

Company name IA Capital Structures (Ireland) plc
Headline Notice to Noteholders of Series 88

9 July 2019

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

THIS NOTICE CONTAINS IMPORTANT INFORMATION OF INTEREST TO THE OWNERS OF THE NOTES. 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 action you should take, 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 referred to below, 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 AKA Wall Street Recap - 84 William Street Accrual (Series 88) Notes due
2021

ISIN: XS1495642255 COMMON CODE: 149564225
(the “**Notes**” or the “**Series**” and the holders thereof the “**Noteholders**”)

Reference is made to the investor letter from Prodigy Shorewood Investment Management LLC (“**PSIM**”) (the “**Investor Notice**”), appended hereto as Annex.

Capitalised terms used but not otherwise defined in this notice shall have the meanings ascribed to them in the Series Memorandum in relation to the Notes dated 30 September 2016 and the Investor Notice.

BACKGROUND

The Issuer hereby delivers to the Noteholders the attached Investor Notice it has received from PSIM.

PROPOSED ACTION

The Issuer proposes no course of action at this time. This notice is for informational purposes only and the Issuer expresses no opinion on the information contained in the Investor Notice.

Further Information

For further information please contact the investment manager at investorrelations@prodigynetwork.com

ANNEX – THE INVESTOR NOTICE

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Dear Investors,

On behalf of Prodigy Shorewood Investment Management LLC (“PSIM”), the investment manager of the project, we are writing to inform you of the current status of your investment in 84 William Realty Associates LLC for the property located at 84 William Street in Manhattan (the “Property”).

This communication is the first in a series to come where we will share the strategy for the Property, in response to the current challenges facing the project. We plan to update you in this format as the situation demands to keep you informed and apprised of the work done and the options being considered and implemented by the different stakeholders in the project.

Market

Despite positive trends throughout 2018 during which Manhattan hotel performance increased after three declining years, the Manhattan-wide performance for the first quarter of 2019 underperformed as compared with previous years.¹² This was primarily due to supply growth outpacing demand for the first time in this market’s cycle which is representative of a market where the number of hotel rooms grew from 2007 to 2018 by 50% to 99,000 rooms³. We intend to see this supply growth halted in future years as the local government passed legislation at the end of 2018 requiring developers to adhere to an additional and difficult city-approval process for developing hotels in specific zoning districts⁴. However, the Property currently, faces competition from the new supply of hotel rooms as well as Airbnb. As the New York City hotel industry awaits clarity from the local government on upcoming Airbnb legislation intended to remove a majority of the city’s Airbnb listings from the market, which have been deemed illegal, the NYC Mayor’s Office of Special Enforcement continues its strategy to uncover these illegal Airbnbs to shut them down and the fine the tenants and landlords involved⁵.

Update on Financing

On June 10, 2019 we successfully extended the maturity date of the senior loan provided by CIBC in respect of the Property to December 10, 2019 (i.e., by causing an extension payment of approximately \$6.4 million to be paid to CIBC). The entire extension payment was made by Vanbarton Group, (the “Mezz Lender”). The Mezz Lender agreed to increase their loan by approximately \$4 million to \$24 million at 11.5% and the remaining balance of \$2.4 million was paid by the entity 84 William MezzCo II LLC (“MezzCo”) as explained in the previous letter sent in May 2019. MezzCo is structurally senior to the all capital provided in respect of the Property

¹ <https://therealdeal.com/2019/01/21/manhattans-hotel-market-emerges-from-3-year-slump/>

² <https://www.pwc.com/us/en/industries/hospitality-leisure/manhattan-lodging-index.html>

³ <https://www.hospitalitynet.org/opinion/4093990.html>

⁴ <https://www1.nyc.gov/site/planning/about/press-releases/pr-20181220.page>

⁵ <https://www.crainsnewyork.com/real-estate/city-targets-illegal-5-million-airbnb-ring>

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other than the senior loan provided by the Senior Lender and the mezzanine loan provided by the Mezz Lender. An itemized breakdown of the sources and uses of the extension payment are set forth below.

Sources & Uses			
Principal Paydown			\$4,000,000
NOI Shortfall Reserve - Top-up Required as of Q1-2019	\$1,688,171		-
Less: May 2019 Payment	\$530,461		\$1,157,710
Interest Reserve			\$1,000,000
Extension Fee	\$84,000,000	0.25%	\$210,000
Interest Rate Cap Fee (Estimate)			\$10,000
CIBC Legal Fee (Estimate)			\$10,000
Appraisal Fee (Estimate)			\$10,000
Total			\$6,397,710

*The extension fee was paid directly to CIBC. On December 10, 2019 the senior loan with CIBC will mature requiring an additional pay down. Further, the mezzanine loan also matures on December 10, 2019.

The updated capitalization tables for the Property are set forth below.

AKA Wall Street - Debt Capitalization Table as of June 2019				
Senior Loan				
CIBC				
		<u>Outstanding Principal</u>		
<u>Loan Information</u>	<u>Interest</u>	<u>Amount</u>	<u>Original Loan Amount</u>	<u>Maturity</u>
<i>CIBC</i>	L+2.50%	\$84,000,000	\$90,000,000	12/10/2019
Mezzanine Loan				
EO 84 William II LLC, C/O Vanbarton				
		<u>Outstanding Principal</u>		
<u>Loan Information</u>	<u>Interest</u>	<u>Amount</u>	<u>Original Loan Amount</u>	<u>Maturity</u>
<i>Vanbarton</i>	11.50%	\$24,000,000	\$20,000,000	12/10/2019

AKA Wall Street - Capitalization Table as of June 2019			
<u>Entity</u>	<u>Capitalization</u>	<u>Seniority</u>	<u>Amount</u>
84 William Street Property Owner LLC	Senior Debt	1	\$ 84,000,000
84 William Street Mezz LLC	Mezzanine Debt	2	24,217,660
84 William MezzCo II LLC	MezzCo Equity - Mezz Series	3	2,060,326
84 William MezzCo II LLC	MezzCo Equity - AKA	3	210,006
84 William Street JV LLC	Member Loan - Prodigy	4	5,106,568
84 William Street JV LLC	Member Loan - AKA	4	567,396
84 William Street JV LLC	JV Equity - AKA	5	3,882,500
84 William Street Realty Associates LLC	Manager Loan	6	302,727
84 William Street Realty Associates LLC	Preferred Interest Equity	7	96,102,917
84 William Street Realty Associates LLC	Common Interest Equity	8	7,500,000
Total			\$ 223,950,100

*Note - above summary excludes accrued operating liabilities of the property and fund and accrued interest on all loans/debt.

**Note - all equity is shown at original basis, not fair value as of this date.

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Property Performance

As you know from the reports that we have sent in the past, the Property is not generating sufficient cash flow from the hotel operations and restaurant tenant to meet its current and anticipated debt obligations. Given the situation, we are consulting with representatives of a large group of LATAM-based investors in the project. These representatives have communicated several ideas and concerns in a collective effort to determine the strategy of the Property moving forward. Meanwhile, we are confident that the New York real estate market remains strong beyond the current underperformance and capitalization structure of the Property⁶

Therefore, as investment manager we must act prudently to protect your investment. We intend to engage Newmark Knight Frank as restructuring advisors with a scope of services including but not limited to: valuation services, agent leasing, due diligence, capital markets, recapitalization analysis, debt and structured finance. Newmark is one of the world's leading and most trusted commercial real estate advisory firms. Together with London-based partner Knight Frank, 16,000 professionals operate from over 430 offices on 6 continents.

Upon engagement of Newmark, your collaboration will be required to ensure an efficient process that optimizes the recovery of your investment capital.

In the next few weeks, we intend to deliver to you a detailed update on the proposed strategic plan so you can make an educated decision regarding the future of the project.

Please be aware that the alternatives include, but are not limited to:

- Market the Property for an outright sale immediately. Current market conditions lead us to believe that the sale would happen at a substantial loss. In case of an outright sale, it is expected that the Property would be sold before the end of the year. After interviewing several sales brokerage firms, we have selected [Eastdil Secured](#), a firm with over 50 years of experience in marketing real estate to start this process and we will keep you informed of a potential disposition price.
- Capital restructuring of the property.

While we are disappointed that the Property has not performed as expected, we continue to work diligently on delivering the best outcome under these adverse circumstances.

⁶ https://www.millersamuel.com/files/2019/02/mandecade_2018.pdf

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Communication

If you are a REP investor, the most efficient way to get your questions answered as quickly and accurately as possible, is to please submit via email to 84william@[prodigynetwork.com](mailto:84william@prodigynetwork.com). Your documents can be found on your dashboard which can be accessed via logging into www.prodigynetwork.com with the email address used when you signed your subscription agreement.

Bear in mind that if you are a FLEX investor, all documentation relevant to your investment can be accessed via Bloomberg or by contacting your custodian. You can also email any questions to 84william@prodigynetwork.com

We will be gathering all questions and addressing the key inquiries to respond to you as soon as possible. This is the best method to ensure transparency, accuracy, and timeliness of the information.

We will keep you regularly informed on the status of the aforementioned actions as well as strategy updates. Our intention is that these measures will benefit the interest of the investors.

Best,

A handwritten signature in black ink, appearing to read 'Rodrigo Nino', with a stylized flourish at the end.

Rodrigo Nino
Prodigy Shorewood Investment Manager, LLC