above) may be filed, without prejudice to the effect of the moratorium. The Bankruptcy Law does not expressly provide for any indications concerning the contents of the debt restructuring agreement. The plan can therefore provide, *inter alia*, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party and may contain, business refinancing agreements, moratoria, cut-offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes overdue, as provided in article 182-ter of the Bankruptcy Law.

Creditors and other interested parties may oppose the agreement within 30 days from the publication of the agreement in the Companies' Register (*Registro delle Imprese*).

The court will, after having settled the oppositions (if any), validate the agreement by issuing a decree, which may be appealed within 15 days of its publication. Pursuant to article 182-quater of the Bankruptcy Law, financings granted to a debtor "in execution of" (*in esecuzione di*) a debt restructuring agreement, as well as of a *concordato preventivo* benefit of a super senior status. Additionally, even the financings granted "in view of" (*in funzione di*) the filing of a petition for the sanctioning (*omologazione*) of an agreement pursuant to article 182-*bis* or a court supervised pre-bankruptcy composition with creditors (*concordato preventivo*) procedure benefit of the same super senior status in case of subsequent bankruptcy of the debtor where such financings are contemplated under the underlying restructuring plan and the super priority status is expressly recognized by the court in the context of the sanctioning (*omologazione*) of the article 182-*bis* agreement or the approval of the *concordato preventivo* procedure. Same provisions apply to financings granted by shareholders up to 80 per cent. of their amount. Pursuant to the new article 182-quinquies of the Bankruptcy Law, the court, pending the sanctioning (*omologazione*) of the agreement pursuant to article 182-*bis*, paragraph 1, or after the filing of the instance pursuant to article 182-*bis*, paragraph 6, or a petition for a *concordato preventivo*, also pursuant to article 161, paragraph 6, may authorize the debtor (a) to incur in new indebtedness pre-deductible, provided that the expert appointed by the debtor declares the aim of the new financial indebtedness results in a better satisfaction of the creditors and (b) to pay debts deriving from the supply of services or goods, already payable and due, provided that the expert declares that such payment is essential for the keeping of the company's activities and to ensure the best satisfaction for all creditors.

Restructuring agreements with financial creditors (*accordi di ristrutturazione con intermediari finanziari*) and moratorium arrangements (*convenzioni di moratoria*) pursuant to article 182-*septies* of the Bankruptcy Law

Pursuant to the article 182-*septies* of the Bankruptcy Law, the debtor can also ask that the effects of the debt restructuring agreement are extended to banks and financial intermediaries which have not agreed to the contents of the debt restructuring agreement provided that the following conditions are met:

(i) at least 50 per cent. of the overall indebtedness of the debtor is represented by debts *vis-à-vis* banks and financial intermediaries;

(ii) the debt restructuring agreement provides for the division of such creditors in one or more categories having similar legal status and economic interests and the non-consenting creditors belong to the same category of creditors;

(iii) the claims of the banks and financial intermediaries belonging to one category which have agreed to the debt restructuring agreement represent at least 75 per cent. of the debtor's overall indebtedness vis-à-vis the banks and financial intermediaries belonging to the same category; and

(iv) all creditors belonging to the relevant category have been informed of the ongoing negotiations and have been allowed to participate to such negotiations in good faith.

The court ratifies the debt restructuring agreement only after having ascertained that the negotiations have been carried out in good faith and that the banks and financial intermediaries in respect of which the debtor requests the extension of the effects of the agreement:

(a) have legal status and economic interests similar to those of the banks and financial intermediaries belonging to the same category which have agreed to the debt restructuring agreement;

(b) have received complete and updated information on the assets, economic and financial situation of the debtor as well as on the debt restructuring agreement and its effects, and they have been allowed to participate to the negotiations; and

(c) may be satisfied, on the basis of the debt restructuring agreement, in a measure which is not less than the other concrete practicable solutions.

The rights and claims of the creditors are different from banks and financial intermediaries are not affected by the aforementioned provisions.

The debtor may also enter into a moratorium arrangement (*convenzione di moratoria*) (the "**Moratorium Arrangement**") with its creditors which are banks and financial intermediaries and under which the non-consenting banks and financial intermediaries are also bound, provided that: (i) they have been informed of the ongoing negotiations and have been allowed to participate in such negotiations in good faith; and (ii) an expert meeting (the requirements for which are provided under Article 67, Paragraph 3(d) of the Bankruptcy Law) certifies that the non-consenting banks and financial intermediaries have legal status and economic interests similar to those of the banks and financial intermediaries which have agreed to the Moratorium Arrangement. The banks and financial intermediaries which have not agreed to the Moratorium Arrangement may file an objection (*opposizione*) to it within 30 days after having been notified of the Moratorium Arrangement. In no case can the debt restructuring agreement, provided under article 182-*septies* of the Bankruptcy Law or the Moratorium Arrangement, impose on the non-adhering creditors the performance of new obligations, the granting of new over-draft facilities, the maintenance of the possibility to utilise existing facilities or the utilisation of new facilities.

***Out-of-court reorganisation plans (*piani di risanamento*) pursuant to article 67, paragraph 3, letter (d), of the Bankruptcy Law***

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) prepared by companies in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed directly by the debtor has to verify the feasibility of the restructuring plan and the truthfulness of the business data provided by the company. There is no need to obtain court approval to appoint the expert. The terms and conditions of these plans are freely negotiable.

Unlike in-court pre-bankruptcy agreement proceedings and debt restructuring agreements, out-of-court reorganisation plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third party creditors.

The Bankruptcy Law provides that, should these plans fail and the debtor be declared bankrupt, the payments and/or acts carried out for the implementation of the reorganisation plan, subject to certain conditions (a) are not subject to claw-back action and (b) are exempted from certain potentially applicable criminal sanctions. As out-of-court reorganisation plans do not qualify as insolvency proceedings, neither ratification by the court nor publication in the Companies' Register are needed (although publication in the Companies' Register is possible upon a debtor's request and would allow certain tax benefits) and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of an in-court pre-bankruptcy agreement or a debt restructuring agreement.

H **Lease Agreements**

***Duration***

A minimum term of 6 (six) years applies for non-residential leases. In the event that the parties agree on a term lower than the above, such term is automatically replaced by the minimum provided by law (e.g. 6 years). Parties are free to agree longer leases. Upon expiration of the first term of 6 (six), the lease is tacitly renewed on the same terms and conditions for another term unless either party gives notice not to renew at least 12 months in advance. On the first expiration the landlord can only refuse to renew in very limited circumstances[4], while at the end of the second term there are no restrictions on the landlord's right to refuse a renewal.

***Termination***

Lease agreements generally provide termination clauses setting out the conditions which, if breached by the lessee, would allow the landlord to regard the lease as terminated.

If the lessee does not hand over the premises once the lease contract expires or it is terminated, the landlord must obtain a court order to recover possession. This can take several months.

***Termination for serious reasons (gravi motivi)***

Pursuant to article 27, last paragraph, of law No. 392 of 27 July 1978 ("**Law No. 392**"), lessees have a statutory right to terminate at any time their lease agreement for serious reasons (*gravi motivi*) upon service of a six-month advance notice on the lessor.

According to the prevailing case law, gravi motivi are considered to be objective events that are beyond the lessee's will and unforeseeable at the time the lease agreement is executed, which render extremely burdensome the performance of the lease agreement for the lessee. In particular, the Italian Supreme Court (*Corte di Cassazione*) has stated that the need to transfer the activity carried out in the rented premises to another location may be considered as *gravi motivi* for the purposes of article 27 of Law No. 392 **provided that** this need was not a free choice of the lessee and that it arose after the execution of the relevant lease agreement. In the same ruling, the Italian Supreme Court also confirmed the principle that *gravi motivi* are considered unforeseeable events which render the use of the leased real estate as originally planned burdensome for the lessee.

On the basis of the above, it may be argued that an event considered as *gravi motivi* must be unforeseeable at the moment of the execution of the lease agreement and objective (i.e. it cannot be connected to subjective choices of the lessee).

In accordance with the above principle, the Italian Supreme Court stated that: (i) the non-achievement of a preannounced plan of growth of a suburban zone on which the lessee had relied (the decision also clarified that the un-foreseeability must not be interpreted on an abstract and absolute sense but rather based upon the reasonable assurance that the event will occur); and (ii) economic trends, when objectively unforeseeable, may represent a *grave motivo* for the purposes of article 27 of Law No. 392.

The Italian Supreme Court also stated that the termination by the lessee of the activities for which the real estate was used does not represent, *per se*, a suitable requirement for the lessee to exercise its rights of withdrawal for *gravi motivi*, since this is considered a subjective decision of the lessee and not an objective and unforeseeable event.

In addition, pursuant to article 79 of Law No. 392, any contractual provision which grants the lessor a benefit which is not in compliance with the provisions of Law No. 392 may be deemed to be null and void.

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[4] The landlord is allowed to refuse the renewal only in case it intends: a. to use the premises as its residence or as residence of its relatives; b. to use the premises for the carrying out of commercial, industrial, artisanal, touristic or hotel activities; c. to pull down and re-build or completely renovate the premises; d. to renovate the premises for the purposes of carrying out of a commercial activity.

***Rent and rent adjustment***

The parties are free to determine the amount of the rent. Pursuant to Law no. 392, rents may be adjusted annually by a maximum of 75% on the basis of the variation certified by ISTAT of the retail prices index for families of white collar and blue collar. The rent shall be increased of 100% where the duration of the lease is longer than the minimum term provided for by law.

***Service charges***

Usually, expenses for any common services provided by the landlord are paid by the lessee on the basis of the millesimal rate ("*tabelle millesimali*"); e.g. in proportion to the size of its units relative to the total rentable area of the property. The costs of the utilities are usually borne by the lessee on the basis of its specific usage and requirements.

***Extraordinary maintenance costs***

According to Italian law and relevant case law, extraordinary maintenance costs include material maintenance and repair expenses necessary to maintain the properties fit for leasing purposes, including any substantial repair and maintenance works or replacement reasonably required by virtue of physical depreciation or inoperability of the properties and by new laws and regulations (excluding any works required by the specific activities carried out by the lessee), and any replacement or repair of structural elements (such as walls and roofs) which are essential for their safety and stability.

Extraordinary maintenance costs do not include regular and minor works reasonably required to maintain the properties in good maintenance conditions in connection with the regular use and operation of the same.

Extraordinary maintenance costs do not include modifications and improvements of the leased properties. Pursuant to article 1576 of the Italian civil code, the extraordinary maintenance costs are borne by the landlord.

***Provisions governing recovery of amounts due under the lease agreements***

A delay or a default by a lessee on its payment obligations under a lease agreement, entitles the landlord to serve the lessee with a motion for eviction (the "**Motion**"), and convene it to appear before the competent court for the purposes of ordering the eviction (the "**Order**").

If the lessee does not appear before the court or does not challenge the Motion or does not cure its breach within the term granted by the judge, the Court issues the Order and orders the lessee to release the leased property. The issuance of the Order is made approximately 30-60 days from the date of the service of the Motion.

In the event the lessee challenges the Motion (i) the judge may still issue the Order and (ii) in any case special proceedings would follow in order to confirm the Order and to condemn the lessee to release the relevant property. Such proceedings may take a minimum of approximately 18-24 months.

If the lessee, notwithstanding the issuance and/or the confirmation of the Order, does not release the property within a reasonable time after the date of the issuance of the Order or of the confirmation of the Order, further proceedings in order to enforce the Order and obtain the release of the property will follow. The enforcement proceedings may take, on average, a minimum of approximately six to nine months. During this period, the lessee must in any case:

(a) pay an indemnity for the unlawful occupation to the landlord; or

(b) terminate the relevant lease agreement pursuant to article 1456 of the Italian civil code and claim the payment for damages through an ordinary judicial proceeding.

It may take a minimum of approximately 30-36 months to obtain the issuance of the sentence in first instance from such ordinary proceeding. The judgment issued in the first instance is immediately enforceable *vis-à-vis* the condemned party.

In the event the condemned party challenges the judgment, appeal proceedings will follow that may take approximately 30-36 months. However, the Court of Appeal may stay the enforceability of the judgment issued in the first instance if serious reasons occur (i.e. the risk that the condemned party could not obtain the restitution of the relevant amount at the moment of the issuance of the judgment in the second instance, etc.); and submit a claim for payment of unpaid rents. Such proceedings may run independently of any of the two above described proceedings or in conjunction with any of them.

Should the landlord request the payment of the due rents, the judge may also order the lessee to pay the relevant rents by issuing an injunction order (the "**Injunction Order**"). Usually, in order to obtain the issuance of the Injunction Order, written evidences of the due amount are requested. Having proved the due amount by filing the relevant invoices with the court, it is predictable that the judge would issue the Injunction Order.

The Injunction Order, which is immediately enforceable, must be served upon the lessee and may be challenged by it within 40 days from the date of the service. In the event the Injunction Order is challenged by the lessee, ordinary proceedings will start. Such proceedings may take a minimum of approximately 30-36 months.

***Sale of leased property***

The landlord may transfer the ownership of the leased premises and this does not automatically trigger an early termination of the lease and a clause providing for the termination of the contract in the case of a transfer would be null and void if Law no. 392 applies.

***Subleasing and assignment***

Pursuant to section 1594 of the Italian Civil Code (i) subleasing is permitted unless otherwise agreed between the parties, while (ii) assignment of the lease agreement requires, by law, the landlord's consent. Section 36 of Law no. 392 provides that the lessee is allowed, even without the landlord's consent, to sublease the premises or assign the lease agreement to the extent the lessee simultaneously sells or leases its going concern. In such event, the landlord is allowed to oppose such assignment of the lease agreement (other than in the case of transfer of a going concern) requires, by law, the landlord's consent unless otherwise agreed between the parties. That said, the parties are entitled to agree and establish restrictions on subleases of the property.

***Pre-emption rights and goodwill indemnity***

If the activity carried out by the lessee involves contact with the general public users and consumers the:

(i) should the landlord decide to sell the leased premises during the term of the lease or to re-lease at the expiration of the property lease agreement, the lessee is entitled, as the case may be, to a pre-emption right to purchase the premises or to lease it from the new owner on the same terms and conditions;

(ii) upon termination of the lease (except in certain cases as, for instance, exercise of the withdrawal right, or of the non-renewal right, by the lessee; or termination due to lessee's breach of the contract) the lessee is entitled to be paid an amount equal to 18 times the last monthly rent paid (a "goodwill indemnity"). If the premises are let within a year to a lessee carrying out the same or similar activities, a further indemnity of the same amount is payable to the former lessee.

Please consider that, with regard to non-residential leases entered into following 11 November 2014 (and pre-existing leases subject to amendment agreements) with a yearly rent higher than €250,000 (excluding those regarding building with a historical value confirmed by a local administrative order), the parties are free to expressly agree terms and conditions which depart – even if they favour the landlord – from the mandatory provision of Law no. 392/78 such as duration, tacit renewal; sublease and assignment; goodwill.

***Effect of bankruptcy of the lessee on the lease agreement or business lease agreement***

If a lessee is declared insolvent, the receiver is entitled either to continue or terminate the lease agreement, regardless of its contractual duration.

In case of continuation of the lease agreement, the receiver would be bound by the obligations of the lessee under the lease agreement (including obligations concerning the delivery of the real estate unit at the end of the lease) and would be obliged to pay any rent matured after the declaration of insolvency. According to certain case law, the lessor's credit for such amounts should be considered as immediately payable (*prededuzione*), and the receiver should be obliged to pay the rent according to the lease agreement provisions. The receiver would not be entitled to modify terms and conditions of the lease agreement and would only be able to decide whether or not to continue the lease agreement on the same terms and conditions.

Pursuant to article 80 of the Bankruptcy Law, the relevant Borrower is entitled to fair compensation (the "**Compensation**") if the receiver unilaterally elects to terminate the agreement. The Compensation is a preferential credit of the relevant Borrower, to be paid by the receiver. Should an agreement between the parties not be reached, the Compensation is determined by the competent bankruptcy court, which mainly considers the remaining period of time during which the lease agreement should have been effective and the amount of the rent due.

## TAXATION

*The statements herein regarding taxation are based on the laws in force as at the date of this Offering Circular and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. None of the Issuer, the Lead Manager or any of the Other Issuer Creditors makes any representation with respect to the Tax structure of the Notes. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.*

### Republic of Italy

***Tax treatment of Notes issued by the Issuer***

Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**") sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities and to any securities issued, *inter alia*, by Italian limited liability company incorporated under article 3 of Law No 130 of 30 April 1999.

***Italian resident Noteholders***

Pursuant to Decree No. 239, where an Italian resident Noteholder, who is the beneficial owner of such Notes, is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; or

(b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), or a de facto partnership not carrying out commercial activities or professional association; or

(c) private or public institutions (other than companies), trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or

(d) an investor exempt from Italian corporate income taxation,

Interest relating to the Notes, accrued during the relevant holding period, are subject to a substitute tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes) (unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and has opted for the so called "*regime del risparmio gestito*" (the "**Asset Management Regime**") according to Article 7 of Italian Legislative Decree No. 461 of 21st November, 1997, as amended ("**Decree No. 461**")).

In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP (the regional tax on productive activities).

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100-114 of Law No. 232 of 11 December 2016 ("**Law No. 232**") and in article 1, paragraph 211 – 215, of Law No. 145 of 30 December 2018 ("**Law No. 145**").

Pursuant to Decree No. 239, the 26 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "**SIMs**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**"), stock brokers and other qualified entities identified by a decree of the Ministry of Finance ("**Intermediaries**" and each an "**Intermediary**"). An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident Intermediary, and (b) intervene, in any way, in the collection of Interest or, also as transferees, in transfers or disposals of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

Where the Notes are not deposited with an authorised Italian Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that by the Issuer.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Regime are subject to a 26 per cent. annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

Interest accrued on the Notes and received by Italian real estate funds (complying with the definition as amended pursuant to Law Decree n. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010) or a real estate investment company with fixed capital ("**SICAF**"), to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, is subject neither to substitute tax nor to any other income tax in the hands of the real estate fund or real estate SICAF. The income of the real estate fund or real estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund ("**Fund**"), a SICAF or an investment fund with variable capital ("**SICAV**"), and the Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must, however, be included in the management results of the fund, SICAF or SICAV accrued at the end of each tax period. The fund, SICAF or SICAV will not be subject to taxation on such result, but a withholding tax of 26 per cent. may apply on income of the fund, SICAF or SICAV derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares.

Where a Noteholder is an Italian resident pension fund subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005 and the Notes are deposited with an Italian resident intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Subject to certain conditions (including minimum holding period) and limitations, Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100 - 114) of Law No. 232 and in Article 1 (211 – 215) of Law No. 145.

***Non-Italian resident Noteholders***

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies **provided that** the non-Italian resident beneficial owner is:

(a) resident for tax purposes in a state or territory which allows an adequate exchange of information with the Italian tax authorities and listed in the Ministerial Decree dated 4 September 1996 as amended from time to time (the "**White List**"). According to Article 11, par. 4, let. c) of Decree No. 239, the White List will be updated every six months period. In absence of the issuance of the

new White List, reference has to be made to the Italian Ministerial Decree dated 4 September 1996 as amended from time to time; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or

(d) an institutional investor, whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest and must:

(a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and

(b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign central banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

Failure of a non–Italian resident Noteholder to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interests payments to a non–Italian resident Noteholder.

Non–Italian resident Noteholder who are subject to substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder of the Notes.

***Capital gains tax***

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "*status*" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Pursuant to Decree No. 461, a 26 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by:

(a) an Italian resident individual not engaged in entrepreneurial activities to which the Notes are connected;

(b) an Italian resident partnership not carrying out commercial activities;

(c) an Italian private or public institution not carrying out mainly or exclusively commercial activities

on any sale or transfer for consideration of the Notes or redemption thereof.

In respect of the application of *imposta sostitutiva* on capital gains, taxpayers may opt for one of the three regimes described below:

Under the so called "*regime della dichiarazione*" (the "**Tax Declaration Regime**"), which is the standard regime for taxation of capital gains, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised pursuant to all

investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the Tax Declaration Regime, holders of the Notes who are:

(a) Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected;

(b) Italian resident partnerships not carrying out commercial activities;

(c) Italian private or public institutions not carrying out mainly or exclusively commercial activities,

may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes under the so called "*regime del risparmio amministrato*" (the "**Administrative Savings Regime**"). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the Administrative Savings Regime being made in writing in due time by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the Administrative Savings Regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

Special rules apply if the Notes are part of a portfolio managed under the Asset Management Regime by an Italian asset management company or an authorised intermediary. The capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 26 per cent. *imposta sostitutiva* on capital gains but will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year end may be carried forward against appreciation accrued in each of the following years up to the fourth. Also under the Asset Management Regime the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100 – 114) of Law No. 232 and in Article 1 (211 – 215) of Law No. 145.

Where a Noteholder is an Italian resident real estate investment fund (complying with the definition as amended pursuant to Law Decree n. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010) or a real estate SICAF, capital gains realised will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or real estate SICAF. The income of the real estate fund or real estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realised by a Noteholder that is a Fund, a SICAF or a SICAV will be included in the result of the portfolio accrued at the end of the tax period. The fund, SICAF or SICAV will not be subject to taxation on such results, but a withholding tax of 26 per cent. may apply on income of the fund, SICAF or SICAV derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax. Subject to certain conditions (including minimum holding period) and limitations, capital gains in respect of Notes realized upon sale, transfer or redemption by Italian pension fund may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100 - 114) of Law No. 232 and in Article 1 (211 – 215) of Law No. 145.

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non–Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Decree 22 December 1986 No. 917, any capital gains realised by non–Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non–residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

(a) pursuant to the provisions of Decree No. 461 non Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes: (a) in a state or territory listed in the White List as defined above, and (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) central banks or entities which manage, *inter alia*, the official reserves of a foreign State; and

(b) in any event, non–Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under these circumstances, if non Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they promptly file with the Italian authorised financial intermediary a self-declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

***Inheritance and gift taxes***

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

(a) 4 per cent. for transfers in favour of the spouse and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding €1,000,000 (per beneficiary);

(b) 6 per cent. for transfers in favour of brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding €100,000 (per beneficiary);

(c) 6 per cent. for transfers in favour of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and

(d) 8 per cent. for transfers in favour of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress and/or the donee is a person with a severe disability pursuant to Law n. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.500,000.

If the donee sells the Notes for consideration from the receipt thereof as a gift, the donee is required to pay the relevant imposta sostitutiva on capital gains as if the gift has never taken place.

***Stamp duty***

Pursuant to Article 13 par. 2/ter of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to their clients in respect of any financial product and instrument (including the Notes), which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and it cannot exceed €14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the face value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of the financial assets (including the Notes) held.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable based on the period accounted.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

***Wealth tax on financial assets deposited abroad***

According to Article 19 of Decree No. 201 of 6 December 2011, Italian resident individuals holding financial assets – including the Notes – outside of the Italian territory are required to pay in its own annual tax declaration a wealth tax at the rate of 0.2 per cent. This tax is calculated on the market value at the end of the relevant year (or at the end of the holding period) or, if no market value figure is available, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) held abroad by Italian resident individuals. A tax credit is granted for any foreign property tax levied abroad on such financial assets. The financial assets held abroad are excluded from the scope of the wealth tax if administered by Italian financial intermediaries pursuant to an administration agreement and the items of income derived from the Notes have been subject to tax by the same intermediaries.

***Transfer tax***

Contracts relating to the transfer of securities are subject to registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) are subject to a fixed registration tax of

€200.00, and (ii) private deeds (*scritture private non autenticate*) are subject to a fixed registration tax of €200.00 only in case of use or voluntary registration.

***Tax Monitoring Obligations***

Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions are required to report in their yearly income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), according to Law Decree No. 167 of 28 June 1990 converted into law by Law Decree No. 227 of 4 August 1990, as amended from time to time, for tax monitoring purposes, the amount of Notes held abroad during each tax year. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Notes deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a €15,000 threshold throughout the year.

## SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

### The Subscription Agreement

The Lead Manager has, pursuant to the Subscription Agreement dated on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Sole Arranger and the Lead Manager, agreed to subscribe and pay the Issuer for the Notes at the issue price of, in the case of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, 100 per cent. of the Principal Amount Outstanding.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Lead Manager in certain circumstances prior to payment for the Notes to the Issuer. The Issuer has agreed to indemnify the Lead Manager against certain liabilities in connection with the issue of the Notes.

### General Selling Restrictions

Each of the Issuer and the Lead Manager has, pursuant to the Subscription Agreement, undertaken to the others that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession or distributes the Offering Circular or any related offering material, in all cases at its own expense.

### United States

The Lead Manager has acknowledged to the Issuer that the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. The Lead Manager has agreed under the Subscription Agreement that it has not offered, sold or delivered, and will not offer, sell or deliver the Notes within the United States or to, or for the account or benefit of, U.S. persons, as part of such Lead Manager's distribution at any time.

The Lead Manager represents and agrees that neither it, its Affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S under the Securities Act) with respect to the Notes and it and its Affiliates and any person acting on its or their behalf has complied with and will comply with the offering restriction requirements of Regulation S under the Securities Act to the extent applicable.

The Lead Manager under the Subscription Agreement has also agreed that, at or prior to confirmation of sales of any Notes, it will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration to which it sells any Notes a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Lead Manager under the Subscription Agreement has also agreed that, except with the prior written consent of the Original Lender 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 Issuer may not be purchased by, or for the account or benefit of, any "U.S. person" as defined in the U.S. Risk Retention Rules. Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" means any of the following:

- Any natural person resident in the United States;
- Any partnership, corporation, limited liability company, or other organization or entity organized or incorporated under the laws of any State or of the United States;
- Any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- Any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- Any agency or branch of a foreign entity located in the United States;
- 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);

- Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and

- Any partnership, corporation, limited liability company, or other organization or entity if:

  1) Organized or incorporated under the laws of any foreign jurisdiction; and

  2) 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.

**United Kingdom**

The Lead Manager has, pursuant to the Subscription Agreement, represented, warranted and undertaken each other and to the Issuer that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it 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.

**Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, the Notes may not be offered, sold or delivered, nor may copies of the Offering Circular 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 pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Consolidated Finance Act**") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Consolidated Finance Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy to the general public must be, except where certain exemptions apply:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, Consolidated Finance Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended, and any other applicable laws and regulations; and

(b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy.

**Prohibition of Sales to EEA Retail Investors**

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic

Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive 2002/92/EC (as amended, the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a qualified investor as defined in Directive 2003/71/EC (as amended, the Prospectus Directive).

The expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

**General**

No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Offering Circular does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Lead Manager has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

**Interests of natural and legal persons involved in the issue/offer**

Certain of the Lead Manager and their affiliates (including parent companies) have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Issuer, the Borrowers and their respective shareholders and affiliates in the ordinary course of business for which they have received and will receive compensation.

## GENERAL INFORMATION

(1) The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the Meeting of the Quotaholder of the Issuer passed on 2 May 2019.

(2) Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Global Exchange Market.

(3) The Issuer is not involved in any legal, arbitration, governmental or administrative proceedings and which may have, or have had, during such 12 months' period, a significant effect on its financial position or profitability nor is the Issuer, to the best of its knowledge, aware that any such proceedings are pending or threatened.

(4) Since the date of incorporation or establishment, the Issuer has not commenced operations and no financial statements have been made up as at the date of the Offering Circular.

(5) Save as disclosed in this Offering Circular, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.

(6) The Issuer will produce proper accounts (*ordinaria contabilità*) and audited financial statements in respect of each financial year and will not produce interim financial statements. Copies of these documents will be promptly deposited after their approval at the registered office of the Issuer, where such documents will be physically available for inspection and where copies of such documents may be obtained free of charge upon request during usual business hours. The first financial year end of the Issuer will be 31 December 2019.

(7) The Issuer (as the designated entity for the purposes of Article 7 of the Securitisation Regulation) will procure that the Calculation Agent and/or the Information Agent, as the case may be:

(a) will publish a quarterly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the Securitisation Regulation; and

(b) subject to receipt of the same from the Primary Servicer, publish on a quarterly basis certain loan-by-loan information in relation to the Loans in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the Securitisation Regulation.

In addition, the Issuer confirms that:

(c) it has made available the documents required by Article 7(1)(b) of the Securitisation Regulation prior to the pricing date of the Notes; and

(d) it will publish details of any inside information as required by and in accordance with Article 7(1)(f) of the Securitisation Regulation.

The reports set out in paragraphs (a) and (b) above and the documentation and information set out in paragraphs (c) and (d) above have been or, as applicable, shall be made available to investors, competent authorities and potential investors as required by Article 7 of the Securitisation Regulation through being published on the website of the Information Agent at https://gctinvestorreporting.bnymellon.com, as the case may be. Each such report set out in paragraphs (a) and (b) above shall be made available no later than one month following the due date for the payment of interest. The numbers contained in these reports are driven by regulation with a restrictive method of calculation and do not necessarily reflect what a non-bank investor would understand by, amongst other terms, "probability of default" and "loss given default". In addition, although the numbers contained in these reports relating to "probability of default" and "loss given default" are reported quarterly, they are not updated. For the avoidance of doubt, this website and the contents thereof do not form part of this Offering Circular.

(8) The Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

| | ISIN code | Common code |
|---|---|---|
| Class A | IT0005372435 | 200881885 |
| Class B | IT0005372450 | 200881915 |
| Class C | IT0005372468 | 200881974 |
| Class D | IT0005372476 | 200882156 |

(9) For as long as the Notes are listed on the official list of Euronext Dublin and admitted to trading on the Global Exchange Market, copies of the following documents are physically available, may be inspected and obtained free of charge during usual business hours at the specified offices of the Paying Agent and of the Representative of the Noteholders:

(i) the *statuto* and *atto costitutivo* of each of the Issuer, the Palmanova Borrower, the First Franciacorta Borrower and the Second Franciacorta Borrower;

(ii) the following agreements:

Loan Portfolio Sale Agreement;

Master Servicing Agreement;

Delegate Servicing Agreement;

Intercreditor Agreement;

Cash Allocation, Management and Payments Agreement;

Liquidity Reserve Facility Agreement;

Mandate Agreement;

Quotaholder's Agreement;

Corporate Services Agreement;

Subscription Agreement; and

Master Definitions Agreement.

(iii) each Valuation;

(10) So long as any of the Notes remain outstanding, copies of the Calculation Agent Quarterly Reports shall be made available for collection at the registered offices of the Issuer, the Representative of the Noteholders and the Paying Agent, respectively, on each Calculation Date and on each date on which it is produced. The first Calculation Agent Quarterly Report will be available at the registered office of the Issuer, the Representative of the Noteholders and the Paying Agent on or about the Note Payment Date falling in August 2019. The Calculation Agent Quarterly Reports will be produced quarterly and will contain details of amounts payable on the Note Payment Date to which it refers in accordance with the Priority of Payments, including the amount payable as principal and interest in respect of each Note.

(11) The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately €160,125 (excluding servicing fees and any VAT, if applicable).

(12) The estimated annual total expenses payable by the Issuer in connection with the admission of the Notes to trading on the Global Exchange Market of Euronext Dublin amount to approximately €3,000 (excluding application of VAT, if any).

(13) The language of the Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

(14) Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Global Exchange Market of Euronext Dublin.

**INDEX OF DEFINED TERMS**

**APPENDIX 1**
**INVESTOR PRESENTATION**

**ISSUER**

**DECO 2019-Vivaldi S.r.l.**
Via Vittorio Betteloni 2
20131 Milan
Italy

**SOLE ARRANGER**

**Deutsche Bank AG, London Branch**
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

**LEAD MANAGER**

**Deutsche Bank AG, London Branch**
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

**DELEGATE SERVICER**

**CBRE Loan Services Limited**
St. Martin's Court
10 Paternoster Row
London EC4M 7HP
England

**PAYING AGENT AND ISSUER ACCOUNT BANK**

**BNP Paribas Securities Services, Milan Branch**
Piazza Lina Bo Bardi 3
20124 Milan
Italy

**MASTER SERVICER, REPRESENTATIVE OF THE NOTEHOLDERS, CALCULATION AGENT, CORPORATE SERVICER**

**Zenith Service S.p.A.**
Via Vittorio Betteloni 2
20131 Milan
Italy

**LIQUIDITY RESERVE FACILITY PROVIDER**

**Deutsche Bank AG, London Branch**
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

**LISTING AGENT**

**Walkers Listing Services Limited**
5th Floor, The Exchange
George's Dock, IFSC
Dublin 1
Ireland

**LEGAL ADVISERS**

*To the Sole Arranger and the Lead Manager*

*as to Italian law and Italian taxation law*

**Studio Legale Associato in associazione con Clifford Chance**
Via Broletto 16
20121 Milan
Italy

*as to English law*

**Clifford Chance LLP**
10 Upper Bank Street
London E14 5JJ
United Kingdom