

Company name        IA Capital Structures (Ireland) plc  
Headline             Notice to Noteholders of Series 85

3 December 2020

**THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**THIS NOTICE CONTAINS IMPORTANT INFORMATION OF INTEREST TO THE OWNERS OF THE NOTES (AS DEFINED BELOW). IF APPLICABLE, ALL DEPOSITARIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO PASS THIS NOTICE TO SUCH OWNERS IN A TIMELY MANNER.**

**If you are in any doubt as to the meaning of this notice, you are recommended to seek your own financial, legal or other advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriately authorised independent financial adviser.**

**If you have recently sold or otherwise transferred your entire holding(s) of the Notes, you should immediately forward this document to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.**

## **NOTICE FROM THE ISSUER TO NOTEHOLDERS**

**IA Capital Structures (Ireland) plc**  
(the “**Issuer**”)

Prodigy Network 331 Park Avenue South (Series 85) Notes due 2021  
ISIN: XS1518623068 COMMON CODE: 151862306  
(the “**Notes**” or the “**Series**” and the holders thereof the “**Noteholders**”)

Capitalised terms used but not otherwise defined in this notice shall have the meanings ascribed to them in the Series Memorandum dated 28 December 2016 and the Conditions of the Notes as same may be amended and / or supplemented from time to time.

The purpose of this notice is to provide Noteholders with an update on the value of the Notes and the Charged Assets for the Notes, being the Loan Transaction Documents and the Class B-3 Common Stock (as defined below).

### **BACKGROUND**

The Issuer used the entire net proceeds of the Notes (i) to invest in Class B-3 common stock of 331 Park Ave S. NewCo, Inc. (the “**Borrower**”), a Delaware corporation with registered office at

2711 Centerville Road, Suite 400, in the city of Wilmington, county of New Castle, 19808 (the “**B-3 Common Stock**”) and (ii) to make a secured loan to the Borrower (the “**Loan**”) pursuant to a) a loan and security agreement dated 15 July 2016 between the Borrower and Prodigy Network, LLC (as agent), to which the Issuer acceded in the capacity as lender (the “**Loan and Security Agreement**”) and b) a promissory note dated 15 July 2016 executed and delivered by the Borrower in connection with the Loan and Security Agreement (the “**Promissory Note**” and together with the Loan and Security Agreement, the “**Loan Transaction Documents**”). The proceeds of the B-3 Common Stock and Loan were invested by the Borrower, through a number of intermediary vehicles, in a property located at 331 Park Avenue South, New York, New York 10010 (Block 880; Lot 4) (the “**Property**”).

The investment represented by the Class B-3 Common Stock and the Loan Transaction Documents in the Property is structurally subordinated to other obligations as described below (the “**Senior Obligations**”). The last investor notice made available to the Issuer by the Prodigy Investment Manager was for the investment period January 1 – June 30, 2019 (the “**Investor Notice**”), which was subsequently delivered to the Noteholders in a notice from the Issuer dated 19 August 2019. The Investor Notice disclosed that as of 30 June 2019, the Senior Obligations included amounts of senior debt, mezzanine debt and preferred equity totaling \$41,000,000.

According to public records, the Property was sold for \$41,233,334 on 19 June 2020 (the “**Sale Price**”). No information has been received by or on behalf of the Issuer to indicate that there was any reduction in the Senior Obligations after the period covered by the Investor Notice and before the sale of the Property. Consequently, based on the figures contained in the Investor Notice, the Calculation Agent considers that the Senior Obligations, together with interest accrued on amounts owed thereunder, will have exceeded the Sale Price at the time the Property was sold.

As the investment represented by the Class B-3 Common Stock and Loan Transaction Documents is structurally subordinated to the Senior Obligations, the Issuer does not expect to receive any residual value as a holder of the Class B-3 Common Stock and as an acceded lender to the Loan and Security Agreement from the sale proceeds of the Property following the repayment of the amounts owed under the Senior Obligations together with any interest accrued on such amounts. Furthermore, there are no other assets to fund payments to the holders of the Class B-3 Common Stock and the lenders under the Loan and Security Agreement.

**On the basis of the above, the Calculation Agent has determined that the Class B-3 Common Stock and Loan Transaction Documents have a fair value of zero. Payments by the Issuer in respect of the Notes were to be funded only from the proceeds of the Charged Assets, being the Class B-3 Common Stock and the Loan Transaction Documents, and there are no other assets of the Issuer to fund such payments. Accordingly, the Calculation Agent considers that the Issuer will not be in a position to make any payments to Noteholders in respect of their Notes and that the current fair value of the Notes is zero.**

For purposes of the Calculation Agent’s analysis, the standard of value is fair value. The International Financial Reporting Standards (“IFRS”) Standard 13 defines “fair value” as the

price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or the liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

The Issuer, in consultation with the Arranger and the Calculation Agent, is to the next steps in light of the events and circumstances described above. This may include (i) not taking any further action for the time being in the event that additional information may transpire regarding proceeds of the sale of the Property, or that further potential action may be available to the Issuer against any party to recover some of the sale proceeds or (ii) exercising an optional redemption of the Notes in accordance with the Conditions, whereby such Notes will be valued at zero. The Issuer will provide further information to the Noteholders once available.

This Notice has not been formulated by the Trustee who expresses no view on it and the Trustee expresses no opinion as to the actions (if any) the Noteholders may take in respect of this Notice. The information contained herein has not been independently verified by the Trustee and the Trustee makes no representation that all relevant information has been disclosed to Noteholders in or pursuant to this Notice. In accordance with normal practice, the Trustee expresses no view as to the truth, veracity, accuracy or completeness of the contents of this Notice. Accordingly, the Trustee recommends that Noteholders consider seeking their own financial, tax, accounting, investment and legal advice in respect of this Notice.

No responsibility or liability is or will be accepted by the Trustee in relation to the accuracy or completeness of this Notice or any other written or oral information made available to any person receiving this Notice or its advisers and any such liability is expressly disclaimed. This Notice is made without prejudice to any and all of the Trustee's rights under the Conditions of the Notes and the transaction documents relating to the Notes, all of which are expressly reserved.

## **PROPOSED ACTION**

This notice is for informational purposes only.

## **Further Information**

For further information with regard to the Notes, please contact:

FlexFunds LTD  
noteholder.support@flexfunds.com