

**DATED 27 JULY 2017**

**IA CAPITAL STRUCTURES (IRELAND) PLC**

**ARS Canada Rolling Stock 5.5% (Series 109) Notes due 2027  
issued under its € 5,000,000,000 Secured Note Programme**

**SERIES MEMORANDUM**

## General

This Series Memorandum (as used herein, this "**Series Memorandum**") is prepared in connection with the EUR 5,000,000,000 Secured Note Programme (the "**Programme**") of IA Capital Structures (Ireland) plc (the "**Issuer**") and is issued in conjunction with, and incorporates by reference the contents of, the Programme Memorandum dated 15 March 2012 relating to the Programme (the "**Programme Memorandum**").

Neither this Series Memorandum nor the Programme Memorandum constitutes a prospectus for the purposes of the Prospectus Directive.

This document should be read in conjunction with the Programme Memorandum and the Master Conditions (March 2014 Edition). Save where the context otherwise requires, terms defined in the Programme Memorandum have the same meaning when used in this Series Memorandum.

Subject as set out below the Issuer accepts responsibility for the information contained in this Series Memorandum other than the information in the sections (i) Information relating to the Arranger, (ii) Information relating to the Calculation Agent, (iii) Information relating to the Sale Agent and Placing Agent, (iv) Information relating to the Charged Assets. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information for which it accepts responsibility contained in this Series Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer confirms that the information in the sections referred to in (i) to (iv) above has been accurately reproduced from information provided by (a) the Arranger, (b) the Calculation Agent, (c) the Sale Agent and Placing Agent and (d) the Borrower, and as far as the Issuer is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Series Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Series Memorandum in any jurisdiction where such action is required.

No person has been authorised to give any information or to make representations other than those contained in this Series Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Arranger, the Trustee or any of them. Neither the delivery of this Series Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

Sanne Fiduciary Services Limited (the "**Trustee**") has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking is made, whether express or implied, and no responsibility or liability is accepted by the Trustee as to the accuracy, completeness or nature of the information contained in this Series Memorandum, the Secured Term Loan Agreement and ARS Canada Loan Memorandum or with respect to the legality of investment in the Notes by any prospective investor or purchaser under applicable legal investment or similar laws or regulations.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this Series Memorandum and the Programme Memorandum.

For as long as the Notes remain outstanding, copies of the following documents will be available for inspection in physical form during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer:

- (i) This Series Memorandum and the Programme Memorandum;
- (ii) The Master Documents;

- (iii) The Constituting Instrument dated the Issue Date;
- (iv) The Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer;
- (v) The Secured Term Loan Agreement; and
- (vi) The ARS Canada Loan Memorandum.

***The Notes, which are described in this Series Memorandum, have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any of the States of the United States. Accordingly, the Notes are being offered and sold only in bearer form pursuant to the exemption afforded by Regulation S promulgated under the Securities Act solely outside of the United States and solely to non-U.S. persons and in specific reliance upon the representations by each Noteholder that (1) at the time of the offer and sale of the Notes to Noteholder, the Noteholder was not a U.S. Person as defined in Regulation S promulgated under the Securities Act, and (2) at the time of the offer and sale of the Notes to Noteholder and, as of the date of the execution and delivery of the purchasing or subscription agreement by the Noteholder, the Noteholder was outside of the United States. The Notes may not be offered or sold in the United States or to U.S. Persons (as defined in Regulation S) unless the securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Notes are subject to certain United States tax law requirements.***

The following legend will appear on all Temporary or Permanent Global Notes and any Receipts, Coupons or Talons in respect thereof:

***"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE U.S. INTERNAL REVENUE CODE."***

The sections of the U.S. Internal Revenue Code referred to in the foregoing legend provide that, with certain exceptions, a United States taxpayer will not be entitled to deduct any loss, and will not be entitled to capital gains treatment in respect of any gain realised, on any sale, disposition or payment of a Note, Receipt, Coupon or Talon for U.S. federal income tax purposes.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer of Notes to the public has not and may not be made in that Relevant Member State.

The Notes are illiquid investments, the purchase of which involves substantial risks. Any investor investing in the Notes should fully consider, understand and appreciate those risks.

**Purchasers of Notes should conduct such independent investigation and analysis regarding the Issuer, the Secured Term Loan Agreement and ARS Canada Loan Memorandum (and in particular the section therein entitled "Risk Factors"), the Borrower and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes, as the Notes described in this Series Memorandum may not be suitable for all purchasers of Notes. Purchasers of Notes should have sufficient knowledge and experience in financial, taxation, accounting, capital treatment and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Series Memorandum and the merits and risks of investing in the Notes in the context of their financial and regulatory position and circumstances. This Series Memorandum does not describe all of the risks and investment considerations applicable to an investment in the Notes. The risks and investment considerations identified in this Series Memorandum are provided as general information only and the Issuer disclaims any responsibility to advise purchasers of Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or as they may from time to time alter.**

**PARTICULAR ATTENTION IS DRAWN TO THE SECTION OF THIS SERIES MEMORANDUM  
HEADED "RISK FACTORS".**

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**Documents incorporated by reference**

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The Programme Memorandum is incorporated in, and shall be taken to form part of this Series Memorandum. This Series Memorandum must be read and construed in conjunction with the Programme Memorandum and shall be deemed to modify and supersede the contents of such document to the extent that a statement contained herein is inconsistent with such contents.

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## Risk Factors

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### General

The purchase of the Notes involves substantial risks. Each prospective purchaser of the Notes should be familiar with instruments having characteristics similar to the Notes and should fully understand the terms of the Notes and the nature and extent of its exposure to risk of loss.

Before making an investment decision prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the Borrower, the Charged Assets (including the Secured Term Loan Agreement), the Notes and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. As part of such independent investigation and analysis, prospective purchasers of Notes should consider carefully all the information set forth in this Series Memorandum and in the Programme Memorandum and the considerations set out below.

Investment in the Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Series Memorandum and in the Programme Memorandum and the merits and risks of an investment in the Notes in the context of the investor's own financial circumstances and investment objectives.

Investment in the Notes (or a participation therein) is only suitable for investors who:

- (1) are capable of bearing the economic risk of an investment in the Notes (or a participation therein) for a period up to and until the redemption of the Notes;
- (2) are acquiring an interest in the Notes (or a participation therein) for their own account for investment, not with a view to resale, distribution or other disposition of such interest (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (3) recognise that it may not be possible to make any transfer of the Notes (or a participation therein) for a substantial period of time, if at all.

Each of the Issuer and the Arranger may, in its discretion, disregard interest shown by a prospective investor even though that investor satisfies the foregoing suitability standards.

**Each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering and the nature and extent of its exposure to the risk of loss of all or a substantial part of its investment. Attention is drawn, in particular, to the sections of the Programme Memorandum entitled "Conditions of the Notes - Security" and "Conditions of the Notes - Enforcement and Limited Recourse" and the sections in this Series Memorandum entitled "Information relating to the Charged Assets".**

## Risks relating to the Issuer and Transaction Parties

### *Special purpose company*

The Issuer is a special purpose company and has been established for the purpose of issuing multiple Series of secured Notes under the Programme. The Issuer has issued share capital only in the amount of EUR 38,100. Should any unforeseen expenses or liabilities (which have not been provided for) arise, the Issuer may be unable to meet them, leading to an Event of Default under the Notes.

There is no certainty that Noteholders will recover any amounts payable under the Notes. Due to the limited recourse nature of the Notes (see "*Limited recourse*" below), claims in respect of the Notes are limited to the proceeds of enforcement of the Mortgaged Property after the deduction of any applicable expenses. In addition, if a claim is brought against the Issuer (whether under statute, common law or otherwise) which is not subject to such contractual limited recourse provisions, the only assets available to meet such claim would be the proceeds of the issuance of the Issuer's ordinary shares and any transaction fees (see "*Fees*" below), to the extent any remain as at the date of such claim and are available to meet such claim. The only other assets of the Issuer will be the assets on which each Series is secured, which will be subject to the prior security interests of the relevant Noteholders and any other secured parties under that Series.

### *Limited recourse*

The Notes will be limited recourse obligations of the Issuer secured on the Mortgaged Property (including the Charged Assets) and are not or will not (as the case may be) be obligations or responsibilities of, or guaranteed by, any other person or entity. **For the avoidance of doubt, none of the Borrower, the Trustee, the Arranger, any other Agent appointed by the Issuer or any other person has any obligation to any Noteholder for payment of any amount owed by the Issuer in respect of the Notes. There is no person that guarantees to Noteholders that they will recover any amounts payable under the Notes.**

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the receipt by the Issuer of moneys due to it under the Mortgaged Property (including the Charged Assets comprised therein). The Noteholders shall have no recourse to the Issuer beyond the moneys derived by or on behalf of the Issuer in respect of the Mortgaged Property. To the extent that investment by the Issuer in the Charged Assets held by the Issuer results in such investment being less than the obligations of the Issuer under the Notes, the Issuer will have insufficient funds available to meet its obligations in respect of the Notes. In such event, any shortfall would be borne by the Noteholders in accordance with the priorities specified in the Conditions. See "*Nature of the investment*" below.

For the avoidance of doubt, Notes are not, and do not represent or convey any interest in the Charged Assets nor do they confer on the Noteholder any right (whether in respect of voting, dividend or other distribution) which a holder of any Charged Assets may have had. The Issuer is not an agent of the Noteholder for any purpose.

### *No Loan Guarantor*

There is no Loan Guarantor guaranteeing the payment of principal or interest under the Secured Term Loan Agreement.

### *Liability for the obligations of other Series*

The Issuer has undertaken not to incur any obligations with respect to any other Series of Notes unless recourse in respect of such obligations is limited to the proceeds of enforcement of the Security over the assets of the Issuer on which such obligations are secured (which assets shall exclude the Mortgaged Property securing any other Series of Notes). Nevertheless, to the extent there are any creditors with respect to a Series of Notes whose recourse is not so limited Noteholders may be exposed to risks incurred for the account of other Series.



## Risks relating to the Notes

### *Nature of the investment*

These Notes are not principal protected and are a high-risk investment in the form of a debt instrument. The Noteholders are neither assured of repayment of the capital invested nor are they assured of payment of a stated rate of interest. The Notes give Noteholders exposure to the Series Assets, see “*Investment relating to the Charged Assets*” below.

Any payments to be made on the Notes depend on the value of the Charged Assets held by the Issuer, which is the value of the amounts received by the Issuer in respect of the Charged Assets. Should the Charged Assets decrease in value, Noteholders will incur a partial or total loss of their investment.

In certain circumstances, described in the Conditions of the Notes, the Notes will be redeemed early pursuant to a Mandatory Redemption Event, an Additional Mandatory Redemption Event or a redemption event pursuant to Condition 2(c)(A)(1) and Noteholders shall be entitled to receive only such amount as is available following the sale or redemption of the Charged Assets, or a proportion of such Charged Assets, as the case may be, subject to the provisions of the Notes described under “*Limited recourse*” above. In the case of an Additional Mandatory Redemption Event pursuant to this paragraph, the Issuer shall not be required to give notice to the Trustee of the Noteholders that the notes are due and repayable at the amount specified in Condition 2(e)(3).

**In general, redemption payments to be made on the Notes are calculated with reference to the value of the Charged Assets. However, if and to the extent that the amount payable by the Issuer in accordance with the Notes to the Noteholders is greater than the amount received by the Issuer in respect of the redemption of the Charged Assets, the Noteholder shall be entitled to receive only its *pro rata* share of such amount as is received by the Issuer under the Charged Assets after deduction of any applicable costs and expenses.**

### *Change of law, tax and administrative practice*

The structure of the transaction and, inter alia, the issue of the Notes are based on law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

### *Fees*

In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, the Issuer will pay a fee to the Arranger calculated as a percentage of the amount outstanding under the Secured Term Loan Agreement, which is further described in Special Condition (XI) of the Notes.

In connection with the offer and sale of the Notes, the Arranger or any of its associated companies may, directly or indirectly, pay fees in varying amounts to third parties or, as the case may be, receive fees (including but not limited to distribution fees and retrocessions) in varying amounts, including, from third parties (which may include any Transaction Participants as defined below). Each Noteholder acknowledges that the Arranger or any of its associated companies may retain all or part of such fees.

### *Foreign exchange risk*

The Notes are denominated in USD. The Charged Assets may be denominated in U.S dollars, euro, or any other currencies. The Issuer will effect foreign exchange transactions to convert amounts received in respect of the Charged Assets into USD in order to meet its payment obligations under the Notes. In order to mitigate the foreign exchange risk the Issuer may enter into foreign exchange hedging transactions with such banks and other providers of treasury products (“**Derivatives Counterparties**”) as may in the sole discretion of the Issuer be appropriate given the Charged Assets and the obligations of the Issuer under the Notes. Accordingly, the Issuer and the Noteholders may be

exposed to credit risk of such Derivatives Counterparties providing foreign exchange hedging to the Issuer.

*Optional Redemption by the Noteholder*

Noteholders have no right to request the Issuer to redeem the Notes at any time prior to their Maturity Date.

*Optional Redemption by the Issuer*

Investors in the Notes should be aware that the Issuer has the option to redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date, by giving not less than ten (10) Business Days' prior notice to the Noteholders and the Trustee. Such notice may be revoked by the Issuer at any time prior to the Optional Redemption Date. The Optional Redemption Payment Date may be significantly later than the Optional Redemption Date. See "*Risk Factors – Payments*".

*Optional Redemption by the Arranger*

Investors in the Notes should further be aware that the Arranger has the option, without limitation, at any time to redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date. The Arranger would redeem Notes if it is the holder of such Notes, pursuant to the Conditions of the Notes. While the Arranger may actively become involved in the secondary market in the Notes (if any), such participation would be at the Arranger's sole discretion and the Arranger shall not have any obligation to make a secondary market. See "*Liquidity*" below.

*Restrictions on Transfer*

The Notes are subject to restrictions on transfer, as described in section "SUBSCRIPTION AND SALE" in the Programme Memorandum and "SELLING RESTRICTIONS" in this Series Memorandum. In particular, the Notes have not been registered under the Securities Act, under any U.S. state securities or "Blue Sky" laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Note may be sold, assigned, participated, pledged or transferred unless such sale, assignment, participation, pledge or transfer (a) is exempt from the registration requirements of the Securities Act (for example, the exemption provided by Rule 144A under the Securities Act or the exemption provided by Regulation S under the Securities Act and applicable state securities laws) and (b) is in compliance with the transfer restrictions and certification requirements described in the section entitled "SUBSCRIPTION AND SALE" in the Programme Memorandum and "SELLING RESTRICTIONS" in this Series Memorandum.

*Arranger default*

The Notes may be redeemed if the Arranger is dissolved or becomes unable to perform its obligations in relation to the Notes unless a substitute arranger (the "**Substitute Arranger**") is appointed by the Issuer within 90 days of such event.

*Payments*

The ability of the Issuer to make payments to the Noteholders under the Notes depends entirely on payment of principal and payment of interest by the Borrower under the Secured Term Loan Agreement. Investors in the Notes should have particular regard to the section entitled "Risk Factors" in the ARS Canada Loan Memorandum. Payments under the Notes will only be made after receipt of the Realisable Value by the Issuer. The date of payment of the redemption amount under the Notes is therefore not fixed. Payment of redemption amounts under the Notes depends on the realisation of (including repayment of principal and interest in full by the Borrower under the Secured Term Loan Agreement) or the liquidation of the Charged Assets. Payment of interest under the Notes depends on the payment of interest by the Borrower under the Secured Term Loan Agreement. It may take a considerable period of time to redeem the Charged Assets, in particular in the case of an early redemption of Notes. Noteholders may only receive payment of the relevant redemption amount under the Notes significantly later than the specified redemption date of the Notes.

### *Liquidity*

No secondary market for the Notes currently exists. Prospective purchasers of the Notes should therefore recognise that, they may not be able to liquidate their investment in the Notes. Investment in the Notes is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time and are not acquiring the Notes with a view to a potential resale, distribution or other disposition at some future date.

Application has been made to list the Notes on the Third Market of the Vienna Stock Exchange. Listing is expected to take place on or about the Issue Date but no assurance can be given that such application will be granted. Even if the Notes are listed, there is no assurance that a secondary trading market or liquidity will develop.

Notwithstanding the foregoing, the Arranger may provide a secondary market with a monthly dealing frequency and monthly purchases and sales by investors. The Arranger will not provide a secondary market in circumstances where the Calculation Agent is unable to calculate the Net Asset Value of the Portfolio for any reason, such as an event of default on the Charged Assets or due to the illiquidity or suspension of trading of any of the Series Assets comprising the Portfolio. The Arranger does not have and will not assume any liability, whether legal or otherwise, *vis-à-vis* the Noteholders to provide a market for the Notes or with regard to the level of the applicable prices nor how they are determined. To the extent that the Arranger purchases Notes in a secondary market provided by the Arranger, the Arranger will impose a USD 500 fee in respect of its administration expenses.

### *Extended Maturity Date*

The term of the Notes may be extended for further periods of up to ten years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders three (3) calendar months prior to the Scheduled Maturity Date or the anniversary thereof in each subsequent year, if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Scheduled Maturity Date or the anniversary thereof in accordance with the final Extension Notice (such date being the "**Extended Maturity Date**") or on the Final Maturity Payment Date if later.

### *Market and legal risk*

The Notes will constitute secured, limited recourse obligations of the Issuer, recourse in respect of which will, in effect, be limited to the proceeds of the Mortgaged Property (which principally comprises the Charged Assets) relating to the Notes and no other assets of the Issuer will be available to satisfy claims of Noteholders. The Issuer's obligations to the Noteholders are solely funded by, and primarily secured on, the Charged Assets. Therefore, to the extent that the value of the Charged Assets falls, payment under the Charged Assets is not made, the Charged Assets cannot be sold or if the relevant security arrangements would not be enforceable, a loss of principal under the Notes will result. Noteholders therefore assume the market and legal risk of the Charged Assets.

None of the Transaction Participants (as defined below) nor any affiliate of any of them or other person on their behalf has made any investigation of, or makes any representation or warranty, express or implied, as to the financial or other condition of the Charged Assets.

None of the Issuer, the Arranger, the Trustee, the Principal Paying Agent, the Calculation Agent, the Sale Agent or any other Agent (together, the "**Transaction Participants**") nor any affiliate of any of them (or any person on their behalf) assume any responsibility *vis-à-vis* the Noteholders for the economic success or lack of success of an investment in the Notes, or the performance, the value or terms of the Charged Assets. No Transaction Participant will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Noteholders, or prospective purchasers of the Notes, with any information in relation to such matters or to advise as to the attendant risks.

*Independent review and advice*

Each prospective purchaser of Notes must determine, based on its own independent review and such legal, financial and tax advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines, authorisations and restrictions (including as to its capacity) applicable to it, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for it, undertaken for a proper purpose.

*Legality of purchase*

None of the Transaction Participants or any affiliate of any of them or other person on their behalf has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

*No reliance*

The Transaction Participants and all affiliates of any of them disclaim any responsibility to advise purchasers of the Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or from time to time hereafter.

*No restrictions on activities*

Any of the Transaction Participants and any affiliate of any of them or other person on their behalf may have existing or future business relationships (including depository, lending, advisory or any other kind of commercial or investment banking activities or other business) with any of the other Transaction Participants and any affiliate of any of them or other person on their behalf and may purchase, sell or otherwise deal in any assets or obligations of, or relating to, any such party. Any of the Transaction Participants and any affiliate of any of them or other person on their behalf may act with respect to any such business, assets or obligations without regard to any possible consequences for the Issuer, the Notes or any Noteholder (or the impact of any such dealing on the interests of any Noteholder) or otherwise.

*No Operating History by the Borrower*

The Borrower has limited performance history. Noteholders may not have sufficient historical information to serve as a basis for making a more informed investment decision.

*Provision of information*

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may at the date hereof or at any time hereafter be in possession of information in relation to the other Transaction Participants or any affiliate of any of them or any other person acting on their behalf or on behalf of the Charged Assets (which may or may not be publicly available or confidential). None of such persons shall be under any obligation to make any such information available to Noteholders or any other party other than as provided in the Conditions of the Notes.

*Taxation*

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Principal Paying Agent (or any other Paying Agent), although such requirement will give rise to an obligation to redeem the Notes early in the circumstances described in Condition 2 as amended by Special Condition (IV) of the Conditions of the Notes set out below.

*Legal opinions*

No legal opinions will be obtained with respect to any applicable laws, including the laws governing the Charged Assets or as to the validity, enforceability or binding nature of the Charged Assets.

*Conflict of interests*

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities (including shares in a Transaction Participant), currencies, financial instruments or other assets owned by a Transaction Participant. Any trading and / or hedging activities of Transaction Participants or any affiliate of any of them or any other person acting on their behalf related to this transaction may have an impact on the price of the underlying assets.

*Clearing systems*

The Notes will be represented by one or more Temporary Global Notes and Permanent Global Notes. Such Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

*Limitations of the ability to grant security over Notes while in global form*

Because transactions in the Notes will be effected only through Euroclear or Clearstream, Luxembourg, direct or indirect participants in their respective book-entry-systems and certain banks, the ability of a Noteholder to pledge such interests to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise to take actions in respect of such interests, may be limited due to the lack of physical security representing such interest.

**Risks relating to the Charged Assets**

*Investment in the Series Assets*

The Issuer intends to use the proceeds of the issue of the Notes to make, on or as soon as practicable after the Issue Date a loan pursuant to the Secured Term Loan Agreement (as lender) between the Issuer and ARS Canada Rolling Stock Inc. (the "**Borrower**").

The Borrower has requested that the Issuer, through and by an issuance of the Notes and the proceeds of such issue, extend to the Borrower a loan pursuant to the Secured Term Loan Agreement (as defined herein).

**Prospective purchasers of the Notes should conduct their own independent investigation and analysis regarding the Issuer, the Secured Term Loan Agreement and ARS Canada Loan Memorandum, the Borrower and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes.**

On the Issue Date, or as soon as practicable thereafter, the Issuer shall advance the entire proceeds from the issue of the Notes, to make the Loan, pursuant to the Secured Term Loan Agreement.

It is important to note that, while it is the Issuer's intent, there is no certainty as at the Issue Date that the Issuer will proceed with the Secured Term Loan Agreement, or what the timing of such Loan Agreement may be. Therefore, neither the Issuer, the Arranger nor the Trustee nor any other party makes any representation regarding the possibility or timing of a Secured Term Loan Agreement between the Issuer and the Borrower.

The Notes will be redeemed early in full, upon the termination or liquidation of the Secured Term Loan Agreement, for any reason, including but not limited to, the completion of the Loan term, if the Loan is not made at all, as per the above, following any Event of Default by the Borrower, or as agreed from time to time by the Issuer and Borrower and notified to the Calculation Agent and the Sale Agent.

*Indebtedness under the Secured Term Loan Agreement may be subordinated to senior indebtedness incurred by the Borrower*

The Borrower may (in the ordinary course of its business or with the prior written consent of the Issuer) enter in the future into secured loan agreements with banks and other financial institutions, the repayment obligations under such loan agreements being, the "senior indebtedness". The Borrower's obligations to repay the Issuer under the Secured Term Loan Agreement may be subordinated to the senior indebtedness. The Borrower's payment obligations under the Secured Term Loan Agreement may be unsecured and will rank junior and be subordinated in right of payment to all of the Borrower's senior indebtedness on the terms set forth in the Secured Term Loan Agreement and any subordination agreement entered into by the Borrower in connection with the same. The Borrower, therefore, cannot make any payments on the Secured Term Loan Agreement, if (i) it has defaulted on the payment of any of its senior indebtedness and the default is continuing, (ii) the maturity of any senior indebtedness has been accelerated as a result of a default or (iii) there has occurred, in respect of the Borrower, any receivership, insolvency, assignment for the benefit of creditors, bankruptcy, reorganization, or arrangements with creditors (whether or not pursuant to bankruptcy or other insolvency laws), sale of all or substantially all of the assets, dissolution, liquidation, or any other marshalling of the assets and liabilities of the Borrower, and its senior indebtedness has not been repaid in full.

#### *'Covenant-lite' Loan Agreement*

The Secured Term Loan Agreement does not contain financial covenants which the Borrower is required to maintain. The Secured Term Loan Agreement does not have "maintenance tests" which are reviewed periodically in order to determine whether the Borrower's operating performance is satisfactory and which provide lenders with greater control over the quality of their investment by requiring the borrower to more strictly preserve its credit quality. The lack of maintenance tests may result in a higher risk of loss and may hinder the Issuer's ability to restructure the Loan in order to mitigate the Issuer's exposure to loss.

*Insolvency of the Borrower could reduce or eliminate the return to the Issuer on the Secured Term Loan Agreement and so may impair payments on the Notes*

There is a significant risk that the Borrower may enter bankruptcy proceedings. Such proceedings may result in, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of the Secured Term Loan Agreement. Various laws enacted in the Borrower's home jurisdiction for the protection of debtors or creditors could adversely affect the Issuer's ability to recover amounts owed.

#### *Redemption and Transfer of the Charged Assets*

Realisation or transfer of the Charged Assets may in certain circumstances be deferred in accordance with their relevant terms. The period of deferral may be significant. Therefore in certain circumstances, including where the Security for the Notes becomes enforceable, there may be a

significant delay in payments under the Notes and/or it may be impossible to transfer the Charged Assets, whether as a means of realising their value or otherwise.

*Security may be declared invalid*

The Issuer will grant security interests in favour of the Trustee for itself and for the benefit of the Noteholders in the Mortgaged Property pursuant to the Trust Deed and the Charging Instrument (as defined below). However, if the security interest of the Trustee in the Mortgaged Property was determined to be invalid or unperfected, Noteholders would be unsecured creditors and would rank on a *pari passu* basis with other unsecured creditors (if any) of the Issuer. Each of the foregoing factors may delay or reduce investors' return on their Notes and investors may suffer a loss (including a total loss) on their investment.

*Not a bank deposit*

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland by virtue of the issue of the Notes.

*Lack of diversification*

The Issuer may only invest in one asset, being the Secured Term Loan Agreement. To the extent all the assets relating to the Notes are represented by one type or class of asset, such asset or class of asset may be more susceptible to a single adverse economic or regulatory occurrence, and lead to greater fluctuations in the value of Notes than may have been the case when investing in a diversified pool of assets.

*Security for the Notes*

The Issuer will grant security interests over the Series Assets pursuant to the Trust Deed and Charging Instrument. See "Description in relation to the Security Arrangements in respect of the Notes" below.

**Risks Related to the Borrower and its operations**

*The performance and realisation of the Secured Term Loan Agreement, and thereby, of the Notes, is dependent on the overall performance, operations and financial condition of the Borrower*

*NEITHER THE ISSUER, THE TRUSTEE NOR ANY OF THE AGENTS HAVE REVIEWED THE OVERALL PERFORMANCE, OPERATIONS AND FINANCIAL CONDITION OF THE BORROWER OR ANY OTHER CONDITIONS OF THE BORROWER AT THE TIME OF THE ISSUE DATE AND DO NOT GUARANTEE OR MAKE ANY RECOMMENDATIONS OR WARRANTIES, IN ANY FORM, AS TO THE SUITABILITY OF ANY INVESTMENT, INCLUDING THROUGH PURCHASE OF THE NOTES, THE PERFORMANCE OF WHICH IS DEPENDENT ON THE BORROWER OR ANY OF ITS OPERATIONS.*

*During the term of the Notes the Borrower's operating results may fluctuate.*

The Borrower's operating results may fluctuate due to a number of factors, including the risks described in this Series Memorandum.

*Any adverse effect on the Borrower may, through the Secured Term Loan Agreement, affect the performance of the Notes and the Issuer's ability to meet its obligations in respect of the Notes.*

The performance of the Notes is tightly linked to the ability of the Borrower to meet its obligations under the Secured Term Loan Agreement. Therefore, any adverse effect on the Borrower's financial results, performance, and / or growth prospects may subsequently, through the Secured Term Loan Agreement, adversely affect the performance of the Notes and the ability by the Issuer to meet its obligations in respect of the Notes, which will be dependent on the receipt by the Issuer of moneys due to it under the Mortgaged Property (Including the Secured Term Loan Agreement).

## Summary of Principal Underlying Investment Risks

As with any investment, you could lose all or part of your investment in the Notes, and the Notes' performance could trail that of other investments. The Notes are subject to the principal risks noted below (either directly or through its investments in the Series Assets), any of which may adversely affect the Notes' Net Asset Value, trading price, yield, total return and ability to meet its investment objective.

**Asset Class Risk:** Securities in an underlying portfolio may underperform in comparison to the general securities markets or other asset classes.

**Concentration Risk:** To the extent that the Notes' underlying investments are concentrated in a particular issuer, region, country, market, industry or asset class, the Notes may be susceptible to loss due to adverse occurrences affecting that issuer, region, country, market, industry or asset class.

**Counterparty Risk:** The Issuer bears the risk that the counterparty to a contract with a third party may default on its obligations or otherwise fail to honor its obligations. If a counterparty defaults on its payment obligations the Issuer will lose money and the value of an investment in the Notes may decrease. In addition, the Issuer may engage in such investment transactions with a limited number of counterparties.

**Credit Risk:** The financial condition of an issuer of securities may cause it to default or become unable to pay interest or principal due or otherwise fail to perform. The Issuer cannot collect interest and principal payments on securities if the issuer defaults. While the Issuer attempts to limit credit exposure in a manner consistent with its investment objective, the value of an investment in the Notes may change quickly and without warning in response to issuer defaults and changes in the credit ratings of the Issuer's portfolio investments.

**Currency Exchange Rate Risk:** Changes in currency exchange rates and the relative value of non-U.S. currencies may affect the value of the Issuer's investment and the value of the Notes. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Notes may change quickly and without warning and you may lose money.

**Interest Rate Risk:** Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates and other factors, such as perception of an issuer's creditworthiness.

**Investment Risk:** As with all investments, an investment in the Notes is subject to investment risk. Noteholders could lose money, including the possible loss of the entire principal amount of an investment, over short or long periods of time.

**Issuer-Specific Risk:** Issuer-specific events relating to the underlying issuer of securities, including changes in the financial condition of any such issuer, can have a negative impact on the value of the Notes.

**Liquidity Risk:** The Issuer may invest in the Series Assets which may be less liquid than other types of investments. The derivatives in which the Issuer invests may not always be liquid. This could have a negative effect on the Issuer's ability to achieve its investment objective and may result in losses to holders of the Notes.

**Non-Diversification Risk:** The Portfolio is considered to be non-diversified, which means that it may invest more of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified Portfolio. To the extent the Issuer invests a significant percentage of its assets in a limited number of issuers, the Issuer is subject to the risks of investing in those few issuers, and may be more susceptible to a single adverse economic or regulatory occurrence. As a result, changes in the market value of a single security could cause greater fluctuations in the value of the Notes than would occur in a diversified note.

**AS WITH ANY INVESTMENT YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT IN THE NOTES AND THE NOTES' PERFORMANCE COULD TRAIL THAT OF OTHER INVESTMENTS.**



**THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY NOTES. THE ATTENTION OF INVESTORS IS ALSO DRAWN TO THE SECTIONS HEADED “*RISK FACTORS*” IN THE PROGRAMME MEMORANDUM.**

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## Summary of the Transaction

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The following summary of the transaction does not purport to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Series Memorandum including, without limitation, the Conditions of the Notes. Words and expressions used but not expressly defined in this summary of the transaction shall have the meanings given to them in the Conditions.

<b>Issuer:</b>	IA Capital Structures (Ireland) plc, a special purpose company incorporated for the sole purpose of carrying out the activities described in the Programme Memorandum. See " <i>Information relating to the Issuer</i> " below.
<b>Programme:</b>	The Notes are issued pursuant to the Issuer's €5,000,000,000 Secured Note Programme.
<b>Arranger:</b>	FlexFunds Ltd.
<b>Calculation Agent:</b>	FlexFunds ETP LLC.
<b>Placing Agent:</b>	Both GWM Group, Inc. and GWM LTD.
<b>Sale Agent:</b>	Both GWM Group, Inc. and GWM LTD.
<b>Issue Agent:</b>	Citibank N.A., London Branch.
<b>Principal Paying Agent:</b>	Citibank N.A., London Branch.
<b>Trustee:</b>	Sanne Fiduciary Services Limited.
<b>Principal Amount:</b>	USD 10,000,000 (subject to the provisions of Further Notes and Redemptions below).
<b>Currency:</b>	USD
<b>Authorised Denomination:</b>	USD 1,000
<b>Issue Price:</b>	100% of the Authorised Denomination.
<b>Interest:</b>	<p>Interest is determined based on the total return of the Portfolio, such that an amount in respect of Interest shall be payable in respect of each Note on the Interest Payment Date equal to the greater of:</p> <p>(a) Loan Agreement Interest Payment Amount; and</p> <p>(b) Zero.</p> <p><b>Interest payments shall be made on an Interest Payment Date.</b></p> <p>Interest payable to Noteholders may be subject to deduction of the Arranger Fee as described in Special Condition (XI).</p>
<b>Interest Payment Date:</b>	Any Business Day determined by the Calculation Agent or the Issuer which falls within fifteen (15) Business Days of the Issuer receiving Loan Agreement Interest Payment, dividend, distribution or similar payment in respect of the Series Assets.
<b>Issue Date:</b>	27 July 2017

- Charged Assets:** (i) The Series Assets (including the Secured Term Loan Agreement and the Pledge and Security Agreement), (ii) the Supplemental English Security and (iii) the Related Rights. See "*Information relating to the Charged Assets*" below.
- Series Assets:** (i) the Secured Term Loan Agreement; (ii) the Pledge and Security Agreement; and (iii) any and all investments, agreements, contracts (including Loan Agreements), shareholder and/or partnership interests acquired by the Issuer in relation to the Notes and any and all related investments, monies, credit balances, assets or related contracts, trading positions, any sums standing to the credit of a deposit account (if any) or beneficial interests in any assets, to the extent any of the foregoing is:
- (i) held, carried and / or maintained by the Issuer, the Trustee and / or any of the Agents, in relation to the Notes, or
- (ii) established, agreed or obtained by the Issuer in relation to the Notes.
- Fees:** In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, the Issuer will pay a fee to the Arranger calculated as a percentage of the amount outstanding under the Secured Term Loan Agreement, which is further described in Special Condition (XI) of the Notes.
- All fees are payable prior to any amounts being payable in respect of the Notes to any Noteholders. Any outstanding fees not paid by the Borrower may be applied in calculating the value of the Portfolio and therefore may result in a reduction in the value of the Notes.
- Scheduled Maturity Date:** 26 July 2027
- Extended Maturity Date:** The Date to which the term of Notes may be extended under Special Condition (XII).
- Reports:** The Arranger will publish a summary of the NAV Report received from the Calculation Agent on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Vienna Stock Exchange.
- See Special Condition (V) below.
- Redemption Amount:** Unless previously redeemed the Notes will be redeemed by a payment in respect of each Note on the Final Maturity Payment Date of an amount in USD (the "**Redemption Amount**") equal to the greater of:
- (a) Zero; and
- (b) Net Proceeds.
- See "*Limited recourse*" below.
- The Final Maturity Payment Date may be significantly later than the Scheduled Maturity Date or, as applicable, the Extended Maturity Date. See "*Risk Factors – Payments*" above.
- Optional Redemption by** The Issuer may, on giving not less than ten (10) Business Days' prior notice to Noteholders, redeem any amount of the Notes by a payment

**the Issuer or Arranger:** to the holders of the Notes that are so redeemed on the Optional Redemption Payment Date of an amount equal to the Early Redemption Amount.

The Arranger may at any time instruct the Issuer to redeem any amount of the Notes by a payment to the holders of the Notes that are so redeemed on the Optional Redemption Payment Date of an amount equal to the Early Redemption Amount.

**Early Redemption:**

- (a) If the Notes become due and repayable in accordance with Condition 2(b)(1), the Notes will be redeemed by a payment in respect of each Note on the Early Redemption Payment Date of an amount in USD equal to the Net Proceeds.
- (b) If the Notes become due and repayable in accordance with Condition 2(b)(2), 2(b)(3), 2(b)(4) or Condition 2(c) (as the case may be), the Notes will be redeemed at the applicable Early Redemption Amount by a payment in respect of each Note on the Early Redemption Payment Date of an amount in USD equal to the Early Redemption Amount.

**Early Redemption Amount:** Subject to the provisions of Special Condition (IV) below, the Early Redemption Amount shall be determined as an amount equal to the Net Proceeds.

**Net Proceeds:** An amount determined by the Calculation Agent being the *pro rata* share of the Realisable Value in respect of one Note; *less* the *pro rata* share in respect of one Note of any redemption and settlement costs and expenses in the *pro rata* share in respect of one Note of any fees, costs respect of the Charged Assets; *less* or expenses owing to the Trustee and the Agents in connection with the Notes; and *less* the *pro rata* share in respect of one Note of any fees or amounts payable to the Arranger and the Issuer pursuant to the Conditions of the Notes and any other outstanding fees costs or expenses described in Special Condition (XI) (save to the extent that any such fees have been paid separately by the Borrower or an agent of the Borrower as further detailed in Special Condition XI below).

**Realisable Value:** An amount determined by the Calculation Agent being: (a) the proceeds of sale or other means of realisation of the Charged Assets (including for the avoidance of doubt any repayments or prepayments of principal under the Secured Term Loan Agreement) or any proportion thereof as determined by the Calculation Agent; *less* (b) any costs, expenses, taxes and duties incurred in connection with the disposal, liquidation, realisation or transfer of the Charged Assets by the Sale Agent or any Agent of the Issuer.

**Payment:** Payments in respect of redemption of the Notes will be made on the Final Maturity Payment Date, the Optional Redemption Payment Date or the Early Redemption Payment Date, as the case may be, in accordance with the Conditions.

**Limited recourse:** Amounts due under the Notes will be payable only to the extent that funds are available from the Mortgaged Property (including the Secured Term Loan Agreement) and the proceeds thereof. If the Mortgaged Property is insufficient to pay any amounts due in respect of the Notes, the Issuer will have no other assets available to meet such insufficiency. In the event that Charged Assets are sold or realised or the Security is enforced and after payment of all other claims with a senior priority in the relevant order of priority the remaining proceeds of

such sale, realisation or enforcement are insufficient to pay in full all amounts whatsoever due in respect of the Notes, then the Noteholders' claims against the Issuer in respect of the Notes shall be limited to their respective shares of such remaining proceeds and, after payment to each Noteholder of its respective share of such remaining proceeds, the obligations of the Issuer to such Noteholder shall cease to be due and shall be extinguished.

**Security:**

The Security for the Notes will be constituted by the Constituting Instrument, a Trust Deed entered into by the execution of the Constituting Instrument dated the Issue Date between the Issuer and the Trustee, amongst others (the "**Trust Deed**") and the Charging Instrument as described in the Conditions of the Notes. See "*Description of the Security Arrangements in respect of the Notes*" below.

**Priority on Enforcement of Security:**

On enforcement of Security in respect of the Notes the Trustee will apply the enforcement proceeds in the following order of priority:

1. payment of the fees, costs, charges, expenses (including legal fees), liabilities, indemnity payments and all other amounts payable to the Trustee or incurred by the Trustee or by any receiver, custodian or other person appointed by it in connection with the performance of its duties and obligations;
2. *pro rata* and *pari passu* according to the respective amounts thereof payment of the fees, costs, charges, expenses (including legal fees), liabilities, indemnity payments and all other amounts payable to the respective Agents in connection with the performance of their respective duties and obligations;
3. payment of any unpaid taxes or other governmental duties or charges owing by the Issuer;
4. in meeting the amounts due to Noteholders *pari passu* and rateably; and
5. in payment of the balance (if any) owed to the Issuer.

**Events of Default:**

The Security in respect of the Notes will become enforceable in the circumstances described in Condition 4 relating to Events of Default. The Events of Default include, without limitation, unremedied defaults by the Issuer relating to the payment of amounts due on the Notes and the insolvency of the Issuer. Upon the occurrence of an Event of Default the Trustee may at its discretion (or, in certain cases, shall) deliver a notice to the Issuer and others declaring the Notes to be immediately due and payable and the amount payable in respect of each Note as set out in Condition 2(e)(2). See "*Conditions of the*

Notes" below, see also Conditions 4 and 5.

- Form:** The Notes will initially each be represented by beneficial interests in a temporary global note (the "**Temporary Global Note**") in bearer form. Pursuant to the Conditions of the Notes, each Temporary Global Note may be exchanged for a permanent global note in bearer form (the "**Permanent Global Note**"). Except in limited circumstances, bearer definitive Notes will not be issued in exchange for beneficial interests in the Permanent Global Notes.
- Status:** The Notes are limited recourse obligations of the Issuer secured in the manner described herein.
- Use of Proceeds:** The entire net proceeds from the issue of the Notes will be used by the Issuer to purchase the Charged Assets (by making, on or as soon as practicable after the Issue Date, a loan to the Borrower).
- Further Notes:** Further Notes may be issued which will be consolidated and form a single series with the Notes.
- Listing:** Application has been made to list the Notes on the Third Market of the Vienna Stock Exchange. Listing is expected to take place on or about the Issue Date but no assurance can be given that such application will be granted.
- Rating:** The Notes will not be rated.
- Business Days:** New York, Dublin and London.
- Governing Law:** The Notes and all non-contractual obligations and any other matters arising from them will be governed by, and construed in accordance with, the laws of Ireland. The courts of Ireland shall have non-exclusive jurisdiction in respect of any dispute. The Supplemental English Security is governed by the law of England and Wales and the English Courts may have jurisdiction over any dispute or enforcement proceedings relating thereto. The Supplemental Canadian Security is governed by the laws of the Province of New Brunswick and the courts of the Province of New Brunswick may have jurisdiction over any dispute or enforcement proceedings relating thereto.
- To the extent that any of the Series Assets acquired by the Issuer may require the establishment of further Security governed by other jurisdictions, the Issuer shall ensure the constitution of the required security interest. Such Security shall be governed by the Law of the applicable jurisdiction.
- Placing Agreement:** The Issuer has entered into the Placing Agreement with the Placing Agent, whereby the Placing Agent agreed to place the Notes with investors, subject to the selling restrictions.
- The Issuer, after prior consultation with the Arranger, reserves the right to modify the total nominal amount of the Notes to which investors can subscribe.
- Risk Factors:** The Notes are not principal protected and involve significant risks. The attention of prospective Noteholders is drawn to the section "*Risk Factors*" in the Programme Memorandum and in this Series Memorandum, the section "*Information relating to the Charged Assets*" of this Series Memorandum.

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## Conditions of the Notes

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### ARS Canada Rolling Stock 5.5% (Series 109) Notes due 2027

The Noteholders should note that words and expressions not otherwise defined below shall have the meanings respectively ascribed to them by Special Condition (I) below.

The Notes designated as above (the “**Notes**”) shall have the following terms and conditions which shall complete, modify and amend the Master Conditions (March 2014 Edition), which shall apply to the Notes as so completed, modified and amended. References to “**Conditions**” or “**Condition**” shall mean references to the Conditions of the Notes as modified herein.

The Issuer intends that any Further Notes which are issued pursuant to Condition 16 as amended by Special Condition (VI) (as defined herein) shall (save in respect of the relevant issue date) have the same Conditions as, and form a single Series with, the Notes of this Series.

	(i)	Issuer:	IA Capital Structures (Ireland) plc.
	(ii)	Arranger:	FlexFunds Ltd.
2.	(i)	Series Number:	109.
	(ii)	Tranche Number:	1.
3.		Principal Amount:	USD 10,000,000.
			The Principal Amount of the Notes may be increased, at the discretion of the Issuer, by the issue of Further Notes from time to time (without requiring the consent of Noteholders) which shall be consolidated and form a single Series with the Notes of this Series, subject as provided in Special Condition (VI).
4.		Issue Price:	100% of the Authorised Denomination.
5.		Authorised Denomination:	USD 1,000.
	(i)	Issue Date:	27 July 2017.
	(ii)	Interest Commencement Date:	The date on which the Issuer makes the Loan pursuant to the Secured Term Loan Agreement.
7.		Maturity Date:	The later of (i) 26 July 2027 (the “ <b>Scheduled Maturity Date</b> ”); (ii) the Extended Maturity Date; and (iii) the Final Maturity Payment Date.
8.		Extended Maturity Date	The date to which the term of the Notes may be extended under Special Condition (XIII).
9.		Interest Basis:	Variable Coupon Amount.
10.		Status of the Notes:	
	(i)	Status of the Notes:	Secured and limited recourse obligations of the Issuer ranking <i>pari passu</i> without any

- preferences amongst themselves secured as set out under Security below and subject to the priority set out under Priority below.
- (ii) Priority: Counterparty Priority applies.
11. Listing: An application has been made for admission of the Notes to the official list of the Third Market of the Vienna Stock Exchange. Such listing is expected to take place on or about the Issue Date. However, no assurance is given that approval of such application will be granted.
12. Fixed Rate Note Provisions: Not applicable.
13. Floating Rate Note Provisions: Not applicable.
14. Zero Coupon Note provisions: Not applicable.
15. Dual Currency Note Provisions: Not applicable.
16. Variable Coupon Amount Note Provision: Applicable.
- (i) Interest Period As regards the first interest period, the period from and including the Issue Date to and excluding the first Interest Determination Date and as regards all subsequent interest periods the period from and including an Interest Determination Date to and excluding the next Interest Determination Date or to and including the Scheduled Maturity Date, Extended Maturity Date or Final Maturity Payment Date as applicable.
- (ii) Interest Determination Date: Any Business Day at the discretion of the Arranger, or the Issuer following receipt of Loan Agreement Interest Payment, dividend, distribution or similar payment in respect of the Series Assets.
- (iii) Interest Rate: The Notes shall receive interest in an amount equal to the Loan Agreement Interest Payment Amounts.
- (iv) Interest Amounts: The greater of:
- (a) The *pro rata* share of the relevant Loan Agreement Interest Payment Amount in respect of one Note; and
- (b) Zero,
- provided that the Interest Amount may be subject to deduction of the Arranger Fee as described in Special Condition (XI).
- (v) Interest Payment Dates: Any Business Day determined by the Calculation Agent or the Issuer which falls within fifteen (15) Business Days of the Issuer



		receiving a Loan Agreement Interest Payment.
	(vi) Business Day Convention:	Following Business Day Convention in Dublin, London and New York.
17.	Optional Redemption:	Condition 2(f)(2) applies as amended by Special Condition (III).
18.	Redemption Amount:	Special Condition (II) applies.
19.	Early Redemption Amount:	Special Condition (IV) applies.
20.	Redemption Amount on redemption for taxation:	Condition 2(c)(A)(1) shall apply as amended by Special Condition (IV).
21.	Form of Notes:	Bearer Notes:
	(i) The Notes will initially be represented by:	Temporary Global Note.
	(ii) Applicable TEFRA exemption:	D Rules
	(iii) Temporary Global Note exchangeable for Permanent Global / Definitive Bearer / Registered Notes:	Condition 10(a) applies.
	(iv) Permanent Global Note exchangeable for Definitive Bearer / Registered Notes:	Permanent Global Note is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.
	(v) Registered Notes:	Not applicable.
22.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not applicable.
23.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No.
24.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not applicable.
25.	Redenomination applicable:	Not applicable.
26.	Portfolio Management:	
	(i) Portfolio Manager:	Not applicable.
	(ii) Portfolio Management Agreement:	Not applicable.
	(iii) Investment Objective:	Not applicable.
	(iv) Management Criteria:	Not applicable.

- (v) Portfolio: Not applicable.
- (vii) Series Assets:
  - (i) the Secured Term Loan Agreement; (ii) the Pledge and Security Agreement; and (iii) any and all investments, agreements, contracts (including Loan Agreements), shareholder and/or partnership interests acquired by the Issuer in relation to the Notes and any and all related investments, monies, credit balances, assets or related contracts, trading positions, any sums standing to the credit of a deposit account (if any) or beneficial interests in any assets, to the extent any of the foregoing is:
    - (i) held, carried and / or maintained by the Issuer, the Trustee and / or any of the Agents, in relation to the Notes, or
    - (ii) established, agreed or obtained by the Issuer in relation to the Notes.

27. Security:

- (i) Charged Assets: The Charged Assets shall be: (i) the Series Assets (including the Loan Agreement and the Pledge and Security Agreement); and (ii) the Related Rights.

On the Issue Date, or as soon as practicable thereafter, the Issuer shall advance the entire proceeds from the issue of the Notes to the Borrower pursuant to the Loan Agreement, as set out in the section "*Information relating to the Charged Assets*" below, (such Loan Agreement, together with the Related Rights applicable thereto, the "**Original Charged Assets**").

If the Issuer issues Further Notes pursuant to Condition 16 as amended by Special Condition (VI) with the intention that such Further Notes be consolidated and form a single Series with the Notes issued on the Issue Date (and all other Further Notes issued from time to time), the Issuer shall, in connection with each such issue of Further Notes, invest in the purchase of further assets which shall be combined with the Series Assets (such further assets, together with the Related Rights applicable thereto, referred to as the "**Further Charged Assets**") with the issue proceeds of the relevant Further Notes such that the Notes and the Further Notes from time to time so issued shall be secured collectively on the Original Charged Assets and all of the Further Charged Assets. All references to "*Charged Assets*" shall be to the Original Charged Assets and the Further Charged Assets from time to time so purchased by the Issuer.

Furthermore, the Issuer will grant, in favour of

the Trustee, as security for itself, and the Secured Parties, a security interest over the Issuer's interest in any Series Assets acquired by the Issuer, from time to time.

(ii)	Charging Instrument:	<p>Pursuant to a security assignment in respect of the Secured Term Loan Agreement entered into between the Issuer and the Trustee dated on the date of the Secured Term Loan Agreement the Issuer will grant in favour of the Trustee, as security for itself, and the Secured Parties, a security assignment governed under the law of England and Wales over the Issuer's interest in the Secured Term Loan Agreement (such security, the "<b>Supplemental English Security</b>").</p> <p>Pursuant to a security charge over rents in respect of the Pledge and Security Agreement entered into between the Issuer and the Trustee dated on the date of the Pledge and Security Agreement the Issuer will grant in favour of the Trustee, as security for itself, and the Secured Parties, a security assignment governed under the laws of the Province of New Brunswick over the Issuer's interest in the Pledge and Security Agreement (such security the "<b>Supplemental Canadian Security</b>" and, together with the Supplemental English Security, the "<b>Charging Instrument</b>").</p>
(iii)	Depository Account:	Not applicable.
(iv)	Charged Agreement:	Not applicable.
(v)	Swap Counterparty:	Not applicable.
28.	Securities Lending Agreement:	Not applicable.
29.	Portfolio Administrator:	Not applicable.
30.	Fees:	Special Condition (XI) applies.
31.	Additional selling restrictions	As set out in " <i>Selling Restrictions</i> " below.
32.	ISIN Code:	XS1650146779
33.	Common Code:	165014677
34.	Alternative Clearing System:	Not applicable.
35.	Delivery:	Free of payment.
36.	Principal Paying Agent:	Citibank N.A., London Branch.
37.	Sub-Custody:	Not applicable.
38.	Calculation Agent:	FlexFunds ETP LLC.
		The Calculation Agent shall provide the NAV

Report to the Arranger on each NAV Report Date.

The Arranger will publish a summary of the NAV Report received from the Calculation Agent on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Vienna Stock Exchange.

All determinations made by the Calculation Agent hereunder shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive. Whenever a Calculation Agent is required to act or to exercise judgment in any way, it will do so in good faith and in a commercially reasonable manner. Furthermore, each party agrees that the Calculation Agent is not acting as a fiduciary for or as an advisor to such party in respect of its duties as Calculation Agent in connection with any determinations hereunder.

39. Exchange of Permanent Global Note: The Permanent Global Note will be exchangeable, in whole but not in part, for a definitive Bearer Note if:

(i) Euroclear or Clearstream, Luxembourg or any other clearing system in which the Permanent Global Note is for the time being deposited is closed for business for a period of 14 days (other than by reason of holidays statutory or otherwise) or announces an intention to permanently cease business or to cease to make its book-entry system available for settlement of beneficial interests in such Permanent Global Note or does in fact do either of such things and no alternative clearing system, satisfactory to the Trustee and the Principal Paying Agent is available, or

(ii) the Notes become due and payable in accordance with Condition 4 and payment is not made on due presentation of the Permanent Global Note for payment.

40. Governing law: The Notes and all non-contractual obligations and any other matters arising from it will be governed by, and construed in accordance with, the laws of Ireland. The courts of Ireland shall have non-exclusive jurisdiction in respect of any dispute. The Supplemental English Security is governed by the law of England and Wales and the English Courts may have jurisdiction over any dispute or enforcement proceedings relating thereto. The Supplemental Canadian Security is governed by the laws of the Province of New Brunswick and the courts of the Province of New Brunswick may have jurisdiction over any dispute or enforcement

proceedings relating thereto.

To the extent that any of the Series Assets acquired by the Issuer may require the establishment of further Security governed by other jurisdictions, the Issuer shall ensure the constitution of the required security interest. Such Security shall be governed by the Law of the applicable jurisdiction.

### **Admission to trading, public offer and listing**

Application has been made to list the Notes on the Third Market of the Vienna Stock Exchange.

The Notes will not be offered to the public in any jurisdiction. See “Selling Restrictions” below and in the Programme Memorandum.

GWM Group, Inc. and GWM LTD in their capacity as the Placing Agent, will be solely responsible for the placing of the Notes with prospective investors.

**Special Conditions:**

(I) Definitions

Words set out in italics in these Conditions do not form part of the definitions for the purpose of the Constituting Instrument and the documents constituted thereby. In the event of a conflict between the Conditions and the Special Conditions, the Special Conditions shall prevail.

**“Additional Mandatory Redemption Event”** means, for the purpose of Condition 2(b)(4) (as amended), the occurrence of any of the following:

- (i) the Calculation Agent determines that there is a termination or liquidation of the Series Assets, for any reason, including but not limited to, the completion of a loan term, prepayment of the Loans in full or any event of default by a Borrower under a Loan Agreement.
- (ii) the receipt by the Issuer of any partial principal prepayment under the Loan, provided that in such case each Note will be redeemed in an aggregate principal amount equal to its pro rata proportion of such partial principal prepayment. Notwithstanding Condition 2(b), in the case of an Additional Mandatory Redemption Event pursuant to this paragraph, the Issuer shall not be required to give notice to the Trustee and the Noteholders that the Notes are due and repayable at the amounts specified in Condition 2(e)(3).
- (iii) the Issuer determines that performance of its obligations under the Notes at any time become illegal.

**“Agents”** means the Principal Paying Agent, the Issue Agent, the Sale Agent, the Placing Agent and the Calculation Agent.

**“Arranger Default”** means if any of the follow events occur (in the sole discretion of the Issuer) in respect of the Arranger and a Substitute Arranger is not appointed within 90 days of such event by the Issuer. If the Arranger:

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (ii) 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;
- (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (iv) (A) institutes or has 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, or (B) has 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 such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (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 15 days of the institution or presentation thereof;
- (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

- (vi) 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;
- (vii) 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 15 days thereafter;
- (viii) 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 clauses (i) to (vii) above (inclusive);
- (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or
- (x) becomes unable to, or fails to within 10 days of receiving notice from the Trustee or the Issuer, perform its duties under the Notes.

**"ARS Canada Loan Memorandum"** means the ARS Canada Rolling Stock Inc. loan memorandum dated 27 July 2017.

**"Borrower"** means ARS Canada Rolling Stock Inc.

**"Business Day"** means a day on which banks are generally open for business in New York, Dublin and London.

**"Calculation Agent"** means FlexFunds ETP LLC and any successor appointed by the Issuer (with the prior approval of the Trustee) in accordance with the provisions of the Agency Agreement.

**"Charged Assets Default"** shall have the meaning given in the Conditions.

**"Collateral Default"** means either (i) a compulsory redemption (howsoever described) of the Charged Assets; or (ii) a distribution or return of capital and / or assets to holders of the Charged Assets following the winding up or liquidation of the Series Assets.

**"Early Redemption Date"** means in relation to Conditions 2(b) or 2(c), the date specified in the notice given by or on behalf of the Issuer to the Noteholders in accordance with the Conditions.

**"Early Redemption Payment Date"** means five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition (IV). The Early Redemption Payment Date may be significantly later than the Early Redemption Date. See *"Risk Factors – Payments"*.

**"Extended Maturity Date"** means the date to which the term of the Notes may be extended under Special Condition (XII).

**"Final Maturity Payment Date"** means, subject as provided in Special Condition (VII), five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition (II). The Final Maturity Payment Date may be significantly later than the Scheduled Maturity Date or, as applicable, the Extended Maturity Date. See *"Risk Factors – Payments"*.

**"Loan"** means a loan made by the Issuer to the Borrower, pursuant to a Loan Agreement.

**"Loan Agreement"** means (i) the Secured Term Loan Agreement to be entered into between the Borrower and the Issuer on or subsequent to the Issue Date, pursuant to which the Issuer

shall advance the entire issue proceeds of the Notes to the Borrower; and (ii) any other loan agreement entered into or acquired by the Issuer from time to time in respect of the Notes. A copy of the Loan Agreement is attached in Appendix 1.

**“Loan Agreement Interest Payment”** means a payment of interest by the Borrower to the Issuer under the Secured Term Loan Agreement.

**“Loan Agreement Interest Payment Amount”** means the amount of the relevant Loan Agreement Interest Payment net of any costs, expenses, taxes and duties incurred in connection with the receipt of such Loan Agreement Interest Payment or other revenue.

**“Loan Arranger Fee”** means the arranger fee payable by the Borrower to the Issuer pursuant to clause 8 of the Secured Term Loan Agreement.

**“Mandatory Redemption Event”** means any of the events described in Conditions 2(b)(1), (2) or (3).

**“NAV Report”** means a report provided to the Issuer by the Calculation Agent setting out the calculation of the Net Asset Value of the Portfolio (net of any fees as described under Special Condition (XI) below).

**“NAV Report Date”** means the last Business Day of each calendar month.

**“Net Asset Value”** means, in respect of the Charged Assets, the value for each component of the Series Assets (net of any fees as described under Special Condition (XI) below), as provided by the Calculation Agent to the Issuer, as the case may be, on or before the NAV Report Date, and **“Net Asset Value of the Portfolio”** means the aggregate of the Net Asset Value of each component (net of any fees as described under Special Condition (XI) below) comprised in the Portfolio.

**“Net Proceeds”** means an amount determined by the Calculation Agent being the pro rata share of the Realisable Value in respect of one Note; less the pro rata share in respect of one Note of any redemption and settlement costs and expenses in respect of the Charged Assets; less the pro rata share in respect of one Note of any fees, costs or expenses owing to the Trustee and the Agents in connection with the Notes; and less the pro rata share in respect of one Note of any fees or amounts payable to the Arranger and the Issuer pursuant to the Conditions of the Notes and any other outstanding fees costs or expenses described in Special Condition (XI) (save to the extent that any such fees have been paid separately by the Borrower or an agent of the Borrower as further detailed in Special Condition XI below).

**“Optional Redemption Date”** means the requested date for redemption specified in an Issuer Optional Redemption Notice given by the Issuer pursuant to Condition 2(f)(2), as amended by Special Condition (III) or Arranger Optional Redemption Notice given by the Arranger.

**“Optional Redemption Payment Date”** means five (5) Business Days following a day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition (III). The Optional Redemption Payment Date may be significantly later than the Optional Redemption Date. See *“Risk Factors – Payments”*.

**“Placing Agent”** means both GWM Group, Inc. and GWM LTD.

**“Pledge and Security Agreement”** means the general assignment of rents governed under the laws of the Province of New Brunswick, Canada between the Issuer and the Borrower dated on the date of the Secured Term Loan Agreement.

**“Portfolio”** means the Series Assets.

**“Realisable Value”** means an amount determined by the Calculation Agent being the *pro rata* share of the proceeds of sale or other means of realisation of the Charged Assets (including for the avoidance of doubt any repayments or prepayments of principal under the Loan



Agreement) or any proportion thereof, as determined by the Calculation Agent, in respect of one Note less any costs, expenses, taxes and duties incurred in connection with the disposal or transfer of the Charged Assets by the Sale Agent.

**"Related Rights"** means all rights of the Issuer derived from or connected to the Series Assets including, without limitation, any rights to receive additional shares or other securities, assets or rights or any offers in respect thereof (whether by way of bonus issue, option rights, exchange, substitution, conversion or otherwise) or to receive monies (whether by way of redemption, return of capital, interest, dividend, distribution, income or otherwise) in respect of the Series Assets.

**"Sale Agent"** means both GWM Group, Inc. and GWM LTD.

**"Security"** means the English Security and the security constituted by the Trust Deed entered into by the execution of the Constituting Instrument dated the Issue Date between the Issuer and the Trustee, amongst others.

**"Series Assets"** means (i) the Secured Term Loan Agreement; (ii) the Pledge and Security Agreement; and (iii) any and all investments, agreements, contracts (including Loan Agreements), shareholder and/or partnership interests acquired by the Issuer in relation to the Notes and any and all related investments, monies, credit balances, assets or related contracts, trading positions, any sums standing to the credit of a deposit account (if any) or beneficial interests in any assets, to the extent any of the foregoing is:

(i) held, carried and / or maintained by the Issuer, the Trustee and / or any of the Agents, in relation to the Notes, or

(ii) established, agreed or obtained by the Issuer in relation to the Notes.

See *"Information relating to the Charged Assets"* below.

**"Secured Term Loan Agreement"** means the loan agreement entered into on or about the Issue Date between the Issuer as lender and ARS Canada Rolling Stock Inc. as borrower (as may be amended, restated, supplemented, varied, assigned, novated, or otherwise from time to time). *The form of the Term Loan Agreement is annexed hereto at Appendix 1.*

**"Supplemental Canadian Security"** means the security charge over rents in respect of the Pledge and Security Agreement dated on or about the Issue Date between (1) the Issuer, (2) the Trustee and (3) the Borrower.

**"Supplemental English Security"** means the security assignment of contractual rights dated on or about the Issue Date between (1) IA Capital Structures (Ireland) plc and (2) Sanne Fiduciary Services Limited.

(II) **Redemption Amount**

Unless previously redeemed the Notes will be redeemed by a payment in respect of each Note on the Final Maturity Payment Date of an amount in USD (the **"Redemption Amount"**) equal to the greater of:

(a) Zero; and

(b) Net Proceeds.

No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Scheduled Maturity Date or, as applicable, the Extended Maturity Date, to and including the Final Maturity Payment Date.

(III) **Optional Redemption**

The amount payable in respect of any Notes pursuant to an optional redemption by the Issuer or an optional redemption by the Arranger will be an amount in USD determined by the Calculation Agent equal to the Early Redemption Amount (the “**Optional Redemption Amount**”).

*Optional Redemption by the Issuer*

Condition 2(f)(2) shall apply to the Notes.

The Issuer:

- (A) may, on giving not less than ten (10) Business Days’ prior notice to the Trustee and the Noteholders (in accordance with Condition 7);
- (B) shall, at any time after receipt of a Notice pursuant to this Special Condition (III) from the Arranger,

(such notice an “**Optional Redemption Notice**”) redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date. The provisions of Condition 2(f)(2) are hereby amended accordingly.

*Optional Redemption by the Arranger*

The Issuer shall, subject to compliance with all relevant laws, regulations and directives, at the option of the Arranger, where the Arranger is the holder of any Note, redeem such Note on the Optional Redemption Payment Date.

To exercise such option the Arranger must deposit the relevant Note with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at their respective specified offices, together with a duly completed notice of redemption specifying the Optional Redemption Date (“**Arranger Optional Redemption Notice**”) in the form obtainable from any Paying Agent (in the case of Bearer Notes) or from the Registrar or any Transfer Agent (in the case of Registered Notes) not more than 30 nor less than 2 Business Days prior to the relevant date for redemption and provided that, in the case of any Note represented by a Global Note or a Global Registered Certificate registered in the name of a nominee for Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, the Arranger must deliver such Redemption Notice together with an authority to Euroclear or Clearstream, Luxembourg or the relevant Alternative Clearing System (in each case, as appropriate) to debit such Arranger’s account accordingly and provided that, in the case of any Note represented by a Global Registered Certificate registered in the name of any other person, the Arranger must deliver such Redemption Notice together with an instruction to such person to amend its records accordingly. No Note (or authority) so deposited may be withdrawn (except as provided in the Constituting Instrument) without the prior written consent of the Issuer.

The Optional Redemption Payment Date may be significantly later than the Optional Redemption Date. See “*Risk Factors – Payments*”.

(IV) **Early Redemption Amount**

- (A) The Early Redemption Amount of the Notes (in respect of principal and interest (if applicable)) shall be determined in accordance with Condition 2(e)(2) read with this Special Condition (IV) as follows:
  - (i) In the event the Notes become due and payable pursuant to Condition 2(b)(1), the Sale Agent shall, on behalf of the Issuer sell or procure the sale or other means of realisation of the Charged Assets in accordance with the Master Charged Assets Sale Terms. The applicable Early Redemption Amount

payable in respect of each Note pursuant to Condition 2(b)(1) will be the *pro rata* share of the Net Proceeds; or

- (ii) If the Notes become due and repayable in accordance with Conditions 2(b)(2), 2(b)(3), 2(b)(4) or 2(c),

then the applicable Early Redemption Amount shall be determined as an amount equal to the Redemption Amount had the Early Redemption Date been the Final Maturity Payment Date.

The Early Redemption Amount shall be payable on the Early Redemption Payment Date and shall not exceed the Net Proceeds of the Charged Assets. In the event that such Early Redemption Amount is less than the Net Proceeds of the Charged Assets, Noteholders shall receive such lesser amount.

- (B) Subject as provided in Special Condition (VII), the Early Redemption Amount will be paid on the Early Redemption Payment Date. No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Early Redemption Date to and including the Early Redemption Payment Date.
- (C) The Early Redemption Payment Date may be significantly later than the Early Redemption Date, see "*Risk Factors – Payments*".
- (D) For the avoidance of doubt, reference in Condition 4 and Condition 2(e) to the Early Redemption Amount payable pursuant to an Event of Default shall mean the amount payable on redemption of each Note upon its becoming due and payable as provided in Condition 4 being the lesser of (i) the outstanding principal amount of such Note and (ii) the amount available by applying the portion available to the Noteholders pursuant to Condition 3(d) of the Net Proceeds of the enforcement of the Security in accordance with Condition 3 *pari passu* and rateably between the Notes.

(V) **Calculations, determinations and notifications**

Following receipt by the Arranger of the NAV Report from the Calculation Agent on the NAV Report Date, the Arranger will publish a summary of the NAV Report on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Vienna Stock Exchange.

The NAV Report and the summary thereof will be an estimated valuation of the Loan pursuant to the relevant Loan Agreement, together with any other Series Assets, and shall not be interpreted as an indication of expected redemption values of the Notes. The NAV Report and the summary thereof shall take account of any fees, expenses or charges that apply to the Notes, and is subject to amendments and / or corrections at any time without giving notice to any person.

Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, in its sole and absolute discretion. The Calculation Agent has agreed in the Constituting Instrument to comply with its obligations set out in these Conditions.

Each of the Issuer, the Principal Paying Agent and the Trustee shall be entitled to rely on any certification, notification, calculation or determination of the Calculation Agent given or copied to it as being true and accurate for all purposes and none of them shall be obliged to make any investigation or enquiry into any such certification, notification, calculation or determination or into the basis on which such certification, notification, calculation or determination was prepared, given or made.

The Calculation Agent is entitled to rely on any certification, notification, calculation, determination or announcement made by or on behalf of the Borrower and / or any Loan Agent in connection with a Loan Agreement and shall not be obliged to make any investigation or enquiry into, and shall incur no liability to any person for relying on, any such certification, notification, calculation, determination or announcement reasonably believed by it to be genuine and made by or on behalf of the Borrower and / or any Loan Agent.

(VI) **Further Notes**

Pursuant to Condition 16 as amended and supplemented by this Special Condition (VI), the Issuer shall be at liberty to issue Further Notes with the express intention that such Further Notes be consolidated and form a single series with the Notes (and with any subsequent Further Notes so issued) provided that:

- (A) the net proceeds of the issue of such Further Notes shall be used to invest in further Series Assets, at the discretion of the Issuer, and such Series Assets shall form part of the Portfolio, on or about the same date as the date on which the Further Notes are issued (such Series Assets and the Related Rights applicable thereto being the Further Charged Assets);
- (B) each of the Further Notes that the Issuer may issue from time to time, together with the Notes, are secured collectively on the Issuer's right, title and interest in and to the Original Charged Assets and each of the Further Charged Assets such that the Security for the Notes and any Further Notes shall be the identical and all references to "*Charged Assets*" shall be to the Original Charged Assets and the Further Charged Assets from time to time;
- (C) the Conditions of each of the Further Notes are identical to the Conditions of the Notes (save in respect of their date of issue);
- (D) each issue of Further Notes will be constituted and secured by a supplement to the Constituting Instrument in the form substantially set out in the Constituting Instrument (or in such other form as is legally effective to constitute and secure the Further Notes) (the "**Further Constituting Instrument**") and so that upon the execution by the Issuer of the Further Constituting Instrument, all references to the Constituting Instrument shall be construed as being to such document as supplemented from time to time; and
- (E) the security interests granted by the Issuer in such Further Constituting Instrument and the Charging Instrument are granted to the Trustee for all the Noteholders of the consolidated Series on a *pari passu* basis.

(VII) **Collateral Default and Arranger Default**

- (A) If the Calculation Agent determines in its sole discretion that a Collateral Default or a Charged Assets Default has occurred then it shall give notice as soon as practicable thereafter to the Issuer, the Trustee, the Principal Paying Agent and the Noteholders (in accordance with Condition 7) of the occurrence of such event. The Issuer shall redeem the Notes in full by payment to each Noteholder of a *pro rata* amount of the Net Proceeds of the Charged Assets five (5) Business Days following the day on which the Issuer receives the Realisable Value.
- (B) If the Issuer (in its sole discretion) determines that an Arranger Default has occurred then it shall give notice as soon as practicable thereafter to the Trustee, the Principal Paying Agent and the Noteholders (in accordance with Condition 7) of the occurrence of such event. If no Substitute Arranger, as appointed by the Issuer, is available to continue the functions of the Arranger, then the Issuer shall redeem the Notes in full by payment to each Noteholder of a *pro rata* amount of the Net Proceeds of the Charged Assets five (5) Business Days following the day on which the Issuer receives the Realisable Value.

(VIII) **Purchase**

Condition 2(g) shall apply subject as amended by this Special Condition (VIII). In determining what proportion of Charged Assets corresponds to the proportion of Notes to be purchased, the Issuer shall be entitled to rely on advice given to it by the Calculation Agent. The Issuer has absolute discretion to designate which Series Assets to select in order to fulfil its obligations pursuant to Condition 2(g) as hereby amended.

(IX) **The Trustee**

The Trustee shall not be responsible for, or be obliged to monitor or verify or investigate:

- (A) the performance, operation or calculation of the Portfolio or other element of calculation thereof but shall be entitled to rely absolutely on any calculation thereof by the Calculation Agent;
- (B) the performance, operations or financial condition of the Portfolio or the terms of the Charged Assets or the calculation of amounts payable in respect thereof;
- (C) the performance by the Issuer of any agreement relating to, or in connection with, the Portfolio and shall be entitled to assume that each of them is in compliance with the terms thereof unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent;
- (D) whether or not any Additional Mandatory Redemption Event or other event referred to in Special Condition (IV), any Event of Default or any Collateral Default and shall be entitled to assume that no such event has occurred unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent; or
- (E) save to the extent caused by its own negligence or wilful default the Trustee shall not be responsible or liable for any failure to sell, realise or redeem the Charged Assets and the Mortgaged Property or any delay in doing so nor for any loss suffered or incurred by any person as a result of the Net Proceeds, the Realisable Value or any other proceeds of sale, realisation or redemption of the Charged Assets or the Mortgaged Property being insufficient to discharge any Redemption Amount, Early Redemption Amount or Optional Redemption Amount in full.

(X) **Sale Agent**

The Sale Agent shall, on behalf of the Issuer, sell or procure the sale or other means of realisation of the Charged Assets and shall be entitled to deduct any costs, expenses, taxes and duties incurred in connection with any disposal, realisation or transfer of such Charged Assets.

In the event of an Early Redemption Event or Mandatory Redemption Event, at the discretion of the Issuer and the Arranger, the Sale Agent may enter into agreements with third parties for the purpose of liquidation, realisation, disposal or transfer of Charged Assets, and shall be entitled to deduct any costs, expenses, taxes, duties and / or interest due and incurred in connection with such liquidation, realisation, disposal or transfer.

The Sale Agent may sell or procure the sale or other means of realisation of the Charged Assets in such manner and to and / or involving such person as it thinks fit and shall be entitled to sell and procure the sale or other means of realisation of the Charged Assets at such price in its sole discretion. The Sale Agent shall not be responsible or liable for any failure to sell or realise the Charged Assets or any delay in doing so nor for any loss suffered or incurred by any person as a result of their sale or other means of realisation.

(XI) **Fees**

In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, as determined by the Calculation Agent, the Issuer has agreed to pay certain fees to the Arranger.

The following fees shall be determined by the Calculation Agent as at the date expected to be two Business Days immediately prior to the Interest Determination Date:

- (a) The fees payable to the Arranger (the “**Arranger Fee**”):
  - (i) 0.45% per annum of the first USD 50,000,000 of the Net Asset Value of the Portfolio and 0.40% per annum of any sum thereafter, as applicable, as at the most recent NAV Report Date. The Arranger Fee is subject to a minimum payment of USD 1,500 per month.

It is intended that payment of the Arranger Fee shall be satisfied by the Issuer using the Loan Arranger Fee payable to it by the Borrower pursuant to the Secured Term Loan Agreement. To the extent that the Issuer does not receive payment in full of the Loan Arranger Fee under the Secured Term Loan Agreement the Arranger Fee shall be deducted from either (i) the Interest Payment to Noteholders and therefore will result in a decrease of the Interest Amount or (ii) the Net Asset Value of the Portfolio and therefore will result in a decrease of the value of the Notes or both (i) and (ii), as the Calculation Agent may decide in its sole discretion.

The Issuer will incur fees in relation to the issuance of the Notes, which will be deducted from the Portfolio when determining the Redemption Amount. Such fees will include, but shall not be limited to:

- (A) any fees, costs and expenses payable by the Issuer which are directly attributable to the Notes, including:
  - (aa) costs incurred in connection with the issuance, listing, clearing of the Notes and / or the performance of obligations in relation thereto;
  - (bb) any commissions, fees, costs and expenses payable by the Issuer pursuant to the Constituting Instrument and the Series Documents as defined therein;
  - (cc) any fees, costs and expenses of the administrator of the Issuer payable by the Issuer or the Arranger in respect of the Notes; and
  - (dd) any legal fees and disbursements payable by the Issuer, the Arranger or the Trustee to Mason Hayes & Curran or to A&L Goodbody or any other legal advisers to the Issuer, the Arranger or the Trustee in respect of the issuance of the Notes;
- (B) a total of USD 1,000 per annum shall be retained by the Issuer (the “Annual Retained Amount”) in respect of all Series in issuance. A portion of the Annual Retained Amount will be attributed to this Series of Notes in an amount to be determined by the Calculation Agent acting in its sole and absolute discretion; and
- (C) in relation to any realisation of the Charged Assets, all commissions, fees, charges and expenses (including, without limitation, any stamp duty, documentary or transfer or other taxes or duties payable in respect of the sale or other realisation of any such Charged Assets) incurred or payable by the Sale Agent in respect of such sale or other realisation, as certified by the Sale Agent to the Issuer and the Trustee.

Any amounts payable under the Notes are based on the performance of the Charged Assets net of the fees described above. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in value of the Notes. For the avoidance of

doubt to the extent that the Issuer receives payment of the Loan Arranger Fee under the Secured Term Loan Agreement, payment of the Arranger Fee by the Issuer shall not affect the Net Asset Value of the Portfolio or result in a reduction in value of the Notes

Estimated fees include a set-up fee of €20,000 (euro) and other administration fees estimated at €8,300 (euro) per year.

(XII) **Interest**

The Calculation Agent or the Issuer may, from time to time, on a Business Day determined by the Issuer but no later than fifteen (15) calendar days after a Loan Agreement Interest Payment, nominate any Business Day as an Interest Payment Date. The Interest Determination Date shall be any Business Day at the discretion of the Arranger, the Calculation Agent or the Issuer. On the Interest Determination Date, the Calculation Agent shall calculate the amount of Interest owing on the Notes and shall inform the Trustee, Paying Agent and Issuer of the amount payable and interest shall be paid in accordance with the Conditions and the Agency Agreement. The Interest Amount may be subject to deduction of the Arranger Fee as described in Special Condition (XI).

(XIII) **Extended Maturity Date**

The term of the Notes may be extended for further periods of up to ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders three (3) calendar months prior to the Scheduled Maturity Date or the anniversary thereof in each subsequent year, if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Scheduled Maturity Date or on the date stated in the final Extension Notice (such date being the "**Extended Maturity Date**").

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**Use of proceeds**

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The entire net proceeds from the issue of the Notes and any Further Notes, will be invested by the Issuer in the Series Assets, being the Original Charged Assets (in the case of the Notes issued on the Issue Date and which shall, for the avoidance of doubt, include the Secured Term Loan Agreement) and the relevant Further Charged Assets (in the case of any Further Notes) in each case on or as soon as practical following the Issue Date or, as applicable, the relevant date of issue in respect of any Further Notes.



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## Information relating to the Charged Assets

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### General

The Issuer intends to use the proceeds of the issuance of the Notes to enter into a loan agreement between the Issuer and ARS Canada Rolling Stock Inc. (the "**Borrower**") pursuant to which on the Issue Date, or as soon as practicable thereafter, the Issuer shall advance as a loan the entire proceeds of the issue of the Notes to the Borrower.

On the Issue Date, the Original Charged Assets will consist of the interests of the Series Assets, and the Related Rights.

### The Series Assets

For a detailed description of the Series Assets see the **SECURED TERM LOAN AGREEMENT**, a copy (or copies) of which is appended to this Series Memorandum.

### Further Investment

The Issuer may invest in new loans from time to time from the proceeds of the Notes.

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## Description of the security arrangements in respect of the Notes

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### Introduction

The Notes will be secured, limited recourse obligations of the Issuer. The purpose of this section is to provide further information in respect of these important features of the Notes, which are included in the Conditions. However, the following description is a summary only of certain aspects of the security arrangements and is subject in all respects to the terms of the Trust Deed and the Conditions of the Notes, of which Noteholders are deemed to have notice and by which they are bound.

The Issuer will, pursuant to the provisions of the Trust Deed, grant the Security described below to the Trustee as continuing security for the payment of all sums due under the Trust Deed and the Notes. The Trustee shall hold such Security on behalf of itself, the Agents and the Noteholders.

### Security arrangements

The Notes will be secured by a charge over the Series Assets.

Under the Trust Deed, as amended by the terms of the Constituting Instrument, the Issuer, in favour of the Trustee for itself and as trustee for the Secured Parties, and as continuing Security, will:

- (A) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Charged Assets;
- (B) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in and to all funds and any other assets now or thereafter standing to the credit of the account of the Principal Paying Agent in respect of the Notes, the Further Notes and the debts represented by such moneys;
- (C) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Agency Agreement and the Placing Agreement and all sums and any other assets derived therefrom; and
- (D) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights with respect to (a) the Charged Assets and (b) any moneys and/or assets received in respect of such Charged Assets (including for the avoidance of doubt, any assets received by it upon conversion of all or any part of the Charged Assets),

in each case on terms that the Trustee shall hold the proceeds of such Security for itself and on trust for itself, and the Secured Parties (and the holders of any Further Notes in accordance with the terms of the Trust Deed).

### Charging Instrument

Pursuant to (i) the Supplemental English Security the Issuer will grant an English law security assignment over the Secured Term Loan Agreement and (ii) the Canadian Supplemental Security the Issuer will grant a security interest under the laws of the Province of New Brunswick over the Pledge and Security Agreement as security in favour of the Trustee for itself and as trustee for the Secured Parties. Together the Supplemental English Security and Supplemental Canadian Security are the "Charging Instrument".

### Enforcement of the Mortgaged Property

The Mortgaged Property may become enforceable if the Notes or any of them have become due and repayable (for example, due to acceleration following the occurrence of a Tax Event, Mandatory

Redemption Event, Additional Mandatory Redemption Event or an Event of Default) and have not been repaid.

In such circumstances the Trustee may at its discretion, and upon being indemnified, secured and/or prefunded to its satisfaction and shall if so requested or directed by the relevant parties (as more fully described in Condition 7), realise the Charged Assets. In realising the Charged Assets the Trustee may, but shall not be obliged to, procure the sale of the Charged Assets or may request the redemption of the Charged Assets.

**Priority of claims and potential for insufficient security on sale of Charged Assets and / or on enforcement**

In the event that any Charged Assets are required to be sold pursuant to the Conditions or the Security constituted by the Trust Deed; the Constituting Instrument and the Charging Instrument becomes enforceable in accordance with the Conditions, the net sums realised could be insufficient to pay all the amounts due to the Noteholders under the Notes. The sums realised from any such sale of the Charged Assets will be subject to deduction of the costs and expenses associated with such sale. In addition, all costs and expenses incurred by the Trustee in enforcing the Security (including any costs of a receiver or similar official) and amounts due to the Agents will be deducted from the proceeds of such enforcement before such proceeds are paid to the Noteholders. After taking action to enforce the Security as provided in the Conditions, the Trustee shall not be entitled to take any further steps against the Issuer to recover any sum still unpaid and no debt shall be owed by the Issuer in respect of such sum. In particular, no Agent or Noteholder may petition or take any other step for the winding-up of the Issuer nor shall any of them have any claim in respect of any sum over or in respect of any assets of the Issuer which are security for any other liability of the Issuer.

**Limited recourse provisions**

The Trustee, the Agents and the Noteholders (in each case to the extent that their claims are secured) shall have recourse only to the Mortgaged Property. If, the Trustee having realised the Mortgaged Property, the proceeds thereof are insufficient for the Issuer to make all payments then due to all such parties, the obligations of the Issuer will be limited to such proceeds of realisation of the Mortgaged Property and no other assets of the Issuer will be available to meet such shortfall; the Trustee, the Agents, the Noteholders or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer to recover any further sum and no debt shall be owed to any such persons by the Issuer. The Trustee (including any costs of a receiver or similar official) and the Agents shall rank prior to the Noteholders in the application of all moneys received in connection with the realisation or enforcement of the Security. In particular, none of the Trustee and the Agents or any holder of the Notes may petition or take any other step for the winding-up of the Issuer, and none of them shall have any claim in respect of any sum arising in respect of the Mortgaged Property for any other Series.

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**Information relating to the Arranger**

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FlexFunds Ltd. is the Arranger in respect of the Notes, and as such is responsible for certain management and administrative functions in relation to the Notes.

FlexFunds Ltd. is an exempted company incorporated in the Cayman Islands with limited liability. The company administers the Note program with all participants and prepares the notes for issuance and calculation of NAV.

FlexFunds Ltd. has a presence in the Cayman Islands.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Arranger or any Agent of the Issuer.

**Fees**

The fees payable to FlexFunds Ltd. as the Arranger are described in Special Condition (XI) of the Notes.

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**Information relating to the Calculation Agent**

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FlexFunds ETP LLC has been appointed as Calculation Agent, and as such is responsible for certain administrative functions, not otherwise carried out by the Arranger, in relation to the Notes.

FlexFunds ETP LLC is a Miami based investment services company, coordinating the relations and activities between the Programme participants and prospective and existing Portfolio Managers and managers of Series Charged Assets. FlexFunds ETP LLC has a presence in Miami.

As Calculation Agent, FlexFunds ETP LLC is responsible for determining the Interest Payment Date and any Extended Maturity Date in addition to calculating interest payment on the Notes.

The Calculation Agent may at any time resign and the Issuer may at any time terminate its appointment, subject to giving 60 days' prior written notice. In such case the Issuer would, with the prior written consent of the Trustee, appoint a successor.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Calculation Agent or any Agent of the Issuer.

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**Information relating to the Sale Agent and Placing Agent**

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GWM Group, Inc. and GWM LTD have been appointed as Sales Agent and Placing Agent, and as such are responsible for certain management and administrative functions in relation to the Notes.

GWM Group, Inc. is a full service broker dealer based in Stamford, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Its clients' accounts are introduced on a fully disclosed basis to Interactive Brokers, LLC.

GWM Group, Inc. offers execution services to clients ranging from retail clients to institutional investment firms, and services ranging from wealth management services to custody and clearing services. The company also offers investment solutions, such as fee-based programs, retirement products and programs, asset management accounts, margin borrowing, mutual fund solutions, and wealth management.

GWM Group, Inc. has a presence in Connecticut and Miami.

GWM LTD was incorporated in Bermuda in December 2014 and is licensed to conduct investment business by the Bermuda Monetary Authority.

The Bermuda Monetary Authority granted approval to GWM LTD for a license under section 16 of the Investment Business Act 2003.

As Placing Agent, GWM Group, Inc. and GWM LTD have agreed to comply with all duties and responsibilities set out in the Conditions of the Notes, and to strictly adhere to the Selling Restrictions.

As Sales Agent, GWM Group, Inc. and GWM LTD are responsible to the Issuer for taking any steps in order to realise the Charged Assets as required for the purposes of the Notes.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Arranger or any Agent of the Issuer.

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## Information relating to the Issuer

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### General

The Issuer was incorporated in Ireland as a public limited liability company on 29 August 2011, with registration number 502865 under the name IA Capital Structures (Ireland) plc, under the Companies Acts 1963 – 2013.

The registered office of the Issuer is at 4<sup>th</sup> Floor, 76 Lower Baggot Street, Dublin 2, Ireland. The telephone number of the Issuer is +353 (0) 1 906 2200. The authorised share capital of the Issuer is EUR 100,000,000 divided into 100,000,000 Ordinary Shares of EUR 1 each (“**Shares**”). The Issuer has issued 38,100 Shares all of which are fully paid. The issued Shares are held by a Jersey-incorporated company, Sanne Trustee Services Limited (the “**Share Trustee**”), on trust for charitable purposes. The Share Trustee has, inter alia, undertaken not to exercise its voting rights to wind up the Issuer unless and until it has received written confirmation from the Directors of the Issuer that the Issuer does not intend to carry on further business.

The Issuer has been established as a special purpose vehicle. The principal activities of the Issuer are the issuance of financial instruments, the acquisition of financial assets and the entering into of other legally binding arrangements.

The Issuer is not, and will not be, regulated by the Central Bank of Ireland (the “Central Bank”) by virtue of the issue 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.

The Issuer has not underwritten and will not underwrite the issue of, place, offer, or otherwise act in respect of the Notes, otherwise than in conformity with the provisions of all laws applicable in the jurisdiction in which the Notes are offered.

### Directors and company secretary

The Directors of the Issuer are as follows:

- Conor Blake
- Louise McMorrow
- Adrian Bailie

The Company Secretary is Sanne Capital Markets Ireland Limited.

Sanne Capital Markets Ireland Limited is the administrator of the Issuer. Its duties include the provision of certain administrative, accounting and related services. The appointment of the administrator may be terminated forthwith if the administrator commits any material breach of the corporate service agreement between the Issuer and the administrator, or if the administrator is unable to pay its debts as they fall due or if the administrator becomes subject to insolvency or other related proceedings. The administrator may retire upon 90 days’ written notice subject to the appointment of an alternative administrator on similar terms to the existing administrator. The business address of the administrator is 76 Lower Baggot Street, Dublin 2, Ireland.

The auditors of the Issuer are PricewaterhouseCoopers who are chartered accountants qualified to practice in Ireland.

### Financial statements

The Issuer has published financial statements for up to 30 June 2016.

**Authorisation**

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 27 July 2017.

**Litigation**

There are no legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had a significant effect on the Issuer's financial position.



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## Selling restrictions

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In addition to the Selling Restrictions set out in the Programme Memorandum the restrictions set out below shall apply.

The Issuer has not underwritten and will not underwrite the issue of, place, offer, or otherwise act in respect of the Notes, otherwise than in conformity with the provisions of all laws applicable in the jurisdiction in which the Notes are offered.

The Notes have not been and will not be registered under the U.S Securities Act of 1933, as amended, and may not be directly or indirectly offered or sold in the United States or to or for the benefit of any U.S person (as defined in Regulation S) unless the securities are registered under the Securities Act of 1933, or an exemption from the registration requirements of the Securities Act of 1933 is available.

Where:

**“U.S person”** means a “US person”, as the term is defined in Regulation S under the Securities Act of 1933 (as amended from time to time) and more particularly are references to: (i) any natural person that resides in the U.S; (ii) any entity organised or incorporated under the laws of the U.S; (iii) any entity organised or incorporated outside the U.S that was formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act of 1933, unless it is organised or incorporated, and owned, by accredited investors (as defined in Section 501 of Regulation D promulgated under the Securities Act of 1933) who are not natural persons, estates or trusts; (iv) any estate of which any executor or administrator is a US person ; (v) any trust of which any trustee is a U.S person; (vi) any agency or branch of a foreign entity located in the U.S; or (vii) 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; and (viii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or resident in the U.S.. For the purposes hereof, the term **“U.S person”** shall not include any discretionary or non-discretionary account (other than an estate or trust) held for the benefit or account of a non-U.S person by a dealer or other professional fiduciary organised or incorporated in the US. The term **“U.S person”** includes entities that are subject to the U.S Employee Retirement Income Securities Act of 1974, as amended, or other tax-exempt investors or entities in which substantially all of the ownership is held by U.S persons.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **“Relevant Member State”**), an offer of Notes to the public has not and may not be made in that Relevant Member State.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Programme Memorandum, this Series Memorandum or any part thereof or any other offering material, in any country or jurisdiction where action for that purpose is required.

NO OFFER, SALE OR DELIVERY OF THE NOTES, OR DISTRIBUTION OR PUBLICATION OF ANY OFFERING MATERIAL RELATING TO THE NOTES, MAY BE MADE IN OR FROM ANY JURISDICTION EXCEPT IN CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. ANY OFFER OR SALE OF THE NOTES SHALL COMPLY WITH THE SELLING RESTRICTIONS AS SET OUT IN THE ISSUER'S OFFERING DOCUMENTS AND ALL APPLICABLE LAWS AND REGULATIONS.

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**General information**

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For so long as the Notes remain outstanding, the following documents will be available in physical form from the date hereof during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the Issuer and the specified office of the Principal Paying Agent in London:

- (a) the Master Documents which are incorporated by reference by the Constituting Instrument so as to constitute the Trust Deed, Agency Agreement, Placing Agreement, and the Charged Assets Sale Agreement with respect to the Notes (to the extent not otherwise amended, modified and / or supplemented by the Constituting Instrument);
- (b) any deed or agreement supplemental to the Master Documents;
- (c) the Programme Memorandum;
- (d) the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer;
- (e) the Constituting Instrument;
- (f) the Secured Term Loan Agreement;
- (g) the ARS Canada Loan Memorandum; and
- (h) the Charging Instrument.

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**ANNEX 1 – Secured Term Loan Agreement**

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Dated 27 July 2017

# Secured Term Loan Agreement

**IA Capital Structures (Ireland) Plc**

and

**ARS Canada Rolling Stock, Inc.**

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**TERM LOAN AGREEMENT**

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THIS AGREEMENT is made on 27 July 2017

**PARTIES:**

- (1) **IA Capital Structures (Ireland) plc**, an Irish public limited company whose registered office is located at 76 Lower Baggot Street, Dublin 2, Ireland (the “**Lender**”); and
- (2) **ARS Canada Rolling Stock, Inc.**, a Canadian privately held company whose registered office is located at 272 St George Street, PO Box 580, Moncton, NB E1C 8L9 (the “**Borrower**”).

(each of the Lender and the Borrower being a “**party**” and together the Lender and the Borrower are the “**parties**”)

**RECITALS:**

- A The Lender has agreed to provide to the Borrower a secured term loan of up to Fifty Million Dollars (\$50,000,000.00), subject to the terms and conditions of this Agreement.
- B This Agreement is being entered into in connection with the issue by the Lender of the Notes (as defined below).

**THE PARTIES AGREE:**

**1 Definitions and interpretation**

1.1 In this Agreement, unless otherwise provided:

**Business Day** means a day other than Saturday, Sunday and public holidays when banks are generally open for business in London and Dublin;

**Event of Default** means any one of the events specified in clause 11;

**Further Notes** means notes issued by the Lender subsequent to 27 July 2017, which are fully fungible with the Original Notes;

**Loan** means the aggregate principal amount advanced and outstanding under this Agreement;

**Notes** means the Original Notes and the Further Notes;

**Original Notes** means the ARS Canada Rolling Stock 5.5% (Series 109) Notes due 2027 issued by the Lender on 27 July 2017; and

**Security Document** means the General Assignment of Rents dated on or about the date hereof between the Lender and the Borrower;

1.2 Unless the context otherwise requires:

1.2.1 each gender includes the others;

1.2.2 the singular and the plural each includes the other;

1.2.3 references to clauses, schedules or appendices are to clauses or schedules of and appendices to this Agreement;

1.2.4 references to this Agreement include its Schedule, as amended;

1.2.5 references to persons include individuals, unincorporated bodies, government entities, companies and corporations;

1.2.6 including means including without limitation and general words are not limited by example; and

1.2.7 clause headings do not affect their interpretation.

1.3 Writing includes manuscript, facsimiles and emails.

## **2 Conditions precedent**

2.1 The Lender's obligation to make the Loan (or any part of it) available is conditional on receipt by the Lender of the documents and evidence described in Schedule 1 in a form and substance satisfactory to the Lender.

2.2 The Lender's obligation to make the Loan (or any part of it) available is subject to the further conditions that on the actual day on which the Lender is to advance funds to the Borrower:

2.2.1 the representations and warranties set out in clause 8 to be made or repeated on those dates are true and will continue to be true immediately after making the drawing;

2.2.2 no Event of Default has occurred, is continuing or would result from making the drawing; and

2.2.3 sufficient funds are available from the proceeds of issue of the Notes to make such advance.

2.2.4 it has not become unlawful for the Lender to exercise any of its rights under this Agreement or the Security Document; and

2.2.5 this Agreement or the Security Document has not become invalid or unenforceable or ceased to be in full force and effect for any other reason.

2.3 Any of the conditions precedent referred to in clauses 2.1 and 2.2 may be waived by the Lender, in whole or in part, without prejudicing the right of the Lender to require subsequent fulfilment of such conditions.

2.4 Notwithstanding any other provisions of this Agreement, in no event shall the Lender be liable for any losses of the Borrower arising out of in in connection with the Lender not making the Loan (or any part of it) due to any of the conditions precedent referred to in this Clause 2 not being satisfied.

## **3 The Loan**

3.1 The Lender will lend to the Borrower a principal amount of up to Fifty Million Dollars (\$50,000,000.00), subject to the terms and conditions of this Agreement.

3.2 The purpose of the Loan is to fund the purchase of additional rail cars.

## **4 Drawings**

4.1 Subject to clause 2, the Lender shall, without any action required by the Borrower, advance such part of the Loan as is available to it from the net proceeds of issue of the Original Notes for investment in the Loan, the Further Notes or generally the Notes, as the case may be, Further Notes ("**Note Proceeds**") within five (5) Business Days of receipt of the Note Proceeds.

## **5 Interest**

5.1 Subject to Clause **Error! Reference source not found.** below the Borrower will pay interest on the Loan at the rate of five point five percent (5.5%) per annum (the "**Interest Rate**"), which will be payable semi-annually in arrears on the last Business Day of June and December in each year (each an "**Interest Payment Date**").

5.2 If the Borrower fails to pay any amounts due under this Agreement on the due date for such payment, interest of an additional two percent (2%) will be payable, which will accrue daily on the unpaid amount.

5.3 Any interest, commission or fee shall accrue on a day-to-day basis, calculated according to the actual number of days elapsed and a year of 365 days.

## 6 Repayment

6.1 The term of the Loan will be ten (10) years. The Borrower will repay the principal of the Loan on 26 July 2027 (the “**Loan Repayment Date**”)

6.2 On any repayment of part of or the whole of the Loan all the accrued but unpaid interest on such repayment shall be paid even if the date of such repayment is not an Interest Payment Date.

## 7 Prepayment

7.1 The Borrower may prepay all or part of the Loan at any time in accordance with this clause 7 without any premium or penalty. The Borrower may not otherwise prepay all or part of the Loan.

7.2 The Borrower must give the Lender at least seven (7) Business Days written notice of its intention to make a prepayment. The Borrower may not revoke a notice provided pursuant to this clause.

7.3 Any prepayment must be made on the date specified by the Borrower, together with all accrued interest and all other amounts then payable under this Agreement.

7.4 No prepaid amount may be re-borrowed.

7.5 Prepaid amounts will reduce later repayment instalments before earlier ones.

## 8 Loan Arranger Fee

8.1 The Borrower shall pay to the Lender an arranger fee (the “**Loan Arranger Fee**”) in the amount of:

- (a) 0.45% of the first USD \$50,000,000 Note Proceeds; and
- (b) 0.40% thereafter,

per annum of the Loan, which will accrue daily and be payable semi-annually in arrears on the last Business Day of June and December in each year and on the date of repayment of the Loan specified in Clause 7.1.

8.2 On any repayment or prepayment of part of or the whole of the Loan all the accrued but unpaid Loan Arranger Fee on such repayment or prepayment shall be paid.

## 9 Representations and Warranties

9.1 The Borrower represents and warrants to the Lender that at the date of this Agreement:

9.1.1 **Legal status:** the Borrower is a company duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation;

9.1.2 **Solvency:** The Borrower is solvent, has not incurred in any insolvency situation, and has not filed for bankruptcy declaration. It does not have knowledge of any facts or circumstances that could lead it to an immediate insolvency.

9.1.3 **Assets:** the Borrower has power to own its assets and conduct its business as it is now being conducted;

9.1.4 **Approvals and non-contravention:** neither the execution and delivery of this Agreement by the Borrower nor the exercise of its rights and the performance of its obligations under this Agreement:

- (a) are prohibited by law, regulation or order;
- (b) require any approval, filing, registration or exemption, (other than any that have already been obtained or filed); and

- (c) are prohibited by, constitute an event of default under, or result in an obligation to create security under, any document or arrangement to which it is a party;
- 9.1.5 **Binding obligations:** the execution of this Agreement by the Borrower has been validly authorised and the obligations expressed as being assumed by it under this Agreement constitute valid, legal, binding and enforceable obligations of it enforceable against it in accordance with their terms;
- 9.1.6 **Corporate powers:** neither the execution and delivery of this Agreement by the Borrower nor the performance or observance of any of its obligations under this Agreement will result in it breaching any of its corporate powers;
- 9.1.7 **No default or breach:** the Borrower is not aware of any default or breach under any law, statute, regulation, indenture, mortgage, trust deed, agreement or other instrument, arrangement, obligation or duty by which it is bound;
- 9.1.8 **Security interests:** no mortgage, charge, pledge, lien, encumbrance or other security interest whatsoever exists over the whole or any part of the undertaking or assets, present or future (including uncalled capital) of the Borrower;
- 9.1.9 **Disputes:** no litigation or administrative or arbitration proceeding before or of any court, governmental authority or arbitrator is presently taking place, pending or, to the best of the knowledge, information and belief of the Borrower, threatened against or against any of the assets of the Borrower which might have a material adverse effect on its business, assets or operations or might adversely affect its ability to perform its obligations under this Agreement;
- 9.1.10 **Authorisations:** the Borrower has obtained all licences, permissions and consents required for the carrying on of its business in all relevant jurisdictions and the Borrower has complied with all conditions attaching to such licences, permissions and consents;
- 9.1.11 **Ranking of obligations:** the Borrower's obligations under this Agreement rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations subject to certain categories of its other obligations which will, however, be preferred in a liquidation by virtue of mandatory provisions of statute;
- 9.1.12 **Borrowing limit:** the borrowing of the full amount available under this Agreement will not cause any limitation on the powers to borrow of the Borrower or its directors to be exceeded;
- 9.1.13 **Information:** all information supplied by the Borrower to the Lender in connection with this Agreement is true, accurate and complete in all material respects and it is not aware of any material facts or circumstances which have not been disclosed to the Lender which might, if disclosed, adversely affect the decision of a person considering whether or not to lend to the Borrower;
- 9.1.14 **No termination event:** no actual or potential Event of Default has occurred which has not been remedied or waived;
- 9.1.15 **Stamping:** no stamp, registration or similar tax is payable, and no filing or registration is required, in connection with the execution, performance and/or enforcement of this Agreement;
- 9.1.16 **Compliance:** the Borrower has obtained and will comply and ensure that all its subsidiaries comply with all known applicable laws and regulations and the terms of all permits, authorisations and licences (including, amongst all other matters, all laws, regulations, permits, authorisations and licences relating to intellectual property matters) required for carrying on its business in all relevant jurisdictions.



- 9.2 The Borrower will repeat the representations and warranties in clause 9.1 above on each Interest Payment Date and on the date on which the Security Document is entered into.

## 10 Undertakings

The Borrower will:

- 10.1 not (unless in the ordinary course of the Borrower's business or without the prior written consent of the Lender) incur any borrowings or indebtedness nor give any guarantee or indemnity in respect of the borrowings or indebtedness of any other person;
- 10.2 not (unless with the prior written consent of the Lender) create or permit to subsist any mortgage, charge, pledge, lien, encumbrance or security interest of any kind whatsoever over the whole or part of any of its business and/or assets, both present and future (including uncalled capital);
- 10.3 give the Lender notice in writing immediately upon becoming aware of the occurrence of any Event of Default or other event which, with the giving of notice and/or lapse of time and/or upon the Lender making the relevant determination, would constitute an Event of Default;
- 10.4 keep the Lender fully and promptly informed to such extent and in such form and detail as the Lender may from time to time require with particulars of any matters concerned with and arising out of the activities of the Borrower;
- 10.5 not, without having given prior written notice of the same to the Lender, enter into any contract, transaction or arrangement other than is necessary to enable the Borrower to run its business from day to day and in particular not without having given such notice to enter into any service contract or contract for the purchase of any interest in land or agreement under which the Borrower would have obligations of a material nature;
- 10.6 not, without the prior written consent of the Lender and whether by a single transaction or by a series of transactions (related or not) sell, transfer, lend or otherwise dispose of (in any such case otherwise than in the ordinary course of trading) the whole or any substantial part of its business or assets or make any change in the nature of the business of the Borrower;
- 10.7 settle the debts incurred by it in the ordinary course of the business, including (without limitation) trade creditors, in a timely manner;
- 10.8 conduct and carry on its business in a proper, efficient and professional manner and not make any substantial alteration in the mode of conduct of that business and keep or cause to be kept proper books of accounts relating to such business.

## 11 Events of Default

- 11.1 The occurrence of any of the following is an Event of Default:
- 11.1.1 **Non-payment:** the Borrower fails to pay any amount payable by it under this Agreement for a period of five (5) Business Days following the date it falls due;
- 11.1.2 **Breach of obligations:** the Borrower fails to perform promptly any of its obligations under this Agreement (other than the obligations referred to in Clause 11.1.1) or the Security Document, unless in the Lender's opinion such failure to perform can be remedied and is remedied to the satisfaction of the Lender within thirty (30) days of the Borrower first becoming aware of the failure to so perform by the Lender;
- 11.1.3 **Misrepresentation:** any representation or warranty contained in this Agreement or the Security Document or in any other document or instrument delivered under or in connection with this Agreement or the Security Document, is incorrect or misleading in any material respect when made or deemed to be made;
- 11.1.4 **Cross-default:** any indebtedness of the Borrower owed to a third party, or any indebtedness of any third party guaranteed or secured by the Borrower, entered into in the normal course of business of the Borrower, including indebtedness under any

acceptance credit, bill of exchange or debenture, is not paid when due (after giving effect to any applicable notice and cure periods);

**11.1.5 Unlawfulness, invalidity:**

- (a) it is or becomes unlawful for the Borrower to perform any of its obligations under this Agreement or the Security Document;
- (b) it is or becomes unlawful for the Lender to exercise any of its rights under this Agreement or the Security Document;
- (c) this Agreement or the Security Document becomes invalid or unenforceable or ceases to be in full force and effect for any other reason; or
- (d) the Borrower does or causes or permits to be done anything which evidences an intention to contest or repudiate this Agreement or the Security Document wholly or in part;

**11.1.6 Transfer of assets:** the Borrower in any way disposes of, or agrees or threatens to dispose of, all or a material part of its assets or of a material interest in its assets;

**11.1.7 Change or suspension of business:** the Borrower materially changes or threatens to materially change the nature or scope of its business, or suspends or threatens to suspend all or a substantial part of its business operations;

**11.1.8 Enforcement of security:** any step is taken to enforce any security over the undertaking, property, revenue or assets of the Borrower;

**11.1.9 Bankruptcy:** the Borrower (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) 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; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has 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 (A) 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 (B) is not dismissed, discharged, stayed or restrained in each case within thirty (30) days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) 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; (7) 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 thirty (30) days thereafter, (8) 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 clauses (1) to (7) inclusive; or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts;

**11.2** On and at any time following the occurrence of an Event of Default (provided that such Event of Default is continuing and subject to applicable notice and cure periods), the Lender may, at any time, without prejudice to any of its other rights, by notice to the Borrower declare that:

**11.2.1** the obligation of the Lender to make the Loan or any part of it available will be immediately terminated; and/or

11.2.2 all outstanding amounts, all accrued interest and all other amounts payable under this Agreement will be immediately due and payable by the Borrower; and/or

11.2.3 all outstanding amounts, all accrued interest and all other amounts payable under this Agreement are payable on demand; and/or

11.2.4 it intends to exercise any or all of its rights, remedies, powers or discretions under this Agreement or the Security Document (in which case it may exercise any such rights).

## **12 Costs**

12.1 The Borrower shall pay to the Lender the following:

12.1.1 on demand, on a full indemnity basis, all costs, fees and expenses (including legal fees and expenses and, in each case, VAT thereon) relating to the preparation, negotiation and execution of this Agreement;

12.1.2 all costs, fees and expenses (including, but not limited to, legal fees and VAT thereon) incurred by the Lender in connection with preserving or enforcing or attempting to preserve or enforce any of the Lender's rights under this Agreement.

## **13 Currency and Payments**

13.1 All payments made under this Agreement will be made in Euro, in immediately available funds during normal banking hours to such bank account as the Lender shall specify.

13.2 If any such sum falls due for payment under this Agreement on a day that is not a Business Day, it shall be paid on the next succeeding Business Day.

13.3 The Borrower will pay all sums payable under this Agreement in full without any set off or counterclaim and (save insofar as required by law to the contrary) free and clear of and without any deduction or withholding from any payment to the Lender.

13.4 If the Borrower is required to deduct or withhold any amount from any payment the Borrower will immediately pay to the Lender such additional amounts so that the Lender receives the full amount it would have received had no such deduction or withholding been required. The Borrower will simultaneously provide the Lender with a certificate of deduction or withholding in respect of the amount deducted or withheld together with evidence satisfactory to the Lender that the amount so deducted or withheld has been paid over to the relevant authorities as and when due.

## **14 Miscellaneous**

### **14.1 Survival**

Provisions which by their terms or intent are to survive termination hereof will do so.

### **14.2 Variation**

Variations to this Agreement will only have effect when agreed in writing.

### **14.3 Severability**

The unenforceability of any part of this Agreement will not affect the enforceability of any other part.

### **14.4 Waiver**

Unless otherwise agreed, no delay, act or omission by either party in exercising any right or remedy will be deemed a waiver of that, or any other, right or remedy.

### **14.5 Consent**

Consent by a party, where required, will not prejudice its future right to withhold similar consent.

**14.6 Further Assurance**

Each party will do all further acts and execute all further documents necessary to give effect to this Agreement.

**14.7 Rights of Third Parties**

This Agreement is not enforceable by any third party under the Contracts (Rights of Third Parties) Act 1999.

**14.8 Assignment and Subcontracting**

14.8.1 The Lender may transfer and assign all and any of its rights under this Agreement or the Security Document or transfer all its rights or obligations by novation without restriction to any other person.

14.8.2 The Borrower may not assign any of its rights or transfer any rights or obligations under this Agreement.

14.8.3 Nothing in this Agreement shall restrict or otherwise prohibit the transfer by the Lender of any of its right, title and interests into and under this Agreement to any other party and the Borrower acknowledges that the Lender shall assign by way of fixed security assignment all of its right, title and benefit and interest to this Agreement in favour of Sanne Fiduciary Services Limited as Trustee of the Notes.

**14.9 Entire Agreement**

This Agreement represents the entire agreement between the parties and supersedes all previous agreements, term sheets and understandings relating to the Loan made available in this Agreement whether written or oral.

**14.10 Succession**

This Agreement will bind and benefit each party's successors and assigns.

**14.11 Counterparts**

This Agreement may be signed in any number of separate counterparts, each, when executed and delivered by a party, will be an original; all counterparts will together constitute one instrument.

**15 Notices**

15.1 Notices under this Agreement will be in writing and sent to the person and address in clause 15.2. They may be given, and will be deemed received:

15.1.1 by airmail: seven Business Days after posting;

15.1.2 by hand: on delivery;

15.1.3 by facsimile: on receipt of a successful transmission report from the correct number;

15.1.4 by email: on receipt of a delivery return mail from the correct address.

15.2 Notices will be sent:

15.2.1 to the Borrower at:

**ARS Canada Rolling Stocks, Inc.**

Address: 272 St George Street, PO Box 580, Moncton, NB E1C 8L9

Attention: Arturo Contreras

Telephone No.: 1-786-294-0579 EXT: 1003

E-mail: ac@arsrailcars.com

15.2.2 to the Lender at:

**IA Capital Structures (Ireland) plc**

Address: 4<sup>th</sup> Floor, 76 Lower Baggot Street, Dublin 2, Ireland  
Attention: The Directors  
Facsimile No: +353 (0) 19062 201  
Telephone No: +353 (0) 19062 200  
E-mail: [operations@flexfundsetp.com](mailto:operations@flexfundsetp.com)

## 16 Confidential Information

- 16.1 The Lender may disclose:
- 16.1.1 on a confidential basis to any actual or potential assignee, transferee or sub-participant of its rights or obligations under this Agreement in addition to any publicly available information such information about the Borrower and its subsidiaries as the Lender shall consider appropriate; and
  - 16.1.2 any information about the Borrower and its subsidiaries to any person to the extent that it is required to do so by any applicable law, regulation or court order.
- 16.2 Subject to clause 16.1, neither party will, without the other's prior written consent, disclose:
- 16.2.1 the existence or terms of this Agreement;
  - 16.2.2 any information relating to the customers, suppliers, methods, products, plans, finances, trade secrets or otherwise to the business or affairs of the other party which is obviously confidential or has been identified by the other party as such; and
  - 16.2.3 any information developed by either party in performing its obligations under, or otherwise pursuant to this Agreement,
- clauses 16.2.1, 16.2.2 and 16.2.3 together the **Confidential Information**.
- 16.3 Neither party will use the other's Confidential Information except to perform this Agreement.
- 16.4 Disclosure of Confidential Information may be made to a party's:
- 16.4.1 officers;
  - 16.4.2 employees;
  - 16.4.3 professional advisers; and
  - 16.4.4 consultants and other agents,
- on condition that the party disclosing is responsible for compliance with the obligations of confidence hereunder.
- 16.5 Confidential Information does not include information which:
- 16.5.1 is or becomes public other than by breach of this Agreement;
  - 16.5.2 was known to the other party before this Agreement without breach of confidence;
  - 16.5.3 is independently developed by or becomes available to the other party; or
  - 16.5.4 is required to be disclosed by law or regulatory authority.
- 16.6 On termination of this Agreement all confidential information relating to or supplied by a party and which is or should be in the other's possession will be returned by the other or (at the first party's option) destroyed and certified as destroyed.
- 16.7 This clause 15.2.1 will remain in force for a period of three (3) years from the date of termination of this Agreement.

## 17 Governing Law and Jurisdiction

- 17.1 This Agreement is governed by the laws of England and Wales.
- 17.2 The parties will submit to the exclusive jurisdiction of the courts of England and Wales.

This agreement has been entered into on the date stated at the beginning of it.

IA Capital Structures (Ireland) plc

By: \_\_\_\_\_  
Name:  
Title:

ARS Canada Rolling Stocks, Inc.

By: \_\_\_\_\_  
Name:  
Title:

SCHEDULE 1  
CONDITIONS PRECEDENT

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- 1 The duplicate of this Agreement duly executed by the Borrower.
- 2 A copy, certified as a true copy by an officer of the Borrower of its constitutional documents.
- 3 A copy, certified as a true copy by an officer of the Borrower, of a board resolution of the Borrower authorising acceptance and execution of the Agreement and nominating one or more persons to sign and execute this Agreement on behalf of the Borrower.
- 4 The certificate of an officer of the Borrower that no Event of Default has occurred (or with the giving of notice or lapse of time or both would occur) in respect of any existing security granted by the Borrower.
- 5 The executed Security Document.

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**ANNEX 2 – ARS Canada Loan Memorandum**

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**ARS Canada Rolling Stock, Inc.**  
a Canadian privately held company

Loan Memorandum for IA CAPITAL STRUCTURES (IRELAND) PLC

27 July 2017

## LOAN MEMORANDUM

*This Loan Memorandum (the “**Loan Memorandum**”) sets forth the proposed terms of agreement between the parties, subject to the conditions precedent provided for under number 10 below and final negotiation between the parties.*

<b>Introduction</b>	<p><b>ARS Canada Rolling Stock, Inc.</b>, a Canadian privately held company with registered office at 272 St George Street, PO Box 580, Moncton, NB E1C 8L9 (the “<b>Company</b>” or the “<b>Borrower</b>”), is seeking financing which is intended to be used as indicated below (the “<b>Loan</b>”). This Loan Memorandum is therefore addressed on an exclusivity basis to <b>IA CAPITAL STRUCTURES (IRELAND) PLC</b> (the “<b>Prospective Lender</b>”), as prospective lender in such a financing arrangement.</p> <p>The financing of the Company shall take place pursuant to a secured loan agreement (the “<b>Loan Agreement</b>”) to be entered into by the Company and the Prospective Lender and to be formalized subsequent to the acceptance of this Loan Memorandum.</p>
<b>Purpose of the Loan Memorandum</b>	The Loan Memorandum’s purpose is to set forth the basic terms and conditions upon which the Prospective Lender shall provide the Loan to the Company.
<b>The Company</b>	The Company is seeking financing to fund the purchase of additional rail cars. (the “ <b>Project</b> ”).
<b>Amount of the Financing</b>	The Company is seeking financing in an amount of up to \$50,000,000.00 USD (the “ <b>Financing Amount</b> ”).
<b>Interest</b>	The Financing Amount shall bear interest at 5.5% per annum. Accrued interest on the outstanding principal balance shall be payable semi-annually in arrears on the last Business Day of June and December in each year. Any amounts that remain unpaid when due shall accrue interest at a default rate of 7.50% per annum on the unpaid amount. Any interest, commission or fee shall accrue on a day-to-day basis, calculated according to the actual number of days elapsed and a year of 365 days.
<b>Maturity date</b>	The term of the Loan will be ten (10) years and the Borrower shall repay the principal of the Loan on 26 July 2027 (the “ <b>Maturity Date</b> ”).
<b>Purpose and use of the Financing</b>	The Prospective Lender understands that the proceeds of the Loan are to be used by the Company for the purposes of the Project set out above (see “ <b>The Company</b> ”) and to pay certain legal, advisory, structuring and

	<p>maintenance expenses relating to this Loan Memorandum and the Loan Agreement. The Company may change the amount and timing of the expenditure of uncommitted funds depending on numerous factors.</p> <p>Any financing provided to the Company is speculative in nature and involves a high degree of risk. Extending any financing, such as the Loan, the Company is suitable only for persons of substantial means who do not need liquidity in this transaction and who are able to bear the economic risks associated with it. In addition to the information contained in this private Loan Memorandum, the Prospective Lender should carefully consider the risk factors disclosed in this Loan Memorandum (the “<b>Risk Factors</b>”), in evaluating the Loan. The Company reserves the right to withdraw from or amend, for any reason, this Loan Memorandum at any time prior to the execution of the Loan Agreement.</p>
<p><b>Financing documentation</b></p>	<p>Without limiting the foregoing, the documentation of the Loan will involve, at least, the negotiation and execution of the Loan Agreement between the Prospective Lender and the Company containing usual and customary representations and warranties provisions, as well as the relevant terms and conditions of the Loan (interest, maturity, events of default, etc.).</p>
<p><b>Information rights</b></p>	<p>The Company will provide the Prospective Lender with half yearly and annual financial statements and other customary information referred to by the Company. The annual financial statements of the Company shall be audited by nationally recognized, independent certified public accountants.</p> <p>The Company will also provide Prospective Lender with copies of any other reports, as soon as possible, if the Company is subject to any reporting requirement by any governmental authority.</p>
<p><b>Authorized transfer of Company’s position under the Loan Agreement</b></p>	<p>The Prospective Lender may issue debt securities (the “<b>Notes</b>”) linked to the Loan granted to the Company, to be subscribed by prospective investors who might be interested in an indirect financing/investment in the Company. The Prospective Lender is free to charge the Loan Agreement in favour of a third party.</p>
<p><b>Representations and warranties of the Company</b></p>	<p>(a) Organizational Status; Authorization. The Company is a business company, duly incorporated, validly existing and in good standing under the laws of the Province of New Brunswick. The Company has all requisite corporate power and authority to own its assets and to carry on its business as presently conducted. The Company has full power and authority to enter into this Loan Memorandum and to carry out the transactions contemplated hereby. The execution, delivery and performance of the operations arising from this Loan Memorandum by the Company and the consummation of the transactions contemplated hereby have been or shall be duly and validly authorized by all requisite</p>

corporate action. Neither the execution and delivery of this Loan Memorandum nor the consummation of the transactions contemplated hereunder, nor in particular, the Loan Agreement, requires the approval or consent of any third party other than the current shareholders of the Company.

(b) No Conflict. The delivery and performance of this Loan Memorandum and the transactions contemplated by this Loan Memorandum will not conflict with, or constitute or result in a breach, default or violation of (i) the organizational documents of the Company; (ii) any law, ordinance, regulation or rule applicable to the Company; or (iii) any order, judgment, injunction or other decree by which the Company is bound.

(c) Litigation. There is no claim, action, demand, suit, lawsuit, proceeding, arbitration, grievance, citation, summons, subpoena, inquiry or investigation of any nature, civil, criminal, regulatory, or otherwise, in law or in equity, pending or threatened against the Company in any court or before any governmental or regulatory authority and the Company does not know or has reason to be aware of any basis for the same.

(d) Compliance with Applicable Law. The Company has complied with all laws, statutes, rules, regulations, judgments, decrees and orders applicable to its business, and the Company has not received any written notice alleging any such conflict, violation, breach or default.

#### Information regarding forward-looking statements

This Loan Memorandum and other information, if any, provided to the Prospective Lender by the Company, contain forward-looking statements either referred to the Company. These statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statement. Forward-looking statements relate to matters which include, but are not limited to:

- the ability of the Company to implement their business strategies;
- the ability of the Company to operate and expand their businesses;
- the capabilities of the Company; and
- the impact of competitors, the current circumstances in the industry in which the Company operate, in particular in the real estate market, and general economic factors.

All statements other than statements of historical fact are “forward-looking statements”, including any projections of earnings, revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements regarding future economic conditions or performance and any statement of assumptions underlying any of the foregoing. Some forward-looking statements may be identified by the use of such terms as “expects”, “will”, “anticipates”, “estimates”, “believes”, “plans” and words of similar meaning. These

forward-looking statements relate to business plans, programs, trends, results of future operations, satisfaction of future cash requirements, funding of future growth, acquisition plans and other matters. In light of the risks and uncertainties inherent in all such projected matters, the inclusion of forward-looking statements in this Loan Memorandum should not be regarded as a representation by the Company or any other person that the Company's objectives or plans will be achieved or that the Company's operating expectations will be realized. Actual results could differ from those projected in any forward-looking statements.

These forward-looking statements reflect the Company's current views with respect to future events and are based on assumptions and subject to risks and uncertainties, not all of which may be specifically delineated or recognized. Although management believes that the expectations reflected in any forward-looking statements are reasonable, the Company does not guarantee future results, events, levels of activity, results of operations, or achievements. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

For a discussion of these factors and others, please see "Risk Factors" below. All forward-looking statements attributable to the Company are expressly qualified in their entirety by such language, and the Company is not obligated, and does not intend, to update any forward-looking statements at any time, unless an update is required by applicable securities laws. Also, these forward-looking statements represent the Company's estimates and assumptions only as of the date of this Loan Memorandum and should not be relied upon in granting the Loan or granting any financing to the Company.

#### Risk factors

***We cannot predict our success.***

We believe that the rapidly changing market in which the Company operates makes it impossible to predict the extent of our overall success. The Company may never be able to achieve favorable operating results or profitability or generate sufficient cash flow to support its business internally or make distributions to its shareholders.

***The Company may not be able to raise capital as needed to maintain its operations.***

The Company may need to raise additional funds to support its strategies. Additional financing may not be available to the Company on favorable terms, if at all. If the Company cannot raise needed funds on acceptable terms, it may not be able to develop its business, take advantage of future opportunities, respond to competitive pressures or unanticipated requirements, which could seriously harm its business, its financial condition and the results of its operations. Consequently, financing or investment in the Company may be adversely affected and could result in the entire loss of the Financing Amount. We may also require additional capital to fund any costs or expenses related to the assets owned by the Company for general working capital purposes. To the extent the

Prospective Lender or the Company's shareholders are unable to make required additional capital contributions, their interests in the Company may be affected.

In addition, the Company's actual funding requirements may be greater than anticipated if certain assumptions turn out to be incorrect. Therefore, you should consider the Company's estimates in light of the following facts:

- the estimated funding requirements may not reflect sufficient contingency amounts and may increase, perhaps substantially, if the Company is unable to generate revenues in the amount and within the time frame expected or if the Company has unexpected cost increases; and
- the Company faces many challenges and risks, including those discussed herein in this Loan Memorandum.

***Our performance and the value of our investment in real estate assets are subject to risks incidental to the development and ownership of real estate and the real estate industry.***

We are subject to all the risks incidental to ownership of interests in real estate, many of which relate to the general illiquidity of real estate investments. The illiquidity of real estate investments generally may impair the ability of the Company to respond promptly to changing circumstances. Management believes that such risks are heightened because of the type of properties that the Company currently holds or plans to develop (the "**Properties**"). Our economic performance and the value of our investment in real estate assets are subject to the risk that if the operating income and proceeds from the development and ultimate sale of the Properties do not generate sufficient funds to meet the development expenses, operating expenses, debt service, and capital expenditures of the Company, then the Company's cash flow and ability to repay the Financing will be adversely affected.

In addition to the risks associated with the ownership of real estate investments in general, there are significant risks associated with our development activities, including delays in obtaining, or an inability to obtain, necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations, which could result in completion delays and increased development costs, and other costs associated with the development of Properties which may not have been anticipated or may otherwise exceed estimated costs. These additional costs can be significant and could adversely impact our returns on the Project and the expected results of operations upon completion of the Project. Also, construction costs vary over time based upon many factors, including the demand for building materials. These risks, in addition to potential changes in costs, unforeseen environmental conditions, and the market could result in completion delays of the Project. Finally, there are risks associated with securing buyers who are willing to pay the purchase price for the homes to be built that results in a profit to the Company.

The following factors, among others, may adversely affect the cash flow generated from the Properties:

- downturns in the international, national, regional, and local economic climate;
- consumer confidence, unemployment rates, and consumer tastes and preferences;
- competition from similar asset type properties;
- local real estate market conditions, such as oversupply or reduction in demand;
- changes in interest rates and availability of permanent mortgage financing that may render the sale or refinancing of the Properties difficult or unattractive and that may make debt service more burdensome;
- increased or unanticipated development costs;
- increased operating costs, including insurance premiums, utilities, and real estate taxes;
- changes in real estate and zoning laws, increases in real estate taxes, and inflation;
- civil disturbances, earthquakes and other natural disasters, terrorist acts or acts of war; and
- decreases in the underlying value of our real estate.

***The Project will face significant competition.***

Competition in the real estate industry is currently intense and could intensify further in the future as a result of a weak economy. The Project faces significant competition from developers, owners, and operators of real estate, many of which have greater financial resources than the Company. There are also competitors with a substantial presence in the markets where the Project is located, which offer properties similar to the Project. The Properties face competition from similar resort destination properties both within and outside of Mexico. Significant price competition would reduce the returns realized by the Company's investment in its Properties. Many competitors have greater financial resources to devote to marketing their properties and may be able to respond more quickly to changes in buyers' requirements. There can be no assurance that the Project will be able to successfully compete in this environment. If the Company does not adapt to effectively compete in such a highly competitive environment, such competitive factors could have an adverse effect on the financial condition or results of operations of the Company.

***Changes in general economic and business conditions could adversely impact the business, financial condition, and results of operations of the Company.***

Our operating results may be subject to factors which are outside of our

	<p>control, including changes in general economic and business conditions, internationally, nationally and in the market in which the Properties are located. Such factors could have a material adverse effect on the business, financial condition, or results of operations of the Company.</p> <p>In addition, disruptions in the credit and financial markets, decline in consumer confidence, increases in unemployment, decline in economic growth, and uncertainty about corporate earnings could have a significant, negative impact on both the global financial and credit markets and the financial and credit markets in Mexico. Such events could have an adverse impact on financial institutions, resulting in limited access to capital and credit for many companies. Furthermore, economic uncertainties make it very difficult to accurately forecast and plan future business activities. Changes in economic conditions, changes in financial markets, deterioration in the capital markets, or other factors could have an adverse effect on the financial position, revenues, results of operations, and cash flows of the Company.</p> <p><b><i>We rely on qualified, key executive management personnel.</i></b></p> <p>The success of our business will also depend on our ability to retain qualified key executive management personnel. Competition for qualified personnel in the real estate investment industry is intense. If we are unable to retain qualified personnel, our business could suffer. In addition, our management may not be able to oversee operations effectively or effectively implement our operating strategy. Any failure of our management could have a material adverse effect on the Company.</p>
Miscellaneous	<p>The headings in this Loan Memorandum are for the purpose of reference only and shall not limit or otherwise affect the meaning hereof. All pronouns and any variation thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the person or persons may require.</p>
Confidentiality	<p>The Company shall keep confidential all matters contained herein, except as otherwise required by the law or previously authorized by the Lender.</p>
Law and arbitration	<p>This Loan Agreement is governed by and shall be construed in accordance with the laws of England and Wales.</p> <p>The Parties irrevocably submit to the non-exclusive jurisdiction of the courts of England and Wales to settle any disputes and claims which may arise out of, or in connection with, this Loan Agreement.</p>



**REGISTERED OFFICE OF THE ISSUER**

**IA CAPITAL STRUCTURES (IRELAND) PLC**

4<sup>th</sup> Floor, 76 Lower Baggot Street  
Dublin 2, Ireland

**ARRANGER**

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Cayman Islands

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Miami, FL 33131  
USA

**TRUSTEE**

**Sanne Fiduciary Services Limited**

13 Castle Street, St Helier,  
Jersey JE4 5UT

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AGENT**

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United Kingdom

**PLACING AGENT AND SALE AGENT**

**GWM Group, Inc.**

177 Broad Street, 7<sup>th</sup> Floor, Suite 708  
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