Deutsche Oel & Gas TC-2016 S.A.

Luxembourg

Information Memorandum

for the Offer of up to

USD 170,000,000

5.75% Notes due 31 August 2020 with a minimum subscription amount of USD 150,000 for each investor

Deutsche Oel & Gas TC-2016 S.A. (the "**Issuer**" or "**TC-2016**")
will issue on 18 March 2016
up to USD 170,000,000 notes due 31 August 2020 (the "**Notes**") to investors if and under the condition that each investor subscribes for at least USD 150,000.

The Notes will bear interest from and including 18 March 2016 to, but excluding, 31 August 2020 at a rate of 5.75% p.a., payable semiannually on 31 May and 30 November of each year, commencing on 30 November 2016.

The obligations under the Notes constitute secured, direct and unconditional obligations of the Issuer ranking *pari passu* among themselves.

18th July 2016

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TABLE OF CONTENTS

I. SUMMARY 3

II. RISK FACTORS 14

1. Risks related to the Issuer 14

2. Market Risks 18

3. Risks relating to the Notes 20

4. Risks relating to the Security 24

III. GENERAL INFORMATION 33

1. Responsibility for the Content of this Memorandum 33

2. Subject Matter of this Memorandum 33

3. ISIN / WKN 33

4. Principal Paying Agent 33

5. Expenses of the Issue 33

6. Reasons for the Offer and Use of Proceeds 33

7. Documents Available for Inspection 33

8. Forward-looking Statements 34

9. Numerical and Currency Information 34

10. Further Notes regarding this Memorandum and the Offer 34

IV. GENERAL DESCRIPTION OF THE ISSUER 36

1. Formation, Business Name, Registered Office, Financial Year, Duration and Term of the Issuer 36

2. Share Capital and Shareholder Structure 36

3. Shareholders' Meeting 37

4. Board of Directors 39

5. Supervision of the Issuer 40

6. Accounting year, Balance 41

7. Corporate Governance 41

V. BUSINESS DESCRIPTION 42

1. Introduction and Overview 42

2. Tax Credits 43

3. Purchase of Tax Credits 45

4. Insurance Coverage 46

VI. DIRECTORS 48

VII. DESCRIPTION OF THE SECURITY GRANTORS 49

1. General Information relating to Cornucopia 49

2. General Information relating to Furie 49

VIII. TERMS AND CONDITIONS OF THE NOTES 51

IX. SECURITY 65

1. Security 65
2. Use of Net Proceeds 65
3. Enforcement of Security 67
X. SUMMARY OF RULES REGARDING RESOLUTIONS OF NOTEHOLDERS 69
1. Specific Rules regarding Votes without Meeting 69
2. Rules regarding Noteholders' Meetings applicable to Votes without Meeting 69
XI. OFFER AND SALE OF THE NOTES 71
1. The Offer 71
2. Offer Period 71
3. Issue Price, Interest and Yield 72
4. Issue, Number of Notes to be issued and Result the Offer 72
5. Costs of the Investors in Connection with the Offer 72
XII. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY 73
XIII. TAXATION IN LUXEMBOURG 77

I. SUMMARY

Warning Notice

This summary should be read as an introduction to this memorandum (the "**Memorandum**").

This Memorandum is for the sole purpose of a private placement of up to USD 170,000,000 5.75% Notes due 31st August 2020 (the "Notes").

Any decision to invest in the securities should be based on consideration of this Memorandum as a whole by the investor. Where a claim relating to the information contained in this Memorandum is brought before a court, the plaintiff investor might, under the national legislation of the member state, have to bear the costs of translating the Memorandum before any legal proceedings are initiated.

Civil liability attaches only to the persons who have tabled the summary but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Memorandum or it does not provide, when read together with other parts of the Memorandum, key information in order to aid investors when considering whether to invest in such securities.

Issuer

The Issuer's legal and commercial name is Deutsche Oel & Gas TC-2016 S.A. (hereinafter also referred to as the "**Issuer**" or the "**Company**").

Legal Form

The Issuer is a public limited liability company (*Aktiengesellschaft – Société Anonyme*) under the laws of Grand-Duchy of Luxembourg, with its registered seat in 5, Rue de Bonnevoie, L-1260 Luxembourg.

The Issuer is a special purpose vehicle ("**SPV**"). The Issuer's sole shareholder is TB Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Buchholz i.d. Nordheide, Germany which is, in addition, escrow agent and use of funds auditor (the "**Escrow Agent**").

Issuer's principal activities

The Issuer's business is to purchase until 31 December 2017 Tax Credits at a discount to the nominal value of the claim and to collect the Tax Credits. Sellers of the Tax Credits are Cornucopia Oil and Gas Company, LLC, Texas, USA ("**Cornucopia**") and its wholly owned subsidiary Furie Operating Alaska, LLC, Texas, USA ("**Furie**" and, together with Cornucopia, the "**Sellers**" of "**Cornucopia Group**"). Cornucopia is through Furie active in the exploration and development of oil and gas reserves as well as the establishment of corresponding infrastructure in Cook Inlet, located in the State of Alaska, USA. Cornucopia is the explorer of crude oil and natural gas resources located in the so called Kitchen Lights Unit, which covers an exploration area of 337 km² and is approved and recognized by the Department of Natural Resources of the State of Alaska.

With respect to the discount, at which the Tax Credits are purchased, the Issuer and the Sellers have agreed on the following: The Issuer makes a prepayment on the purchase price. This prepayment amounts to 85% of the nominal amount of each Tax Credit, which means an estimated discount of 15% ("**Discount**"). The actual Discount is calculated on a yearly basis and amounts to the sum needed for the payment of interest under the Notes plus the sum needed to pay

	all other costs, including taxes, as shown in the accounts of the Issuer plus portions of nominal amounts of Tax Credits that cannot be realised. This amount is deducted from the nominal amount of all Tax Credits purchased in the respective year to calculate the actual purchase price for those Tax Credits. If and to the extent that there is a difference between the prepaid purchase price and the actual purchase price in favour of the Sellers, the Sellers shall grant this amount as a subordinated, non-interest bearing amortizing loan to the Issuer (the "**Subordinated Loan**"). The Subordinated Loan shall only be repayable if and to the extent that it will not be used for the payment of property and other delinquent taxes in and on behalf of Cornucopia and Furie or is set-off against claims against Cornucopia and Furie for compensation of not realised parts of Tax Credits. The Subordinated Loan may (unless otherwise stated herein) not be repaid before the claims under the Notes are fully settled. The economic idea behind this is to earn 5.75% for the purpose of interest payments under the Notes and 8.0% for placement, administration and consulting fees and costs over the term of the Notes. If and to the extent that as of the 31 July of each year there is any difference between the prepaid purchase price and the actual purchase price in favour of the Sellers, which is higher than 2/3 of the Discount, the Escrow Agent may, at his discretion, transfer this amount, which is in excess of 2/3 of the Discount, as a repayment of the Subordinated Loan, to the Sellers. The Issuer purchases until 31 December 2017 from Cornucopia and Furie already filed Tax Credit claims of Cornucopia and Furie against the State of Alaska. In addition, the Issuer makes until 31 December 2017 advance payments in relation to the future acquisition of Tax Credit claims of Cornucopia, which have been confirmed by the tax credit expert, i.e. Theodor van Stephoudt, Reed Smith, New York, or such other person appointed by the Escrow Agent and reasonably acceptable to Cornucopia and Furie, ("**Tax Credit Expert**") to meet the eligibility criteria, i.e. the requirements under Alaska Law for being granted Tax Credits as defined in the Trust and Use of Funds Auditor Agreement, ("**Eligibility Criteria**"), but which have not yet been filed and which will be purchased by the Issuer after their becoming transferable, i.e. upon their filing. These advance payments amount to up to 66% of the respective investment amount, i.e. the invested funds in an eligible investment, which has been confirmed by the Tax Credit Expert to comply with the Eligibility Criteria after having examined and considered all required corresponding invoices and related documents, reports and other papers. Cornucopia may utilize these advance payments solely for the settlement of invoices underlying the respective investment amount as well as the refinancing of existing indebtedness and for covering corresponding fees. Tax Credits are granted by the State of Alaska for certain investments in the exploration and development of oil and gas reserves ("**Tax Credits**"). Cornucopia is currently realizing revenues from the production of gas starting in November 2015. In addition, Cornucopia is entitled to Tax Credits and has already realised such credits in considerable scope. The tax credits program provides that exploration companies which are not paying taxes yet may arrange to be issued tax credits certificates which may be redeemed by the State of Alaska via payment. To fund its principal activities, the Issuer issues the Notes.
Use of Net Proceeds	The Issuer and the Sellers have entered into a trust and use of funds auditor agreement (the "**Trust and Use of Funds Auditor Agreement**") with TB

Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Buchholz i.d. Nordheide, Germany as escrow agent and use of funds auditor (the "**Escrow Agent**"). In this function, the Escrow Agent holds and audits the use of the funds standing to the credit of the escrow account and the construction account.

The proceeds of the Notes are paid by the Noteholders to the account of the payment agent. The Issuer will instruct the payment agent to transfer these proceeds to the escrow account, i.e. an account of the Issuer, pledged to the Escrow Agent, with full disposal rights of only the Escrow Agent before an event of default and upon the occurrence and during the continuation of an event of default under the Notes, with sole disposal rights of only the Escrow Agent as the security trustee ("**Escrow Account**"). In this regard the Issuer and Cornucopia have entered into a security trust agreement on **March 25, 2016**, which is attached to this Memorandum, (the "**Security Trust Agreement**") with the Escrow Agent, as trustee (the "**Security Trustee**").

Proceeds from acquired Tax Credits are directly to be paid by the State of Alaska into the construction account, i.e. an account of Cornucopia set up with an account authorisation (Kontenverfügungsbevollmächtigung) for the Escrow Agent in favour of the Escrow Agent (the "**Construction Account**"). The Escrow Agent will transfer any credit on the Construction Account resulting from proceeds of the Tax Credits to the Escrow Account without undue delay.

The Escrow Agent shall ensure a due control of, and undertakes to hold, manage and release, the proceeds of the Notes, any tax credit proceeds, any funds resulting from the utilization of the Subordinated Loan in accordance with the Trust and Use of Funds Auditor Agreement.

Any release is subject to the following general conditions precedent:

- the note documentation has been executed to the satisfaction of the Escrow Agent;
- a Tax Credit Expert, as defined in the Trust and Use of Funds Auditor Agreement, has been appointed;
- the Security Trust Agreement has been executed and the security has been validly established in appropriate rank and provided to the Security Trustee to the satisfaction of the Escrow Agent (establishment of appropriate rank may be subject to release of corresponding Proceeds); and
- the insurance cover has been validly implemented.

The additional conditions for releases depend on the purpose of the release. Releases may be made for the following purposes:

(i) payment of issuing costs and consultancy fees;

(ii) fulfilment of the payment obligations under the Notes;

(iii) releases for the acquisition of Tax Credits; and

(iv) advance payments in relation to the future acquisition of Tax Credits.

The Escrow Agent shall also release the funds paid from the Escrow Account to the Construction Account pursuant to (iii) through (iv) above under certain conditions, in particular as purchase price to Cornucopia.

Pre-Enforcement Priority of Payments

On the 30th of November and the 31st of May of each year, but for the first time on the 30th of November 2016 prior to the occurrence of an event of default under the Notes, the Escrow Agent in its function as use of funds auditor shall ensure that payments are made in accordance with the Trust and Use of Funds Auditor Agreement in the following order:

- **first**, to pay any obligation of the Issuer which is due and payable with respect to corporation and trade tax under any applicable law (if any);

- **second**, to pay any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Security Trustee under the Security Trust Agreement and the Escrow Agent under the Trust and Use of Funds Agreement;

- **third**, to pay pari passu with each other on a pro rata basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to a corporate administrator, under the corporate administration agreement and the account bank, under the accounts agreement, any amounts due and payable by the Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses;

- **fourth**, to pay pari passu with each other on a pro rata basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the legal advisers or auditors of the Issuer, the Paying Agent, the cash administrator and the calculation agent, placement agents and any other relevant party with respect to the issue of the Notes and to pay any property taxes and/or any other delinquent taxes of Cornucopia and Furie, which otherwise would lead to a reduction or exclusion of tax credit claims with respect to Tax Credits purchased from Cornucopia and Furie, in case the Escrow Agent comes to the conclusion that Cornucopia and/or Furie are not able or not expected to be able to pay the respective taxes;

- **fifth**, to pay Notes interest due and payable pro rata on each Note;

- **sixth**, to pay any other costs of the Issuer and Third Party Fees;

- **sevenths**, to pay any Notes principal pro rata on each Note if and to the extent due and payable.

The costs under second through fourth may only be paid by the Issuer up to a total amount of 8% of the proceeds from the Notes over the term of the Notes.

Post-Enforcement Priority of Payments

Upon the occurrence and during the continuation of an event of default, only the Security Trustee is authorized to release funds from the Escrow Account and the Construction Account as the case may be in accordance with the Trust and Use of Funds Auditor Agreement. In this case on the 30th of November and the 31st of May of each year, but for the first time on the 30th of November 2016 any credit be applied in the following order towards fulfilling the payment obligations of the Issuer, in each case only to the extent payments of a higher priority have been made in full:

- **first**, to pay any direct costs of enforcement as well as obligation of the Issuer with respect to corporation and trade tax under any applicable law (if any) which is due and payable;

- **second**, to pay any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Security Trustee under the Security Trust Agreement;

- **third**, to pay pari passu with each other on a pro rata basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the corporate administrator under the corporate administration agreement and the account bank under the accounts agreement, any amounts due by the Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses;

- **fourth**, to pay pari passu with each other on a pro rata basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to legal advisers or auditors of the Issuer, the paying agent, the cash administrator and the calculation agent, placement agents and any other relevant party with respect to the issue of the Notes and to pay any property taxes and/or any other delinquent taxes of Cornucopia and Furie, which otherwise would lead to a reduction or exclusion of tax credit claims with respect to Tax Credits purchased from Cornucopia and Furie, in case the Escrow Agent comes to the conclusion that Cornucopia and/or Furie are not able or not expected to be able to pay the respective taxes;

- **fifth**, to Notes interest due and payable pro rata on each Note;

- **sixth**, to pay any Notes principal due and payable pro rata on each Note;

- **seventh**, to repay outstanding principal due and payable under the Subordinated Loan, any other costs of the Issuer and Third Party Fees and

provided that any payment to be made by the Issuer under items first to fourth (inclusive) with respect to taxes shall be made on the business day on which

such payment is then due and payable using the credit.

The costs under second through fourth may only be paid by the Issuer up to a total amount of 8% of the proceeds from the Notes over the term of the Notes.

Nature and scope of the security

The Notes have the benefit of certain security granted by each of the Issuer and Cornucopia and Furie, securing both the claims of the Noteholders for redemption of the Notes and the claims of the Noteholders for interest payments as well as any and all sums and liabilities which are or may become payable by the Issuer pursuant to, or in connection with, the issue of the Notes ("**Secured Obligations**").

In order to secure the Secured Obligations, the Issuer and Cornucopia have entered into a security trust agreement on **March 25, 2016**, which is attached to this Memorandum, (the "**Security Trust Agreement**") with the Escrow Agent as trustee (the "**Security Trustee**"). The Security Trustee holds and administers certain security interests, and, in an event of default of the Issuer, enforces the Security for the benefit of the Noteholders.

Furthermore, as a measure of security, the Issuer and the Sellers have entered into the Trust and Use of Funds Auditor Agreement with TB Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Innungsstraße 11 – 13, 21244 Buchholz i.d. Nordheide, Germany, described above, which may be replaced at any time by successor Escrow Agent in accordance with the Trust and Use of Funds Auditor Agreement.

Security

The security granted by the Issuer, Cornucopia and Furie pursuant to the Security Documents (the "**Security**") comprises mainly:

- a global security right over all Tax Credits granted by Cornucopia and Furie;
- a pledge over the Escrow Account granted by the Issuer;
- a security assignment of all claims and receivables under the following insurances to the Issuer which cover damages up to USD 25 million (but increasable in accordance with the amount of proceeds generated by the issuance of the Notes) and need to be entered before disbursement of funds:

  With respect to filed Tax Credits the Issuer is insured by a political risk insurance to cover the risk of e.g. abandonment, selective and discriminating government acts with impact on exploration area or which prevents the participating in the benefits of the program and the risk of non-honouring of valid tax credit certificates (including the risk of insolvency of the state of Alaska or a delay of payment for more than 45 days), provided the government has no right to withdraw the payment.

  Trade receivables insurance covering the risk of claw-back of any Advanced Payments and/or Tax Credits if Cornucopia goes bankrupt.

  Further insurance concluded on behalf of Cornucopia and Furie, which indirectly support the Notes, i.e. the claims and receivables under this insurance are not transferred by way of a security assignment, covers:

	Certain operational risks from the operating activities in Alaska e.g. general and pollution liability, energy risks (control of well), construction all risk insurance. • a pledge over the securities deposit account including all sub-accounts in which money market instruments are held which were purchased with proceeds from the Notes.
Securities	
Type and class of the securities being offered, including any security identification number	The Notes are payable to the bearer and are ranking *pari passu* among themselves and bear a fixed interest income throughout the entire term of the Notes. International Securities Identification Number (ISIN): DE000A1Z9T04 Wertpapierkennnummer (WKN): A1Z9T0
Currency	The currency of the securities issue is US-Dollar/USD/$.
Description of any restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the securities.
Rights attached to the securities including ranking and limitations to those rights	*Rights attached to the securities*: The Notes will bear interest on their principal amount at a rate of 5.75% per annum as from 18 March 2016 (the "**Issue Date**"). *Ranking*: The Notes constitute secured, direct unconditional obligations of the Issuer. They rank *pari passu* among themselves in respect of security. Following the occurrence of an event of default, as defined in the terms and conditions, the Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments. *Security*: The Notes have the benefit of certain security granted by the Issuer and Cornucopia and Furie as described above.
Nominal interest rate, due dates for interest, maturity date, repayment procedures	Nominal interest rate: The Notes will bear interest on their principal amount at a rate of 5.75% p.a. as from including 18 March 2016 to, but excluding, 31 August 2020. Dates for interest payment: Interest shall be payable semiannually on 31 May and 30 November of each year, commencing on 30 November 2016. Redemption at Maturity Date: The Notes will, unless previously redeemed in whole or in part or purchased and cancelled, be due for repayment on 31 August 2020 ("**Maturity Date**"). In case Tax Credits have not been purchased for a period of three months and the Escrow Agents confirms in writing that he considers that any further purchases of Tax Credits are not possible at short term, the Issuer may and is obliged to redeem the Notes (in whole but not in part) with effect from the redemption date.

	The Issuer undertakes to pay, as and when due, principal and interest on the Notes in US-Dollars. Payment of principal and interest on the Notes shall be made, subject to applicable fiscal and other laws and regulations, through the Paying Agent for on-payment to Clearstream Banking AG Frankfurt am Main, Germany ("**Clearstream**") or to its order for credit to the respective account holders. Payments to Clearstream or to its order shall to the extent of amounts so paid constitute the discharge of the Issuer from its corresponding liabilities under the terms and conditions of the Notes.
Inclusion for trading	The Issuer intends to include the Notes for trading in the Freiverkehr of the Frankfurt stock exchange or a similar market segment. The Issuer however does not guarantee such inclusion.
Risks	Prior to their investment decision, investors should carefully read and consider the following risk factors along with the other information contained in this Memorandum. The occurrence of one or more of these risks may have material adverse effects on the business, the net assets, financial position and results of operations of the Issuer. The market price of the Notes could drop significantly as a result of each of these risks, and investors could lose all or part of their invested capital. Risks associated with the Issuer and its industry are described below. The risks described below do not represent an exhaustive list of risks to which the Issuer is exposed. Additional risks and uncertainties that are not currently known to the Issuer could also adversely affect the Issuers business operations and have a negative effect on the Issuers net assets, financial position and results of operations. The order in which the risks are listed does not correspond to, or indicate, the likelihood of their occurrence or the significance and level of the risks or the extent of a possible damage. Selection and content of the included risk factors were based on assumptions that may subsequently prove incorrect. The risks described may occur individually or cumulatively. **Risks related to the Issuer** The Issuer is a special purpose vehicle with limited resources focused on the purchase of Tax Credits from Cornucopia and dependent on certain actions of Cornucopia and Furie. The business model of the Issuer depends on the fact that the Cornucopia Group fulfils the eligibility criteria for an application for cash purchase of tax credit certificates and does not have any production tax liability or liability to the State of Alaska for unpaid delinquent taxes in excess of the cash reserve of the Issuer with which he might fulfil such claim. Risk that a tax credit claim could be reduced or the State of Alaska could reassess a production tax including interest against Cornucopia and/or Furie from the date the credit certificate was issued as a result of an audit by DOR and that liability and insurance coverage of the Tax Credit Expert might not cover all losses in this respect. Lack of track record and operating history. **Market Risks** Dependence on the tax credit program of the State of Alaska.

Insufficiency of the funds in the oil and gas tax credit fund might lead to a reduction of funds available to the Issuer. This loss might be covered in certain cases by a political risk insurance but not in all cases.

The Issuer's business is subject to the general legal environment in Luxembourg, the Federal Republic of Germany, the United States of America, Texas and in particular in Alaska.

Risks relating to the Notes

The Notes may not be suitable for every investor.

At the option of the Issuer, the Notes may be subject to early redemption.

Noteholders are exposed to the risk of unfavourable price developments of the Notes that occur when Notes are sold prior to their final redemption date.

The price of the Notes could fall if the creditworthiness of the Issuer deteriorates.

The Notes denominated in US-Dollar ("USD") may be risky for investors to whom the USD is a foreign currency; governments and competent authorities may impose foreign exchange controls.

The Notes are fixed-interest notes. A holder of fixed-interest notes is exposed to the risk that the price of these Notes may fall due to changes to the market interest rate.

A Noteholder is exposed to the risk of being overruled and lose its rights vis-à-vis the Issuer if the Noteholders pass a majority resolution in accordance with the German Act on Debt Securities (Schuldverschreibungsgesetz – "SchVG") and in accordance with the Terms and Conditions to amend the Terms and Conditions.

Noteholders who finance the acquisition of the Notes using a loan may be exposed to a significant increase of loss in case of default under the Notes.

Payments of interest on the Notes and/or profits realised by Noteholders upon the sale or repayment of the Notes, may be subject to taxation.

Certain amounts payable to third parties reduce funds available to pay to the Noteholders.

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

Certain conditions that have to be fulfilled before the first payment from the Escrow Account require different forms of participation of third parties and thus, might not be met in time or not at all.

Risks relating to the Tax Credits and the (other) Security

Deficiencies in granting of the Security or prior encumbrances thereof may render the Security worthless.

The claims under certain insurances, which are pledged as part of the Security, do not constitute a comprehensive coverage of all risks connected to the business model of the Issuer and the insurance coverage might, due to numerous reasons, not apply in a specific case. The respective insurance

	policies have not yet been entered into and thus the exact details of the policies once put into force might not be in line with investors' expectations in all aspects. There are risks arising from the applicable U.S. law regarding the transfer of Tax Credits and the establishment of security interests therein. In particular there are certain legal uncertainties about the sale of tax credits and the risk of unrecognized intermediate dispositions over security interests in Tax Credits, which might render the transfer of a security interest useless. Risk that applicable U.S. bankruptcy laws might adversely affect the security interests which were established and the establishment of security interests might be voidable. The current value of the Security is undefined and the Security may have no value at all in case of its enforcement. The claims of other creditors may have priority over the claims of the Noteholders. Local insolvency laws may not be as favourable to the investor as the bankruptcy or insolvency laws of the jurisdiction with which the investor is familiar and may preclude Noteholders from recovering payments due on the Notes. The Noteholders depend on the Escrow Agent to audit the usage of the Net Proceeds and on the Security Trustee to administer the Security and, after an event of default, to administer the Escrow Account and to enforce the Security. The position of such Escrow Agent and/or Security Trustee may not be recognized and/or the Escrow Agent and/or the Security Trustee may become insolvent. Cornucopia is dependent on Furie. The proceeds from the enforcement of the Security may not be sufficient to satisfy the obligations of the Issuer under the Notes. The issue of the Notes and the Security is a complex transaction concerning several jurisdictions. This can result in negative impacts, in particular legal or tax impacts which have not been foreseen by the Issuer. There is no enforceable right that Tax Credits may be redeemed by the State of Alaska via payment. The past experience of Cornucopia and other market participants, that such redemption occurs, might be contradicted in the future. Expected Tax Credits which are not filed for upon opening of insolvency proceedings might not become enforceable.
Offer	
Reasons for the offer and use of proceeds	The reason for the offer is to aggregate funds in order to purchase until 31 December 2017 at a discount from Cornucopia and Furie already filed Tax Credit claims of Cornucopia and Furie against the State of Alaska and to make until 31 December 2017 advance payments for Tax Credit claims that the Issuer will purchase after such Tax Credit claims have become transferable, i.e. after they have been filed.
Description of the terms	The Issuer offers up to USD 170,000,000.00 5.75% Notes due on 31 August

and conditions of the offer	2020 (the "**Offer**"). The Offer is made only to investors in Germany and certain other countries but in particular outside the United States, Canada, Australia and Japan (the "**Private Placement**") in compliance with applicable private placement exemptions. The offer period during which investors may place subscription offers will commence not earlier than 18 March 2016 and will expire on 30 September 2016 at 12:00 a.m. (CET) (the "**Offer Period**"). The Issuer reserves the right to extend or shorten the Offer Period. Any reduction or extension of the Offer Period as well as further subscription periods will **not** be communicated to potential investors. The issue price for each Note amounts to USD 1,000.00 and represents 100% of its nominal plus accrued interest (Stückzinsen) calculated from 18 March 2016. Each investor has to subscribe for at least 150 Notes ("Minimum Subscription") in an amount of at least USD 150,000 ("Minimum Subscription Amount"). Each investor has to pay subscribed amounts to the accounts of the Issuer within 5 Business Days after the Issuer has received his subscription offer. The Issuer is entitled to reduce subscription offers or reject individual subscription offers. Investors who have submitted subscription offers for the Notes will receive a notice on the number of Notes allotted to them.

II. RISK FACTORS

Prior to their investment decision, investors should carefully read and consider the following risk factors along with the other information contained in this Memorandum. The occurrence of one or more of these risks may have material adverse effects on the business, the net assets, financial position and results of operations of the Issuer or the Group. The market price of the Notes could drop significantly as a result of each of these risks, and investors could lose all or part of their invested capital. Risks associated with the Issuer and its industry are described below. The risks described below do not represent an exhaustive list of risks to which the Issuer is exposed. Additional risks and uncertainties that are not currently known to the Issuer could also adversely affect the Issuer's business operations and have a negative effect on the Issuer's business, net assets, financial position and results of operations. The order in which the risks are listed does not correspond to, or indicate, the likelihood of their occurrence or the extent of their potential economic impact. Selection and content of the included risk factors were based on assumptions that may subsequently prove incorrect. The risks described may occur individually or cumulatively.

1. Risks related to the Issuer

a) The Issuer is a special purpose vehicle with limited resources focused on the purchase of Tax Credits from Cornucopia and dependent on certain actions of Cornucopia.

The Issuer is a special purpose vehicle ("**SPV**") financing with most of the proceeds from the Notes the purchase of Tax Credit claims (including advance payments for future purchases of Tax Credit claims) from Cornucopia Oil and Gas Company, LLC, Texas, USA ("**Cornucopia**") and its wholly owned subsidiary Furie Operating Alaska, LLC, Texas, USA ("**Furie**" and, together with Cornucopia, the "**Sellers**" or also jointly referred to as "**Cornucopia Group**", as the case may be) at a discount to the nominal value of the claim and collecting the proceeds from the Tax Credits. Cornucopia and Furie as the Sellers of those Tax Credit claims use the sales proceeds for the refinancing of current debt and partially for the finance of their business activities. Cornucopia is through its wholly owned subsidiary Furie active in the exploration and development of oil and gas reserves as well as the establishment of corresponding infrastructure in Cook Inlet, located in the State of Alaska, USA. The Issuer purchases until 31 December 2017 from the Sellers already filed Tax Credit claims of the Sellers against the State of Alaska and makes until 31 December 2017 advance payments for the purchase of Tax Credit claims that the Issuer will purchase after such Tax Credit claims have become transferable, which is the case after they have been filed. Before filing Tax Credit claims are not transferable, however a security interest can be established in them. Tax Credits are granted by the State of Alaska for certain investments in the exploration and development of oil and gas reserves subject to the limitations described under V. 2. ("**Tax Credits**").

As an SPV the Issuer has limited resources. This might affect the Issuer's ability to satisfy its payment obligations under the Notes because the Issuer is wholly dependent upon receipt of sufficient payments, i.e. payments under the purchased Tax Credits as well as the proceeds of the Notes.

The Issuer has limited substance, no employees and no means to conduct any other business than to purchase and collect Tax Credits. Therefore, it will rely on the ability of Cornucopia Group to successfully conduct its business and generate purchasable Tax Credits. To this extent, the Issuer is dependent on the Cornucopia Group. In case the Cornucopia Group would discontinue its operations or fall into insolvency, this would affect the Issuer, in particular no further Tax Credits could be bought from Cornucopia and Furie, which would lead to an early redemption of the Notes at their principal amount plus interest accrued to, but excluding, the date of such early redemption. Noteholders would in this case receive less interest than under the regular term of the Notes.

The Cornucopia Group is still at an early stage of development, although it started gas production in November 2015. It is not yet producing any oil. The production and sale of oil will begin no earlier than 2017, but it cannot be excluded that it might be postponed. Furthermore, if Cornucopia Group should not fulfil its exploration, development and production requirements as given by the Plan of Exploration, this could result in a withdrawal of the mineral extraction rights or mining rights for mineral oil and natural gas granted by the State of Alaska for an exploration area of 337 km² located in the so called Kitchen Lights Unit in Alaska (hereinafter called "**Lease Rights**") of the Cornucopia Group.

Moreover, since some of the Lease Rights of the Cornucopia Group refer to unproved mineral oil and natural gas reserves, it is possible that, with respect to these unproved reserves the exploration activities will not be successful and therefore the planned oil and gas production will not be realised.

Furthermore, the Cornucopia Group is in need of a considerable amount of financial resources in the short term and in the upcoming years, which might not be possible to satisfy. This need for financial resources primarily arises from the fact that Cornucopia Group as an exploration enterprise, it has in significant scope incurred expenditures for exploration activities over a long period of time without sales being generated in this period. Moreover, other circumstances, such as unexpected costs, can result in the Cornucopia Group not having enough financial resources available. Cornucopia Group started in the second half of November 2015 the production of natural gas. Since the end of 2015 Cornucopia Group generates revenues from the production of gas. Further investments in the expansion of gas production and in the exploration and development of production of oil are planned, which require relevant financing needs.

All the aforementioned circumstances could lead to the insolvency of Cornucopia and/or Furie. In this case likely all of the business of the Issuer will cease to exist. In this case it is intended to redeem the Notes early at their principal amount plus interest accrued to, but excluding, the date of such early redemption. Noteholders would in this case receive less interest than under the regular term of the Notes. Further, additional risks for the Noteholders cannot be excluded.

b) The business model of the Issuer depends on the fact that the Cornucopia Group fulfils the eligibility criteria for an application for a cash purchase of tax credit certificates and does not have any production tax liability or liability to the State of Alaska for unpaid delinquent taxes in excess of the cash reserve of the Issuer which he might use in this respect.

The Issuer's business model is to purchase tax credit claims against the State of Alaska and to make advance payments for Tax Credit claims that the Issuer will purchase after such Tax Credit claims have become transferable, in order to receive from the State of Alaska, Department of Revenue (the "**DOR**") cash as consideration for the purchase of tax credit certificates. Such cash purchase is only possible under certain conditions.

If after having received the application for tax credits, DOR is "reasonably satisfied that the applicant is entitled to a credit," it will issue a transferable tax credit certificate in the amount of approved credit. The applicant (explorer or producer) that obtains a transferable tax credit certificate from DOR may:

(1) transfer the certificate to a producer that can apply the certificate against its production tax liability; or

(2) apply to DOR for cash purchase of the certificate.

DOR may only purchase part or all of a certificate if the following conditions are met:

(i) the calendar year of purchase is not earlier than the first calendar year for which the

credit could be applied against the tax;

(ii) the applicant does not have any production tax liability after application of all available tax credits;

(iii) the applicant does not have any delinquent state taxes;

(iv) the applicant produced a daily average of not more than 50,000 BTU equivalent barrels in the previous calendar year; and

(v) the purchase is consistent with DOR regulations.

The applicant (explorer or producer) is the entity that applies for cash purchase and must meet these criteria.

The business model of the Issuer depends on the fact that the Cornucopia Group fulfils these eligibility criteria for an application for a cash purchase of tax credit certificates ("**Eligibility Criteria**"). According to its current business plan, Cornucopia expects to produce less than 50,000 BTU equivalent barrels for the next 4 or 5 years. However, it cannot be stated with certainty that the production level of Cornucopia will remain below a daily average of 50,000 BTU equivalent barrels and therefore that Cornucopia will remain eligible to apply for an application for cash purchase of tax credit certificates.

If an applicant is in a position of paying production taxes ***or*** of having any delinquent state taxes at the time of the application for cash purchase, the amount of a credit certificate available for cash purchase would be reduced by the amount of production tax liability or may be denied if the applicant has delinquent state taxes, unless the applicant pays those taxes prior to its application. The application of the credit certificate against production taxes might even lead to a reduction to zero.

Cornucopia is subject to Property Tax. However, the Issuer will be in the position to pay those taxes in and on behalf of Cornucopia. In order to provide the Issuer with the required financial means, the discount on the purchase price for the acquisition of Tax Credits up to the total normal amount of USD [159] million has been increased up to 15% of the maximal nominal amount of the Tax Credits purchased.

Cornucopia Group is currently realizing revenues from the production of gas. However, the Cornucopia Group is of the opinion that it will not have taxable profits from production within the term of the Notes, of which any tax burden could be offset against a tax credit certificate. Otherwise, it would be able to pay any production tax from its current gas production revenues. Nevertheless, Cornucopia Group is entitled to Tax Credits and has already realized such credits in considerable scope.

Although the production of gas by Cornucopia Group started in November 2015, Cornucopia Group is not expecting to be charged with production tax at least until the end of 2018. The reason for this is that the current Alaska tax credit regime provides a small producer credit of up to USD 12 million per year that can be applied against Alaska oil and gas production tax liability. This credit can be used to reduce the production taxes to zero (but not below zero). The maximum amount of the credit, USD 12 million per year, is available for a producer whose daily average amount of taxable oil and gas produced is not more than 50,000 BTU equivalent barrels. The credit is reduced on a straight line basis as production increases and is zero when the daily average amount of taxable oil and gas produced is equal to or greater than 100,000 BTU equivalent barrels. According to its current business plan, Cornucopia Group expects to be eligible for this small producer credit at least until the end of 2018. The small producer credit regime has a sunset date. A producer may not take the small producer credit for any calendar year after the later of (i) 2016; or (ii) if the producer has initiated

commercial production from a lease or property in the State of Alaska before 1 May, 2016, the ninth calendar year after the first calendar year during which the producer first has commercial production. The small producer credit therefore applies through 2016 and the Issuer expects it to be available beyond that date. However, it cannot be stated with certainty that the Alaska legislature will extend the provision. Since Cornucopia Group started production of gas in November of 2015, and, therefore, before 1 May 2016, the small producer credit applies. The Tax Credit Purchase and Assignment Agreement entered into by and between the Issuer and the Sellers contains an obligation of the Sellers not to produce more than a daily average of 50,000 BTU equivalent barrels. However, this is a mere contractual obligation and it therefore also cannot be stated with certainty that the production level of Cornucopia Group will remain below a daily average of 50,000 BTU equivalent barrels and therefore that Cornucopia Group will remain eligible for the maximum amount of the small producer credit at least until the end of 2018. In case the Alaska legislature decides not to extend the small producer credit or the production of Cornucopia Group rises above 50,000 BTU, Cornucopia Group may be obliged to pay production tax, which is generally subject to a set-off with tax credits. However, due to applicable loss-carry forwards from the past (currently USD 261 million) and due to ongoing expenditures, Cornucopia Group is also expecting that it will not have to pay any production taxes, income taxes and/or - besides property taxes - any other taxes at least until end of 2018 irrespective of the potential risk of the small producer exemption regime not being prolonged. However, it also cannot be stated with certainty that this expectation, based on the business plan of Cornucopia Group, turns out to be true, and that if any production tax is charged Cornucopia Group has enough liquidity to pay it, although it generates production revenues. Furthermore under Alaska tax law a 2% Alaska property tax rate is applied to any booked fixed assets in Alaska at the end of each year. Cornucopia Group had approximately USD 300 million in these assets at the end of 2015. Therefore it is likely that Cornucopia Group will be charged with a property tax of approximately USD 6,1 million in 2015. Due to ongoing installation of infrastructure the property tax is likely to be higher in upcoming years. If Cornucopia and/or Furie have delinquent property taxes or other state taxes (even a small amount) that would likely result in denial of an application for cash purchase of certificates. It would have to pay the taxes before obtaining cash for the certificates. If it had a production tax liability, the credit certificate could be applied against that liability. However, the Issuer has been for reasons of caution provided with the required financial means to pay such property tax or any other delinquent taxes in and on behalf of Cornucopia Group and, therefore, it is in the position to avoid the denial of an application for cash purchase of Tax Credits. Since Cornucopia Group is not a taxable entity, it will have not to pay income or corporate taxes. Even if it applies for the tax treatment as corporation, an income tax liability will certainly not arise within the term of the Notes.

The Issuer intends to obtain insurance coverage, covering e.g. the risk that benefits from tax credits are not realizable. However, it is unsure whether this will cover all risks described herein and even if such risks are insured on a general basis this insurance might not cover all losses that may occur due to a failure of Cornucopia to fulfil its duty to pay any production or income tax liabilities and any other tax liabilities or any other duties. Furthermore, there is a risk, that the insurance coverage might, due to numerous reasons, not apply in the specific case, e.g. certain exemptions in the insurance policy might apply or the insurance coverage might be excluded due to the violation of policyholder obligations or other reasons excluding insurance cover in the specific case might apply.In this case a set off by the State of Alaska would reduce the funds available to the Issuer, because the Issuer would not receive any cash compensation for the respective tax credit certificates.

c) Risk that a tax credit claim could be reduced or the State of Alaska could assess a production tax including interest against Cornucopia and/or Furie from the date the credit certificate was issued as a result of an audit by DOR and that liability and insurance coverage of the Tax Credit Expert might not cover all losses in this respect

DOR reviews applications for tax credit certificates and will issue a tax credit certificate if it is

reasonably satisfied that the applicant is entitled to a credit. After a tax credit certificate has been issued, DOR retains the right to audit the credit certificate subject to a six-year statute of limitations. Such audits occur on a regular basis and there are a number of exclusions from eligibility found in the governing statutes and regulations. The certificate's applicant (here: Cornucopia and Furie) will be liable for any adjustment, including interest accruing from the time when the relevant credit was issued, even if the certificate was transferred or purchased by the state. If the applicant has valid outstanding current credits, those available credits will be reduced by any audit adjustment. If the applicant has no valid outstanding credits at the time of any audit adjustment, the State of Alaska will assess a production tax including interest against the applicant from the date the credit certificate was issued. Interest charges can be very significant. Any adjustment is subject to appeal, which can be a lengthy process.

The tax credit expert, i.e. Theodor van Stephoudt, Reed Smith, New York, or such other person appointed by the Escrow Agent and reasonably acceptable to Cornucopia and Furie, ("**Tax Credit Expert**") is to a certain extent obliged to check whether and to which extent investments are eligible for tax credits. However, the scope of the audit by the Tax Credit Expert is limited and errors and omissions might occur in the course of his audit. The Tax Credit Expert obtained professional liability insurance covering i.a. the risk that investments are falsely considered as eligible for Tax Credits. However, there is a risk that the insurance coverage might, due to numerous reasons, not apply in the specific case, e.g. the amount insured is not sufficient and, in addition, certain exemptions in the insurance policy might apply or the insurance coverage might be excluded due to the violation of policyholder obligations or other reasons excluding insurance cover in the specific case might apply.

d) Lack of track record and operating history.

The Issuer has no prior track record or operating history that could help investors to evaluate the risks related to an investment in the Notes. This lack of track record and operating history limits the investors' ability to evaluate the risks associated with an investment in the Notes. The operating history of Cornucopia Group is not necessarily indicative of how the Issuer will perform.

2. Market Risks

a) Dependence on the tax credit program of the State of Alaska.

The State of Alaska financially supports the exploration and production of oil and gas by granting Tax Credits. These Tax Credits are granted by the State of Alaska for certain investments in the exploration and development of oil and gas reserves. The tax credit program provides that exploration companies may arrange to be issued tax credit certificates, which may be redeemed by the state of Alaska via payment. There are several relevant credits under Alaska's tax credit regime:

- carried-forward annual loss credit for 25% of eligible expenditures ("CFAL")

- well lease expenditure credit for 40% of eligible expenditures ("WLE")

- qualified capital expenditure credit for 20% of eligible expenditures ("QCE")

These credits are to some extent cumulative and the same expenditures may be eligible for both the WLE credit amounting to 40% of eligible expenditures and CFAL credit amounting to 25% of eligible expenditures. Likewise, the same expenditures may be eligible for both the QCE and the CFAL. However, the WLE credit cannot be combined with the QCE credit. All of the Issuer's business depends on the fact that this tax credit program is carried on by the State of Alaska. If the State of Alaska for some reason cancels the tax credit program, the Issuer's business will cease to exist. If the conditions of the Tax Credits program are altered to the disadvantage of the Issuer, this would have a

negative impact on the Issuer.

In case the Tax Credits program is cancelled by the state of Alaska, the Notes will be subject to early redemption. In this case, the Notes will be redeemed at their principal amount plus interest accrued to, but excluding, the date of such redemption. Noteholders would in this case receive less interest than under the regular term of the Notes. There is also a risk that not all claims under the Notes can be fulfilled, e.g. due to unforeseen costs.

There is also a risk of retroactive changes of the legal framework for the Alaska Tax Credits program. Alaska law does not expressly prohibit retroactivity. Although the Alaska Legislature has in the past made retroactive changes to tax laws, significant changes to the Alaska Tax Credit regime in 2013 were designed to avoid negative retroactive impacts and changes to Tax Credit percentages were prospective. However, it cannot be excluded that in the future the laws relating to the tax credit program could be changed with retroactive effect. These changes could take place to the detriment of Cornucopia and/or Furie and therefore to the detriment of the Issuer. The Issuer intends to enter a political risk insurance policy, which might cover losses due to such retroactive changes under certain conditions. However, there is a risk that the insurance coverage might, due to numerous reasons, not apply in the specific case, e.g. certain exemptions in the insurance policy might apply or the insurance coverage might be excluded due to the violation of policyholder obligations or other reasons excluding insurance cover in the specific case might apply.

b) Insufficient funds in the oil and gas tax credit fund might lead to a reduction of funds available to the Issuer

The funds for cash purchase of the certificates are subject to appropriation by the legislature to the oil and gas tax credit fund. The amount appropriated to the oil and gas tax credit fund was USD 500 million for fiscal year 2016, which started July 1, 2015. By regulation, if the total amount of purchases of tax credit certificates by all entitled entities were to exceed the amount in the oil and gas tax credit fund, priority will be given to earlier-received applications for cash purchases. The regulation provides that on the first business day of each calendar year, previously received applications will be considered to have been received on that first business day and that funds will be allocated pro rata for the purchase of applications received on the same day. The oil and gas tax credit fund is subject to legislative appropriation and the legislature is not required to make the appropriation; there is no penalty to the state if the appropriation does not occur. The Alaska governor may also veto an appropriation made by the legislature, which happened in 2015, resulting in a reduction of funds available for purchase of the tax credit certificates. In the past the fund has been replenished with sufficient funds, when they were needed, but this might change.

c) The Issuer's business and the Notes are subject to the general legal environment in Luxembourg, Germany, the United States of America, Texas and in particular in Alaska.

The Issuer's business and legal situation is subject to the general legal framework in Luxembourg, Germany, the United States of America, Texas and in particular Alaska. This framework includes in particular the Alaska laws, regulating Tax Credits, as well as special provisions in other laws. Any changes to the legal framework, which could include changes that have retroactive effect or changes in the interpretation or application of existing laws, therefore could have a negative effect on the Issuer.

3. Risks relating to the Notes

a) The Notes may not be suitable for every investor.

Potential investors should examine whether an investment in the Notes is appropriate considering their individual situation. Any investor should, in particular:

(i) have the necessary expertise and experience to appropriately assess the Notes, the chances and risks of the investment and the information contained in this Memorandum and any information incorporated herein by reference;

(ii) have access to and knowledge of suitable methods of analysis in order to be able to evaluate the influence the Notes will have on its entire investment portfolio within the context of its financial situation;

(iii) have at its disposal sufficient financial reserves and liquidity to compensate all risks associated with an investment in the Notes, including the payment of capital or interest in one or more currencies or the possibility that capital or interest may be denominated in a currency different to that used or preferred by the investor;

(iv) thoroughly read and understand the Terms and Conditions of the Notes and the related Security documentation; and

(v) be able to (either on its own or with the assistance of a financial advisor) evaluate possible developments of the economy, interest rates and other factors that could have an impact on the investment and the potential for the risks to materialize.

Investments by certain investors are subject to investment laws and regulations and the supervision or regulation by certain authorities. Any potential investor should consult a financial advisor to determine if and to what extent (i) the Notes constitute a suitable investment for such an investor, (ii) the Notes may be used as security for different forms of borrowing, and (iii) other restrictions are applicable to any purchase or pledging of the Notes. Financial institutions should consult their legal advisors or regulator to determine how the Notes are to be classified according to applicable risk capital rules or comparable provisions.

b) At the option of the Issuer, the Notes may be subject to early redemption.

At the option of the Issuer to be exercised by the Escrow Agent at its prudent discretion, the Notes (in whole but not in part) may be subject to early redemption at their nominal amount plus any interest accrued until the redemption date. As set out in more detail in the Terms and Conditions, the Issuer would be entitled to exercise this option if it became obliged to pay additional amounts on the Notes as a consequence of a change or amendment to the laws or regulations on taxes and charges of Luxembourg or its political subdivisions or taxing authorities.

As set out in more detail in the Terms and Conditions, the Issuer represented by the Escrow Agent as its attorney-in-fact is also entitled to redeem the Notes in whole or in part on any Business Day upon not less than one month's prior notice of redemption. In the case such call notice is given, the Issuer shall redeem the Notes at their early redemption rate. The early redemption rate is a certain percentage of the nominal amount of the Notes above 100% and varies depending on the time of such early redemption.

In these cases, Noteholders could receive less return than expected and may not be able to reinvest these funds at the same conditions.

c) Noteholders are exposed to the risk of unfavourable price developments of the Notes that occur when Notes are sold prior to their final redemption date.

The development of the Notes' market price depends on various factors, such as changes of interest levels, the policy of central banks, general economic developments, the rate of inflation as well as the level of demand for the Notes. Thus, Noteholders are exposed to the risk of a detrimental development in the prices of the Notes in connection with the sale of the Notes prior to their final redemption date. If, however, Notes are held by the Noteholder until their final redemption date, they will be redeemed in accordance with their Terms and Conditions.

d) The price of the Notes could fall if the creditworthiness of the Issuer deteriorates.

If one or more of the risks described herein would lower the probability that the Issuer will be able to comply with its obligations under the Notes the price of the Notes will fall. Even if the probability that the Issuer will be able to comply with its obligations under the Notes does not decrease, market participants may form a different view, causing the price of the Notes to fall. Moreover, the market participants' assessment of the creditworthiness of institutional borrowers, in general, or of borrowers operating in the same industry as the Issuer may decrease.

If one of these risks occurs, third parties may only be willing to purchase the Notes at a reduced price. Under these circumstances, the price of the Notes will fall.

e) The Notes denominated in US-Dollar ("USD") may be risky for investors to whom the USD is a foreign currency; governments and competent authorities may impose foreign exchange controls.

The Notes are denominated in USD. The Noteholder is exposed to exchange rate fluctuations, which may affect the return on the Notes. Exchange rate fluctuations may be caused by various factors including, macroeconomic factors, speculations and interventions by central banks or governments. Furthermore, as having occurred in the past, governments or monetary authorities may impose foreign exchange controls that may detrimentally affect the exchange rate. As a result thereof, investors may receive less principal or interest than expected or no principal or interest at all.

f) The Notes are fixed-interest notes. A holder of fixed-interest notes is exposed to the risk that the price of these Notes may fall due to changes to the market interest rate.

The Notes are bearing interest at fixed rates. A holder of fixed-interest notes is exposed to a particularly high risk that the price of such notes will fall due to changes to the market interest rate. As set out in more detail in the Terms and Conditions, although the nominal interest rate of a fixed-interest note is fixed for the term of the note, the market interest rate typically changes on a daily basis. Changes to the market interest rate results in changes to the price of the fixed-interest Notes. However, the relationship is inverse, i.e. if the market interest rate increases, the price of fixed-interest notes is likely to fall until the fixed-interest level approximately corresponds to the market interest rate of comparable bonds. If, however, the market interest rate falls, the price of fixed-interest notes typically increases until the fixed-interest level of these notes approximately corresponds to the market interest rate of comparable bonds. When the Notes are held until the end of their term, changes to the market interest rate will be of no relevance to the Noteholder as the Notes will be redeemed at their nominal amount in accordance with their Terms and Conditions.

g) A Noteholder is exposed to the risk of being overruled and lose its rights vis-à-vis the Issuer if the Noteholders pass a majority resolution in accordance with the German Act on Debt Securities (Schuldverschreibungsgesetz – "SchVG") and in accordance with the Terms and Conditions to amend the Terms and Conditions.

Since the Terms and Conditions of the Notes provide for meetings of Noteholders or the taking of votes without a meeting, a Noteholder is subject to the risk of being outvoted by a majority resolution of the Noteholders. The rules pertaining to resolutions of Holders are set out in the German Act on Debt Securities (Schuldverschreibungsgesetz – "SchVG") and are largely mandatory. According to the SchVG the relevant majority for Noteholders' resolutions is generally based on votes cast, rather than on the aggregate principal amount of the relevant Notes outstanding, therefore, any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the relevant Notes outstanding. As such resolution is binding on all Noteholders, certain rights of such Noteholder against the Issuer under the Terms Conditions may be amended or reduced or even cancelled.

h) Noteholders who finance the acquisition of the Notes using a loan may be exposed to a significant increase of loss in case of default under the Notes.

If a loan is used by a Noteholder to finance the acquisition of the Notes and the Notes subsequently go into default, or if the trading price diminishes significantly, the Noteholder not only has to face a potential loss on its investment but it will also have to repay the loan and pay interest thereon. This may significantly increase the risk of a loss. Noteholders should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction. Instead, potential investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, or to repay the loan on demand, even if they may suffer losses instead of realising gains.

i) Payments of interest on the Notes and/or profits realised by Noteholders upon the sale or repayment of the Notes, may be subject to taxation.

Payments of interest on the Notes and/or profits realised by Noteholders upon the sale or repayment of the Notes, may be subject to taxation in the Noteholder's home jurisdiction or in other jurisdictions, in which it is required to pay taxes. The tax impact on Noteholders, generally in the Federal Republic of Germany, is described in this Memorandum; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally.

j) Payments under the Notes may be subject to US withholding tax and/or withholding tax in respect of FATCA.

If the Notes do not qualify for the "portfolio interest" exception with respect to a particular holder and the holder is not eligible for a reduction or exemption from US withholding tax pursuant to an US income tax treaty, the holder may be subject to general US withholding tax at a 30% rate on interest payments made with respect to the Notes. This 30% general US withholding tax is separate from, although coordinated with, the US withholding tax under FATCA described below.

In addition to the general US withholding tax described above, the Issuer may, under certain circumstances, be required pursuant to FATCA (as defined below) to withhold tax on all or a portion of payments of principal and interest which are treated as withholdable payments. "**FATCA**" means withholding tax imposed under Sections 1471 through 1474 of the United States Internal Revenue Code (the "**Code**"), as interpreted and implemented by any final current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any

U.S. or non-U.S. fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with either the implementation of such Sections of the Code or analogous provisions of non-U.S. law. If an amount of withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a Noteholder's failure to provide the information required by FATCA or otherwise comply with FATCA, neither the Issuer, a Paying Agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax.

k) Certain amounts payable to third parties reduce funds available to pay to the Noteholders.

Upon the issue of the Notes, the proceeds of the notes minus the issuing costs (the "**Net Proceeds**") shall be paid into the Escrow Account. According to the Trust and Use of Funds Auditor Agreement on each first and fifteenth day of a month prior to the occurrence of an event of default under the Notes, the Escrow Agent, in its function as use of funds auditor shall ensure that payments are made in a certain order of priorities (the "**Pre-Enforcement Priority of Payments**"). Under this Pre-Enforcement Priority of Payments certain obligations, e.g. tax obligations, amounts payable to certain third parties like the Security Trustee, the corporate administrator, the account bank, the Paying Agent, the cash administrator and the calculation agent, are to be satisfied prior to the obligation of the Issuer to pay Notes interest and principal. This reduces funds available to pay to the Noteholders.

l) The Notes will be held in book-entry form and therefore the investor must rely on the procedures of the relevant clearing system to exercise any rights and remedies.

The Notes will be issued in global form. The global bearer note(s) without interest coupons attached, representing the Notes (the "**Global Notes**") will be deposited with **[**Clearstream**]**.

Ownership of interests in the Global Notes (the "**Book-Entry Interests**") will be limited to persons that have accounts with [Clearstream] or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by [Clearstream] and its participants. Owners of beneficial interests in the Global Notes will not be entitled to receive definitive Notes. As long as the Notes are held in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Global Notes.

Payments of any amounts owing in respect of the Global Notes will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the depositary for Clearstream or their nominee, which will, in turn, distribute such payments to participants in accordance with its procedures. After payment to the depositary for Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the holders of Book-Entry Interests. Accordingly, if the investor directly or indirectly holds a Book-Entry Interest, it must rely on the procedures of Clearstream, as applicable, or the procedures of the participant through which the investor holds its interest, to exercise any rights and obligations of a holder of Notes under the indenture governing the Notes.

***m) Certain* conditions that have to be fulfilled before the first payment from the Escrow Account require different forms of participation of third parties and thus, might not be met in time or not at all.**

The proceeds of the Notes as well as any proceeds from acquired Tax Credits are transferred to the Escrow Account. Any release from the Escrow Account is subject to certain conditions precedents to be fulfilled before any payment is allowed to be made. The fulfilment of these conditions requires participation of third parties, i.e. contracts or

agreements must be negotiated and concluded. Furthermore, these conditions must be complied with before any payment can be made. There is a risk that the conditions might not be met in time but delayed or not at all if third parties do not cooperate or if negotiations on required agreements fail. As consequence, repayment of the Notes might occur. In this case, the Issuer may not be able to redeem the Notes at their principal amount. There is a risk that Noteholders do not receive or only partially receive interest or principal.

4. Risks relating to the Security

The Notes have the benefit of certain security (hereinafter referred to as "**Security**"). The Security comprises mainly of an assignment of all existing and future Tax Credits realised by investments from the proceeds of the Notes granted by Cornucopia Group; a security assignment of all claims and receivables under certain insurance contracts which will be entered into; and a pledge over the securities deposit account including all sub-accounts in which money market instruments are held which were purchased with proceeds from the Notes in accordance with the Terms and Conditions of the Notes.

In relation to the Security particularly, the following risks exist which could impair the value of the Security or even render the Security worthless:

a) Deficiencies in granting of the Security or prior encumbrance thereof may render the Security worthless.

The rights and claims, over which the Security was granted, must exist to grant valid security over such assets. If such assets do not exist, no security rights can be established over such assets and no Security would exist to secure the Secured Obligations and the Notes would constitute unsecured obligations of the Issuer.

If the rights and claims over which the Security was granted were otherwise (previously) encumbered, the Security may rank junior to any existing encumbrance or, if this would be the result of the law applicable to such asset and the security document under which the Security was granted, as a result of an existing encumbrance no security may be granted over such asset. Thus, such previous encumbrance of the assets over, which Security was granted, would result in the fact that other creditors may be satisfied in priority to the Noteholders or the Noteholders would not receive any Security. In such case the Notes would either be junior ranking obligations of the Issuer or unsecured obligations of the Issuer

b) The claims under certain insurances, which are to be pledged as part of the Security, do not constitute a comprehensive coverage of all risks connected to the business model of the Issuer and the insurance coverage might, due to numerous reasons, not apply in a specific case.

Part of the Security consists of a pledge of claims under certain insurances. These insurances shall cover some of the risks connected to the business model of the Issuer. The respective insurance policies have not yet been entered into and thus the exact details of the policies once put into force might not be in line with investors' expectations in all aspects. The insurances will not constitute a comprehensive coverage of all risks connected to the business model of the Issuer. The scope of the insurances will be limited to certain aspects which cover part but not all of the risks associated with the business model of the Issuer and by maximum amounts. Additionally the insurance coverage might, due to numerous reasons, not apply in a specific case, e.g. certain exemptions in the insurance

policies might apply or the insurance coverage might be excluded due to the violation of policyholder obligations by the Issuer or other reasons excluding insurance cover in the specific case might apply.

c) Risks arising from the applicable U.S. law regarding the transfer of Tax Credits and the establishment of security interests therein. In particular there are certain legal uncertainties about the sale of tax credits and the risk of unrecognized intermediate dispositions over security interests in Tax Credits, which might render the transfer of a security interest useless.

If and to the extent that the Sellers provide a Security with respect to future Tax Credits, i.e. such, which are earned, but not yet filed (advanced payments), the rights of the Issuer to obtain the proceeds of Tax Credits to be issued by the State of Alaska will be governed by Article 9 of the Uniform Commercial Code ("UCC") as adopted in various U.S. states, particularly Alaska, where the tax credits will be created, and Texas, where Cornucopia and Furie are organized. Certain aspects of the UCC may affect the Issuer's rights.

The UCC is state law, comprising a model uniform statute which has been adopted in essentially the same form in all fifty U.S. states, including both Alaska and Texas. It is not a federal law, but as a uniform law the courts in the various U.S. states generally interpret it consistently with one another. Article 9 addresses the process and rules related to creation and enforcement of security interests in various types of personal property collateral. In general, a "debtor", such as Cornucopia and Furie, will enter into a written security agreement with a "secured party", wherein the debtor will pledge certain assets to the secured party. As long as the debtor has "rights" in the assets and the secured party has given the debtor "value", this pledge is enforceable between the debtor and the secured party.

An additional step, called perfection, must occur before the rights of the secured party will be superior to the rights of someone who has obtained a judgment against the debtor and seeks to execute on the debtor's assets. Ordinarily, perfection occurs by the filing of a financing statement against the debtor in a designated office in the jurisdiction where the debtor is organized. A financing statement simply notes the exact name of the debtor, its address, a name and address of the secured party, and an indication of the collateral pledged. The financing statement remains in effect for the later of five years from the date of filing or sooner termination by the secured party. The financing statement may be continued for subsequent five-year terms upon a timely filing of a "continuation statement" within six months before the expiration of the prior five-year period. The record of filings is searchable by any member of the public.

There are several risks that arise under the UCC, including some that are material to the pledge of Tax Credits:

The right to receive payment for the tax credits would be classified as "payment intangible" collateral under the UCC. A pledge of payment intangibles, as noted above, would be perfected by the filing of a financing statement. However, the UCC also governs transactions where payment intangibles are sold outright, rather than pledged as security. Outright sale of a payment intangible does not require the filing of a financing statement and is therefore not discoverable in a search of the filing office records.

Priority as between secured parties (and the buyer of a payment intangible has the same rights as other secured parties under the UCC) is determined in general on the basis of the "first to file or perfect" rule. As a practical matter, at the time the Issuer's financing statement is filed, there would be no way to determine authoritatively that Cornucopia or Furie had not previously sold payment intangibles in the form of tax credit certificates to a third party. However, this risk only applies to tax credit certificates and possibly to applications for tax credits, and not to the eligible investments that would be the basis for a subsequent application for tax credits. Those eligible investments are

considered general intangibles, not payment intangibles, and a security interest in them cannot be perfected without the filing of a financing statement. The applications for tax credits, the tax credit certificates that may be issued in respect of those applications, the requests to the State of Alaska to purchase those tax credit certificates, and the funds that are used to effect those purchases are each in turn proceeds of the general intangibles, and the party that holds the first position security interest in those general intangibles will retain that priority as to each form of proceeds.

This risk of intermediate dispositions, which might render the transfer of a security interest useless (with the effect that the advance purchase price payment made from the issue proceeds is not secured) might also occur due to the following considerations:

It is also possible, although unlikely, that there can be an effective financing statement that cannot be found through a search of the public records. There are in general two ways, each rare but not impossible, whereby this can occur. First, if the filing office improperly rejected a tendered financing statement, the UCC deems it to have been filed even though it will not be found in the public record. Second, the filing office can on occasion make a mistake in how it indexes a financing statement. In both cases, the person who filed the financing statement has rights as though it had been properly filed and indexed by the filing office.

The UCC does not cover the sale, as opposed to the pledge, of a general intangible that is not a payment intangible. There is no Alaska statute or case law that covers the sale of a general intangible that is not a payment intangible. Tax Credits cannot be sold before filing. It is only possible to transfer a security interest in them to secure an obligation, including an obligation to file tax credit applications and sell the resulting payment intangibles. Thus the legal position for advance payments is of lesser rank and legal power as is the immediate sale.

Furthermore, there is a risk that a mistake might be made in the filing of the financing statement or that subsequent events may render the financing statement ineffective. If the name of the debtor is submitted incorrectly and the filing office's standard search rules do not return a copy of the financing statement when a search under the proper name is run, the financing statement is seriously misleading and therefore ineffective. Similarly, if the name of the debtor later changes such that the effect is to render the financing statement seriously misleading, the financing statement will cease to be effective as to collateral acquired four months after the change, unless a corrected financing statement is filed within that time. A debtor may change its jurisdiction of organization, and essentially the same rules apply to that situation. It is the secured party's obligation to monitor all these changes, and while security agreements ordinarily require the debtor to provide notice to the secured party in advance of any change in name or jurisdiction of organization, if it fails to do so and the secured party does not make the necessary filings, the secured party can lose some of its rights as a perfected secured party notwithstanding the breach. There are however ways in which a secured party can monitor these changes by checking the corporate records in the jurisdiction of organization of the debtor periodically. Additionally, there is a risk that a secured party may cause a financing statement to be terminated intentionally, but incorrectly, rendering the party unsecured.

d) Risk that applicable U.S. bankruptcy laws might adversely affect the security interests which were established and the establishment of security interest's might be voidable.

In the event of a bankruptcy of Cornucopia and/or Furie, different rules may apply to the question of who has rights in the assets of Cornucopia and/or Furie. The U.S. Bankruptcy Code (the "Bankruptcy Code") is a federal statute administered by federal judges who in general have broad powers to make rulings concerning a debtor's assets. Although a perfected security interest generally remains effective in bankruptcy, certain provisions of the Bankruptcy Code may adversely affect a perfected security

interest. For example, Bankruptcy Code section 362 provides for an automatic stay against enforcement of security interests that could delay or prevent enforcement of obligations under the Notes and Security Trust Agreement, or actions against any of Cornucopia or Furie's property without an order modifying the stay. Bankruptcy Code Section 364 permits imposition of a super-priority lien on collateral under certain circumstances, and Section 552 limits the effect of a security interest granted and perfected pre-petition in property or proceeds of acquired by the debtor post-petition. Section 363 of the Bankruptcy Code permits the sale of assets free and clear of liens, claims, and encumbrances under certain circumstances. Section 361 authorizes the substitution of other assets in order to provide adequate protection of interests in property. Section 547 provides avoiding powers relating to preferential transfers (as discussed in more detail below); and Sections 548 and 544(b) provide avoiding powers relating to fraudulent transfers. Section 506 may affect the ability to recover interest, fees, and costs related to the Notes and Secured Trust Agreement, or authorize certain fees of other parties to be paid through proceeds of collateral. Section 365 may prevent certain provisions of the Trust and Use of Funds Auditor Agreement, that alter the payment terms upon an event of default from becoming operative if the event of default triggering those provisions is the insolvency or financial condition of a debtor, which may include the Issuer or Cornucopia or Furie, the commencement of a bankruptcy case, or the appointment or taking possession of assets by a trustee under the Bankruptcy Code or other custodian. If one of the companies were to file for reorganization under Chapter 11 of the Bankruptcy Code, the rights under the Note and Security Trust Agreement could be subject to adjustment or modification, even absent consent of affected creditors. These consequences of bankruptcy may pertain to all security interests, including those that have been created and perfected under the UCC.

The power to avoid preferential transfers under section 547 of the Bankruptcy Code has been interpreted by some courts in a way that creates risk for secured parties holding interests in general intangibles, specifically in federal income tax refunds. Section 547 authorizes the avoidance of certain transfers (including the perfection of security interests) which occur within 90 days' prior to the filing of the bankruptcy. This provision is intended to create equality among creditors, on the assumption that during the debtor's struggle prior to filing, it may "prefer" some creditors over others. In a case decided by a bankruptcy judge (a special kind of tribunal under the Bankruptcy Code that does not, unlike most federal judgeships, come with life tenure) in the Southern District of Florida known as In re Tousa ("Tousa"), the bankruptcy court held that when the filing of a bankruptcy occurs within 90 days after the end of the relevant tax year, the security interest in a federal income tax refund is an avoidable preference that may be "undone" in the bankruptcy proceeding, even though the actual grant of the security interest in the deductions from which the refund arose had occurred and been perfected more than 90 days before the bankruptcy filing.

The court in Tousa emphasized that the law that creates the right to the tax refund, in that case federal law, determined when the property interest in the tax refund was created. Under the U.S. Internal Revenue Code, the right to a refund only comes into existence after the end of the tax year for which the refund is claimed, and therefore, the court reasoned, no property interest in the refund could arise before that date (typically December 31 of each year). Because the bankruptcy filing had been before March 31 of the subsequent year, the enforceability of the security interest in the tax refund arose within the preference period and the security interest in that collateral could be avoided as a preference.

Some potential investors in Tax Credits in Alaska have considered the Tousa decision to be a significant impediment to creation of an unavoidable security interest in the credits and a risk to lending against the credits as collateral. Other potential investors have not found it to be an impediment.

As far as apparent there are no decisions of either bankruptcy courts or Alaska courts regarding the

intersection of the Bankruptcy Code and the avoidability of security interests in the Tax Credits. While there are significant differences between the facts and statutes at issue in Tousa and the Alaska statute, it is not possible, in the absence of controlling authority to the contrary, to conclusively determine that a Tousa-type analysis would not be applied by a court in the future.

Under the Bankruptcy Code, a bankruptcy case may be filed in the jurisdiction where the business debtor is domiciled (i.e. organized), where it resides, where it has its principal place of business, and where its principal assets in the U.S. are located. Additionally, a bankruptcy case may be filed in a jurisdiction where the debtor's affiliate, general partner, or partnership meets these criteria and has also filed a bankruptcy proceeding. This creates a number of possible filing locations, including locations where the presiding judge may not be familiar with the statutory and regulatory system related to the Tax Credits.

Each of Cornucopia and Furie is organized under Texas law and has property in Alaska, and therefore a bankruptcy of Cornucopia and/or Furie may be filed in Texas or Alaska or any other state where it becomes organized, resides, has its principal place of business or principal assets, or meets the "affiliate venue" criteria, which cannot be predicted with certainty in advance.

The Tousa court noted that the property interest in tax refunds is determined by the law of the jurisdiction that creates the right to tax refunds. In Tousa, governing law was U.S. federal law. In connection with the Tax Credits, the governing law would be Alaska state law. One material aspect of the two laws is relatively similar. In both jurisdictions the right to receive a refund on the one hand and tax credits on the other does not accrue until the end of the tax year, in this case December 31. So there is an argument that there is no right in a tax credit until December 31, putting an investor at risk if a bankruptcy filing were made prior to March 31.

As noted, there has been no interpretation of the avoidability of a security interest related to Tax Credits by any bankruptcy court; however there are legal and factual distinctions between the two circumstances. The Tousa court, for example, did not consider whether the tax refund at issue was proceeds of the deductions--general intangibles--that were subject to the security interest granted and perfected pre-petition. Under section 552(b)(1) of the Bankruptcy Code, a security interest granted pre-petition in collateral will ordinarily extend to proceeds acquired after the petition date, "except to any extent that the court, after notice and a hearing and based on the equities of the case, orders otherwise."

Moreover, the analysis by the court in Tousa, when applied to the Tax Credit regime in Alaska, might still lead to a different result. In the federal income tax system, it is not known until the end of the tax year if the taxpayer will be in a position to have net losses it may carryback and thus claim a refund. The Tax Credit regime, on the other hand, is structured expressly so that investors can know that producers or explorers are, within limits, likely to be qualified to receive Tax Credits. Except in rare circumstances, such as insurance awards or sales of seismic data, there will be no revenue to offset against the qualifying expenditures of a company like Cornucopia or Furie. Investors, then, finance specific expenditures for which they have a reasonable expectation that they have a property interest in the ultimate tax credits. Furthermore, there are items that can count toward tax credits that are not deductions under federal income tax law and deductible items under federal income tax law that are not eligible expenditures for Tax Credits. Accordingly, there are significant differences the two statutes despite the use of the December 31 date.

The Alaska statute that partially governs third-party rights in the Tax Credits makes it clear that once an application is issued, a property interest exists in the application, the tax credit certificates, and the proceeds thereof. That statute assumes that there are other ways to obtain a security interest in the same property, so it is less likely a court would consider that it overrides provisions of the UCC that

similarly provide that a secured party can obtain a security interest in general intangibles such as eligible expenditures.

Thus, a reasoned argument can be made that despite Tousa, a property interest in the eligible expenditures by a party who financed them can withstand attack as a preference in bankruptcy. However, as the matter has not been tested in court and a court could simply decide that Tousa is sufficient precedent to the contrary, no assurance can be had that any particular bankruptcy treatment would be available.

Finally, section 547 of the Bankruptcy Code offers creditors the right to assert certain defenses to the voidability of the transaction. One such defense is the "ordinary course of business" defense. The Tousa court determined that this defense did not apply because the transaction that created the security interest was a distressed transaction, which by definition is not within the ordinary course of business. Other courts, reviewing the avoidability of federal refund anticipation loans, have determined that such transactions fall within the ordinary course of business and are not avoidable. If this test were applied, the financial condition of Cornucopia or Furie at the time of the transaction would have to be taken into account. If Cornucopia and Furie were a functioning business in need of capital on market terms, this defense might be available against an attempt to avoid the security interest under section 547.

Accordingly, there is a risk that, under the Bankruptcy Code, security interests in Tax Credits could be avoidable, thereby rending the obligations owed under the Notes and Security Trust Agreement a general unsecured claim, which has a lower priority of distribution under the Bankruptcy Code; or that other provisions of the Bankruptcy Code, including those discussed herein, may delay, dilute, restructure, or terminate the ability to recover related to the Security.

e) The current value of the Security is undefined and the Security may have no value at all in case of its enforcement.

The current value of the Security is undefined as no valuation of the Security or the underlying assets has been undertaken.

The Net Proceeds of the Notes will be credited to the Escrow Account, which is a secured account of the Issuer that forms part of the Security. As the Net Proceeds shall be used for the purchase of Tax Credits as determined in the Security Documents, the amounts in the secured accounts will reduce over time and no amounts may be credited to the secured account at all.

The value of the Security may change over time and may deviate in an enforcement scenario in respect of the Security from its actual value, as assets may be sold at a lower price in an enforcement scenario. Also other reasons may apply, so that the Security may decrease in value or the value of the Security is adversely affected. Accordingly, for this and other reasons in case of the enforcement of the Security in an event of default under the Terms and Conditions of the Notes, the Security granted may not be of sufficient value to cover all or any of the Secured Obligations

f) The claims of other creditors may have priority over the claims of the Noteholders.

If and to the extent that the assets that form part of the Security are located outside the Federal Republic of Germany and therefore the agreements, upon which such Security is granted, are governed by the laws of such jurisdiction, in which the Security is located. Thus, the rules of law of such jurisdiction, in which the Security is located, and the agreements for the granting of the Security are governed by the legal regime, under which the Security may be enforced and the application of the proceeds from such enforcement of the Security. Therefore, claims other than the Secured Obligations may have priority over and rank ahead of the Secured Obligations and may be satisfied in advance

prior to the Secured Obligations. This could result in the reduction (even to zero) of the funds available for the satisfaction of the Secured Obligations in the case of an enforcement of the Security.

Cornucopia and Furie are established in the USA under the laws of the State of Texas and therefore the rules of law of such jurisdiction, under which these companies are established and/ or maintain their corporate seat, apply to these companies. The rules of law of such jurisdiction may deviate substantially from corporate law in Germany or in any other jurisdiction the investor might be familiar with, as the case may be, and may result in the application of different rules regarding, for example, the administration of such entity, the insolvency regimes applying to such entity, applicable creditor protection rules which could materially adverse effect the value of the Security or the rights of the Security Trustee in respect of the administration of the Security or the rights of the Noteholders as beneficiaries of the Security.

g) ***Local insolvency laws may not be as favourable to the investor as the bankruptcy or insolvency laws of the jurisdiction with which the investor is familiar and may preclude noteholders from recovering payments due on the Notes.***

The Issuer is incorporated under the laws of the Grand Duchy of Luxembourg and any claims arising from or in connection with the Notes are subject to German law. The investments of the Issuer using the net proceeds are undertaken in the State of Alaska and Tax Credits are subject to Alaskan law. Due to this link to numerous jurisdictions, it cannot be stated with certainty, which insolvency laws would be applicable in case of insolvency of the Issuer. The insolvency laws of foreign jurisdictions may not be as favourable to the investor's interest as the laws of the jurisdiction with which the investor is familiar, including in respect of priority of creditors, the ability to obtain post-petition interest in the duration of the insolvency proceedings, and thus may limit the investor's ability to recover payments due on the Notes to an extent exceeding the limitation arising under other insolvency laws. In the event that the Issuer experienced financial difficulty, it is neither possible to predict with certainty which jurisdictions insolvency or similar proceedings would be commenced nor the outcome of such proceedings.

h) ***The Security Trustee may be subject to conflicts of interests.***

The Issuer's sole shareholder performs at the same time as the Security Trustee and might therefore be subject to potential conflicts of interests. It cannot be excluded that the Security Trustee's decisions might be motivated by self-interest rather than administrating the Security for the secured parties, i.e. the Noteholders. This might lead to a reduction of the level of investor protection under the Security Trust Agreement.

i) ***The Noteholders depend on the Escrow Agent to audit the usage of the Net Proceeds and on the Security Trustee to administer the Security and, after an event of default, to administer the Escrow Account and to enforce the security. The position of such Escrow Agent and/or Security Trustee may not be recognized and/or the Escrow Agent and/or the Security Trustee may become insolvent.***

The Security is granted to and administered by the Security Trustee in accordance with the terms and provisions of the Security Trust Agreement. The Security Trustee is responsible for the administration and the enforcement of the Security and the distribution of any enforcement proceeds upon receipt of it. Furthermore the Escrow Agent is, inter alia, responsible for the audit of the usage of the Net Proceeds of the Notes.

A breach of any of the obligations vested in the Security Trustee and/or the Escrow Agent in respect of the Security, may be materially adverse affecting the Noteholders and their rights, in particular if (i) the

Security Trustee and/or the Escrow Agent would not be liable for such breach (whether in general or towards the Noteholders), (ii) claims against the Security Trustee and/or the Escrow Agent would not be enforceable or (iii) the Security Trustee and/or the Escrow Agent would, even when considering respective insurance claims, not have sufficient assets to satisfy such claims in full.

Due to the fact that the Security is granted to the Security Trustee only but not to the Noteholders directly, the Noteholders are dependent on the actions by the Security Trustee to recover any funds in respect of the Security if it becomes necessary to recover any funds to satisfy the Secured Obligations.

The concept of granting the Security to a Security Trustee and such trust construction may not be acknowledged under any relevant laws. In such case, the trust construction may be subject to interpretation under local law or may not be accepted by or be invalid under local law which may have a material adverse effect on the existence, value or enforceability of the Security.

The Security Trustee and/or the Escrow Agent might become insolvent. In the case of an insolvency of the Security Trustee and/or the Escrow Agent the Security may not be available, only be partially available or only be available with delay to satisfy the Secured Obligations, as the Security Trustee and/or the Escrow Agent are themselves trading entities and special purpose vehicles established for the administration of the Security and are therefore having no substantial assets of their own and are also administering other security assets in connection with their own activities.

j) Dependence of Cornucopia on Furie.

Cornucopia itself has no significant operational activities and, although it owns 79% working interest in the Lease Rights, it is itself a holding company and, therefore dependent on its operating subsidiary, Furie, which is the operator of the KLU and owns 1% of the working interest in the Lease Rights.

k) The proceeds from the enforcement of the Security may not be sufficient to satisfy the obligations of the Issuer under the Notes.

The amount to be received upon an enforcement of Security would be dependent on numerous factors, affecting the value of the assets, subject to the Security at a time of its enforcement. In the event of foreclosure, liquidation, insolvency or similar proceedings, the proceeds from the enforcement of the Security may not be sufficient to pay the Issuers obligations under the Notes.

l) The issue of the Notes and the Security is a complex transaction concerning several jurisdictions. This can result in negative impacts, in particular legal or tax impacts which have not been foreseen by the Issuer

The Notes and any thereto connected operations (including, but not limited to, their issuance, holding, administration, transfer, redemption, conversion, as well as the rights of Noteholders with regard to the Issuer) are exclusively subject to German law, to the exclusion of international private law and Luxembourg law. The application of Sections 85 et seq. of Luxembourg law of 10 August 1915 on commercial companies, as amended, is expressly excluded in respect of the Noteholders, as the Notes are governed by German law.

The grantors of the Security are subject to US law of several states as well as the Security. Further, the grantors of the Security are part of a group of companies comprising entities in further jurisdictions. The fact that several jurisdictions are involved in the issue of the Notes, that the Notes are governed by German law although the Issuer is incorporated in Luxembourg and that the Security will be governed by the rules of various jurisdictions, in which the Security is located, i.e. Alaskan law, and that the whole transaction is rather complex could result in negative impacts, in particular that an

American court, in being asked to enforce the German law provisions, might refuse to do so, because none of the parties to those agreements were in Germany or other legal or tax aspects which have not been foreseen by the Issuer.

m) No enforceability of payment claims against the State of Alaska

There is no enforceable right that Tax Credits may be redeemed by the State of Alaska via payment. The past experience of Cornucopia, Furie and other market participants, that such redemption occurs, might be contradicted in the future. In this case the Issuer has no recourse against the Sellers or any other third party and would incur the loss of the purchase price paid for such Tax Credits or similar disadvantage in case of enforcement of security rights over such Tax Credits.

n) Expected Tax Credits which are not filed for upon opening of insolvency proceedings might not become enforceable

The Issuer makes advance payments on account of expected purchases of Tax Credits. Those payments are secured as described in section d) above. However, for a Tax Credit to become effective it is required that it is filed with the responsible authority in line with applicable laws and regulations. In case Cornucopia and/or Furie become insolvent this filing might not occur as the trustee needs to take such action and might not. Therefore, the Sellers shall give an irrevocable power of attorney to the Escrow Agent to perform such filing. It cannot be stated with certainty whether DOR would respect such an irrevocable power of attorney. Nonetheless, it is not clear under Alaska law what the effect of that would be in bankruptcy. The imposition of the automatic stay in bankruptcy upon the filing of a case could preclude the Escrow Agent from taking the aforementioned actions without leave of court, which is discretionary. This might result in all or part of the Security never becoming valid Tax Credits and thus not being of any practical value as collateral.

III. GENERAL INFORMATION

1. Responsibility for the Content of this Memorandum

Deutsche Oel & Gas TC-2016 S.A., with its registered office at 5, rue de Bonnevoie, L-1260 Luxembourg accepts responsibility for the information contained in this memorandum (the "**Memorandum**") and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

In the event claims are asserted before a court of law based on information contained in this Memorandum, the investor appearing as plaintiff may be required to bear the costs of translating the Memorandum prior to the commencement of legal proceedings in compliance with the national laws of the individual Member States of the European Economic Area.

2. Subject Matter of this Memorandum

The subject matter of the Memorandum is the private placement of up to USD 170,000,000 5.75% Notes due 31 August 2020 in a denomination of USD 1,000.00 each (plus accrued interest of 18 March 2016) in countries outside the United States of America, Canada, Australia and Japan. The Notes are governed by German law and constitute notes in bearer form in accordance with Sec. 793 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch, BGB*). The Notes are freely transferable. The security codes of the Notes are as follows:

3. ISIN / WKN

International Securities Identification Number (ISIN): DE000A1Z9T04

Wertpapierkennnummer (WKN): A1Z9T0

4. Principal Paying Agent

Principal Paying Agent of the Issuer is KAS Bank N.V., branch Frankfurt am Main, Mainzer Landstraße 51, 60329 Frankfurt am Main, Germany (the "**Paying Agent**").

5. Expenses of the Issue

The Issuer estimates that the aggregate expenses of the issue of the Notes amount to approximately 5.50% of the Aggregate Principal Amount of the Notes (on the basis of a full placement of the Notes) in the amount of USD 170,000,000. This amount includes the placement commission of 5.00% of the Aggregate Principal Amount of the Notes as well as any further expenses of the issue of the Notes, e.g. expenses for legal advisors and expenses in connection with the global certificate.

6. Reasons for the Offer and Use of Proceeds

The reason for the offer is to aggregate funds in order to purchase until 31 December 2017 at a discount from Cornucopia and Furie already filed Tax Credit claims of Cornucopia against the State of Alaska and to make until 31 December 2017 advance payments for Tax Credit claims that the Issuer will purchase after such Tax Credit claims have become transferable, i.e. after they have been filed.

7. Documents Available for Inspection

[In addition to this Memorandum, investors will be provided with a company presentation.]

8. Forward-looking Statements

This Memorandum contains certain forward-looking statements. Forward-looking statements are all statements which refer to future facts, events or other circumstances and do not refer to historical facts or events. They are indicated by wording such as “believes”, “estimates”, “assumes”, “expects”, “anticipates”, “foresees”, “intends”, “hopes”, “could” or similar expressions. Forward-looking statements are based on current estimates and assumptions by the Issuer to the best of its knowledge. Such forward-looking statements are subjected to risks and uncertainties, and as a result, the Issuer’s actual financial condition and results of operations may differ materially from (in particular, be more negative than) those conditions expressly or implicitly assumed or described in such forward- looking statements. The Issuer assumes no obligation to update such forward looking statements or to adapt them to future events or developments unless required by law.

9. Numerical and Currency Information

Certain individual figures (including percentages) stated in this Memorandum have been rounded using the common commercial method (*kaufmännische Rundung*). As a result, the totals or interim totals contained in the tables may possibly differ from the non-rounded figures contained elsewhere in this Memorandum due to this rounding.

Unless otherwise indicated, all currency amounts contained in this Memorandum are in US-Dollars. To the extent individual figures are in a different currency, this will be stated using the name of the respective currency or the currency symbol.

To the extent that certain figures stated in this Memorandum are converted from EUR to USD (except for figures in or derived from financial statements), such figures are based on a currency conversion ratio of USD/EUR equal to 1:0.9.

10. Further Notes regarding this Memorandum and the Offer

No person is authorised to give any information or to make any representations other than those contained in this Memorandum and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer. Neither the delivery of this Memorandum nor any offering, sale or delivery of any Notes made hereunder shall, under any circumstances, create any implication (i) that the information in this Memorandum is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Memorandum has been most recently amended, or supplemented, or (ii) that there has been no adverse change in the affairs or the financial situation of the Issuer which is material in the context of the issue and sale of the Notes since the date of this Memorandum or, as the case may be, the date on which this Memorandum has been most recently amended or supplemented, or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Memorandum by reference or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

No any other person mentioned in this Memorandum, except for the Issuer, is responsible for the information contained in this Memorandum or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons makes any representation, warranty or undertaking express or implied and none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents

The Notes are not suitable for all kinds of investors. Each investor contemplating purchasing any

Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. Neither this Memorandum nor any other information supplied in connection with the Notes should be considered as a recommendation to a recipient hereof and thereof that such recipient should purchase any Notes.

This 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 authorized or to any person to whom it is unlawful to make such offer or solicitation.

The offer, sale and delivery of the Notes and the distribution of this Memorandum in certain jurisdictions are restricted by law. Persons into whose possession this Memorandum comes are required by the Issuer to inform themselves about and to observe any such restrictions. In particular, the Notes have not been and will not be registered under the U.S. Securities Act and are subject to U.S. tax law requirements. Subject to certain limited exceptions, the Notes may not be offered, sold or delivered in or into the United States, Canada, Australia, Japan or to inhabitants of these countries.

IV. GENERAL DESCRIPTION OF THE ISSUER

1. Formation, Business Name, Registered Office, Financial Year, Duration and Term of the Issuer

The Issuer, formerly named ISSIDA S.A., is a public limited liability company (*Société Anonyme - Aktiengesellschaft*) under the laws of Luxembourg, with its registered seat in 5, rue de Bonnevoie, L-1260 Luxembourg. It was registered with the Luxembourg register of commerce and companies (*Registre de Commerce et de Sociétés Luxemburg* - RCSL) under the registration number B 204351 and constituted on 26 January 2016. The fiscal year of the Issuer equals the calendar year and runs from 1 January to 31 December of each year. The Issuer was established for an indefinite period of time.

2. Share Capital and Shareholder Structure

The entire share capital of the Issuer amounts to EUR 31,000 and is divided into 31,000 shares, each such share representing a notional interest in the share capital of EUR 1.00. The share capital of the Issuer is fully paid in and is entirely held by TB Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Innungsstraße 11 – 13, 21244 Buchholz i.d. Nordheide, Germany.

The authorized and the subscribed capital of the Issuer may be increased or reduced by a decision of the general meeting of shareholders voting with the same quorum as for the amendment of the articles.

Furthermore, the board of directors is authorized, during a period of five years ending on the 5th anniversary of the publication in the Mémorial C, *Recueil des Sociétés et Associations*, of the incorporation deed of the Issuer, to increase in one or several times the subscribed capital, within the limits of the authorized capital. Such increased amount of capital may be subscribed for and issued in the form of shares with or without an issue premium, to be paid-up in cash, by contribution in kind, by compensation with uncontested, current and immediately exercisable claims against the Issuer, or even by incorporation of profits brought forward, of available reserves or issue premiums, or by conversion of bonds as mentioned below.

The board of directors is especially authorized to proceed to such issues without reserving to the then existing shareholders a preferential right to subscribe to the shares to be issued.

The board of directors may delegate to any duly authorized director or officer of the Issuer, or to any other duly authorized person, the duties of accepting subscriptions and receiving payment for shares representing part or all of such increased amounts of capital.

After each increase of the subscribed capital performed in the legally required form by the board of directors, the present article is, as a consequence, to be adjusted to this amendment.

The shares of the Issuer shall be in registered form.

A register of shares will be kept at the registered office, where it will be available for inspection by any shareholder. This register will contain all the information required by article 39 of the law of 10. August 1915 on commercial companies, as amended. Ownership of shares will be established by inscription in the said register.

Certificates of these inscriptions shall be issued and signed by two directors or, if the Issuer has only one director, by this director.

The signature may either be manual, in facsimile or affixed by mean of a stamp.

However, one of the signatures may be affixed by a person delegated for that purpose by the board of directors. In such a case, the signature must be manual. A certified copy of the deed delegating power for this purpose to a person who is not a member of the board of directors, must be filed in accordance with articles 9, §§ 1 and 2 of the of the law of 10. August 1915, as amended.

The Issuer will recognize only one holder per share; in case a share is held by more than one person, the persons claiming ownership of the share will have to name a unique proxy to present the share in relation to the Issuer. The Issuer has the right to suspend the exercise of all rights attached to that share until one person has been appointed as the sole owner in relation to the Issuer.

3. Shareholders' Meeting

The shareholders' meeting is the corporate body in which shareholders can exercise their rights to adopt and ratify any action of the Issuer. Pursuant to Luxembourg jurisdiction and to the articles of association the annual ordinary shareholders' meeting must be held every year on the second Thursday of the month of May at 9:30 at the registered office of the Issuer or in another place in Luxembourg defined in the convening notice.

Each individual share confers one vote in the shareholders' meeting. Limitations on voting rights do not exist. Voting rights can be exercised through a proxy.

Resolutions are adopted by the shareholders' meeting with a simple majority of the votes cast, unless otherwise provided by mandatory applicable law. However, the nationality of the Issuer may be changed and the commitments of the shareholders may be increased only with unanimous consent of the shareholders' meeting.

Luxembourg company law does not require any minimum participation for the ordinary shareholder's meeting to have quorum. An extraordinary shareholders' meeting, i. e. the shareholders' meeting resolving on the amendment of the articles of association, requires a quorum of one half of the capital being represented (Art. 67-1 § 2 of the Luxembourg law of 10 August 1915 on commercial companies, as amended).

Resolutions by the extraordinary shareholders' meeting are adopted with a simple majority and a majority of at least two-thirds of the votes cast.

Resolutions including an amendment of the articles of association are in particular:

- capital increases,
- capital reductions,
- creation of authorized or contingent capital,
- creation of share classes
- changes in legal form and
- liquidation of the Issuer.

A shareholder's meeting is convened at least once a year (ordinary shareholder's meeting).

The meeting is as a rule called by the Board of Directors. The ordinary shareholder's meeting takes

place six months after the end of the concerned financial year.

The Board of Directors determines any other call of extraordinary shareholder's meetings.

Under the 1915 Law, statutory auditors (*commissaire aux comptes*) have the right to call a shareholder's meeting. In practice, such right occurs solely when the statutory auditor has requested without success from the Board of Directors the calling of a shareholder's meeting.

Shareholders who hold at least 10% of the share capital may call for a shareholder's meeting.

The convening notice for the shareholder's meeting must contain the agenda of the meeting, as well as the date and the place of the meeting.

As for nominative shares, convening notices shall contain the agenda and announcements published twice, with a minimum interval of eight days, and eight days before the meeting in the Luxembourg Official Journal (*Mémorial*) and in a Luxembourg newspaper (for listed companies the convening period is 30 days). Further, nominative shareholders shall be convened by simple letter, though the law foresees that the Issuer has no burden of proof for sending such convening letter. Alternatively, nominative shareholders may be convened by registered letter only.

To the extent that all shareholders are present or represented at a shareholder's meeting and confirm to be informed on the meeting's agenda, the shareholder's meeting may be held without prior notice or publication.

The right of shareholders to participate in a shareholder's meeting must be proven. In case of doubt, the Issuer's entitled to exclude from the shareholder's meeting the person claiming to be a shareholder.

Luxembourg law and the articles of incorporation of the Issuer do not limit the exercise of voting rights by shareholders.

The Articles of Incorporation of the Issuer do not include rules regarding the modification of rights of shareholders that are more restrictive than those set by the law.

A shareholder may act at any meeting of shareholders by appointing another person by writing, by electronic mail, by facsimile or by any other similar means of communication as his proxy.

The use of video conferencing equipment, conference call or other means of telecommunication shall be allowed and the shareholders using these technologies shall be deemed to be present and shall be authorized to vote by video, by phone or by other means of telecommunication. After deliberation, votes may also be cast in writing or by fax, telegram, telex, telephone or other means of telecommunication, provided in such latter event such vote shall be confirmed in writing. Any shareholder can also vote by correspondence, by returning a duly completed and executed form (the "**form**") sent by the board of directors, the sole director or any two directors, as the case may be and containing the following mentions in English and French:

a) the name and address of the shareholder;

b) the number of shares he owns;

c) each resolution upon which a vote is required;

d) a statement whereby the shareholder acknowledges having been informed of the resolution(s) upon

which a vote is required;

e) a box for each resolution to be considered;

f) an invitation to tick the box corresponding to the resolutions that the shareholder wants to approve, reject or refrain from voting;

g) a mention of the place and date of execution of the form;

h) the signature of the form and a mention of the identity of the authorized signatory as the case may be; and

i) the following statement: “In case of lack of indication of vote and no box is ticked, the form is void”.

The indication of contradictory votes regarding a resolution will be assimilated to a lack of indication of vote. The form can be validly used for successive meetings convened on the same day. Votes by correspondence are taken into account only if the form is received by the Issuer at least two days before the meeting. A shareholder cannot send to the Issuer a proxy and the form for the same meeting. However, should those two documents be received by the Issuer, only the vote expressed in the form will be taken into account.

Except as otherwise required by Law, resolutions at a meeting of shareholders duly convened will be passed by a simple majority of those present or represented.

The board of directors may determine all other conditions that must be fulfilled by shareholders for them to take part in any meeting of shareholders.

If all of the shareholders are present or represented at a meeting of shareholders, and if they state that they have been informed of the agenda of the meeting the meeting may be held without prior notice or publication.

Decision taken in a general meeting of shareholders must be recorded in minutes signed by the members of the board (*bureau*) and by the shareholders requesting to sign. In case of a sole shareholder, these decisions are recorded in minutes.

4. Board of Directors

The Board of Directors is responsible for managing the Issuer in accordance with applicable law, the provisions of the Articles of Association, taking into account the resolutions of the shareholder’s meeting. The Board of Directors shall have all powers to conduct any business and to take any actions necessary or useful to realise the corporate object, with the exception of the powers reserved by law or the Articles of Association or by any resolutions of the competent corporate body to the shareholder’s meeting. The Board of Directors represents the Issuer vis-à-vis third parties and in legal proceedings.

The Board of Directors consists of at least three persons elected by the shareholder’s meeting for maximum six years. There may be only one Director if the Issuer has only one shareholder. Members of the Board of Directors shall hold office until their successors has been elected. The shareholder’s meeting may appoint members of the Board of Directors of different classes, e.g. Class A and Class B.

The Board of Directors shall choose from among its members a chairman, and may choose from

among its members a vice-chairman. It may also choose a secretary, who need not be a director, who shall be responsible for keeping the minutes of the meetings of the board of directors and of the shareholders.

The Board of Directors shall meet upon call by the chairman, or two directors, at the place indicated in the notice of meeting.

The chairman shall preside at all meetings of shareholders and of the board of directors, but in his absence, the shareholders or the Board of Directors may appoint another director as chairman pro tempore by vote of the majority present at any such meeting.

Written notice of any meeting of the Board of Directors must be given to directors twenty-four hours at least in advance of the date foreseen for the meeting, except in case of emergency, in which case the nature and the motives of the emergency shall be mentioned in the notice. This notice may be omitted in case of assent of each director in writing, by electronic mail, by facsimile or by any other similar means of communication. A special convocation will not be required for a board meeting to be held at a time and location determined in a prior resolution adopted by the board of directors.

Any director may act at any meeting of the board of directors by appointing in writing, by electronic mail, by facsimile or by any other similar means of communication another director as his proxy.

A director may represent more than one of his colleagues.

Any director may participate in any meeting of the Board of Directors by way of videoconference or by any other similar means of communication allowing their identification.

These means of communication must comply with technical characteristics guaranteeing the effective participation to the meeting, which deliberation must be broadcasted uninterruptedly. The participation in a meeting by these means is equivalent to a participation in person at such meeting. The meeting held by such means of communication is reputed held at the registered office of the Company.

The Board of Directors can deliberate or act validly only if at least half of the directors are present or represented at a meeting of the Board of Directors.

Decisions shall be taken by a majority of votes of the directors present or represented at such meeting. In case of tie, the chairman of the board of directors shall have a casting vote.

The Board of Directors may, unanimously, pass resolutions by circular means when expressing its approval in writing, by electronic mail, by facsimile or any other similar means of communication, to be confirmed in writing, the entirety will form the minutes giving evidence of the resolution.

The minutes of any meeting of the Board of Directors shall be signed by the chairman or, in his absence, by the vice-chairman, or by two directors. Copies or extracts of such minutes which may be produced in judicial proceedings or otherwise shall be signed by the chairman or by two directors. In case the Board of Directors is composed of one director only, the sole director shall sign these documents.

5. Supervision of the Issuer

The operations of the Issuer shall be supervised by one (1) or several statutory auditors, which may be shareholders or not.

The general meeting of shareholders shall appoint the statutory auditors, and shall determine their

number, remuneration and term of office which may not exceed six (6) years.

6. Accounting year, Balance

The accounting year of the Issuer shall begin on 1st of January of each year and shall terminate on 31st of December of the same year.

From the annual net profits of the Issuer, five per cent (5%) shall be allocated to the reserve required by Law. That allocation will cease to be required as soon and as long as such reserve amounts to ten per cent (10%) of the subscribed capital of the Issuer.

Upon recommendation of the board of directors, the general meeting of shareholders determines how the remainder of the annual net profits will be disposed of. It may decide to allocate the whole or part of the remainder to a reserve or to a provision reserve, to carry it forward to the next following financial year or to distribute it to the shareholders as dividend.

Subject to the conditions fixed by Law, the board of directors may pay out an advance payment on dividends. The board of directors fixes the amount and the date of payment of any such advance payment.

Dividends may also be paid out of inappropriate net profit brought forward from prior years. Dividends shall be paid in Euros or by free allotment of shares of the Issuer or otherwise in specie as the directors may determine, and may be paid at such times as may be determined by the board of directors.

Payment of dividends shall be made to holders of shares at their addresses in the register of shareholders. No interest shall be due against the Issuer on dividends declared but unclaimed.

7. Corporate Governance

The Luxembourg stock exchange has developed corporate governance principles applicable to Luxembourg companies whose shares are admitted to trading. The shares of the Issuer are currently not listed. Thus, the corporate governance principles do not apply to the Issuer. The Issuer does not adhere to these principles.

The Notes and any thereto connected operations (including, but not limited to, their issuance, holding, administration, transfer, redemption, conversion, as well as the rights of Noteholders with regard to the Issuer) are exclusively subject to German law, to the exclusion of international private law and Luxembourg law. The application of sections 85 et seq. of Luxembourg law of 10 August 1915 on commercial companies, as amended, is expressly excluded in respect of the Noteholders, as the Notes are solely governed by German law.

V. BUSINESS DESCRIPTION

1. Introduction and Overview

The Issuer is a special purpose vehicle ("**SPV**").

The Issuer's business is to purchase until 31 December 2017 Tax Credits at a discount to the nominal value of the claim and to collect the Tax Credits. Sellers of the Tax Credits are Cornucopia Oil and Gas Company, LLC, Texas, USA ("**Cornucopia**") and its wholly owned subsidiary Furie Operating Alaska, LLC, Texas, USA ("**Furie**" and, together with Cornucopia, the "**Sellers**" or the **"Cornucopia Group"**). Cornucopia is through Furie active in the exploration and development of oil and gas reserves as well as the establishment of corresponding infrastructure in Cook Inlet, located in the State of Alaska, USA. Cornucopia Group has already started sustainable gas production in November 2015. It is the explorer of crude oil and natural gas resources located in the so called Kitchen Lights Unit, which covers an exploration area of 337 km² and is approved and recognized by the Department of Natural Resources of the State of Alaska. With respect to the discount, at which the Tax Credits are purchased, the Issuer and the Sellers have agreed on the following: The Issuer makes a prepayment on the purchase price. This prepayment amounts to 85% of the nominal amount of each Tax Credit, which means an estimated discount of 15% ("**Discount**"). The actual Discount is calculated on a yearly basis and amounts to the sum needed for the payment of interest under the Notes plus the sum needed to pay all other costs, including taxes, as shown in the accounts of the Issuer plus portions of nominal amounts of Tax Credits that cannot be realised. This amount is deducted from the nominal amount of all Tax Credits purchased in the respective year to calculate the actual purchase price for those Tax Credits. If and to the extent that there is a difference between the prepaid purchase price and the actual purchase price in favour of the Sellers, the Sellers shall grant this amount as a subordinated, non-interest bearing amortizing loan to the Issuer (the "**Subordinated Loan**"). The Subordinated Loan shall only be repayable if and to the extent that it will not be used for the payment of property and other delinquent taxes in and on behalf of Cornucopia and Furie or is set-off against claims against Cornucopia and Furie for compensation of not realised parts of Tax Credits. The Subordinated Loan may (unless otherwise stated herein) not be repaid before the claims under the Notes are fully settled. The economic idea behind this is to earn 5.75% for the purpose of interest payments under the Notes and for placement, administration and consulting fees and costs over the term of the Notes. If and to the extent that as of the 31 July of each year there is any difference between the prepaid purchase price and the actual purchase price in favour of the Sellers, which is higher than 2/3 of the Discount, the Escrow Agent may, at his discretion, transfer this amount, which is in excess of 2/3 of the Discount, as a repayment of the Subordinated Loan, to the Sellers.

The Issuer purchases until 31 December 2017 from Cornucopia and Furie already filed Tax Credit claims of Cornucopia and Furie against the State of Alaska. In addition, the Issuer makes until 31 December 2017 advance payments in relation to the future acquisition of Tax Credit claims of Cornucopia and Furie, for which expenditures have been made by Cornucopia and Furie already but which have not yet been filed and which will be purchased by the Issuer after their becoming transferable, i.e. upon their filing. These advance payments amount to up to 66% of the respective investment amount, i.e. the invested funds in an eligible investment, which has been confirmed by the Tax Expert to comply with the Eligibility Criteria after having examined and considered all required corresponding invoices and related documents, reports and other papers. Cornucopia may utilize these advance payments solely for the settlement of invoices underlying the respective investment amount as well as the refinancing of existing indebtedness and for covering corresponding fees.

To fund its principal activities, the Issuer issues the Notes.

2. Tax Credits

The State of Alaska provides several credit programs for oil and gas exploration and development within Alaska (Alaska Statues 43.55). The State of Alaska Department of Revenue ("**DOR**") administers these programs. For certain activities, so called "Tax Credits" are granted to companies for certain investments made in relation to exploration and development. These credits may be applied against production taxes otherwise payable to the State of Alaska. For applicants (explorers or producers) that do not have enough production tax liability to use the credit, the applicant may apply for a tax credit certificate.

If the recipient of the credit certificate does not have a state production tax liability or liability to the State of Alaska for unpaid delinquent taxes and produces a daily average of no more than 50,000 BTU equivalent barrels of oil or gas, the State of Alaska may purchase these credit certificates from the exploration company and the exploration company in consideration is entitled to payment of an amount equal to the face value of the respective credit certificates. The applicant may also transfer the credit certificate to another party and, although the transferee may apply the credit certificate against its own production tax liability, the transferee cannot apply to the State of Alaska for cash purchase of the credit certificate. Accordingly, when a certificate is transferred, the value will be less than the face value of the credit, due to transaction costs, limited pool of buyers, and the need to share the benefit. Legislation passed in 2013 provides a mechanism for explorers and producers to make a present assignment of a credit certificate expected to be issued by DOR to a third-party assignee. The assignment must be made either at the time the application for a credit certificate is filed with DOR or not later than 30 days thereafter. If DOR issues a credit certificate, the applicant may then apply for cash purchase of the certificate, and the proceeds of the assigned certificate will be paid to the account designated in the assignment, which must be an account with a bank located in Alaska. Credits and credit certificates are recorded on the DOR computer records for the taxpayer.

Credits are awarded in relation to the type and purpose of the relevant investment activity. The type and amount of credit that is issued depends on the type and amount of expenditure as well as revenues attributable to oil and gas production. The funds that the State of Alaska uses to purchase the credits are subject to legislative appropriation. The tax credit regime comprises, inter alia,

(i) well lease expenditure credits pursuant to Alaska Statute 43.55.023 (*l*) ("**WLE**"). The Expenditure Credit amounts to 40% of well lease expenditures, comprised of certain expenditures for seismic work conducted within a unit or for certain capital expenditures for intangible drilling and development costs for wells as defined in the Internal Revenue Code of 1986, as amended. Such intangible costs are roughly 60- 80% of the costs of drilling a well.

(ii) carried-forward annual loss credit pursuant to Alaska Statute 43.55.023 (b) ("**CFAL**"). The Annual Loss Credit is a credit for 25% of adjusted lease expenditures that were not deductible in calculating production tax for a previous calendar year. "Lease expenditures" in this sense generally means operating and capital costs upstream of the point of production (generally the first point that oil and gas is accurately metered and in a condition of pipeline quality), plus an overhead allowance of 4.5% of those costs. Thus the actual credit is closer to 26%.

(iii) credit for qualified capital expenditures pursuant to Alaska Statute 43.55.023 (a) ("**QCE**"). The QCE Credit is a credit for 20% of capital expenditures that do not fit in the well lease expenditure category and includes tangible drilling costs, intangible drilling costs as defined in the Internal Revenue Code of 1986, as amended, and other lease expenditures for certain production facilities and costs for eligible gathering or feeder pipelines.

The CFAL Credit is in addition to the WLE Credit and the QCE Credit. Thus, an applicant may receive

both a WLE Credit for 40% and the CFAL Credit for just over 25%, for a total credit of roughly 66% of eligible expenditures. Likewise, an applicant may receive both a QCE Credit for 20% and a CFAL Credit for just over 25%, for total credit of roughly 46% of eligible expenditures. A person cannot, however, apply for both a QCE Credit and a WLE Credit for the same expenditure.

Subject to legislative appropriations, and approval by the Alaska governor, of funds for cash purchases of these credits, there are no statutory dollar limits for the credits. In 2015, a veto by the Alaska governor resulted in a reduction of funds for purchase of certificates for the fiscal year 2016.

If the applications for credit certificates are all filed timely and the applicant meets its annual reporting requirements, the State of Alaska has 120 days from 31 March of the year after the expenditures were incurred to act on them. DOR reviews applications for tax credit certificates and will issue a tax credit certificate if it is reasonably satisfied that the applicant is entitled to a credit. After the credit certificate has been issued, DOR retains the right to audit the credit certificate subject to the six-year statute of limitations. Such audits occur on a regular basis and there are a number of exclusions from eligibility found in the governing statutes (Alaska Statutes 43.55) and regulations (15 Alaska Administrative Code 55). The certificate's applicant will be liable for any adjustment, including interest accruing from the time when the relevant credit was issued, even if the certificate was transferred or purchased by the state. If the applicant has valid outstanding current credits, those available credits will be reduced by any audit adjustment. If the applicant has no valid outstanding credits at the time of any audit adjustment, the State of Alaska will assess a production tax including interest against the applicant from the date the credit certificate was issued. Interest charges can be very significant. Any adjustment is subject to appeal, which can be a lengthy process.

Once a credit certificate has been issued, the applicant may request that the State of Alaska purchase the credit certificate, in which case the State of Alaska will make sure the applicant has no delinquent state taxes or any production tax liability, that the applicant produces no more than a daily average of 50,000 BTU equivalent barrels of oil and gas, and that all required monthly and annual informational filings have been made. Only the entity that incurred the eligible expenditures and applied for the credit may seek to have it purchased by the State of Alaska, although legislation passed in 2013 to provide a mechanism for explorers and producers to make a present assignment of a credit certificate expected to be issued by DOR to a third-party assignee.

In 2013, the Alaska Legislature passed a law to allow explorers and producers to make a present assignment of Tax Credit certificates. Since that time, there have been a number of assignments under that law, which can be found at AS 43.55.029. The statute provides that an explorer or producer that has applied for a "tax credit certificate under AS 43.55.023(a), (b), or (*l*) or AS 43.55.025(a) may make a present assignment" of the Tax Credit certificate expected to be issued by the department. The assignment may be made when the application is filed with DOR or not later than 30 days thereafter. Therefore any assignment before filing is not possible. However, a valid security interest can be established in such "future" Tax Credit claims under the governing rules of the UCC, subject to the risks and legal qualifications as stated in the risk section under II. 4. c). Once a notice of assignment is filed with DOR, the assignment is irrevocable and cannot be modified by the applicant absent written consent of the assignee. If a tax credit certificate is issued to the applicant, the notice of assignment remains in effect and is filed with DOR along with the application for cash purchase of the certificate. The assignment does not need DOR consent to be effective but has to meet certain minimum requirements.

The funds for cash purchase of the certificates are subject to appropriation by the legislature to the oil and gas tax credit fund. The amount appropriated to the oil and gas tax credit fund was $500 million for the fiscal year 2016, which started 1 October 2015. If the total amount of purchases of tax credit certificates were to exceed the amount in the oil and gas tax credit fund, DOR's regulations provide

that priority will be given to earlier-received applications for cash purchases. The regulation provides that on the first business day of each calendar year, previously received applications will be considered to have been received on that first business day and that funds will be allocated pro rata for the purchase of applications received on the same day. The oil and gas tax credit fund is subject to legislative appropriation and potential veto by the Alaska governor and the legislature is not required to make the appropriation; there is no penalty to the state if the appropriation does not occur. In the past of the fund has been replenished with sufficient funds, when they were needed, but that does not guarantee that the fund will be replenished with sufficient funds in the future. The political risk insurance, taken out by the Issuer, might – under certain conditions - cover the risk, that such replenishment does not take place.

Current law can be changed by the Alaska State Legislature. Further, the Alaska department of Revenue has not resolved all issues under current law and may continue to issue regulations and implement new policies to implement the production tax. There is significant uncertainty surrounding many aspects of the production tax and delays can occur.

3. Purchase of Tax Credits

The Issuer purchases from Cornucopia and Furie already filed Tax Credit claims of Cornucopia and Furie against the State of Alaska. In addition, the Issuer makes advance payments in relation to the future acquisition of Tax Credit claims of Cornucopia and Furie, for which expenditures have been made by Cornucopia and Furie already and for which the Tax Credit Expert has confirmed their compliance with the Eligibility Criteria, but which have not yet been filed and which will be purchased by the Issuer after their becoming transferable, i.e. upon their filing. These advance payments amount to up to 66% of the respective investment amount, i.e. the invested funds, for which the Tax Credit Expert has confirmed that it complies with the Eligibility Criteria and that it entitles to Tax Credits. Cornucopia may utilize these advance payments solely for the settlement of invoices underlying the respective investment amount as well as the refinancing of existing indebtedness and for covering corresponding fees.

For this purpose, the Issuer as purchaser entered into a (Discounted) Tax Credits Purchase and Assignment Agreement ("**Tax Credits Purchase and Assignment Agreement**") with Cornucopia and Furie as Sellers. According to this agreement, the purchase is subject to the following general conditions precedent:

- the Notes have been issued, and the Issuer has sufficient funds to pay the purchase price;
- the Issuer has not been notified that the Notes will be redeemed or terminated;
- due execution of the following documents:

  (a) the Tax Credits Purchase and Assignment Agreement;

  (b) the Security Trust Agreement;

  (c) the Trust and Use of Funds Auditor Agreement;

  (d) any documentation related to the Security;

  (e) valid establishment of the political risk insurance and a trade receivables insurance; and

(f) any other document related to the Notes and designated as such by the Parties and the Escrow Agent;

- establishment of a valid security interest over all present and future general intangibles in the form of tax attributes consisting of qualified expenditures under the Alaska Tax Credit Program, including all present and future Tax Credits, under the UCC pursuant to a security agreement plus filing of the UCC-1 financing statement in the appropriate filing office as well as all other Security as defined in the Security Trust Agreement securing any and all rights and claims of the purchaser under the Tax Credits Purchase and Assignment Agreement, including, without limitation, the advance repayment claim;

- all other conditions precedent under the Trust and Use of Funds Auditor Agreement for the release of proceeds resulting from the issuance of the Notes are fulfilled;

- no adoption or any change in the applicable law or in the interpretation or application thereof has occurred, that in the reasonable determination of the purchaser under the Tax Credits Purchase and Assignment Agreement or Escrow Agent, causes a material adverse effect on the ability of the Sellers to apply for, receive, or assign Tax Credits to the proceeds thereof.

In addition the following conditions precedent relating to the application of the Tax Credits have to be fulfilled:

- application to DOR in the form prescribed by DOR for the respective tax credit certificate relating to all Tax Credits comprised in the Offer;

- Tax Credits assignment on a form prescribed by DOR filed on the DOR's online filing system within three days of the application for Tax Credit certificate;

- confirmation of the Tax Credit Expert, appointed for the purpose of giving such confirmation, which is satisfactory to the Issuer respectively the Escrow Agent, that (a) expenditures made comply with the eligible criteria as stated in Schedule 5.1 (*Eligibility Criteria*) of the Tax Credits Purchase and Assignment Agreement and duly generate Tax Credits, (b) all formal steps have been complied with in order to provide for the Tax Credits, (c) a power of attorney (Form 775 or its equivalent) has been filed with DOR with respect to the Tax Credits in favour of the Escrow Agent, and (d) the Tax Credits is not subject to any executed right of revocation, set-off or counter-claim claims and no other right of objection, in particular the Sellers have no outstanding production tax liability or delinquent state tax liability (e.g. property tax); and

- there has been no change in the Alaska Tax Credit Program that, in the reasonable determination of the Issuer or Escrow Agent, causes a material adverse effect on the ability of the Sellers to apply for, receive, or assign Tax Credits or the proceeds thereof.

4. Insurance Coverage

Insurance coverage is to be taken out before disbursement of funds for payment of Tax Credits, covering several potential risks that might arise in connection with the business model of the Issuer.

- Political risk insurance to cover the risk of e.g. abandonment, selective and discriminating government acts with impact on exploration area or which prevents the participating in the benefits of the program and the risk of non-honoring of valid tax credit certificates (including the risk of insolvency of the State of Alaska or a delay of payment for more than 45 days), provided the government has no right to withdraw the payment.

- Insurance program of Furie and Cornucopia covering operational risks from the operating activities in Alaska e.g. general and pollution liability, energy risks (control of well), construction all risk insurance.

- Trade receivables insurance covering the risk of claw-back of any Advanced Payments and/or Tax Credits if Cornucopia goes bankrupt.

The existence of insurance policies does not grant full coverage of any included risks. The payment of the insurer depends on certain conditions and can be affected by acts of the insured or co-insured (e.g. violation of warranties or obligations, nonpayment of premium) or other insured events or insufficient insurance sums and the cover can be terminated by the insurer.

VI. DIRECTORS

The Board of Directors of the Issuer currently consists of three members. The following table contains their names, dates of appointment as members of the Board of Directors and areas of responsibility. The Board of Directors are appointed for a term of six years.

Name Member Class Board Member since Area of responsibility

Margaritis Stogiannidis Class A 25 March 2016 Managing Director

Laurent Teitgen Class B 26 January 2016 [•]

Daniel Galhano Class B 26 January 2016 [•]

The managing director may be reached at the business address of the Issuer.

VII. DESCRIPTION OF THE SECURITY GRANTORS

The following description of the security grantors is not exhaustive. Prior to their investment decision, investors should obtain detailed information on the security grantors.

Cornucopia and Furie, as security grantors (Cornucopia and Furie hereinafter also jointly referred to as "**Security Grantors**") grant certain security for the benefit of the Noteholders.

1. General Information relating to Cornucopia

a) Formation, Business Name, Registered Office, Financial Year, Duration and Term of Cornucopia

The legal name of Cornucopia is Cornucopia Oil & Gas Company, LLC. Cornucopia is incorporated as a limited liability company under the laws of Texas, United States, with Filing Number: 800681197 in the Office of the Secretary of State. It was formed under the name Escopeta Oil of Alaska LLC on 14 July 2006. The registered office of Cornucopia is 350 North Paul St Suite 2900, Dallas, Texas 75201, and its registered agent is CT Corporation System. It may be reached by telephone at +1 (0) 281-957-9812. The principal place of business of Cornucopia is at 100 Enterprise Avenue, League City, Texas 77573. Cornucopia operates under the commercial name "Cornucopia". The fiscal year of Cornucopia equals the calendar year and runs from 1 January to 31 December of each year. The term of Cornucopia is unlimited.

b) Corporate object

The purpose, for which Cornucopia is formed, is for the transaction of any and all lawful purposes for which a limited liability company may be organized under the Texas Business Organization Code and specifically to generally engage in the oil and gas business.

c) Shareholder structure

The sole shareholder of Cornucopia is Deutsche Oel & Gas S.A., Luxembourg, Grand Duchy of Luxemburg.

d) Business of Cornucopia

Cornucopia owns an approx. 79% working interest in the Lease Rights of Cornucopia Group and, under the terms of an operating agreement entered into by and between Cornucopia, Furie, Danny S. Davis, E Lawrence Berry and Taylor Minerals LLC ("**Operating Agreement**"), is responsible for paying and funding all costs and expenses of exploring and developing the Lease Rights, at which exploration and development is carried out by Furie as operator of the KLU on behalf of all working interest owners. In addition, it is the holding company of the operating company of Cornucopia Group, Furie.

2. General Information relating to Furie

a) Formation, Business Name, Registered Office, Financial Year, Duration and Term of Furie

The legal name of Furie is Furie Operating Alaska, LLC. Furie is incorporated as a limited liability company under the laws of Texas, United States, with Filing Number: 706013222 in the Office of the Secretary of State. It was formed under the name Escopeta Oil Co., LLC in Texas on 15 December 1999 and renamed as Furie Operating Alaska, LLC on 21 September 2011. The registered office of Furie is 350 North Paul St Suite 2900, Dallas, Texas 75201, and its registered agent is CT Corporation

System. It may be reached by telephone at +1 (0) 281-957-9812. The principal place of business of Furie is at 100 Enterprise Avenue, League City, Texas 77573. Furie operates under the commercial name “Furie Operating Alaska”. The fiscal year of Furie equals the calendar year and runs from 1 January to 31 December of each year. The term of Furie is unlimited.

b) Corporate object of Furie

The purpose, for which Furie is formed, is for the transaction of any and all lawful purposes for which a limited liability company may be organized under the Texas Business Organization Code and specifically to generally engage in the oil and gas business.

c) Shareholder structure

The sole shareholder of Furie is Cornucopia.

d) Business of Furie

Furie owns a 1% working interest in the Lease Rights and is under the terms of the Operating Agreement responsible for all direct operating activities for the KLU development.

VIII. TERMS AND CONDITIONS OF THE NOTES

§ 1
Form and Denomination

1.1 *Issue, Principal Amount, Form:* On March 18st, 2016 (the "**Day of Issue**"), Deutsche Oel & Gas TC-2016 S.A. (the "**Issuer**") issues bearer Notes (the "**Notes**") in the aggregate principal amount of USD 170,000,000.00 (the "**Principal Amount**") divided into Notes in a denomination of USD 1,000.00 each under the condition that each investor subscribes for at least 150 Notes for at least USD 150,000 ("Minimum Subscription Amount"). The Principal Amount may be increased if the Issuer provides an amendment to the Information Memorandum covering such increase of the Principal Amount.

1.2 *Global Notes:*

a) The Notes are initially represented by a temporary global bearer Note (the "**Temporary Global Note**") without interest coupons.

b) The Temporary Global Note will be exchanged free of charge to the Noteholders in whole or in part for a permanent global bearer Note (the "**Permanent Global Note**"; the Temporary Global Note and the Permanent Global Note each a "**Global Note**") without interest coupons not earlier than 40 days after the Day of Issue. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions) in accordance with the rules and operating procedures of the Clearing System. Any such certification received on or after the 40th day after the date of issue of the Notes represented by the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this § 1.2 (b). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.

"**United States**" means the Unites States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

c) The Global Notes shall each be manually signed by duly authorized representatives of the Issuer.

1.3 *Clearing System:* The Global Notes will be held in custody by, or on behalf of, Clearstream Banking AG, Frankfurt am Main, Germany, (the "**Clearing System**") until all obligations of the Issuer under the Notes have been satisfied.

1.4 *Holders of Notes:* The holders of Notes ("**Noteholders**") are entitled to co-ownership participations in the Global Notes, which are transferable in accordance with applicable laws and the rules and regulations of the Clearing System. The right of the Noteholders to require the issue and delivery of definitive notes or interest coupons is excluded.

§ 2
Status, Negative Pledge, Securities; Escrow Account

2.1 *Status:* The obligations under the Notes constitute secured, direct unconditional obligations

of the Issuer. They rank pari passu among themselves in respect of security. Following the occurrence of an Event of Default (as defined in § 7), the Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments.

2.2 *Corporate Status:* The Issuer is a limited liability corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation. The Issuer has been incorporated solely for the issuance of the Notes.

2.3 *Negative Pledge:*

a) The Issuer undertakes after releases of amounts of principal from the Construction Account (i.e. an account authorization (*Kontoverfügungsbevollmächtigung*) for the Escrow Agent in favour of the Escrow Agent granted by Cornucopia, into which proceeds from acquired Tax Credits shall directly to be paid by the State of Alaska), so long as any of the Notes are outstanding, but only up to the time that all amounts of principal and interest payable under the Terms and Conditions have been placed at the disposal of the Principal Paying Agent, not to (i) incure any Financial Indebtedness or Capital Market Indebtedness other than the Notes granted before the date hereof and (ii) not to create or permit to subsist any form of encumbrance in rem (a "**Security Interest**") over the whole or any part of its assets to secure any Financial Indebtedness or Capital Markets Indebtedness, excluding Security Interests for the benefit of the Noteholders under the Terms and Conditions and excluding any increase of the Principal Amount by an amendment of the Private Placement Memorandum and the Terms and Conditions;

without prior thereto or at the same time letting the Noteholders

i) not to take a *pari passu* and equal share in such Security Interest; or

ii) benefit from an equivalent Security Interest, which shall be approved by an independent expert as being an equivalent security. Any such security may also be provided to a person acting as trustee for the Noteholders.

b) This undertaking shall not apply to

i) a Security Interest which is mandatory by law or *sine qua non* for a governmental license; and

ii) liens pursuant to general terms and conditions of banks.

"**Financial Indebtedness**" means any present or future own or third-party indebtedness for monies borrowed or raised whether or not securitized including factoring agreements and financial leases.

"**Capital Market Indebtedness**" means any present or future own or third-party indebtedness for monies borrowed or raised in the form of, or represented or evidenced by, either (i) bonds, note or other securities which are, or are capable of being, quoted, listed, dealt in, or traded on, any stock exchange, or other recognised over-the-counter or securities market or by (ii) a German law registered bond (*Namensschuldverschreibung*) or certificate of indebtedness (*Schuldschein*) governed by German law.

2.4 *Securities:*

a) All claims of Noteholders in respect of any sums payable under the Notes are secured by securities as defined in the Security Trust Agreement (the "**Securities**") in accordance with the provisions of the Security Trust Agreement.

b) The Securities are provided to the Security Trustee for the benefit of the Noteholders.

c) By subscribing to the Notes, each Noteholder declares its consent to the Security Trust Agreement dating as of 25 March 2016 (the "**Security Trust Agreement**"). Each Noteholder is entitled to claim any rights under the Security Trust Agreement in his own name and on its own behalf vis-a-vis the Security Trustee (*Vertrag zugunsten Dritter*, § 328 German Civil Code (Bürgerliches Gesetzbuch, (**BGB**)).

d) In accordance with the Security Trust Agreement, the Issuer appoints the Escrow Agent as security trustee (the "**Security Trustee**"). The Security Trust Agreement is attached to the Terms and Conditions and an integral part thereof.

e) The enforcement of Securities takes place in accordance with the provisions set out in the Security Trust Agreement. The Security Trustee shall ensure that, upon the occurrence and during the continuation of an Event of Default, all payments are made in accordance with the Post-Enforcement Priority of Payments.

f) The Issuer pays a consideration to the Security Trustee in an amount specified in the Security Trustee Agreement.

g) In the event the Security Trust Agreement ends prematurely for any reason, the Issuer is entitled and obliged to appoint a new security trustee without undue delay. The Noteholders' consent to this shall be deemed granted.

2.5 *No Employees*: The Issuer does not have employees and undertakes, so long as any of the Notes are outstanding, not to engage employees.

2.6 *No Subsidiaries*: The Issuer has no Subsidiaries and undertakes, so long as any of the Notes are outstanding, not to establish any Subsidiary that in turn could incur obligations for which the SPV might ultimately be liable.

"**Subsidiary**" means any affiliated entity of the Issuer within the meaning of Sec. 15 et seq. of the German Stock Corporation Act (*Aktiengesetz*-**AktG**).

2.7 *Limitation of Business Purpose*: The articles of association (*Satzung*) of the Issuer provide for a business purpose (*Unternehmenszweck*) and powers of authority (*Geschäftsführungsbefugnisse*) that are strictly limited to the issuance of the Notes and the dealings necessary to set up the underlying transaction structure.

2.8 *Escrow Account:* The Issuer will establish an escrow account (the "**Escrow Account**"). Upon the issue of the Notes, all proceeds of issue will be paid into the Escrow Account.

2.9 *Escrow Agent/Tust and Use of Funds Auditor Agreement:*

a) *Appointment:* The escrow agent (the "**Escrow Agent**") shall be:

TB Treuhand GmbH Wirtschaftsprüfungsgesellschaft,

Innungsstraße 11 – 13, 21244 Buchholz i.d. Nordheide, which may be replaced at anytime by a successor Escrow Agent in accordance with the Trust and Use of Funds Audit Agreement.

b) *Duty of the Escrow Agent:* The Issuer may only use the net proceeds to purchase from the Sellers (i) already filed Tax Credits claims of Cornucopia and/or Furie against the State of Alaska or (ii) not yet filed claims for future Tax Credits against the State of Alaska that will rise from expenditures if and to the extent that the Tax Credit Expert has confirmed that those investments entitle Cornucopia/Furie to file for Tax Credits. The Escrow Agent shall administer the Escrow Account and manage the use of the net proceeds for the purpose of the purchase of claims to Tax Credits from the Sellers in accordance with certain eligibility criteria as defined in the Trust and Use of Funds Auditor Agreement. Furthermore, the Escrow Agent shall act as the use of funds auditor and shall, prior to an Event of Default, ensure that payments are made in accordance with the Pre-Enforcement Priority of Payments (as defined in 4.3). For this purpose inter alia the Issuer and the Sellers entered into a trust and use of funds auditor agreement ("**Trust and Use of Funds Auditor Agreement**").

"**Seller**" means Cornucopia Oil & Gas Company, LLC, and/or Furie Operating Alaska, LLC.

"**Tax Credits**" means any existing and future tax credit certificates from all Alaska state tax credits received by or on behalf of the Sellers under Alaska Statute ("AS") 43.55.023(a) (Qualified Capital Expenditures), AS 43.55.023(l) (Well Lease Expenditures), AS 43.55.023(b) (Carry Forward Losses) (all such state tax credits with respect to which the Sellers are entitled to receive), including without limitation all tax credits proceeds due to the Sellers from the State of Alaska, Department of Revenue (the "**DOR"**) with respect to the Investments and in accordance with the Eligibility Criteria (as defined as defined in the Trust and Use of Funds Auditor Agreement).

"Tax Credit Expert" means Theodor van Stephoudt, Reed Smith, New York, or such other person that is not an affiliate of the Issuer, Cornucopia or Furie appointed by the Escrow Agent and reasonably acceptable to the Issuer, Cornucopia and Furie.

c) *Release of Amounts:* From the Escrow Account, the Escrow Agent shall be entitled to release and transfer to a construction account specific amounts which the Sellers request under certain conditions as stipulated in the Trust and Use of Funds Auditor Agreement. Further details are defined in the Escrow Agreement.

2.10 *Insurances:* The Issuer will take out the insurances stated in section 5.2 of the Trust and Use of Funds Auditor Agreement. Taking out these insurances is a condition precedent for any releases of any security by the Security Trustee and for any releases from the Escrow Account by the Escrow Agent.

2.11. *Purchase of Tax Credits:* The Issuer will neither purchase any Tax Credits nor make any advanced payments for the purchase of Tax Credits after December 31^{st,} 2017.

§ 3
Interest

3.1 *Rate of Interest and Interest Payment Dates:* The Notes shall bear interest on their outstanding Principal Amount at the rate of 5.75 per cent per annum (the "**Regular Interest Rate**") from, and including, the Issue Date (the "**Interest Commencement Date**") to, and excluding, their date of redemption. Interest shall be payable semiannually on May 31st and November 30th, in each year (each such date an "**Interest Payment Date**"), commencing on November 30th, 2016.

3.2 *Accrual of Interest:* If the Issuer fails to redeem the Notes when due, the Issuer will not be obliged to pay default interest established by law, unless the Issuer fails to redeem the Notes due to wilful conduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*).

3.3 *Calculation of Interest for Partial Periods:* Where interest is to be calculated in respect of a period which is shorter than an Interest Period, the interest will be calculated on the basis of the actual number of days elapsed in the relevant period, divided by the actual number of days in the Interest Period in which the relevant period falls Act/Act.

"**Interest Period**" means the period from and including the Interest Commencement Date to, but excluding, the first Interest Payment Date and thereafter from and including each relevant Interest Payment Date to but excluding the next following Interest Payment Date.

§ 4
Payments

4.1 *Payment of Principal and Interest:*

a) Payment of principal and interest in respect of the Notes shall be made in US-Dollar to the Principal Paying Agent (as defined in § 8) for on-payment to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

b) Payments on Notes represented by the Temporary Global Note will be made only after delivery of certifications pursuant to § 1.2 (b).

4.2 *Discharge:* The Issuer shall be discharged from its respective obligation in the amount of any payment made to, or to the order of, the Clearing System.

4.3 *Pre-Enforcement Priority of Payments:* On the 30th of November and 31st of May of each year and for the first time on the 30th of November 2016 prior to the occurrence of an Event of Default, the Escrow Agent in its function as use of funds auditor shall ensure that payments are made in the order of the Pre-Enforcement Priority of Payments, as defined in the Trust and Use of Funds Auditor Agreement:

(i) **first**, to pay any obligation of the Issuer which is due and payable with respect to corporation and trade tax under any applicable law (if any);

(ii) **second**, to pay any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Security Trustee under the Security Trust Agreement and the Escrow Agent under the Trust and Use of Funds Agreement;

(iii) **third**, to pay pari passu with each other on a pro rata basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to a corporate administrator, under the corporate administration agreement and the account bank, under the accounts agreement, any amounts due and payable by the Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses;

(iv) **fourth**, to pay pari passu with each other on a pro rata basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the legal advisers or auditors of the Issuer, the Paying Agent, the cash administrator and the calculation agent, the placement agents and any other relevant party with respect to the issue of the Notes and to pay any property taxes and/or any other delinquent taxes of Cornucopia and Furie, which otherwise would lead to a reduction or exclusion of tax credit claims with respect to Tax Credits purchased from Cornucopia and Furie, in case the Escrow Agent comes to the conclusion that Cornucopia and/or Furie are not able or not expected to be able to pay the respective taxes;

(v) **fifth**, to pay Notes interest due and payable pro rata on each Note;

(vi) **sixth**, to pay any other costs of the Issuer and Third Party Fees;

(vii) **seventh**, to pay any Notes principal pro rata on each Note if and to the extent due and payable; and

provided that any payment to be made by the Issuer under items first to fourth (inclusive) with respect to taxes shall be made on the business day on which such payment is then due and payable using the credit.

The costs under second through fourth may only be paid by the Issuer up to a total amount of 8% of the proceeds from the Notes over the term of the Notes.

4.4 *Post-Enforcement Priority of Payments:* Upon the occurrence and during the continuation of an Event of Default, only the Security Trustee is authorized to release funds from the Escrow Account and the Construction Account as the case may be in accordance with the Trust and Use of Funds Auditor Agreement. In this case on the 30th of November and 31st of May of each year, but for the first time on 30th of November 2016 any payments by the Security Trustee shall be made in the order of the Post-Enforcement Priority of Payments, as stipulated in the Security Trust Agreement and/or the Trust and Use of Funds Auditor Agreement, as the case may be.

4.5 *Payment Business Day:* If the date for payment of any amount in respect of any Note is not a Business Day, then the Noteholder shall not be entitled to claim payment until the next such day that is a Business Day and shall not be entitled to claim further interest or other payment in respect of such delay.

"**Business Day**" means any day (other than a Saturday or a Sunday) on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2) are operational and on which commercial banks and foreign exchange markets are open or required to be open for business in

Luxembourg, London, England, and Frankfurt am Main, Germany.

4.6 *Deposit of Principal and Interest:* The Issuer shall be entitled to deposit principal or interest not claimed by Noteholders within 12 months after the Maturity Date with the local court (*Amtsgericht*) in Luxembourg. If and to the extent the deposit is effected and the right to withdrawal is being waived, the respective claims of such Noteholders against the Issuer shall cease.

4.7 *References to Principal and Interest:*

a) References in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

i) the Principal Amount (as defined in § 1.1);

ii) the Early Redemption Rate (as defined in § 5a);

and any premium and any other amounts which may be payable under or in respect to the Notes.

b) References in these Terms and Conditions to interest in respect of the notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 6.

§ 5
Redemption

5.1 *Redemption at Maturity:* The Notes shall, unless previously redeemed in whole or in part or purchased and cancelled, be due for repayment on August 3[1], 2020 ("**Maturity Date**").

5.2 *Early Redemption for Reasons of Taxation:*

a) If a Tax Event occurs, the Issuer represented by the Escrow Agent as attorney-in-fact shall be entitled to redeem the Notes in whole, but not in part, upon not more than 60 days' nor less than 30 days' prior notice of redemption at their Principal Amount together with interest accrued to, but excluding, the date of early redemption.

A "**Tax Event**" occurs if the laws or regulations of Luxembourg or any political subdivision or taxing authorities thereof or therein affecting taxation or the obligation to pay duties of any kind are, with effect on or after the Date of Issue,

i) being changed or amended; or

ii) being officially interpreted or applied in a changed or amended manner;

and the Issuer is, as a result, required to pay Additional Amounts (§ 6) on the next succeeding Interest Payment Date and cannot avoid this obligation by the use of reasonable measures available to the Issuer.

b) No such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts.

c) Such notice of redemption is only valid if the Tax Event still subsists at the time the notice is given.

d) Such notice of redemption shall be given to the Noteholders in accordance with § 12. It shall be irrevocable and must set forth a statement in summary form of the facts constituting the grounds for the right of the Issuer to redeem the Notes.

e) Prior to the notice of redemption, the Issuer shall deliver to the Principal Paying Agent (as defined in § 8) a certificate manually signed by duly authorized representatives of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. This statement shall be accompanied by an opinion of recognized and independent legal advisers confirming the Tax Event.

5.3 *Early Redemption at the Option of the Issuer following a Clean-Up Call:*

If 90% or more of the aggregate principal amount of the Notes then outstanding have been redeemed pursuant to the provisions in § 5.2 and § 5a or otherwise repurchased and cancelled, the Issuer represented by the Escrow Agent as its attorney-in-fact may, by giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with § 12, call, at its option, the remaining Notes (in whole but not in part) with effect from the redemption date specified by the Issuer in the notice at the remaining percentage of the principal amount per Note plus interest accrued to, but excluding, the date of such redemption.

5.4 *Early Redemption in case of insolvency of one of the Sellers:*

If a Seller becomes over-indebted or is unable to pay its debts as they fall due and therefore insolvency proceedings are opened over the assets of the respective Seller, the Issuer represented by the Escrow Agent as its attorney-in-fact may and is obliged to within 30 days after the respective Seller receives knowledge of this event, by giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with § 12, redeem, the Notes (in whole but not in part) with effect from the redemption date specified by the Issuer in the notice at their Principal Amount together with interest accrued to, but excluding, the date of such early redemption.

5.5 *Early Redemption due to cancellation of the tax credit program by the State of Alaska:*

In case the Tax Credit Program is cancelled by the State of Alaska on or prior to the 31st of December 2017, the Issuer represented by the Escrow Agent as its attorney-in-fact may and is obliged to within 30 days after the Seller receives knowledge of this event, by giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with § 12, redeem, the Notes (in whole but not in part) with effect from the redemption date specified by the Issuer in the notice at their Principal Amount together with interest accrued to, but excluding, the date of such early redemption.

"**Tax Credit Program**" means the program by which the state of Alaska financially supports the exploration and production of oil and gas by granting tax credit certificates under Alaska Statute ("AS") 43.55.023(a) (Qualified Capital Expenditures), AS 43.55.023(l) (Well Lease Expenditures), AS 43.55.023(b) (Carry Forward Losses).

5.6 *Early Redemption in case of non purchase*.

In case Tax Credits have not been purchased for a period of three months and the Escrow Agents confirms in writing that he considers that any further purchases of Tax Credits are not possible at short term, the Issuer represented by the Escrow Agent as its attorney-in-fact

may and is obliged to within 30 days after the Cornucopia Group receives knowledge of this event, by giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with § 12, redeem the Notes (in whole but not in part) with effect from the redemption date specified by the Issuer in the notice at their Principal Amount together with interest accrued to, but excluding, the date of such early redemption.

§ 5a
Early Redemption at the Option of the Issuer

a) The Issuer shall be entitled to redeem the Notes in whole or in part on any Interest Payment Date.

b) The Issuer shall be entitled to redeem the Notes in whole or in part on any Business Day upon not less than one month's prior notice of redemption. In the case such call notice is given, the Issuer shall redeem the Notes at their Early Redemption Rate together with interest accrued to, but excluding, the date of early redemption.

"**Early Redemption Date**" is each Business Day, on which the Early Redemption becomes effective.

The "**Early Redemption Rate**" equals the Principal Amount plus the sum of all interest payable until the Early Redemption Date, such interest amount and discounted by the yield on government bonds with matching maturity of the Federal Republic of Germany as per the day of the notice of redemption pursuant to § 5a for an Early Redemption Date prior to August 31st, 2020.

c) Any such notice of redemption shall be given in accordance with § 12 and shall be irrevocable.

§ 6
Taxation

No Deduction or Withholding of Taxes: All payments of principal and interest will be made free and clear of, and without any withholding or deduction for or on the account of, any present or future taxes, duties or governmental charges ("**Taxes**") of whatever kind applicable to the Notes under any applicable jurisdiction, unless such withholding or deduction is required by law. If any such withholding or deduction is imposed, the Issuer will not be obliged to pay any additional or further amounts ("**Additional Amounts**") as a result thereof.

§ 7
Events of Default

7.1 *Events of Default:* Each Noteholder shall be entitled to declare his Notes due in whole, but not in part and demand immediate redemption thereof at their Principal Amount together with interest accrued to but excluding the date of redemption if an Event of Default occurs.

"**Events of Default**" are:

a) *Insolvency etc.:* the Issuer becomes over-indebted or is unable to pay its debts as they fall due or the inability of the Issuer to pay its debts as they fall due is imminent or measures are, in relation to the Issuer, taken or engaged for the commencement of any proceedings of bankruptcy (*faillite*), insolvency, liquidation, moratorium or reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*),

fraudulent conveyance (*actio pauliana*), voluntary liquidation (*liquidation volontaire*), court-ordered liquidation (*liquidation judiciaire*), general settlement or composition with creditors, reorganisation or any similar proceedings under Luxembourg or foreign law affecting the rights of creditors generally affecting the rights of creditors generally or which affect or prejudice the performance of its obligations under the Notes or the other Transaction Documents, and are not, in the opinion of the Security Trustee, being disputed in good faith with a reasonable prospect of discontinuing or discharging the same, or such proceedings are not instituted for lack of assets.

"**Transaction Documents**" shall mean:

(a) the Terms and Conditions of the Notes and

(b) any documentation related to the Security and the control of use of funds and the purchase of Tax Credits.

b) *Non-Payment of Principal or Interest:* the Issuer defaults in the payment of any interest or principal due and payable in respect of any Note or in the due payment or performance of any other Transaction Secured Obligation (as such term is defined in the Transaction Security Agreement), other than mentioned under item tenths of the Pre-Enforcement Priority of Payments, and such default continues for a period of at least 30 Business Days.

c) *Execution, Attachment etc.:* an execution, attachment or other legal process is levied or enforced upon or sued out against all or any substantial part of the assets of the Issuer and is not discharged or does not otherwise cease to apply within thirty (30) calendar days of being levied, enforced or sued out or legal proceedings are commenced for any of the aforesaid, or the Issuer makes a conveyance or assignment for the benefit of its creditors generally.

d) *Cessation of Security Interest:* the Security Trustee ceases to have a valid and enforceable security interest in any of the Security, as defined in the Security Trust Agreement, or any other security interest created under any Transaction Document.

e) *Loss of Security:* A Security that is to be provided under the Terms and Conditions to the benefit of the Noteholders is not provided or void or falls away for whatever reason.

f) *Breach of other Obligations:* The Issuer or any company of the Cornucopia Group breaches any other material obligation under the Notes or the Transaction Documents granted for the benefit of the Noteholders, as the case may be; notably the Issuer creates or permits to persist a Security Interest in opposition to the limitations set out in § 2.2.

In case such breach of duty is capable of remedy, it does not constitute an Event of Default unless the Principal Paying Agent has received a notification of a Noteholder on the breach of duty and the breach of duty subsists for more than 30 days after such notification.

g) *Liquidation:* The Issuer goes into liquidation unless in connection with a merger or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Notes and has equity in at least the same amount.]

7.2 *Notification of Events of Default:* The Issuer will notify the Noteholders on any occurring Event of Default in accordance with § 12.

7.3 *Remedy:* The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

7.4 *Form:* Any notice of default in accordance with § 7.1 above shall be made by means of a written declaration in the English language delivered by hand or registered mail to the Principal Paying Agent together with evidence that such Noteholder at the time of such notice is a holder of the relevant Notes by means of a certificate of his depositary bank in accordance with § 13.4 or in any other appropriate manner.

§ 8
Principal Paying Agent

8.1 *Appointment:* The initial principal paying agent (the "**Principal Paying Agent**"; and together with possible additional paying agents appointed in accordance with § 8.2: the "**Paying Agents**") shall be:

8.2 *Variation or Termination of Appointment:* The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent or any other Paying Agent and to appoint succeeding or additional Paying Agents. Notice of any change in the Paying Agents or in the specified office of any Paying Agent will promptly be given to the Noteholders pursuant to § 12.

8.3 *Agent of the Issuer:* The Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Noteholders. The Paying Agents are exempt from the restrictions of § 181 BGB and possible restrictions in other jurisdictions.

§ 9
Presentation Period, Prescription

The period for presentation provided in § 801 (1) (1) BGB will be reduced to 10 years for the Notes. The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

§ 10
Purchases

Purchases: The Issuer is entitled to purchase and resell Notes at any time in the market or otherwise.

§ 11
Substitution

11.1 *Authorisation for Substitution:* The Issuer may, without the consent of the Noteholders, at any time substitute for the Issuer any subsidiary as principal debtor in respect of all obligations arising from or in connection with the Notes (the "**Substitute Debt**or") provided that:

a) no payment of principal of or interest on any of the Notes is in default; and

b) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;

and

c) the Issuer and the Substitute Debtor have obtained all necessary authorisations and may transfer to the Principal Paying Agent all amounts required for the fulfilment of the payment obligations arising under the Notes in US-Dollar without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence; and

d) the Substitute Debtor has agreed to indemnify and hold harmless each Noteholder against any tax or duty imposed on such Noteholder in respect of such substitution; and

e) the Issuer irrevocably and unconditionally additionally guarantees in favour of each Noteholder the payment of all sums payable by the Substitute Debtor in respect of the Notes and such guarantee contains a negative pledge undertaking corresponding to § 2.2; and

For each jurisdiction affected, there shall be delivered one opinion of lawyers of recognised standing to the Principal Paying Agent to the effect that § 11.1 (a) through (e) above have been satisfied.

11.2 *Notification:* Notice of any such substitution shall be published without undue delay in accordance with § 12.

§ 12
Notices

12.1 *Publications:* All notices regarding the Notes will be published on the Issuer's website under www.deutsche-oel-gas-TC-2016.com. Any notice will become effective for all purposes on the date of the first such publication. Any notice so given will be deemed to have been validly given to the Noteholders on the fifth day following the date of such publication.

12.2 *Notices to the Clearing System:* The Issuer will be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders. Any such notice shall be deemed to have been validly given to the Noteholders on the seventh day following the day on which it was given to the Clearing System.

§ 13
Amendments to the Terms and Conditions by resolution of the Noteholders; Joint Representative

13.1 *Applicability of the SchVG:* The Issuer may amend the Terms and Conditions, the Security Trust Agreement and the security agreements with the consent of the Noteholders by a majority resolution of the Noteholders pursuant to §§ 5 et seqq. of the German Schuldverschreibungsgesetz (the "**SchVG**"), as amended from time to time. In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5 (3) of the SchVG, but excluding a substitution of the Issuer, which is exclusively subject to the provisions in § 12, by resolutions passed by such majority of the votes of the Noteholders as stated under § 13.2 below, and an increase of the Principal amount in accordance with § 1 above. A duly passed majority resolution shall be binding upon all Noteholders.

13.2 *Majority Vote:* Except as provided by the following sentence and provided that the quorum

requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5 (3) numbers 1 through 8 of the SchVG, may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a "**Qualified Majority**").

13.3 *Voting:* Resolutions of the Noteholders will be passed, at the election of the Issuer, by means of a voting in accordance with § 18 SchVG or in a Noteholders' meeting in accordance with § 9 SchVG. Noteholders holding together Notes in a principal amount of 5 per cent. of the aggregate principal of Notes then outstanding may request in writing that, as they elect, a voting of Noteholders without a meeting in accordance with § 9 in connection with § 18 SchVG or a Noteholders' meeting in accordance with § 9 SchVG be organised. The request for voting as submitted by the chairman (*Abstimmungsleiter*) or, as the case may be, the notice convening a Noteholders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to Noteholders together with the request for voting.

13.4 *Special Confirmation and Blocking Instruction:* Noteholders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of the depositary bank and by submission of a blocking instruction by the depositary bank for the voting period.

13.5 *Joint Representative:* The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Noteholders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent, in accordance with § 13.2 hereof, to a material change in the substance of the Terms and Conditions.

13.6 *Notifications:* Any notices concerning this § 13 shall be made in accordance with § 5 et seq. of the SchVG and § 12.

§ 14
Final Provisions

14.1 *Applicable Law:* Form and content of the Notes are governed by the laws of the Federal Republic of Germany. The application of Articles 86 et seq. of the Luxembourg law of 10 August 1915 on commercial companies, is expressly excluded.

14.2 *Submission to Jurisdiction:* To the extent legally permissible, exclusive place of jurisdiction for all proceedings arising from matters provided for in these Terms and Conditions shall be [the seat of the company] unless a mandatory provision states otherwise.

14.3 Place of Jurisdiction: The courts of Frankfurt am Main shall have jurisdiction for all judgments pursuant to §§ 9 (2), 13 (3) and 18 (2) SchVG in accordance with § 9 (3) SchVG. The regional court (*Landgericht*) of Frankfurt am Main shall have exclusive jurisdiction for all judgments over contested resolutions by Noteholders in accordance with § 20 (3) SchVG.

14.4 *Place of Performance:* Place of performance shall be the company's seat unless a mandatory provision states otherwise.

14.5 *Enforcement:* Any Noteholder may in any proceedings against the Issuer protect and enforce

in their own name their rights arising under their Notes by submitting the following documents: (a) a certificate issued by their depositary bank (i) stating the full name and address of the Noteholder, (ii) specifying the aggregate Principal Amount of Notes credited on the date of such certificate to such Noteholder's securities account maintained with such depositary bank and (iii) confirming that the depositary bank has given a written notice to the Clearing System as well as to the Paying Agent containing the information pursuant to (i) and (ii) and bearing acknowledgements of the Clearing System and the relevant Clearing System accountholder as well as (b) a copy of the Global Note certified by a duly authorised officer of the Clearing System or the Principal Paying Agent as being a true copy.

IX. SECURITY

The Notes have the benefit of certain security granted by each of Cornucopia, Furie and the Issuer securing both the claims of the Noteholders for redemption of the Notes and the claims of the Noteholders for semiannually interest payments as well as any and all sums and liabilities which are or may become payable or owing by the Issuer and the Security Grantors pursuant to, or in connection with, the issue of the Notes ("**Secured Obligations**").

In order to secure the Secured Obligations, the Issuer and the Security Grantors have entered into a security trust agreement on **25 March 2016**, which is attached to this Memorandum, (the "**Security Trust Agreement**") with the Escrow Agent (the "**Security Trustee**"). The Security Trustee holds and administers certain security interests, as described in this section, and, in an event of default of the Issuer, enforces the security for the benefit of the Noteholders.

1. Security

The security granted by the Security Grantors and the Issuer pursuant to the Security Trust Agreement (the "**Security**") comprises mainly:

- a global security right over all Tax Credits granted by Cornucopia;
- a pledge over the Escrow Account granted by the Issuer;
- a security assignment of all claims and receivables under the certain insurance contracts which are to be entered into:
    - With respect to filed tax credits a political risk insurance to cover the risk of e.g. abandonment, selective and discriminating government acts with impact on exploration area or which prevents the participating in the benefits of the program and the risk of non-honouring of valid tax credit certificates (including the risk of insolvency of the state of Alaska or a delay of payment for more than 45 days), provided the government has no right to withdraw the payment; and
    - Trade receivables insurance of Cornucopia to cover the claw-back of any Advanced Payments and /or Tax Credits in case Cornucopia goes bankrupt.
- a pledge over the securities deposit account including all sub-accounts in which money market instruments are held which were purchased with proceeds from the Notes.

2. Use of Net Proceeds

The Issuer has entered into a trust and use of funds auditor agreement (the "**Trust and Use of Funds Auditor Agreement**") with TB Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Buchholz i.d. Nordheide, Germany as escrow agent and use of funds auditor (the "**Escrow Agent**"). In this function, the Escrow Agent holds and audits the use of the funds standing to the credit of the Escrow Account and the Construction Account (as defined below).

The proceeds of the Notes are paid by the Noteholders to the account of the payment agent. The Issuer will instruct the payment agent to transfer these proceeds to the escrow account, i.e. an account of the Issuer, pledged to the Escrow Agent, with full disposal rights of only the Escrow Agent before an event of default and, upon the occurrence and during the continuation of an event of default under the Notes, with sole disposal rights of only the Security Trustee ("**Escrow Account**").

Proceeds from acquired Tax Credits are directly to be paid by the State of Alaska into the construction account, i.e an account of Cornucopia set up with an account authorisation (*Kontenverfügungsbevollmächtigung*) for the Escrow Agent in favour of the Escrow Agent (the "**Construction Account**"). The Escrow Agent will transfer any credit on the Construction Account resulting from proceeds of the Tax Credits to the Escrow Account without undue delay.

The Escrow Agent shall ensure a due control of, and undertakes to hold, manage and release the proceeds of the Notes in accordance with the Trust and Use of Funds Auditor Agreement.

Any release is subject to the following general conditions precedent:

- the note documentation has been executed to the satisfaction of the Escrow Agent;
- a Tax Credit Expert, as defined in the Trust and Use of Funds Auditor Agreement, has been appointed;
- the Security Trust Agreement has been executed and the security has been validly established in appropriate rank and provided to the Security Trustee to the satisfaction of the Escrow Agent (establishment of appropriate rank may be subject to release of corresponding Proceeds) and
- the insurance cover has been validly implemented; and

The additional conditions for releases depend on the purpose of the release. Releases may be made in accordance with the Trust and Use of Funds Auditor Agreement, in particular, but not limited to, for the following purposes:

- payment of issuing costs;
- fulfilment of the payment obligations under the Notes;
- releases for the acquisition of Tax Credits; and
- advance payments in relation to the future acquisition of Tax Credit.

The Escrow Agent shall also release the funds paid from the Escrow Account to the Construction Account and from the Construction Account, in particular as purchase price to Cornucopia.

Pre-Enforcement Priority of Payments

On the 30th of November and 31st of May of each year, but for the first time on 30th of November 2016 prior to the occurrence of an event of default under the Notes, the Escrow Agent in its function as use of funds auditor shall ensure that payments are made in accordance with the Trust and Use of Funds Auditor Agreement in the following order of priorities:

- **first**, to pay any obligation of the Issuer which is due and payable with respect to corporation and trade tax under any applicable law (if any);
- **second**, to pay any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Security Trustee under the Security Trust Agreement and the Escrow Agent under the Trust and Use of Funds Agreement;
- **third**, to pay pari passu with each other on a pro rata basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to a corporate

administrator, under the corporate administration agreement and the account bank, under the accounts agreement, any amounts due and payable by the Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses;

- **fourth**, to pay pari passu with each other on a pro rata basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the legal advisers or auditors of the Issuer, the paying agent, the cash administrator and the calculation agent, the placement agents and any other relevant party with respect to the issue of the Notes and to pay any property taxes and/or any other delinquent taxes of Cornucopia and Furie, which otherwise would lead to a reduction or exclusion of tax credit claims with respect to Tax Credits purchased from Cornucopia and Furie, in case the Escrow Agent comes to the conclusion that Cornucopia and/or Furie are not able or not expected to be able to pay the respective taxes;

- **fifth**, to pay Notes interest due and payable pro rata on each Note;

- **sixth**, to pay any other costs of the Issuer and Third Party Fees;

- **seventh**, to pay any Notes principal pro rata on each Note if and to the extent due and payable; and

provided that any payment to be made by the Issuer under items first to fourth (inclusive) with respect to taxes shall be made on the business day on which such payment is then due and payable using the credit.

The costs under second through fourth may only be paid by the Issuer up to a total amount of 8% of the proceeds from the Notes over the term of the Notes.

3. Enforcement of Security

In the case of an enforcement of any or all of the Security, the respective Security will be enforced by the Security Trustee in its own name but for, and on account of, the Noteholders and the Security Trustee. The Noteholders shall have no independent power to enforce, or have recourse to any of the Security or to exercise any rights or powers arising under the Security Documents except through the Security Trustee.

The Security shall be enforced, and any enforcement proceeds shall be distributed, in accordance with the relevant provisions of the Security Trust Agreement and the relevant provisions of the Notes.

The Security Trustee shall enforce the Security following receipt by it of a Non-Payment Notification, i.e. a notification issued by the Paying Agent and received by the Security Trustee in accordance with the Terms and Conditions that the Issuer has either not paid interest or principal on the Notes, in accordance with the following enforcement and procedure:

Upon receipt of the Non-Payment Notification, the Security Trustee shall without and undue delay inform the Issuer and the Security Grantors of the receipt of the Non-payment Notification and request payment of the amounts due and payable under the notes which are specified in the Non-Payment Notification. If the Paying Agent has not received payment of the amount due and payable but unpaid under the Notes which is specified in the Non-Payment Notification within one calendar month from the date the Security Trustee has received the Non-Payment Notification, the Security Trustee shall

enforce the Security in accordance with the terms and provisions of the Security Documents.

Post-Enforcement Priority of Payments

Upon the occurrence and during the continuation of an event of default, only the Security Trustee is authorized to release funds from the Escrow Account and the Construction Account as the case may be in accordance with the Trust and Use of Funds Auditor Agreement. In this case on the 30th of November and 31st of May of each year, but for the first time on the 30th of November 2016 any credit is applied in the following order towards fulfilling the payment obligations of the Issuer, in each case only to the extent payments of a higher priority have been made in full:

- **first**, to pay any direct costs of enforcement as well as obligation of the Issuer with respect to corporation and trade tax under any applicable law (if any) which is due and payable;

- **second**, to pay any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Security Trustee under the Security Trust Agreement;

- **third**, to pay pari passu with each other on a pro rata basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the corporate administrator under the corporate administration agreement and the account bank under the accounts agreement, any amounts due by the Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses;

- **fourth**, to pay pari passu with each other on a pro rata basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to legal advisers or auditors of the Issuer, the paying agent, the cash administrator and the calculation agent, any other relevant party with respect to the issue of the Notes and to pay any property taxes and/or any other delinquent taxes of Cornucopia and Furie, which otherwise would lead to a reduction or exclusion of tax credit claims with respect to Tax Credits purchased from Cornucopia and Furie, in case the Escrow Agent comes to the conclusion that Cornucopia and/or Furie are not able or not expected to be able to pay the respective taxes;

- **fifth**, to Notes interest due and payable pro rata on each Note;

- **sixth**, to pay any Notes principal due and payable pro rata on each Note;

- **seventh**, to repay outstanding principal due and payable under the Subordinated Loan, any other costs of the Issuer and Third Party Fees; and

provided that any payment to be made by the Issuer under items first to fourth (inclusive) with respect to taxes shall be made on the business day on which such payment is then due and payable using the credit.

The costs under second through fourth may only be paid by the Issuer up to a total amount of 8% of the proceeds from the Notes over the term of the Notes.

X. SUMMARY OF RULES REGARDING RESOLUTIONS OF NOTEHOLDERS

Pursuant to the Terms and Conditions of the Notes, the Noteholders of each of the Notes may agree to amend the Terms and Conditions of the Notes or decide on other matters relating to the Notes with binding effect on all Noteholders of the Notes by way of resolution to be passed by taking votes without a meeting. Any such resolution duly adopted by resolution of the Noteholders shall be binding on each Holder of the Notes, irrespective of whether such Noteholder took part in the vote and whether such Noteholder voted in favor or against such resolution.

The following is a brief summary of some of the statutory rules regarding the solicitation and conduct of the voting, the passing and publication of resolutions as well as their implementation and challenge before German courts.

1. Specific Rules regarding Votes without Meeting

The voting shall be conducted by the voting administrator (the "**Chairperson**"). The Chairperson shall be (i) a notary public appointed by the Issuer, (ii) where a common representative of the Noteholders (the "**Noteholders' Representative**") has been appointed, the Noteholders' Representative if the vote was solicited by the Noteholders' Representative, or (iii) a person appointed by the competent court. The notice soliciting the Noteholders' votes shall set out the period within which votes may be cast. Such period shall be at least hours. During such voting period, the Noteholders may cast their votes to the Chairperson. The notice shall also set out in detail the conditions to be met for the votes to be valid. The Chairperson shall ascertain each Noteholder's entitlement to cast a vote based on evidence provided by such Noteholder and shall prepare a list of the Holders entitled to vote. If it is established that no quorum exists, the Chairperson may convene a meeting of the Noteholders. Within one year following the end of the voting period, each Noteholder participating in the vote may request a copy of the minutes of such vote and any annexes thereto from the Issuer. Each Noteholder participating in the vote may object in writing to the result of the vote within two weeks following the publication of the resolutions passed. The objection shall be decided upon by the Chairperson. If the Chairperson remedies the objection, the Chairperson shall promptly publish the result. If the Chairperson does not remedy the objection, the Chairperson shall promptly inform the objecting Noteholder in writing. The Issuer shall bear the costs of the vote and, if the court has convened a meeting or appointed or removed the Chairperson, also the costs of such proceedings.

2. Rules regarding Noteholders' Meetings applicable to Votes without Meeting

In addition, the statutory rules applicable to the convening and conduct of Noteholders' meetings will apply *mutatis mutandis* to any vote without a meeting. The following summarizes some of such rules. Meetings of Noteholders may be convened by the Issuer or the Noteholders' Representative, if any. Meetings of Noteholders must be convened if one or more Noteholders holding 5% or more of the outstanding notes so require for specified reasons permitted by statute. Meetings shall be convened at least 14 days prior to the date of the meeting. Attendance and exercise of voting rights at the meeting may be made subject to prior registration of Noteholders. The convening notice will specify the evidence required for attendance and voting at the meeting. The venue of the Noteholders' meeting in respect of a German issuer is the place of the issuer's registered office, provided, however, that where the relevant notes are listed on a stock exchange within the European Union or the European Economic Area, the meeting may be held at the place of such stock exchange. The convening notice shall be made publicly available together with the agenda of the meeting setting out the proposals for resolution. Each Noteholder may be represented by proxy. The quorum for any Noteholders' meeting will be one or more persons representing by value at least 50% of the outstanding notes. If it is established that no quorum exists, a second meeting may be convened at which no quorum will be required, provided that where a resolution may only be adopted by a qualified majority, the quorum will

be one or more persons representing at least 25% of the outstanding notes. All resolutions passed by the Noteholders must be properly published. Resolutions which amend or supplement the terms and conditions of notes certificated by one or more global notes are to be implemented by supplementing or amending the relevant global note(s). In insolvency proceedings instituted in Germany against the Issuer, the Noteholders' Representative, if appointed, is obliged and exclusively entitled to assert the Noteholders' rights under the notes. Any resolutions passed by the Noteholders are subject to the provisions of the German Insolvency Code (*Insolvenzordnung*). If a resolution constitutes a breach of the statute or the terms and conditions of the notes, Noteholders may bring an action to challenge such resolution. Such action must be filed with the competent court within one month following the publication of the relevant resolution.

XI. OFFER AND SALE OF THE NOTES

1. The Offer

The Issuer offers up to USD 170,000,000 5.75% p.a. Notes due on 31 August 2020 (the "**Offer**"). The Offer consists of a private placement only to investors in Germany and certain other countries outside the United States, Canada, Australia and Japan (the "**Private Placement**") in compliance with applicable private placement exemptions.

The issue price for each Note amounts to USD 1,000.00 and represents 100% of the principal amount (the "**Issue Price**") plus accred interest (Stückzinsen) calculated from 18 March 2016.Each investor has to subscribe for at least 150 Notes ("Minimum Subscription") in an amount of at least USD 150,000 ("Minimum Subscription Amount"). Each investor has to pay subscribed amounts to the accounts of the Issuer within 5 Business Days after the Issuer has received his subscription offer. The Issuer will not charge any costs, expenses or taxes directly to any investor to participate in the Offer of the Notes. Investors must inform themselves about any costs, expenses or taxes in connection with the purchase of the Notes which are generally applicable in their respective country of residence, including any charges of their own depository banks in connection with the purchase or holding of securities.

The notes bear interest from (and including) the Issue Date until (excluding) the date of redemption, at a rate of 5.75% p.a. calculated by reference to the principal amount thereof and payable semiannually on 31 May and 30 November of each year, commencing on 30 November 2016. The yield of the Notes is 5.75% p.a.

The Issuer intends to include the Notes for trading in the Freiverkehr of the Frankfurt stock exchange or a similar market segment. The Issuer however does not guarantee such inclusion.

The aggregate principal amount of the Notes subscribed in the offer period may be published on the website of the Issuer on a prior to the Issue Date of the Notes.

The Notes will, unless previously redeemed in whole or in part or purchased and cancelled, be due for repayment on or prior 31 August 2020.

The Terms and Conditions of Notes provide in particular the following cases of early redemption:

- early redemption for reasons of the taxation;
- early redemption at the option of the Issuer following a cleanup call;
- early redemption in case of insolvency of Cornucopia and/or Furie;
- early redemption due to cancellation of the tax credit program by the State of Alaska;
- early redemption in case of non-purchase.
- early redemption in case of a failed purchase of Tax Credits

Further, an ordinary termination right exists for the Issuer at any interest payment date.

2. Offer Period

The offer period, during which investors may place subscription offers, is expected to commence on 18 March 2016 and will expire on 30 September 2016 at 12:00 a.m. (CET) (the "**Offer Period**"). In case of an Over-Subscription (as defined below), the Offer Period will end, however, before the aforementioned time, on the respective trading day of such over-subscription. An "**Over-Subscription**" occurs if the total amount of subscription offers received exceeds the aggregate principal amount of Notes offered by 20%. The Issuer reserves the right to extend or shorten the Offer Period.

3. Issue Price, Interest and Yield

The issue price for each Note amounts to USD 1,000.00 and represents 100% of its nominal amount plus accrued interest (Stückzinsen) calculated from 18 March 2016. Each investor has to subscribe for at least 150 Notes ("Minimum Subscription") in an amount of at least USD 150,000 ("Minimum Subscription Amount"). Each investor has to pay subscribed amounts to the accounts of the Issuer within 5 Business Days after the Issuer has received his subscription offer. The Notes will bear interest on their nominal amount, namely from and including 18 March 2016 at a rate of 5.75**%** p.a., payable semiannually on 31 May and 30 November of each year, but for the first time payable on November 30th, 2016. The annual yield equals the interest on the nominal amount and amounts to 5.75% on the basis of an issue price of 100% of the nominal amount and redemption at the end of the term of the Notes.

4. Issue, Number of Notes to be issued and Result of the Offer

The issue of the Notes is intended to take place on 18 March 2016.The number of Notes to be issued will be determined following the end of the Offer Period in accordance with the subscription offers received and will be communicated to investors with the results of the Offer on the Settlement Date of the Notes, presumably on 31 July 2016.

5. Costs of the Investors in Connection with the Offer

The Issuer will not charge any investor for any costs or taxes. Investors shall inform themselves regarding costs and taxes which may occur in connection with the Notes, including possible fees charged by their depository banks in connection with the subscription and holding of the Notes.

XII. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The following information is of a general nature only and solely for preliminary information purposes. It is a general description of the major tax consequences under German law as of the date of this Prospectus. It does not purport to be a comprehensive description of all tax considerations that might be relevant to an investment decision. It may not include certain tax considerations which arise from rules of general application or are assumed to be generally known by Noteholders. This summary is based on the laws in force in the Federal Republic of Germany on the date of this Prospectus and is subject to any changes in law, court decisions, changes of the administrative practice or other changes that may be made after such date, possibly with retroactive or retrospective effect. The following information is neither intended to be, nor should be regarded as, legal or tax advice. Prospective Noteholders should consult their tax and legal advisors as to the particular legal consequences which may arise from the laws applicable to them.

1. Income Tax

The Notes held by German tax residents as non-business assets

If the Notes are held as non-business assets by Noteholders who are tax residents of Germany (i.e., persons with residence (*Wohnsitz*) or habitual abode (*gewöhnlicher Aufenthalt*) in Germany), the income derived from the Notes will, in general, be subject to German income tax. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) is levied in addition. Furthermore, church tax may be levied, where applicable.

On payments of interest on the Notes to German tax resident individuals and capital gains from the disposition or redemption of the Notes or the separate disposition or redemption of interest claims German income tax is generally levied as a flat income tax (*Abgeltungsteuer*) rate of 25% (plus solidarity surcharge in an amount of 5.5% of such tax, resulting in a total tax charge of 26.375%, and church tax, if applicable). The total annual investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of max. EUR 801 per year (max. EUR 1,602 per year for married couples and for partners in accordance with the registered partnership law (*Gesetz über die eingetragene Lebenspartnerschaft*) filing jointly), not by a deduction of expenses actually incurred. Losses resulting from the investment in capital assets can only be off-set against other investment income. If a set-off is not possible in the assessment period in which the losses have been incurred, such losses can be carried forward into future assessment periods.

If the Notes are held in a custodial account which the Noteholder maintains with a German branch of a German or non-German bank or financial services institution (*Finanzdienstleistungsinstitut*) or with a securities trading business (*Wertpapierhandelsunternehmen*) or a securities trading bank (*Wertpapierhandelsbank*) in Germany (the "**Disbursing Agent**"), the flat income tax on interest received from the Notes will be levied by way of withholding at the aforementioned rate from the gross interest payment to be made by the Disbursing Agent. Luxembourg withholding tax would be credited up to a rate of 25%. However, currently no such withholding tax should be levied under the Luxembourg-Germany Income Tax Treaty. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the investor which, in the case of interest received from 1 January 2015, is provided for as a standard procedure unless the Noteholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

If the Notes are held in a custodial account which the Noteholder maintains with a Disbursing Agent, the flat income tax on capital gains derived from the disposition or redemption of the Notes will be also levied by way of withholding. The withholding tax is generally levied on the difference between the

proceeds from the disposition or redemption (after deduction of actual expenses directly and factually related thereto) and the issue price or the purchase price of the Notes. If the Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, withholding tax will be levied on 30% of such proceeds unless the Disbursing Agent has been provided with evidence of the actual acquisition costs of the Notes by the previous Disbursing Agent or a bank or financial service institution within the European Economic Area or certain other countries in accordance with Art. 17 para. 2 of the EU Council Directive 2003/48/EC dated June 3, 2003 on the Taxation of Savings Income in the form of interest payment (the "**EU Savings Tax Directive**"). Luxembourg withholding tax would be credited up to a rate of 25%. However, currently no such withholding tax should be levied under the Luxembourg-Germany Income Tax Treaty. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the investor which, in the case of interest received from 1 January 2015, is provided for as a standard procedure unless the Noteholder has filed a blocking notice with the German Federal Central Tax Office.

In general, no withholding tax will be levied if the Noteholder is an individual (i) whose Notes do not form part of the property of a trade or business and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the income derived from the Notes together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

If no Disbursing Agent is involved in the payment process, the Noteholder will have to include its income on the Notes (interest payments) as well as the capital gains from the disposition or redemption of the Notes or the separate disposition or redemption of interest claims in its income tax return and the flat income tax of 25% plus solidarity surcharge, and church tax, if applicable, will be collected by way of assessment.

The non-German Issuer is, in general, not obliged to levy German withholding tax in respect of any payment on the Notes.

Payment of the flat income tax will generally satisfy any income tax liability of the Noteholder in respect of such investment income. Noteholders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25% (*Günstigerprüfung*).

Notes held by German tax residents as business assets

Payments of interest on the Notes and capital gains from the disposition or redemption of the Notes or the separate disposition or redemption of interest claims held as business assets by German tax resident individuals or corporations (including via a German tax resident partnership, as the case may be), are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge, and in case of individuals, church tax, if applicable). The interest income and the capital gain will also be subject to trade tax if the Notes form part of the assets of a German trade or business. In case of individual investors the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the specific tax situation of the individual investor. No carry forward or carry back of such trade tax credit is available.

Capital losses from the sale or redemption of the Notes should generally be recognized for tax purposes and may be offset against other income.

If the Notes are held in a custodial account which the Noteholder maintains with a Disbursing Agent (as defined above), tax at a rate of 25% (plus a solidarity surcharge of 5.5% of such tax, and in case of individuals, church tax, if applicable) will also be withheld from interest payments on the Notes and capital gains from the disposition or redemption of the Notes held as business assets. In these cases, the withholding tax does not satisfy the income tax liability of the Noteholder, as in the case of the flat income tax, but will – subject to certain requirements – be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge of the Noteholder as well as church tax, if any. To the extent the amounts withheld exceed the income tax or corporate income tax and solidarity surcharge (as well as church tax, if any) liability, the withholding tax will – as a rule – be refunded. Luxembourg withholding tax would be credited limited to the German income tax amount attributable to the Luxembourg income or - if requested by the Noteholder -deducted as business expense. Currently, no such withholding tax should be levied under the Luxembourg-Germany Income Tax Treaty.

Notes held by non-German tax residents

Interest and capital gains under the Notes are in general not subject to German taxation in the case of non-German tax residents, i.e. persons having neither their residence (*Wohnsitz*) nor their habitual abode (*gewöhnlichen Aufenthalt*) nor legal domicile (*statutarischen Sitz*) nor place of effective management (*Geschäftsleitung*) in Germany, unless the Notes are attributable to a permanent establishment (*Betriebsstätte*) or a permanent representative (*ständiger Vertreter)* of the Noteholder maintained in Germany. Interest may, however, also be subject to German income or corporate income tax and solidarity surcharge if it otherwise constitutes income taxable in Germany, e.g. if the notes are not held in a custodial account for the Noteholder by the Issuer or by the Disbursing Agent (i) income from fractional bonds (*Teilschuldverschreibungen*) or (ii) income from capital investments paid by the Disbursing Agent against presentation of the Notes or interest coupons (so-called over the counter transactions, *Tafelgeschäfte*). However, as non-German tax residents are, in general, exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon, the Disbursing Agent will not have to withhold any withholding tax if he has sufficient evidence for the Note holder to qualify as non-German tax resident.

2. Inheritance and Gift Tax

Inheritance or gift taxes with respect to the Notes will generally arise under the laws Germany, if, in the case of inheritance tax, the decedent or the heir, or, in the case of gift tax, the donor or the beneficiary, is a resident of Germany. Otherwise, generally no such tax arises, unless the Notes are attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed in Germany. Exceptions from this rule apply to certain non-German tax resident German nationals, who previously maintained a residence in Germany.

3. EU Savings Directive

The EU Savings Directive has been implemented in Germany by decree on the taxation of interest income (*Zinsinformationsverordnung)* which applies from July 1, 2005 on. Under the EU Savings Directive, each Member State is required to provide the tax authorities of another Member State with details of interest payments paid by a person within its jurisdiction to an individual resident in that other Member State. However, in the light of the adoption of Council Directive 2014/107/EU amending the Directive on Administrative Cooperation (DAC) by introducing automatic exchange of information according to the Common Reporting Standard (CRS) from 1 January 2016, the EU Savings Directive is expected to be repealed with effect 1 January 2016.

4. Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in the Germany. The acquisition or disposal of the notes is generally exempt from German value added tax (*Umsatzsteuer*).

Currently the introduction of a financial transactions tax (*Transaktionssteuer*) is discussed between certain EU-member states. The acquisition and transfer of the Notes may be subject to the financial transaction tax in the future. However, currently the scope of such tax is unclear and when it will be introduced.

XIII. TAXATION IN LUXEMBOURG

LUXEMBOURG

The comments below are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposal of the Notes in the Company under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

This description is based on the laws, regulations and applicable tax treaties as in effect in Luxembourg on the date hereof, all of which are subject to change, possibly with retroactive effect. It is not intended to be, nor should it be construed to be, legal or tax advice.

The following summary does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular prospective holder with regard to a decision to purchase, own or dispose of Notes in the Company.

The residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only.

Additionally, a reference to Luxembourg income tax encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharges (contributions au fonds pour l'emploi), as well as personal income tax (impôt sur le revenu) generally. Prospective holders may further be subject to net wealth tax (impôt sur la fortune) as well as other duties, levies or taxes.

Corporate income tax, municipal business tax as well as the solidarity surcharge apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

GENERAL TAXATION OF THE COMPANY

Corporate income tax

Luxembourg levies an annual corporate income tax (*impôt sur le revenu des collectivites* - "**CIT**") on the net worldwide revenues (subject to double tax treaties) of Luxembourg companies.

Taxable profits are computed in accordance with the provisions of the amended income tax law dated 4 December 1967 ("**ITL**"), which define them as the annual variation of the net assets of the company during the fiscal year, increased by withdrawals and reduced by contributions. As a general rule, taxable profits are determined on the basis of the accounting profits as established in accordance with the Luxembourg generally accepted accounting principles ("**Lux GAAP**"), except when the valuation rules for tax purposes demand otherwise.

Profits and expenses (e.g. amortizations, depreciations, interest, and other business expenses) are taken into account for the financial year during which they have been realized or exposed, irrespective of the actual payment. Several exemptions from CIT may apply, such as the participation exemption regime on eligible shareholdings or the exemption on certain intellectual property rights and roll-over reliefs may be available for reinvested capital gains in certain circumstances.

Fiscal losses incurred in a given tax year may be carried forward indefinitely by the company who has suffered them. Carry backs, however, are not allowed.

Luxembourg tax law does not provide for detailed thin capitalization or transfer pricing regulations, except as regards intra-group financing transactions. Taxpayers must comply with the arm's length principle. OECD guidelines and related adjustment methods are followed by the Luxembourg tax authorities.

In 2015, the CIT rates are as follows (i) 20% for a taxable income of up to EUR 15.000 and (ii) 21% for taxable income exceeding EUR 15,000.

A solidarity surcharge for the employment fund is currently levied on companies at a rate of 7%, which leads to an effective CIT burden of 22.47% for taxable profits exceeding EUR 15,000.

Luxembourg fully-taxable resident companies are subject to a minimum advance CIT of EUR 3,000 (increased to EUR 3,210 by the 7% surcharge for the employment fund) if their financial assets, transferable Notes and cash deposits exceed 90% of their total balance sheet.

Other companies are subject to a progressive minimum income tax depending on the total assets on their balance sheet. Such tax will range from 535 Euros (for a total balance sheet up to 350,000 Euros) to 21,400 Euros (for total balance sheet exceeding 20,000,000 Euros), including the unemployment fund contribution.

Municipal business tax

Luxembourg levies an annual municipal business tax (*impôt commercial communal* - "MBT") on the net profits realized by Luxembourg enterprises. The taxable base for the determination of the taxable result under the MBT is generally the taxable result as determined under the CIT (with minor adjustments).

The MBT rates vary depending on the municipality in which the company's registered office or undertaking is located.

In 2015, the MBT rate is 6.75% in Luxembourg City.

Third-party liabilities in relation to exempt assets are not deductible in computing the unitary value

Corporate Income taxation exemptions (dividends & capital gains)

Specific exemptions are available in relation to dividends received and capital gains realized on shareholdings held by a Luxembourg corporate company.

Dividends and/or capital gains received/realized by the a Company from its participations would be exempt from income taxation (the so-called "participation exemption regime") provided that, at the time the dividends/capital gains are distributed/realized, the subsidiary is (i) incorporated under a legal form as listed in article 2 of the Directive 2011/96/EU or a fully taxable joint-stock company subject to corporate taxes in its country of residency similar to the Luxembourg CIT (i.e., subject to an effective tax rate of at least 10.5%, on a taxable basis determined according to rules and criteria similar to those applicable under Luxembourg law), (ii) the Luxembourg corporate company holds at least 12% of the share capital of a subsidiary set out under (i) or (ii) above or its participation in such subsidiary has an acquisition price of at least EUR 1,200,000 (for dividends) / EUR 6,000,000 (for capital gains); and (iii) the Luxembourg corporate company has held (or commits to hold) its participation in the subsidiary for an uninterrupted period of at least twelve months (Qualifying Subsidiary). If dividend income is exempt

under the participation exemption regime, expenses economically related to this income will not be tax deductible up to the amount of the exempt dividend received by the Luxembourg corporate company during the same year. Equally, capital gains exempt under the participation exemption regime, will be taxable to the extent of related expenses deducted in prior years and during the year of the disposal of the shares. This recapture mechanism is normally neutral, meaning that any effectively deducted expenses (having potentially generated tax losses) would become taxable upon the realization of the gain, but could then be matched by the Luxembourg corporate company carry-forward losses (if not previously used).

Net worth tax

Luxembourg imposes net worth tax (*impôt sur la fortune* - "**NWT**") on the Company at the rate of 0.5% applied on net assets as determined for NWT purposes. Net worth is referred to as the unitary value (*valeur unitaire*), as determined at 1st January of each year. The unitary value is basically calculated as the difference between (a) assets estimated at their fair market value (*Valeur estimée de réalisation* or *Gemeiner Wert*) and (b) liabilities vis-a-vis third parties.

The NWT charge for a given year can be avoided or reduced if a specific reserve, equal to five times the NWT to save, is created before the end of the subsequent tax year and maintained during the five following tax years.

The maximum NWT to be saved is limited to the CIT amount due for the same tax year, including the employment fund surcharge, but before imputation of available tax credits.

The participation held in the share capital of an eligible subsidiary is an exempt asset for NWT purposes, if the conditions of the participation exemption are satisfied. These conditions are as follows: (i) the Company and the entity in which the participation is held must satisfy the same conditions as those applicable for the exemption of dividends, (ii) the Company must hold at the end of the previous accounting period a participation of at least 10% in the subsidiary or a participation whose acquisition price is at least EUR 1,200,000. Foreign assets held in treaty countries (e.g. real properties or assets invested in foreign permanent establishments) are generally exempt in Luxembourg based on double tax treaty provisions.

TAXATION IN CONNECTION WITH THE NOTES

Withholding Tax and Self-Applied Tax

Taxation of Luxembourg non-residents – exchange of information

Under Luxembourg general tax laws currently in force, there is no withholding tax to be withheld by the debtor of Notes on payments of principal, premium or arm's length interest (including accrued but unpaid interest) to non-Luxembourg tax resident holders. Nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by non-Luxembourg tax resident holders to the extent said Notes do not (i) give entitlement to a share of the profits generated by the issuing company and (ii) the issuing company is not thinly capitalized.

The Luxembourg law of 25 November 2014 (the "**2014 Law**") has abolished with effect as from 1. January 2015 the law of 21. June 2005 on the implementation of the Council Directive 2003/48/EC of June 3, 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), under which payments of interest or similar income made or ascribed by a paying

agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories were subject to a withholding tax at a rate of 35 per cent (applicable rate since July 1, 2011) unless the relevant recipient had duly instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, had provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent.

As from 1 January 2015, in accordance with the 2014 Law, the aforementioned withholding tax has been abolished and the automatic exchange of information applies to payments of interest or similar income made or ascribed by a Luxembourg paying agent to or for the immediate benefit of an individual beneficial owner or a residual entity which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories.

Taxation of Luxembourg residents

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005, as amended (the "**2005 Law**"), there is no withholding tax to be withheld by the debtor of Notes on payments of principal, premium or arm's length interest (including accrued but unpaid interest) to Luxembourg tax resident holders. Nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg tax resident holders to the extent said Notes do not (i) give entitlement to a share of the profits generated by the issuing company and (ii) the issuing company is not thinly capitalized.

Under the 2005 Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is tax resident of Luxembourg will be subject to a withholding tax of 10 per cent. In case the individual beneficial owner is an individual acting in the course of the management of his/her private wealth, said withholding tax will be in full discharge of income tax. Responsibility for the withholding tax will be assumed by the Luxembourg paying agent. Payments of interest under Notes coming within the scope of the Law would be subject to withholding tax at a rate of 10 per cent.

Income Taxation on Principal, Interest, Gains on Sales or Redemption

Luxembourg tax residence of the Investors

Investors will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Notes.

Taxation of Luxembourg non-residents

Investors who are non-residents of Luxembourg and who do not have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Notes is connected, will not be subject to taxes (income taxes and net wealth tax) or duties in Luxembourg with respect to payments of principal or interest (including accrued but unpaid interest), payments received upon redemption, repurchase, conversion or exchange of the Notes or capital gains realized upon disposal or repayment of the Notes.

A non-Luxembourg tax resident corporate holder of Notes or a non-Luxembourg tax resident individual holder of Notes acting in the course of the management of a professional or business undertaking,

who has a permanent establishment or a permanent representative in Luxembourg to which Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts under Notes and on any gains realized upon sale of disposal, in any form whatsoever, of Notes.

Taxation of Luxembourg residents

A Luxembourg tax resident corporate holder, must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale, disposal or conversion of the Notes if such gain has been realized within a period of six months from their six months as from the acquisition of the Notes, in any form whatsoever, of Notes, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual holder of Notes, acting in the course of the management of a professional or business undertaking.

Luxembourg resident corporate investors which are companies benefiting from a special tax regime (such as family wealth management companies subject to the law of 11 May 2007, undertakings for collective investment subject to the law of 17 December 2010 or specialized investment funds subject to the law of 13 February 2007) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax) other than the subscription tax calculated on their share capital or net asset value.

A Luxembourg tax resident individual holder, acting in the course of the management of his / her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under Notes, except if withholding tax has been levied on such payments in accordance with the Law (as this withholding tax would represent the final tax liability in his/her hands). A gain realized by a Luxembourg tax resident individual holder, acting in the course of the management of his/her private wealth, upon the sale, conversion or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale, conversion or disposal took place more than six months after Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax (in case it would not have suffered the 10 per cent. withholding tax under the Law).

In addition, pursuant to the Luxembourg law of 17 July 2008 (amending the Luxembourg law of 23 December 2005), Luxembourg tax resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent flat tax on interest payments made after 31 December 2007 by certain paying agents not established in Luxembourg (defined in the same way as in the EC Council Directive 2003/48/EC) i.e., paying agents located in an EU member state other than Luxembourg, a member state of the European Economic Area (i.e., Iceland, Norway and Liechtenstein) or in a state which has concluded an international agreement relating directly to EC Council Directive 2003/48/EC. In case such option is exercised, such interest does not need to be reported in the annual tax return.

Net Wealth tax

Luxembourg net wealth tax will not be levied on a holder of Notes, unless (i) such holder of Notes is a company resident in Luxembourg for the purpose of the relevant legal provisions; or (ii) the Notes are attributable to an enterprise or a part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg. In such a case, the holder of Notes must take the Notes into account for the purposes of Luxembourg wealth tax, except, under certain circumstances, if the holder of Notes is governed by any of the following: (i) the law of 17 December 2010 on undertakings for collective investment; (iii) the law of 22 March 2004 on securitization; and (iv) the law of 15 June 2004 on the investment company in risk capital and (v) the law of 11 May 2007 on the *Société de*

Gestion de Patrimoine Familial.

Subscription tax

Subscription tax implications may arise (depending on the facts and circumstances) for the following based Luxembourg entities:

- Private family asset holding companies ("*Société de Gestion de Patrimoine Familial*") governed by the law of May 11, 2007;
- Investment funds governed by the law of 17 December, 2010 on UCITS ("*Undertakings for collective investment in transferable Notes*");
- Investment funds governed by the law of 13 February, 2007 on SIF ("*Specialized investment funds*").

Other taxes

No stamp, registration, transfer or similar taxes or duties will be payable in Luxembourg by investors in connection with the issue of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption of the Notes, unless the documents relating to the Notes are voluntarily registered in Luxembourg. There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Under Luxembourg tax law, where an individual holder of Notes is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, Notes are included in his/her taxable basis for inheritance tax or estate purposes.

Gift tax may be due on a gift or donation of Notes, if embodied in a Luxembourg deed or otherwise registered in Luxembourg.