

HFMX DESIGNATED ACTIVITY COMPANY

SERIES MEMORANDUM

**ARCISCAP CELEBRATION POINTE SECURED MEZZ FUND (SERIES 210) NOTES DUE
2022**

ISSUED UNDER ITS HFMX PROGRAMME

DATED 5 APRIL 2019

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1 GENERAL

This Series Memorandum (as used herein, this “**Series Memorandum**”) is prepared in connection with the EUR 5,000,000,000 Secured Note Programme (the “**HFMX Programme**”) of HFMX Designated Activity Company (the “**Issuer**”) and is issued in conjunction with, and incorporates by reference the contents of, the Programme Memorandum dated 15 August 2018 relating to the HFMX Programme (the “**Programme Memorandum**”).

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

This document should be read in conjunction with the Programme Memorandum and the Master Conditions (2018 Edition). Save where the context otherwise requires, terms defined in the Programme Memorandum have the same meaning when used in this Series Memorandum.

Subject as set out below the Issuer accepts responsibility for the information contained in this Series Memorandum other than the information in sections:

1. Information relating to the Portfolio Management Agreement;
2. Information relating to the Arranger, Charged Assets Realisation Agent and Calculation Agent;
3. Information relating to the Placing Agent;
4. Information relating to the Charged Assets; and
5. The Private Placement Memorandum.

To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information for which it accepts responsibility contained in this Series Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer confirms that the information in the sections referred to in 1 to 5 above has been accurately reproduced from information provided by (a) the Portfolio Manager (in respect of 1.), (b) the Arranger, Charged Assets Realisation Agent and Calculation Agent (in respect of 2.), (c) the Placing Agent (in respect of 3.) and (d) the Company (in respect of 4. and 5.), and as far as the Issuer is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

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

The Trustee has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking is made, whether express or implied, and no responsibility or liability is accepted by the Trustee as to the accuracy, completeness or nature of the information contained in this Series Memorandum, the Private Placement Memorandum or with respect to the legality of investment in the Notes by any prospective investor or purchaser under applicable legal investment or similar laws or regulations.

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

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

1. This Series Memorandum and the Programme Memorandum;
2. The Master Documents;
3. The Constituting Instrument dated the Issue Date; and
4. The Certificate of Incorporation and the Constitution of the Issuer.

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

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

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

Purchasers of Notes should conduct such independent investigation and analysis regarding the Issuer, the Charged Assets, the Private Placement Memorandum and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes, as the Notes described in this Series Memorandum may not be suitable for all purchasers of Notes. Purchasers of Notes should have sufficient knowledge and experience in financial, taxation, accounting, capital treatment and business matters, and access to, and knowledge of, appropriate analytical resources, to

evaluate the information contained in this Series Memorandum and the merits and risks of investing in the Notes in the context of their financial and regulatory position and circumstances. This Series Memorandum does not describe all of the risks and investment considerations applicable to an investment in the Notes. The risks and investment considerations identified in this Series Memorandum are provided as general information only and the Issuer disclaims any responsibility to advise purchasers of Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or as they may from time to time alter.

PARTICULAR ATTENTION IS DRAWN TO THE SECTION OF THIS SERIES MEMORANDUM HEADED “RISK FACTORS”.

2 DOCUMENTS INCORPORATED BY REFERENCE

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

3 RISK FACTORS

3.1 General

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

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

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

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

1. are capable of bearing the economic risk of an investment in the Notes (or a participation therein) for a period up to and until the redemption of the Notes;
2. are acquiring an interest in the Notes (or a participation therein) for their own account for investment, not with a view to resale, distribution or other disposition of such interest (subject to any applicable law requiring that the disposition of the investor’s property be within its control); and

3. recognise that it may not be possible to make any transfer of the Notes (or a participation therein) for a substantial period of time, if at all.

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

Each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering and the nature and extent of its exposure to the risk of loss of all or a substantial part of its investment. Attention is drawn, in particular, to the Conditions in the Master Conditions (2018 Edition) entitled 'Security' and 'Enforcement and Limited Recourse' and the sections in this Series Memorandum entitled 'Information relating to the Portfolio Management Agreement' and 'Information relating to the Charged Assets'.

3.2 Risks relating to the Issuer and Transaction Parties

Special purpose company

The Issuer is a special purpose company and has been established for the purpose of issuing multiple Series of secured Notes under the HFMX Programme. The Issuer has issued share capital only in the amount of EUR 1 (one euro). Should any unforeseen expenses or liabilities (which have not been provided for) arise, the Issuer may be unable to meet them, leading to an Event of Default under the Notes.

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

Limited recourse

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

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

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

Liability for the obligations of other Series

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

3.3 Risks relating to the Notes

Nature of the investment

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

Any payments to be made on the Notes depend on the value of the Charged Assets held by the Issuer, which is the value of the amounts received by the Issuer in respect of the Charged Assets. Should the Charged Assets decrease in value, Noteholders will incur a partial or total loss of their investment. Even if the Charged Assets increase in value, Noteholders may incur a partial or total loss of their investment to the extent that the appreciation of the Charged Assets is not sufficient to account for fees, costs and expenses of the Issuer.

In certain circumstances, described in the Conditions of the Notes, the Notes will be redeemed early pursuant to a Mandatory Redemption Event, or an Additional Mandatory Redemption Event or Optional Redemption and Noteholders shall be entitled to receive only such amount as is available following the sale, redemption or other means of realisation of the Charged Assets, subject to the provisions of the Notes described under ‘Limited recourse’ above.

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

Change of law, tax and administrative practice

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

Fees

In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, the amounts payable under the Notes are based on the performance of the Charged Assets after deduction of certain fees, which is further described in Special Condition 5.8 of the Notes. The fees may be applied in calculating the value of the Portfolio and therefore may result in a reduction in the value of the Notes.

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

Foreign exchange risk

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

Optional Redemption by the Issuer

Investors in the Notes should be aware that the Issuer has the option to, and shall if given notice by the Arranger, redeem any amount of the Notes at their Early Redemption Amount on the Optional Redemption Payment Date, subject to the notice requirements set out in the Conditions. Such notice may only be revoked by the Issuer at any time prior to the Optional Redemption Date with the consent of the Trustee in accordance with the Conditions.

Restrictions on Transfer

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

Arranger default

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

Payments

Payments under the Notes will only be made after receipt of the Realisable Value by the Issuer. The date of payment of the redemption amount under the Notes is therefore not fixed. Payment of redemption amounts under the Notes depends on the realisation of or the liquidation of the Charged Assets. It may take a considerable period of time to redeem the Charged Assets, in particular in the case of a redemption pursuant to an Early Redemption. Noteholders may only receive payment of the relevant redemption amount under the Notes significantly later than the specified redemption date of the Notes.

Liquidity

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

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

Extended Maturity Date

The term of the Notes may be extended for further periods of up to ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders not less than one (1) calendar month prior to the Maturity Date or the Extended Maturity Date if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Maturity Date or on the date stated in the final Extension Notice (such date being the "**Extended Maturity Date**").

Market and legal risk

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

None of the Transaction Participants (as defined below but excluding the Portfolio Manager) nor any affiliate of any of them or other person on their behalf has made any investigation of,

or makes any representation or warranty, express or implied, as to the standing or suitability of the Portfolio Manager or the financial or other condition of the Charged Assets.

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

Independent review and advice

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

Legality of purchase

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

No reliance

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

No restrictions on activities

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

Provision of information

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may at the date hereof or at any time hereafter be in possession of information in relation to the other Transaction Participants or any affiliate of any of them or

any other person acting on their behalf or on behalf of the Charged Assets (which may or may not be publicly available or confidential). None of such persons shall be under any obligation to make any such information available to Noteholders or any other party other than as provided in the Conditions of the Notes.

Taxation

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Principal Paying Agent (or any other Paying Agent).

Legal opinions

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

Conflict of interests

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

Clearing systems

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

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

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

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

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

3.4 Risks relating to the Charged Assets

3.4.1 Investment in the Series Assets

The Issuer intends to use the proceeds of the issuance of the Notes to invest, on or as soon as practicable following the Issue Date, in Class A common shares (the “**Shares**”) of ArcisCap-CPH Mezz Debt Investment (B.V.I.) Ltd. (the “**Company**”), a private British Virgin Islands Business Company formed under the laws of the British Virgin Islands on 20 July 2018 with registered office at the offices of Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola British Virgin Islands.

Arcis Capital Advisors II LLC, a Delaware limited liability company, shall serve as the Company’s Class B shareholder and sole director (the “**Portfolio Manager**”). The Portfolio Manager was established on June 18, 2015 and is based in New York, NY (USA). The Portfolio Manager has the power and authority to manage and conduct the Company’s business. It should be noted that the Portfolio Manager is also the Company’s Class B Member and sole director. Particular attention is drawn to the section of the Private Placement Memorandum headed “Conflicts of Interest Among the Company, the Manager and the Sponsor” and to page 9 of the Private Placement Memorandum under the heading of “Manager”.

Potential investors should refer to the Private Placement Memorandum, appended to this Series Memorandum hereto, for more detail on the Shares of the Company to be acquired by the Issuer.

Potential investors should note that investing in the Notes does not provide any assurance as to the nature of the Company or the Shares. For example, no assurance is provided as to (i) the constitutional documentation of the Company, (ii) any shareholders agreement or subscription agreement in place as of the Issue Date or thereafter, (iii) any ability of the Company to issue further shares (in either the same or a different class to that of the Shares; (iv) the transferability of the Shares, (v) any right to refuse registration of the Shares or (vii) any pre-emption rights in respect of the Shares. Such issues may affect the ability of the Trustee to enforce the Security and realise the Series Assets and Related Rights. Potential investors should carry out their own due diligence in this regard.

Prospective purchasers of the Notes should conduct their own independent investigation and analysis regarding the Issuer, the Company, the Portfolio Manager and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes.

It should be noted that the Noteholders are reliant on the Issuer and the Arranger to take all necessary steps to ensure that the Supplemental BVI Security is perfected and enforceable. If (i) one or more steps necessary to effect perfection of the Supplemental BVI Security are not taken (ii) there are any issues with Issuer’s title to the assets the subject of the Supplemental BVI Security or (iii) there is any restriction on the ability to charge the assets the subject of the

Supplemental BVI Security, then the Supplemental BVI Security may not be enforceable in whole or in part. Noteholders should be aware that the Trustee has not investigated any of the above matters and is solely reliant on the Issuer, the Arranger and the Company to take all necessary steps to ensure that the Supplemental BVI Security is valid and enforceable in the manner envisaged over the relevant assets.

3.4.2 No Operating History of the Company

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

3.4.3 Redemption and Transfer of the Charged Assets

Realisation or transfer of the Charged Assets may in certain circumstances be deferred in accordance with their relevant terms. The period of deferral may be significant. Therefore in certain circumstances, including where the Security for the Notes becomes enforceable, there may be a significant delay in payments under the Notes and/or it may be impossible to transfer the Charged Assets, whether as a means of realising their value or otherwise.

Potential investors should note that the Company's directors' consent may be required to register a transfer of the Shares. Such consent requirements may affect the ability of the Trustee to enforce the Security and realise the Series Assets and Related Rights. Potential investors should carry out their own due diligence in this regard.

3.4.4 Security may be declared invalid

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

3.4.5 Not a bank deposit

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

3.4.6 Lack of diversification

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

3.4.7 Partial Interest in the Company

Please note that the Series Assets do not comprise 100% of the issued share capital of the Company nor is the Company prohibited from issuing further shares.

3.4.8 Security for the Notes

The Issuer has granted security over the Account Bank Agreement, Unwind Account Custody Agreement and any accounts held pursuant thereto in favour of the Trustee, as security for itself and the Secured Parties, pursuant to the Programme Accounts Security Agreement in respect of the Issuer's obligations to the Trustee in respect of all Series under the HFMX Programme. Pursuant to a deed of confirmation, the Issuer will confirm to the Trustee that the Programme Accounts Security Agreement charges the Account Bank Agreement, Unwind Account Custody Agreement and any accounts held pursuant thereto in favour of the Trustee in respect of the Issuer's obligations under Series 210 ArcisCap Celebration Pointe.

Monies may be held by The Bank of New York Mellon, London Branch, pursuant to the Account Bank Agreement or Unwind Account Custody Agreement to facilitate the transfer of the proceeds of the issuance of Notes to the Company for the purchase of Shares and / or payment of any Interest Amount or Redemption Amount to Noteholders. It is intended that such transfers will happen promptly however this may not always be possible and there may be a delay in respect of such transfers. Such monies may be temporarily commingled with monies attributable to other Series. While the Issuer has granted security over such monies pursuant to both the Constituting Instrument and the Programme Accounts Security Agreement in favour of the Trustee (for itself and the other Secured

Parties), Noteholders should note that the commingling of such monies may have a negative effect on the Trustee's ability to enforce security over such monies.

Certain of the charges, including the security granted by the Supplemental BVI Security, in respect of the Notes are stated to be fixed charges in nature. The essence of a fixed charge is that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer or any other party (for example the Portfolio Manager) any such charge may operate as a floating, rather than a fixed, charge.

It should be noted that the Noteholders are reliant on the Issuer and the Arranger to take all necessary steps to ensure that the Charging Instrument is perfected and enforceable. If (i) one or more steps necessary to effect perfection of Charging Instrument are not taken, (ii) there are any issues with Issuer's title to the assets the subject of the Charging Instrument, or (iii) there is any restriction on the ability to charge the assets the subject of the Charging Instrument, then the Charging Instrument may not be enforceable in whole or in part. Noteholders should be aware that the Trustee has not investigated any of the above matters and is solely reliant on the Issuer and the Arranger to take all necessary steps to ensure that the Charging Instrument is valid and enforceable in the manner envisaged over the relevant assets.

3.4.9 Risks Related to the Company and its operations

The performance and realisation of the Series Assets, and thereby, of the Notes, is dependent on the overall performance, operations and financial condition of the Company.

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

Any adverse effect on the Company may, through the performance of the Shares, affect the performance of the Notes and the Issuer's ability to meet its obligations in respect of the Notes. Therefore, any adverse effect on the Company's financial results, performance, and / or growth prospects may subsequently, through the Shares, adversely affect the performance of the Notes and the ability by the Issuer to meet its obligations in respect of the Notes, which will be dependent on the receipt by the Issuer of moneys due to it under the Mortgaged Property (Including the Series Assets).

3.5 Summary of Principal Underlying Investment Risks

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

3.5.1 Counterparty Risk

The Issuer bears the risk that the Company may default on its obligations (if any) or otherwise fail to honour its obligations to holders of Shares or under the Private Placement Memorandum. In such case the Issuer will lose money and the value of an investment in the Notes may decrease.

3.5.2 Credit Risk

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

3.5.3 Emerging Markets Risk

Investing in emerging market assets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and on the Issuer's ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions in emerging markets; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (xiv) certain considerations regarding the maintenance of portfolio securities and cash with non-U.S. subcustodians and securities depositories; and (xv) overall greater volatility. See also 9.1.1 below.

3.5.4 Investment Risk

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

3.5.5 Liquidity Risk

The Shares are an illiquid investment. In the event that the Issuer defaults or the Notes are subject to redemption there is no assurance that the Shares can be sold such that value can be realised for investors.

3.5.6 871(m)

The Notes will not be treated as subject to 871(m) of the US Internal Revenue Code of 1986 as amended.

3.5.7 Management Risk

The Portfolio is actively managed by the Portfolio Manager using proprietary investment strategies and processes. There can be no guarantee that these strategies and processes will be successful or that the Portfolio Manager will achieve its investment objective.

3.5.8 Market Trading Risk

The Issuer faces numerous market trading risks, including the potential lack of an active market for the Notes, losses from trading in secondary markets and periods of high volatility. ANY OF THESE FACTORS, AMONG OTHERS, MAY LEAD TO THE NOTES TRADING AT A PREMIUM OR DISCOUNT TO NET ASSET VALUE.

AS WITH ANY INVESTMENT YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT IN THE NOTES AND THE NOTES' PERFORMANCE COULD TRAIL THAT OF OTHER INVESTMENTS. YOUR ATTENTION IS DRAWN TO THE PRIVATE PLACEMENT MEMORANDUM AS DEFINED BELOW AND ATTACHED AS APPENDIX OR APPENDIXES TO THIS SERIES MEMORANDUM. IN PARTICULAR PROSPECTIVE INVESTORS SHOULD NOTE THE SECTION OF THE PRIVATE PLACEMENT MEMORANDUM ENTITLED "RISK FACTORS". PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE NOTES WITHOUT TAKING INDEPENDENT ADVICE ON THE RISKS SET OUT THEREIN.

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

4 CONDITIONS OF THE NOTES

The Noteholders should note that words and expressions not otherwise defined below shall have the meanings respectively ascribed to them by Special Condition 5.1 (Definitions). The Master Definitions (2018 Edition) will apply for the purposes of interpretation of these terms and conditions and the Conditions except as expressly provided therein or the context otherwise requires.

The Notes shall have the following terms and conditions which shall complete, modify and amend the Master Conditions (2018 Edition), which shall apply to the Notes as so completed, modified and amended. References to “**Conditions**” or “**Condition**” shall mean references to the Conditions of the Notes as modified herein.

The Issuer intends that any Further Notes (as defined herein) shall (save in respect of the relevant issue date) have the same Conditions as, and form a single Series with, the Notes of Series 210 ArcisCap Celebration Pointe.

Programme:	HFMX Programme
Series:	ArcisCap Celebration Pointe Secured Mezz Fund (Series 210) Notes due 2022
Series Number:	210
Tranche Number:	1
ISIN Code:	XS1967669877
Common Code:	196766987
Delivery:	Issue Agent shall deliver notes to the Issuer in free of payment form prior to the subscription by Noteholders.

Issue Date:	5 April 2019
Maturity Date:	4 April 2022
Extended Maturity Date:	See Special Condition 5.10 (Extended Maturity Date)
Principal Amount:	USD 70,000,000
Currency:	USD
Authorised Denomination:	USD 1,000, provided that the minimum principal amount of Notes which an investor may subscribe for is USD 50,000
Initial Subscription Price:	100%
Subscription Price:	Notes will be subscribed for by investors at 103% of the NAV per Note as specified by the Portfolio Manager (the “ Subscription Amount ”). An amount equal to the excess of the Subscription Price over the NAV per Note shall be paid by the Issuer to the Portfolio Manager within five Business Days of receipt of the relevant Subscription Amount by the Issuer.

Issuer:	HFMX Designated Activity Company
Arranger:	FlexFunds LTD

Placing Agents:	FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD
Trustee:	Intertrust Trustees Limited
Portfolio Manager:	Arcis Capital Advisors II LLC
Calculation Agent:	FlexFunds ETP, LLC
Charged Assets Realisation Agent:	FlexFunds LTD
Issue Agent:	The Bank of New York Mellon, London Branch
Principal Paying Agent:	The Bank of New York Mellon, London Branch

Status of the Notes:	Secured and limited recourse obligations of the Issuer ranking pari passu without any preferences amongst themselves secured as set out under "Security" below and subject to the priority set out under "Priority" below.
Priority:	Counterparty Priority applies.
Type of Note:	Variable Coupon Note
Interest Period:	As regards the first interest period, the period from and including the Issue Date to and excluding the first Interest Determination Date and as regards all subsequent interest periods the period from and including an Interest Determination Date to and excluding the next Interest Determination Date or to and including, as applicable, the Maturity Date, the Extended Maturity Date or any Early Redemption Date, as applicable.
Interest Determination Date:	Any Business Day at the discretion of the Calculation Agent following receipt of a dividend, distribution or similar payment in respect of the Series Assets.
Interest Rate:	The Notes shall receive a total return based on the performance of the Portfolio during the Interest Period.
Interest Amount:	The amount determined by the Calculation Agent being: <ol style="list-style-type: none"> 1. the Distribution Proceeds; less 2. any costs, expenses, taxes and duties incurred in connection with the receipt of such revenue; and 3. subject to deduction of any outstanding fees pursuant to Special Condition 5.8 (Fees).
Interest Payment Dates:	Any Business Day not less than 5 but no later than 10 Business Days following an Interest Determination Date. At least 2 Business Days prior to such Interest Payment Date, the Calculation Agent shall provide to the Principal Paying Agent a notice setting out the Interest Payment Date and Interest Amount payable. For the avoidance of doubt the "Interest Payment Date" shall be deemed to be the date on which the Interest Amount is wired by the Issuer to the

	Principal Paying Agent.
Listing:	An application has been made for admission of the Notes to the official list of the Third Market of the Vienna Stock Exchange. Such listing is expected to take place on or about the Issue Date however no assurance is given that approval of such application will be granted.
Selling Restrictions:	The Notes will not be offered to the public in any jurisdiction. See ' <i>Selling Restrictions</i> ' below and in the Programme Memorandum.
Form of Notes:	Bearer Notes
The Notes will initially be represented by:	Temporary Global Note.
Applicable TEFRA exemption:	D Rules
Exchange of Temporary Global Note or Permanent Global Note:	<p>The Temporary Global Note or, as the case may be, Permanent Global Note will be exchangeable, in whole but not in part, for a definitive Bearer Note if:</p> <ol style="list-style-type: none"> 1. Euroclear or Clearstream, Luxembourg or any other clearing system in which the Permanent Global Note or, as the case may be, Temporary Global Note is for the time being deposited terminates its business and no alternative clearing system, satisfactory to the Trustee and the Principal Paying Agent is available; or 2. the Notes become due and payable in accordance with Condition 4 (Events of Default) and payment is not made on due presentation of the Temporary Global Note or, as the case may be, Permanent Global Note for payment.
Business Day Convention:	Following Business Day Convention applies.
Redemption Amount:	<p>Unless previously redeemed the Notes will be redeemed by a payment in respect of each Note on the Final Maturity Payment Date of an amount in USD equal to the Redemption Amount.</p> <p>The Final Maturity Payment Date may be significantly later than the Maturity Date or Extended Maturity Date.</p> <p>See Special Condition 5.3 (Redemption Amount)</p>
Early Redemption Amount:	See Special Condition 5.4 (Early Redemption Amount)
Optional Redemption and Purchase:	See Special Condition 5.5 (Optional Redemption and Purchase)
Mandatory Redemption:	See Special Condition 5.6 (Mandatory Redemption)
Reports, calculations, determinations and	The Arranger will publish a summary of the NAV Report received from the Calculation Agent on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc.

notifications:	and to the Vienna Stock Exchange. See Special Condition 5.7 (Reports, calculations, determinations and notifications)
Fees:	The amounts payable under the Notes are based on the performance of the Charged Assets after deduction of fees due to the Portfolio Manager. Such fees are in addition to the fees due to the Trustee, the Arranger and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes. All fees are payable prior to any amounts being payable in respect of the Notes to any Noteholders. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in the value of the Notes (unless otherwise satisfied). See Special Condition 5.8 (Fees)
Further Issues:	See Special Condition 5.9 (Further Issues)
Governing Law:	The Notes and any dispute or claim arising out of or in connection with them (including non-contractual obligations, disputes or claims) shall be governed by and construed in accordance with Irish law. The courts of Ireland shall have non-exclusive jurisdiction in respect of any dispute. The Supplemental BVI Security is governed by British Virgin Islands law and the British Virgin Islands Courts may have jurisdiction over any dispute or enforcement proceedings relating thereto.

Portfolio Management	
Portfolio Manager:	Arcis Capital Advisors II LLC
Portfolio Management Agreement:	The terms and conditions of the appointment of the Portfolio Manager are set out in the Portfolio Management Agreement. <i>See "Information relating to the Portfolio Management Agreement" below.</i>
Investment Objective:	The Portfolio Manager, in accordance with the terms of the Portfolio Management Agreement, shall be obliged to use all reasonable endeavours, in the course of carrying out such obligations, to pursue any investment strategy that it deems fit to maximise the total returns achieved by the Portfolio.
Management Criteria:	The Portfolio Manager will seek to achieve the Investment Objective through the Investment Strategy and Management Criteria as set out in the Portfolio Management Agreement.

Series Assets:	
Series Assets:	(i) The Shares and (ii) any and all investments, agreements,

	<p>contracts, shareholder and/or partnership interests acquired by the Issuer in relation to the Notes and any and all related investments, monies, credit balances, assets or related contracts, trading positions, any sums standing to the credit of a deposit account (if any) or beneficial interests in any assets, to the extent any of the foregoing is:</p> <p>(i) held, carried and / or maintained by the Issuer, the Trustee and / or any of the Agents, in relation to the Notes,</p> <p>(ii) established, agreed or obtained by the Issuer in relation to the Notes; or</p> <p>(iii) established, agreed, obtained by or in possession or control of the Portfolio Manager in relation to the Notes, pursuant to the Portfolio Management Agreement, for any purpose, including for safekeeping.</p>
Shares:	The Class A common shares of ArcisCap-CPH Mezz Debt Investment (B.V.I.) Ltd. (the " Company "), a British Virgin Islands business company, invested in by the Issuer with the proceeds of the issuance of the Notes.

Security	
Charged Assets:	The Charged Assets shall be (i) the Series Assets and (ii) the Related Rights.
Related Rights:	All rights of the Issuer derived from or connected to the Series Assets including, without limitation, any rights to receive additional shares or other securities, assets or rights or any offers in respect thereof (whether by way of bonus issue, option rights, exchange, substitution, conversion or otherwise) or to receive monies (whether by way of redemption, return of capital, interest, dividend, distribution, income or otherwise) in respect of the Series Assets.
Charging Instrument:	Pursuant to a security charge over shares in respect of the Series Assets entered into between the Issuer and the Trustee dated on or about the date of the purchase of the relevant Charged Assets the Issuer will grant in favour of the Trustee, as security for itself, and the Secured Parties, a security interest governed under the laws of the British Virgin Islands over the Issuer's interest in the Charged Assets from time to time (such security, the " Supplemental BVI Security " or the " Charging Instrument ").

5 SPECIAL CONDITIONS OF THE NOTES

5.1 Definitions

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

"**Account Bank Agreement**" means the account bank agreement dated 15

August 2018 between the Issuer, the Trustee and The Bank of New York Mellon, London Branch as the same may be amended, restated, amended and restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time;

“Arranger Default” means if any of the following events occur (in the sole discretion of the Issuer) in respect of the Arranger and a substitute arranger is not appointed (such appointment to be approved in writing by the Trustee provided that the approval shall not be unreasonably withheld or delayed) is not made within 90 days of the occurrence of the relevant event. If the Arranger:

1. is dissolved (other than pursuant to a consolidation, amalgamation or merger);
2. becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
3. makes a general assignment, arrangement or composition with or for the benefit of its creditors;
4. (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;
5. has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
6. seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
7. has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter;
8. causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) above (inclusive);
9. takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

10. becomes unable to, or fails to within 10 days of receiving notice from the Trustee or the Issuer, perform its duties under the Notes;

"Company" means ArcisCap-CPH Mezz Debt Investment (B.V.I.) Ltd.;

"Distribution Proceeds" means the proceeds of a dividend, interest payment or other distribution in respect of the Charged Assets or the proceeds from a winding up, redemption, buy-back or liquidation of less than all of the Shares provided that, for the avoidance of doubt any amount realised from liquidation of the Charged Assets pursuant to an optional redemption shall not form part of the Distribution Proceeds;

"Early Redemption Date" means, as applicable, the Optional Redemption Date or the date specified in the notice given pursuant to a Mandatory Redemption Event, Additional Mandatory Redemption Event or Event of Default;

"Early Redemption Payment Date" means five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition 5.4 (Early Redemption Amount). The Early Redemption Payment Date may be significantly later than the Early Redemption Date. See *"Risk Factors – Payments"*.

"Final Maturity Payment Date" means five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition 5.3 (Redemption Amount). The Final Maturity Payment Date may be significantly later than the Maturity Date or the Extended Maturity Date, as applicable. See *'Risk Factors – Payments'*;

"HFMX Programme" means the EUR 5,000,000,000 Secured Note Programme of the Issuer;

"NAV per Note" means the aggregate Net Asset Value of the Portfolio divided by the total number of Notes subscribed for;

"NAV Report" means a report provided to the Issuer and the Arranger by the Calculation Agent setting out the calculation of the Net Asset Value of the Portfolio (net of any fees as described under Special Condition 5.8 (Fees));

"NAV Calculation Date" means the last Business Day of each calendar month;

"NAV Report Date" means two Business Days after each NAV Calculation Date;

"Net Asset Value" means, in respect of the Notes, the value for each component of the Series Assets (net of any fees as described under Special Condition 5.8 (Fees)), as provided by the Calculation Agent to the Issuer and the Arranger, as the case may be, on or before the NAV Report Date;

"Net Proceeds" means an amount determined by the Calculation Agent being the pro rata share of the Realisable Value of the Charged Assets in respect of one Note; less the pro rata share in respect of one Note of any redemption and settlement costs and expenses in respect of the Charged Assets; less the pro rata share in respect of one Note of any fees, costs or expenses owing to the Trustee and the Agents in connection with the Notes; and less the pro rata share in respect of one Note of any fees payable to, the Portfolio Manager, and the Arranger

pursuant to the Conditions of the Notes and any other outstanding fees costs or expenses pursuant to the Conditions of the Notes;

“Optional Redemption” means a redemption of the Notes pursuant to Condition 2.5 as amended by Special Condition 5.5;

“Portfolio” means the Series Assets;

“Private Placement Memorandum” means the Private Placement Memorandum of ArcisCap-CPH Mezz Debt Investment (B.V.I.) Ltd., dated October 27, 2018, appended to this Series Memorandum (as may be amended, restated, supplemented, varied, assigned, novated, or otherwise from time to time).

“Programme Accounts Security Agreement” means the security assignment of contractual rights and charge over bank accounts dated 15 August 2018 between the Issuer and the Trustee as the same may be amended, restated, amended and restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time;

“Realisable Value” means an amount determined by the Calculation Agent being the proceeds of sale or other means of realisation of the Charged Assets less any costs, expenses, taxes and duties incurred in connection with the disposal or transfer of the Charged Assets by the Charged Assets Realisation Agent;

“Redemption Amount” means an amount equal to the greater of (i) zero and (ii) the Net Proceeds;

“Security” means (i) the security constituted by the Trust Deed entered into by the execution of the Constituting Instrument, (ii) the Charging Instrument and (iii) the Programme Accounts Security Agreement;

“Secured Obligations” means a fixed charge and an assignment by way of fixed security of, or other security interest over, the Charged Assets and all rights and sums derived therefrom in favour of the Trustee for itself as trustee for the Secured Parties provided under the Series 210 ArcisCap Celebration Pointe;

“Series 210 ArcisCap Celebration Pointe” means the Series constituted pursuant to the Constituting Instrument;

“Supplemental BVI Security” means the share pledge in respect of the Class A common shares of ArcisCap-CPH Mezz Debt Investment (B.V.I.) Ltd.; and

“Unwind Account Custody Agreement” means the unwind account custody agreement dated 15 August 2018 between the Issuer, the Trustee and The Bank of New York Mellon, London Branch as the same may be amended, restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time;

5.2 Interest

5.2.1 Condition 1 (Interest) shall apply to the Notes read with this Special Condition 5.2 (Interest).

5.2.2 The Calculation Agent will, on or as soon as practical after each Interest Determination Date, determine the Interest Rate and calculate the Interest Amount for the relevant Interest Period. The Calculation Agent shall inform the Trustee, the Issuer, the Portfolio Manager, the Principal Paying Agent and each of the Paying Agents of the amount payable and interest shall be paid in accordance with the Conditions and the Agency Agreement.

5.3 Redemption Amount

5.3.1 The Redemption Amount of the Notes shall be determined in accordance with Condition 2.4 (Redemption Amount of Notes) read with this Special Condition 5.3 (Redemption Amount).

5.3.2 Unless previously redeemed or purchased, each Note will be redeemed by a payment in respect of each Note of the Redemption Amount on the Final Maturity Payment Date save where Notes are redeemed pursuant to Condition 2.4.6.

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

5.4 Early Redemption Amount

5.4.1 The Early Redemption Amount of the Notes shall be determined in accordance with Condition 2.4 (Redemption Amount of Notes) read with this Special Condition 5.4 (Early Redemption Amount).

5.4.2 In the event of:

- (A) the Notes becoming due and payable pursuant to Condition 2.2 (Mandatory Redemption) the Charged Assets Realisation Agent shall, on behalf of the Issuer sell or procure the sale or other means of realisation of the Charged Assets and the applicable amount payable in respect of each Note will be the pro rata share of the Net Proceeds of such sale or other means of realisation; or
- (B) any Notes becoming due and payable pursuant to an Optional Redemption, the Charged Assets Realisation Agent shall, on behalf of the Issuer sell or procure the sale or other means of realisation of the applicable amount of Charged Assets and the applicable amount payable in respect of each Note will be the pro rata share of the Net Proceeds of such sale or other means of realisation; or
- (C) redemption of the Notes pursuant to Condition 4 (Events of Default) the applicable amount payable in respect of each Note shall be the amount available by applying the portion available to the Noteholders pursuant to Condition 3.3 (Application) of the Net Proceeds of enforcement of the security in accordance with Condition 3 (Security) *pari passu* and rateably between the Notes,

(such amount being the “**Early Redemption Amount**” and the term “**Redemption Amount**” includes the Early Redemption Amount).

- 5.4.3 Redemption of the Notes at their Early Redemption Amount shall not constitute an Event of Default.
- 5.4.4 The Early Redemption Amount will be paid on the Early Redemption Payment Date.
- 5.4.5 No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Early Redemption Date to and including the Early Redemption Payment Date.

5.5 **Optional Redemption and Purchase**

5.5.1 **Optional Redemption by the Issuer**

Condition 2.5.2 (Optional Redemption by the Issuer) shall apply to the Notes read with this Special Condition 5.5.1 (Optional Redemption by the Issuer). The Issuer subject to compliance with all relevant laws, regulations and directives:

- (A) may, on giving not more than 60 nor less than 15 Business Days' notice to the Trustee and the Noteholders in accordance with Condition 7; or
- (B) shall, at any time after receipt of a notice from the Arranger,

(such notice an "**Optional Redemption Notice**") redeem any amount of the Notes at their Early Redemption Amount on the date specified in such notice (the "**Optional Redemption Date**") provided that the Early Redemption Amount shall be payable on the Optional Redemption Payment Date.

Notice given by the Issuer to redeem Note(s) pursuant to this Special Condition may not be withdrawn (save with the prior written consent of the Trustee) and the Issuer shall be bound to redeem the Note(s) in accordance with the notice, this Special Condition and the Constituting Instrument.

In the case of a partial redemption of Notes, when the Notes are represented by a Global Note, if a partial redemption is to be effected by selection of whole Notes, the Notes to be redeemed will be selected in accordance with the rules of the Clearing System or in accordance with the rules and procedures established from time-to-time by such person or, if a partial redemption of Notes is to be effected by pro rata payment a portion of each Note shall be redeemed in an amount equal to the amount of funds or value of Charged Assets for redemption, as applicable, then available divided by the number of Notes then outstanding which are represented by such Global Note.

5.5.2 **Optional Redemption by the Noteholder**

Condition 2.5.1 (Optional Redemption by the Noteholder) shall not apply to the Notes.

5.5.3 **Optional Purchase**

Condition 2.5.4 (Optional Purchase) shall apply to the Notes read with this Special Condition 5.5.3 (Optional Purchase). The Issuer at any time after receipt of a notice from the Arranger specifying the number of Notes to be purchased and details of the Noteholder(s) from whom the relevant Notes are to be purchased (such notice an “**Optional Purchase Notice**”), subject to compliance with all relevant laws, regulations and directives shall purchase such Notes in accordance with Condition 2.6 (Purchase).

In determining what proportion of Charged Assets corresponds to the proportion of Notes to be purchased, the Issuer shall be entitled to rely on advice given to it by the Calculation Agent. The Issuer has absolute discretion to designate which Series Assets to select in order to fulfil its obligations pursuant to Condition 2.5.4 (Optional Purchase) as hereby amended.

5.6 **Mandatory Redemption**

5.6.1 Condition 2.2. (Mandatory Redemption) shall apply to the Notes read with this Special Condition 5.6 (Mandatory Redemption). Each of the following shall be Additional Mandatory Redemption Events for the purposes of Condition 2.2.2:

- (A) the Issuer (in its sole discretion) determines that an Arranger Default has occurred; or
- (B) (i) a compulsory redemption (howsoever described) of the Charged Assets; or (ii) a distribution or return of capital and / or assets to holders of the Charged Assets following the winding up, redemption, buy-back or liquidation of all of the Shares; or
- (C) the Company or the Portfolio Manager fail to comply in any material respect with the Private Placement Memorandum, including but not limited to the failure to provide when due any financial statement, impairment assessment report or independent audit confirmation.

5.7 **Reports, calculations, determinations and notifications**

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

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

- 5.7.3 Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, in its sole and absolute discretion. The Calculation Agent has agreed in the Constituting Instrument to comply with its obligations set out in these Conditions.
- 5.7.4 Each Transaction Participant (other than the Calculation Agent) shall be entitled to rely on any certification, notification, calculation or determination of the Calculation Agent given or copied to it as being true and accurate for all purposes and none of them shall be obliged to make any investigation or enquiry into any such certification, notification, calculation or determination or into the basis on which such certification, notification, calculation or determination was prepared, given or made.
- 5.7.5 The Calculation Agent shall consider the value of Series Assets which do not have a valuation provided to remain either (i) at cost or (ii) at zero, in its sole discretion and shall not be required to modify the recorded value of such Series Assets until provided with supported valuation by Portfolio Manager and / or any agent of the Company or the Portfolio Manager. The Calculation Agent is entitled to rely on any certification, notification, calculation, determination or announcement made by or on behalf of the Portfolio Manager and / or any agent of the Company or the Portfolio Manager in connection with the Series Assets and shall not be obliged to make any investigation or enquiry into, and shall incur no liability to any person for relying on, any such certification, notification, calculation, determination or announcement reasonably believed by it to be genuine and made by or on behalf of the Portfolio Manager, the Company and/or any agent of the Company.

5.8 Fees

In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, as determined by the Calculation Agent, the Issuer has agreed to pay certain fees to the Arranger. The Portfolio Manager Fee shall be paid by the Company. In the event that the Company fails to make such payments the fees will be deducted from the Portfolio when determining the Redemption Amount and may also be deducted from any Interest payments made to Noteholders (if any). This may result in a decrease of (i) the Interest Amount and/or (ii) the Net Asset Value of the Portfolio.

The following fees shall be determined by the Calculation Agent as at the NAV Calculation Date and as at the date expected to be two Business Days immediately prior to the following: (i) the Final Maturity Payment Date, (ii) any Optional Redemption Payment Date or Early Redemption Payment Date or (iii) any other date on which Notes are to be redeemed (any such date, a "**Fees Determination Date**"):

- (a) fees payable to the Arranger in the amount of 0.45% per annum of the first USD 50,000,000 of the Net Asset Value of the Portfolio and 0.40% of any sum thereafter, as applicable, as at the most recent NAV Report

Date, payable within ten Business Days of the end of each calendar quarter (the “**Arranger Fee**”);

The Arranger Fee is subject to a minimum payment of EUR 2,000 per month, provided that the minimum payment shall be waived for the first two months from the Issue Date.

Notes will be subscribed for by investors at 103% of the NAV per Note (the “**Subscription Amount**”). An amount equal to the excess of the Subscription Price over the NAV per Note shall be paid by the Issuer to the Portfolio Manager within five Business Days of receipt of the relevant Subscription Amount by the Issuer.

The Issuer will incur fees in relation to the issuance of the Notes, which shall be met by the Portfolio Manager or the Company. In the event that the Portfolio Manager or the Company fails to make such payments the fees will be deducted from the Portfolio when determining the Redemption Amount. Such fees will include, but shall not be limited to:

(A) any fees, costs and expenses payable by the Issuer which are directly attributable to the Notes, including:

(aa) costs incurred in connection with the issuance, listing, clearing of the Notes and / or the performance of obligations in relation thereto;

(bb) any commissions, fees, costs and expenses payable by the Issuer pursuant to the Constituting Instrument and the Series Documents as defined therein;

(cc) any fees, costs and expenses of the administrator of the Issuer payable by the Issuer or the Arranger in respect of the Notes; and

(dd) any legal fees and disbursements payable by the Issuer, the Arranger or the Trustee to Mason Hayes and Curran, A&L Goodbody or any other legal advisers to the Issuer, the Arranger or the Trustee in respect of the issuance of the Notes; and

(B) a total of EUR 1,000 per annum shall be retained by the Issuer (the “**Annual Retained Amount**”) in respect of all Series in issuance. A portion of the Annual Retained Amount will be attributed to this Series of Notes in an amount to be determined by the Calculation Agent acting in its sole and absolute discretion; and

(C) in relation to any realisation of the Charged Assets, all commissions, fees, charges and expenses (including, without limitation, any stamp duty, documentary or transfer or other taxes or duties payable in respect of the sale or other realisation of any such Charged Assets) incurred or payable by the Sale Agent in respect of such sale or other realisation, as certified by the Sale Agent to the Issuer and the Trustee.

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

Estimated fees include a set-up fee of €24,000 (euro).

(c) Fees payable in respect of the underlying investment

Investors in the Notes should take note of the fees payable to Portfolio Manager (or its designee) and any other fees payable in respect of the underlying investment. Details of the fees payable to the Portfolio Manager are set out in the Private Placement Memorandum (a copy (or copies) of which is appended to the Series Memorandum hereto).

On the Interest Determination Date, the Calculation Agent shall calculate the amount of Interest owing on the Notes and shall inform the Trustee, Principal Paying Agent and Issuer of the amount payable and interest shall be paid in accordance with the Conditions and the Agency Agreement.

5.9 Further Issues

Pursuant to Master Condition 15 (Further Issues) as amended and supplemented by this Special Condition 5.9 (Further Issues), the Issuer shall be at liberty to issue Further Notes with the express intention that such Further Notes be consolidated and form a single series with the Notes (and with any subsequent Further Notes so issued) provided that the net proceeds of issue of such Further Notes shall be invested in the Shares as the Portfolio Manager may in its sole discretion determine, and such proceeds shall form part of the Portfolio the subject of management by the Portfolio Manager on or about the same date as the date on which the Further Notes are issued.

5.10 Extended Maturity Date

The term of the Notes may be extended for further periods of up to ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the “**Extension Notice**”) to the Trustee, the Principal Paying Agent and the Noteholders one (1) calendar month prior to the Maturity Date or any Extended Maturity Date, if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Maturity Date or on the date stated in the final Extension Notice (such date being the “**Extended Maturity Date**”).

5.11 Events of Default

An Event of Default under Condition 4.1.1 shall occur if (i) the Early Redemption Payment Date does not occur within 90 days of the relevant Early Redemption Date or (ii) the Final Maturity Payment Date does not occur within 90 days of the Maturity Date or Extended Maturity Date, as applicable.

5.12 Noteholder Direction

The Arranger may, in its absolute discretion, request direction to the Issuer and Trustee from the Noteholders by way of Noteholder Direction.

6 USE OF PROCEEDS

The entire net proceeds from the issue of the Notes and any Further Notes, will be invested by the Issuer in the Shares, subject to the management of the Portfolio Manager on or as soon as practical following the date on which Notes or Further Notes are subscribed for.

7 INFORMATION RELATING TO THE CHARGED ASSETS

7.1.1 General

The Issuer intends to use the proceeds of the issuance of the Notes to invest, on or as soon as practicable following the Issue Date, in Class A common shares (the “**Shares**”) of ArcisCap-CPH Mezz Debt Investment (B.V.I.) Ltd. (the “**Company**”), a private British Virgin Islands Business Company formed under the laws of the British Virgin Islands on 20 July 2018 with registered office at the offices of Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola British Virgin Islands.

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

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

7.1.2 The Series Assets

For a detailed description of the Series Assets see the Private Placement Memorandum.

8 DESCRIPTION OF THE SECURITY ARRANGEMENTS IN RESPECT OF THE NOTES

8.1.1 Introduction

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

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

8.1.2 Security arrangements

The Notes will be secured by a charge over the Series Assets and the Related Rights obtained with the entire net proceeds of the issue of the Notes in favour of the Trustee for itself and as trustee for the Secured Parties (which includes the Noteholders).

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

- (A) charge by way of fixed charge in favour of the Trustee for itself and as trustee for the Secured Parties the Charged Assets, and in respect of the Charged Assets all debts represented thereby, all rights and thereof and the right to payment of all interest and other moneys in respect thereof and all rights to the delivery thereof or to an equal number or nominal amount thereof as against any clearing system or its operator or any depository thereof;
- (B) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Charged Assets;
- (C) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Account Bank Agreement and the Unwind Account Custody Agreement, any accounts held pursuant thereto and all sums derived therefrom to the extent that the same relate to the Notes (and no other Series);
- (D) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all funds and any other assets now or hereafter standing to the credit of the account of the Principal Paying Agent in respect of the Notes and the debts represented by such moneys;
- (E) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Agency Agreement, the Placing Agreement and the Arrangement Agreement and all sums derived therefrom;
- (F) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties (other than the Portfolio Manager, if any) all of the Issuer's rights, title, benefit and interest in, to and under the Portfolio Management Agreement and all sums derived therefrom; and
- (G) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties (other than the Portfolio Manager, if any) all of the Issuer's rights, title, benefit and interest in, to and under the Portfolio Management Agreement and all sums derived therefrom,

in each case on terms that the Trustee shall hold the proceeds of such security for itself and on trust for the Secured Parties and such other persons who may be specified in the Constituting Instrument and / or the Charging Instrument.

As continuing security for the due payment, performance and discharge of the Notes the Issuer as legal and beneficial owner will charge by way of floating charge in favour of the Trustee for itself and on trust for the

Secured Parties all of the Mortgaged Property which are not effectually charged or assigned as described above.

8.1.3 **Charging Instrument and Programme Accounts Security Agreement**

Pursuant to a security charge over shares in respect of the Series Assets entered into between the Issuer and the Trustee dated on the date of the Supplemental BVI Security the Issuer will grant in favour of the Trustee, as security for itself, and the Secured Parties, a security interest governed under the law of the British Virgin Islands over the Issuer's interest in the Series Assets (such security, the "**Supplemental BVI Security**" or "**Charging Instrument**").

Pursuant to the Charging Instrument, the Company represents, amongst other things, that:

1. the Shares of the Company are duly authorised, validly issued and fully paid;
2. the constitutional documents of the Company do not and could not restrict or inhibit any transfer of the Shares of the Company on creation or enforcement of the Charging Instrument and the Company's directors cannot refuse to register any transfer of the Shares of the Company to the Trustee or any nominee of the Trustee and all rights of pre-emption are waived;
3. there are no agreements in place which provide for the issue or allotment of, or grant to any person the right to call for the issue or allotment of, any share or loan capital of the Company (including any option or right of pre-emption or conversion);
4. no calls have been made in respect of the Shares and remain unpaid and no calls can be made in respect of such preferred shares in the future;
5. the Shares of ArcisCap-CPH Mezz Debt Investment (B.V.I.) Ltd. constitute all of the Class A shares of ArcisCap-CPH Mezz Debt Investment (B.V.I.) Ltd.

Potential investors should note that neither the Issuer nor the Trustee makes any representation as to the accuracy of the statements at (1) to (5) above.

The Issuer has granted security over the Account Bank Agreement, Unwind Account Custody Agreement and any accounts held pursuant thereto in favour of the Trustee, as security for itself and the Secured Parties, pursuant to the Programme Accounts Security Agreement in respect of the Issuer's obligations to the Trustee in respect of all Series under the HFMX Programme. Pursuant to a deed of confirmation, the Issuer will confirm to the Trustee that the Programme Accounts Security Agreement charges the Account Bank Agreement, Unwind Account Custody Agreement and any accounts held pursuant thereto in favour of the Trustee in respect of the Issuer's obligations under Series 210 ArcisCap Celebration Pointe.

8.1.4 **Enforcement**

The Mortgaged Property may become enforceable if the Notes or any of them have become due and repayable (for example, due to acceleration following the occurrence of an Event of Default) and have not been repaid.

In such circumstances the Trustee at its discretion may, and if so directed by the relevant parties shall, upon being indemnified, secured and/or prefunded to its satisfaction, realise the Charged Assets. In realising the Charged Assets the Trustee may, but shall not be obliged to, procure the sale of the Charged Assets or may request the redemption of the Charged Assets if the Charged Assets allow for such request.

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

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

8.1.6 **Limited recourse provisions**

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

Trustee, the Arranger and the Agents or any holder of the Notes may petition or take any other step for the winding-up of the Issuer, and none of them shall have any claim in respect of any sum arising in respect of the Charged Assets for any other Series.

9 INFORMATION RELATING TO THE PORTFOLIO MANAGEMENT AGREEMENT

The below summary is qualified in its entirety by the terms of the Portfolio Management Agreement, which will be available during business hours on any day (Saturdays, Sundays and public holidays excepted) for inspection at, and collection of copies from, the registered office of the Issuer for as long as the Notes are outstanding.

9.1.1 Portfolio Management Agreement

The Portfolio Management Agreement sets out the terms and conditions of the appointment of the Portfolio Manager.

The Portfolio Manager shall be obliged to perform its obligations under the Portfolio Management Agreement in accordance with the terms of the Portfolio Management Agreement and shall be obliged to use all reasonable endeavours, in the course of carrying out such obligations, to pursue any strategy that it deems fit to maximise the total returns achieved by the Portfolio.

The Portfolio Manager shall be obliged to manage the buying and / or selling of assets comprising the Portfolio pursuant to the Portfolio Management Agreement.

9.1.2 Portfolio Manager

The Issuer has appointed Arcis Capital Advisors II LLC as the Portfolio Manager in respect of the Notes pursuant to the Portfolio Management Agreement. The role of the Portfolio Manager is to actively manage the Portfolio by the buying and / or selling of the Series Assets pursuant to the Portfolio Management Agreement.

Arcis Capital Advisors II LLC is a Delaware Limited Liability company with office located at 54 West 40th Street, New York, NY 10018. The Portfolio Manager has the full and exclusive right to manage and operate the day-to-day business of the Company including all banking transactions. Afzal M. Tarar is the Managing Member of the Portfolio Manager.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Portfolio Manager.

9.1.3 Fees

The fees payable to the Arranger are described in Special Condition 5.8 (Fees) of the Notes. Details of the fees payable to the Portfolio Manager are set out in the Private Placement Memorandum (a copy (or copies) of which is appended to the Series Memorandum hereto).

10 INFORMATION RELATING TO THE ARRANGER, CHARGED ASSETS REALISATION AGENT AND CALCULATION AGENT

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

FlexFunds ETP, LLC is the Calculation Agent in respect of the Notes, and as such is responsible for certain management and administrative functions in relation to the Notes.

As Charged Assets Realisation Agent, FlexFunds Ltd is responsible to the Issuer for taking any steps in order to realise the Charged Assets as required for the purposes of the Notes. The Charged Assets Realisation Agent shall, on behalf of the Issuer, sell or procure the sale or other means of realisation of the Charged Assets and shall be entitled to deduct any costs, expenses, taxes and duties incurred in connection with any disposal, realisation or transfer of such Charged Assets.

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

FlexFunds Ltd is an exempted company incorporated in the Cayman Islands with limited liability. The company administers the HFMX Programme with all participants and prepares the notes for issuance. FlexFunds Ltd. has a presence in the Cayman Islands.

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

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

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

The fees payable to FlexFunds Ltd. as the Arranger are described in Special Condition 5.8 (Fees) of the Notes.

11 INFORMATION RELATING TO THE PLACING AGENT

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD have been appointed as Placing Agent, and as such are responsible for certain management and administrative functions in relation to the Notes. FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD as Placing Agent have an administrative role and their main function is to coordinate the subscription and redemption trades between the Issuer and purchasers of the Notes.

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD will not be able to confirm any buys or sales on behalf of the Issuer if the Calculation Agent cannot provide them with a Net Asset Value.

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD as Placing Agent have no control over the Net Asset Value calculations and do not verify the Net Asset Value calculations received from the Calculation Agent.

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking is made, whether express or implied, and no responsibility or liability is accepted by FlexInvest Securities, Inc. d/b/a GWM Group, Inc. or GWM LTD as to the accuracy, completeness or nature of the information contained in this Series Memorandum, the Private Offering Memorandum, any other document in relation to the HFMX Programme, or with respect to the legality of investment in the Notes by any prospective investor or purchaser under applicable laws or regulations.

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD shall not, under any circumstances, be responsible for, or obliged to monitor or verify or investigate the performance or operation of the Portfolio Manager or any party appointed in relation to the HFMX Programme.

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD as Placing Agent will not be allowed to confirm any transactions on behalf of the Issuer without the Issuer's approval.

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD, as Placing Agent shall not, under any circumstances, be responsible for, or obliged to monitor or verify the performance or operation of the Issuer. Furthermore, GWM Group, Inc. and GWM LTD, as Placing Agent shall not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, any Noteholder or any other party to the HFMX Programme or any person for any loss incurred by such person that arises out of or in connection with the performance by FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD, as Placing Agent, provided that nothing shall relieve FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD, as Placing Agent from any loss arising by reason of acts or omissions constituting bad faith, fraud or gross negligence of the Placing Agent.

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD's role with respect to the HFMX Programme is limited to its function as Placing Agent only with respect to the Notes. FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD, as Placing Agent is not, under any circumstances whatsoever, obliged to make a market for the Notes or to provide liquidity in the secondary market with respect to the Notes.

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD as Placing Agent have the right to refuse to process orders for any counterparty at its own discretion.

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD as Placing Agent will limit their interaction to regulated financial institutions. FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD cannot interact with retail clients.

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD as Placing Agent do not provide investment or tax advice.

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

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

FlexInvest Securities, Inc. d/b/a GWM Group, Inc. has a presence in Connecticut.

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

The Bermuda Monetary Authority granted approval to GWM LTD for a license under section 16 of the Investment Business Act 2003. As Placing Agent, FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD have agreed to comply with all duties and responsibilities set out in the Conditions of the Note, and to strictly adhere to the Selling Restrictions. As Placing Agent, FlexInvest Securities, Inc. d/b/a GWM Group, Inc. and GWM LTD have not verified any of the Series documentation content.

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

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

12 INFORMATION RELATING TO THE ISSUER

12.1.1 General

The Issuer was incorporated in Ireland as a designated activity company on 10 July 2018, with registration number 630060 under the name HFMX Designated Activity Company, under the Companies Acts 2014 as amended.

The registered office of the Issuer is at 1-2 Victoria Buildings, Haddington Road, Dublin 4. The e-mail address of the Issuer is crm-ie@intertrustgroup.com / Ireland.Directors@intertrustgroup.com. The authorised share capital of the Issuer is EUR 1,000 divided into 1,000 Ordinary Shares of EUR 1 (the "**Shares**"). The Issuer has issued 1 Share, which is fully paid. The issued Share is held by Intertrust Corporate Services 2 (Ireland) Limited (the "**Share Trustee**"). The Share Trustee owns the Issued Share under the terms of a declaration of trust (the "**Declaration of Trust**") dated 10 July 2018, under which the Share

Trustee holds the issued Share respectively of the Issuer on trust for charitable purposes.

The Issuer has been established as a special purpose vehicle. The principal objects of the Issuer are to raise finance through the issuance of debt securities or loan facilities and use the proceeds to enter into financial transactions including, without limitation, acquiring, holdings, selling and disposing of personal property and all related activities.

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

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

12.1.2 **Directors and company secretary**

The Directors of the Issuer are as follows:

- Gustavo Nicolosi
- Robert Browne

The Company Secretary is Intertrust Finance Management (Ireland) Limited.

Intertrust Finance Management (Ireland) Limited is the administrator of the Issuer. Its duties include the provision of certain administrative, accounting and related services. The appointment of the administrator may be terminated forthwith if the administrator commits any material breach of the corporate service agreement between the Issuer and the administrator, or if the administrator is unable to pay its debts as they fall due or if the administrator becomes subject to insolvency or other related proceedings. The administrator may retire upon 90 days’ written notice subject to the appointment of an alternative administrator on similar terms to the existing administrator. The business address of the administrator is 1-2 Victoria Buildings, Haddington Road, Dublin 4.

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

12.1.3 **Financial statements**

At the date of this Series Memorandum, the Issuer has not published any financial statements. The Issuer’s financial year-end is June 30th. Annual financial statements of the Issuer will be prepared within 28 days of the annual return date of the Issuer and will be filed with the Irish Companies Registration Office.

12.1.4 **Authorisation**

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed prior to the Issue Date.

12.1.5 **Litigation**

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

13 INFORMATION RELATING TO THE TRUSTEE

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

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

14 SELLING RESTRICTIONS

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

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

Where:

“U.S person” means a *“US person”*, as the term is defined in Regulation S under the Securities Act of 1933 (as amended from time to time) and more particularly are references

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

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

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

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

15 GENERAL INFORMATION

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

- (a) the Master Documents which are incorporated by reference by the Constituting Instrument so as to constitute the Trust Deed, Agency Agreement, Arrangement Agreement, Placing Agreement and the Portfolio Management Agreement with respect to the Notes (to the extent not otherwise amended, modified and / or supplemented by the Constituting Instrument);
- (b) any deed or agreement supplemental to the Master Documents;
- (c) the Programme Memorandum;
- (d) the Supplemental BVI Security;

- (e) the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer;
- (f) the Constituting Instrument; and
- (g) the Charging Instrument.

APPENDIX 1
PRIVATE PLACEMENT MEMORANDUM

CONFIDENTIAL OFFERING MEMORANDUM

Name of Offeree: _____

Number: _____

ARCISCAP-CPH MEZZ DEBT INVESTMENT (B.V.I.) Ltd. (a British Virgin Islands company)

CLASS A COMMON SHARES

\$70,000,000 MAXIMUM • Minimum Subscription: US\$1,000,000 at US\$7,000 per Share

ArcisCap-CPH Mezz Debt Investment (B.V.I.) Ltd. (the “Company”), a special purpose investment vehicle formed to finance the development of the 160-acre Celebration Pointe project in Gainesville, Florida, U.S., is offering for sale an aggregate of 10,000 Class A Common Shares at US\$7,000 per share.

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (the “MEMORANDUM”) CONTAINS MATERIAL NONPUBLIC INFORMATION CONCERNING THE COMPANY AND IS PREPARED SOLELY FOR THE USE OF THE OFFEREE NAMED ABOVE. ANY USE OF THIS INFORMATION FOR ANY PURPOSE OTHER THAN IN CONNECTION WITH THE CONSIDERATION OF AN INVESTMENT IN THE SECURITIES OFFERED HEREBY MAY SUBJECT THE USER TO CRIMINAL AND CIVIL LIABILITY.

In the event you decide not to participate in this offering, please return this Confidential Private Placement Memorandum and the Subscription Booklet to the principal office of the Sponsor as set forth below.

SPONSOR

**ARCIS CAPITAL PARTNERS LLC
54 WEST 40th STREET
NEW YORK, NY 10018**

The date of this Memorandum is October 27, 2018

ARCISCAP-CPH MEZZ DEBT INVESTMENT (B.V.I.) Ltd.
(a British Virgin Islands company)

**CLASS A
COMMON SHARES**

\$70,000,000 MAXIMUM • Minimum Subscription: US\$1,000,000 at US\$7,000 per Share

The Company is a special purpose investment vehicle formed under the laws of the British Virgin Islands (the “BVI”) to finance the development by Celebration Pointe Holdings, LLC (“CPH” or “Borrower”) as the sole owner of the 160-acre Celebration Pointe project in Gainesville, Florida (“Celebration Pointe” or the “Project”). Celebration Pointe, when fully built-out, will have as much as two million square feet of mixed-use space including ~460,000 square feet of retail/outlet/entertainment/and restaurant space, ~331,000 square feet of Class A office space, a ~141 hotel rooms, ~1,020 units of residential development comprised of luxury market rate apartments, townhomes and active adult living , as well as a state-of-the-art luxury seating 10-screen movie theatre. Upon completion of this offering (the “Offering”), the Company will enter into a US\$70 million secured mezzanine debt facility collateralized by a second mortgage on the property and substantially all other assets of the Project. Class A Investors in the Company will earn 12.0% annualized dividend paid in cash over four quarterly payments.

The securities offered hereby are highly speculative, involve a high degree of risk and immediate dilution, and should be purchased only by persons who can afford the loss of their entire investment. See “Risk Factors” beginning on page 13, for a description of certain risk factors which should be considered by prospective purchasers of the Class A Common Shares.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES OR “BLUE SKY” LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE PLEDGED, TRANSFERRED, RESOLD OR OTHERWISE DISPOSED OF EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTIONS THEREFROM. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The Company is a special purpose entity formed to offer Class A Common Shares (“Shares”) to Non-U.S. Persons (hereinafter referred to as “Investors”) as defined in Rule 902 of Regulation S each promulgated under the Securities Act. The Shares are offered on a “best efforts” US\$70,000,000 maximum (“Maximum Offering”) and no minimum basis. The minimum Subscription is US\$1,000,000 at US\$7,000 per Class A Common Share.

The offering period (the “Offering Period”) shall commence on the date hereof with the initial closing expected to occur on or before December 31, 2018 and the final closing on or before

March 31, 2019 (the “Termination Date”), unless terminated earlier in the Company’s sole discretion, or extended beyond the Termination Date by mutual agreement of the Company, Arcis Capital Advisors II LLC (the “Class B Member” or the “Manager”) and Arcis Capital Partners LLC (the “Sponsor”).

This Offering and the subsequent sale of the Shares offered by this Memorandum is intended to be exempt from the registration requirements of the Securities Act pursuant to Rule 903 of Regulation S, promulgated under the Securities Act.

We reserve the right to withdraw or cancel the Offering and to accept or reject any subscription in whole or in part, at our sole discretion. Any subscription payments which are rejected will be promptly returned without interest or deduction.

The offering price for the Shares and interest rate to be paid to the Investors do not necessarily bear any relationship to the book value, assets, earnings or any other accepted criteria of value of either the Company or the Borrower. There is currently no public or private market for Shares, nor any plans to have one in the future.

All subscription payments will be held in a non-interest bearing account established by the Company with EFG Bank AG, Cayman Islands, 45B Market Street, Camana Bay, P.O. Box 10360, Grand Cayman, KY1-1003, Cayman Islands, as Agent Bank for the Company, until the subscriptions are accepted by the Company at each closing (a “Closing”) of this Offering.

NESF Fund Services Corp., Attn. Investor Services, 1099 Hingham Street, #110, Rockland, MA 02370, will act as Administrator of the Company.

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Subscription Booklet

Subscription Agreement and Questionnaire

IMPORTANT NOTICES TO INVESTORS

Notices Regarding This Memorandum

This Memorandum is being furnished by the Company solely for use by potential investors in connection with the Offering. Please note that when we refer to “this Memorandum,” we also are referencing all attached exhibits to this Memorandum.

This Memorandum has been prepared by the Company and no person other than an authorized representative of the Company has been authorized to give any information or to make any representations other than those contained in this Memorandum in connection with the securities described herein, and if given or made, such information or representations must not be relied upon as having been authorized by the Company. Potential investors are cautioned not to rely on any information not expressly set forth in this Memorandum. Statements contained herein as to the content of any agreement or other document are summaries and, therefore, are necessarily selective and incomplete and are qualified in their entirety by the actual agreements or other documents. The Company and Sponsor will make available to any prospective investor prior to the consummation of the sale the opportunity to ask questions of and receive answers from the Company and Borrower or persons acting on behalf of the Company and Borrower concerning the terms and conditions of the Offering, the Company and the Project or any other relevant matters and any additional reasonable information to the extent the Company and Borrower possess such information.

Because this Memorandum focuses primarily on information concerning Celebration Pointe rather than the industry in which Celebration Pointe operates, which is highly competitive, potential investors may wish to conduct their own separate investigation of Celebration Pointe’s industry to obtain greater insight in assessing the Company prospects.

This Memorandum does not purport to contain all of the information that a potential investor may require to evaluate the Offering and any recipient hereof should conduct its own independent analysis. The Company does not expect to update or otherwise revise this Memorandum or other materials supplied herewith unless there is a material change in the information set forth herein. The delivery of this Memorandum at any time does not imply that the information contained herein is correct as of any time subsequent to the date set forth in this Memorandum. This Memorandum is submitted in connection with the Offering described herein and may not be reproduced or used for any other purpose. Each recipient of this Memorandum agrees that all information contained herein is of a confidential nature, that it will treat such information in a confidential manner and that it will not, directly or indirectly, disclose or permit its agents or affiliates to disclose any such information without the prior written consent of the Company.

Notices Regarding the Offering

This Offering can be withdrawn at any time before a Closing and is specifically made subject to the terms described in this Memorandum. We reserve the right to reject any subscription, in whole or in part, or to accept subscriptions from investors for less than the minimum subscription subscribed for by such prospective investor.

The purchase of the securities offered hereby entails a high degree of risk. No investment in the securities offered hereby should be made by any person who is not in a position to lose the entire amount of such investment. All investors should carefully review this Memorandum including the information contained in the section “Risk Factors”.

This Memorandum has been prepared in connection with the offer and sale outside of the United States, its territories and possessions of Class A Common Shares to persons who are neither citizens nor residents of the United States and are deemed to be Non-U.S. Persons as defined in Rule 902 of Registration S, promulgated under the Securities Act.

The securities offered hereby are being offered in reliance upon an exemption from registration under the Securities Act, which exemption depends upon the existence of certain facts, including, but not limited to, the requirements that the securities are not being offered through general advertising or magazines or other media, or broadcasts on radio or television, and that this Memorandum shall be treated as confidential by the person to whom it is delivered.

The offeree, by accepting delivery of this Memorandum, agrees to return this Memorandum, all other Offering materials and all accompanying or related documents to us upon request if the offeree does not purchase any of the securities offered hereby. The sale of the securities offered hereby is subject to the provisions of a Subscription Agreement and other related agreements, which you will be required to sign if you purchase any of the securities offered hereby. You should not purchase the securities unless you have completely and thoroughly reviewed the provisions of the Subscription Agreement and other related agreements. In the event that any of the terms, conditions or other provisions of the subscription agreement and related agreements are inconsistent with or contrary to the information provided in this Memorandum, the terms of such agreements will control. Sales of the securities can be consummated only by acceptance by the Company of the offers to purchase tendered to the Company by prospective Investors.

This Memorandum and any other information that may be furnished to you by the Company includes or may include certain statements, projections and forward-looking projections with respect to the Company’s anticipated future performance or the performance of the real estate development industry in which CPH participates. Such statements, projections and forward-looking projections reflect various assumptions that may or may not prove to be correct and involve various risks and uncertainties.

This Memorandum (together with any amendments or supplements) and all other Offering materials are submitted in connection with the private offering of the Units and do not constitute an offer or solicitation by anyone in any jurisdiction, including the British Virgin Islands, in which such an offer or solicitation is not authorized, including the British Virgin Islands. Any reproduction or distribution of this Memorandum or any other Offering materials in whole or in part, or the divulgence of any of their contents, without our prior written consent, is prohibited. Any offeree acting contrary to the foregoing restrictions may place itself and the Company in violation of federal or state securities laws.

Each offeree may, if it so desires, make inquiries of the Company and/or Borrower’s management with respect to the Borrower’s plans or any other matters set forth herein, and may obtain any additional information which such offeree deems to be necessary in order to

verify the accuracy of the information contained in this Memorandum and to make an investment decision (to the extent that we possess such information or can acquire it without unreasonable effort or expense). In connection with such inquiry, any documents that any offeree wishes to review will be made available for inspection and copying or provided, upon request, subject to the offeree's agreement to maintain such information in confidence and to return the same to us if the recipient does not purchase the securities offered hereunder. Any such inquiries or requests for additional information or documents should be made in writing to the Company addressed to Afzal M. Tarar, Managing Member of the Sponsor, Arcis Capital Partners LLC, 54 West 40th Street, New York, NY 10018, USA; Tel. +1-212-634-7173.

BVI Regulation

The Company is a BVI Business Company organized under the laws of the BVI. A copy of the Company's Memorandum and Articles of Association is available upon request. The Company is a private company and is restricted to having no more than 50 investors and only making an invitation to subscribe for or purchase Shares on a private basis.

FORWARD-LOOKING STATEMENTS

Statements contained in this Memorandum include "forward-looking statements" within the meaning of such term in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause actual financial or operating results, performances or achievements expressed or implied by the forward-looking statements not to occur or be realized. Forward-looking statements generally are based on our best estimates of future results, performances or achievements, based upon current conditions and the most recent results of the companies involved and their respective industries. Forward-looking statements may be identified by the use of forward-looking terminology such as "may," "will," "could," "project," "expect," "believe," "estimate," "anticipate," "intend," "continue," "potential," "opportunity" or similar terms, variations of those terms or the negative of those terms or other variations of those terms or comparable words or expressions.

Persons reading this Memorandum should carefully consider such risks, uncertainties and other information, disclosures and discussions which contain cautionary statements identifying important factors that could cause actual results to differ materially from those provided in the forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SUMMARY

The following summary of the terms of this Offering is not complete and is subject to, and is qualified in its entirety by reference to, the information set forth in the balance of this Memorandum. All dollar amounts are U.S. Dollars unless otherwise specified.

The Company

Overview – ArcisCap-CPH Mezz Debt Investment (B.V.I.) Ltd. (the “Company”), is a private BVI Business Company formed under the laws of the BVI on July 20, 2018, as a special purpose investment vehicle. Upon completion of the Offering, the Company will lend Celebration Pointe Holdings, LLC (“Borrower”) up to US\$70 million to develop the approximately US\$400 million, 160-acre (the “Property”) Celebration Pointe project in Gainesville, Florida (“Celebrate Pointe” or the “Project”). Celebration Pointe, when completed, is expected to have as much as two million square feet of mixed-use space including ~ 460,000 square feet of flagship outlet/retail/shopping, many first-to-market restaurant and entertainment space such as a luxury-seating Regal Cinemas and Bass Pro Shops, 331,000 square feet of “Class A” office buildings including the world headquarters of InfoTech, a 141 room boutique Hotel Indigo and 1,020 units of mixed luxury residential. The initial phase of the Project is partially open and operating (Bass Pro Shops, Regal and Phase 1 City Walk area, which is the MXD component of the Project and includes Nike, Tommy Hilfiger, restaurants and additional retail). City Walk Phase 2 is expected to be open and operating by November 2020.

Celebration Pointe is a strategically planned mixed-use development comprised of distinctive design, unique gathering spaces, and carefully selected brands and experiences. Celebration Pointe, which is classified as “super-regional” is the first and only true Class A mixed-use destination in all of north central Florida. Celebration Pointe’s premier location and visibility to Interstate 75 puts it in easy reach of not only Gainesville’s wealthiest areas west and north of the Property, but also serves an 11 county trade area containing some 1.6 million people as well as capturing the attention of many of the 25% of Florida’s 100 million annual tourists who drive past the site on Interstate 75 .

Celebration Pointe has strong support from the local, county, state and general business community, as well as from the University of Florida. The Development Manager’s principals have over 60 years of combined real estate development and management experience. See “Management.”

The Project is very strategically located at the north west corner of Archer Road and Interstate 75 in Gainesville, Florida, which serves as the county seat for an 11 county plus area. With nearly a one-mile highly visible frontage along Interstate 75 one of the most traveled interstates in the eastern half of the United States (85-90,000 cars per day¹), the Gainesville metropolitans statistics area (MSA) is growing at rates as high as two times the national average, with the greatest growth occurring in more affluent neighborhoods, west, north and south of the Property, whose general population has the highest retail spending. Gainesville is home to one of the top 10 public universities in the United States², founded in 1853, the University of Florida (UF), home to some 55,000 undergraduate and graduate students. In addition to UF, Gainesville is also home to Santa Fe College which was founded in 1965 as a community college, rising to #1 in the United States before transitioning into a 4 year college, home to some 25,000 students. Gainesville has stable sources of employment including the University of Florida and University of Florida Medical Center (formerly Shands Hospital) with a combined payroll greater than Disney. Gainesville serves 1.7 million commuters and shoppers from 11 surrounding counties, which are

¹As reported by the Florida Department of Transportation

²As reported by US News and Education

underserved according to the North Florida Regional Planning Council and Gainesville's Chamber of Commerce.

"Retail Leakage" occurs when shoppers from Gainesville MSA are required to travel well outside their immediate neighborhoods to other markets for goods and services, etc. e.g., travel to Orlando, Tampa, Jacksonville, and points further to reach their favorite retailers. See "Business - Gainesville, Florida Demographics."

Manager - Arcis Capital Advisors II LLC, a Delaware limited liability company, is the Company's Class B Member and sole director (hereinafter the "Manager"). The Manager has the power and authority to manage and conduct the business and, subject to Class A Members' super majority Class vote (60%) on extraordinary matters, officers of the Company have the power and authority to delegate their rights and powers regarding the management and operations of the Company's business. The Manager will provide oversight of the Company. The Manager is majority-owned by Arcis Capital Partners LLC, which is the Sponsor, as defined below.

Sponsor - The Company's Sponsor is Arcis Capital Partners LLC, a Delaware limited liability company (the "Sponsor"), which is the Managing Member of the Manager/Sole Director. It will deploy the funds received in the Offering as the Loan to the Borrower in accordance with the terms and conditions of the Loan agreement. The Sponsor will market the Company directly and through intermediaries to potential investors based in China, Taiwan, Hong Kong, Macao through other countries and territories in Asia Pacific. The Sponsor's key principals are Afzal ("Al") M. Tarar, Mohaymin ("Mohi") Monem, Shu Chieh ("Roger") Chang and Steven W. Sorensen. See "Management" below for complete business experience and background of the Sponsor's Principals.

Borrower - Celebration Pointe Holdings, LLC ("CPH"), a Florida limited liability company, whose principal members include Patricia A. Shively and Svein Dyrkolbotn, is the sole owner of the land, the sole Borrower and sole sponsor of the Project. CPH is managed by SHD-Celebration Pointe, LLC ("SHDCP"), whose sole member and manager is Svein Dyrkolbotn.

Development Manager - Celebration Pointe Development Partners, LLC ("CPDP") has been retained by CPH as the exclusive developer / development manager for the Project ("Development Manager"). CPDP was formed exclusively to act in the role as the Development Manager and is a joint venture between Svein Dyrkolbotn, Managing Principal and owner of Viking Companies, LLC, which has been developing residential projects in the Gainesville area for a number of years and Ralph Conti, CCIM, CDP, CRX, Managing Principal and owner of RaCo Real Estate, LLC which specializes in retail, mixed-use developments nationwide, as well as, multi-discipline advisory and consulting to private and institutional property owners. Combined the Development Manager has more than 60 years of real estate development and management experience in multiple asset classes across the U.S. See "Management" below for complete business experience and background of the Development Manager.

Administrator - NESF Fund Services Corp. is the Administrator of the Company or such other entity or entities appointed by the Company from time to time. The Administrator is responsible for, among other things: (i) reviewing and accepting subscriptions for Shares and accepting payment for Shares; (ii) computing and disseminating the Net Asset Value of the Company's Shares in accordance with the Company's Articles of Association (iii) keeping the

accounts of the Company and such financial books and records and share registers as are required by law or otherwise for the proper conduct of the financial affairs of the Company and preparing or procuring the preparation of annual financial statements of the Company and furnishing such statements to Shareholders; and (iv) performing all other accounting and clerical services necessary in connection with the administration of the Company.

The Offering

Securities Offered

Units

The Company is offering Class A Common Shares to Non-U.S. Persons (collectively, the “Investors”) on a “best efforts” US\$70 million maximum basis, no minimum basis. Investors will own 99% of the Common Shares in the Company. The remaining 1% consists of Class B Common Shares owned by the Manager of the Company, Arcis Capital Advisors II LLC.

Class A Common Shares will earn 12.0% annualized fixed dividend, paid in cash over four quarterly payments.

The total amount of subscriptions that may be accepted by the Company is determined by the Board of Directors in its sole discretion. No certificates will be issued for Shares. Shareholders, however, will receive written confirmation of their holdings and in any event a copy of the register of members of the Company recording the name of the Shareholders thereunder.

Offering Period

The offering period will expire on or before March 31, 2019 (the “Termination Date”), unless terminated or extended at the sole discretion of the Company. The initial closing is expected to occur on or before December 31, 2018 at the sole discretion of the Manager and the Sponsor (the “Initial Closing”). After the Initial Closing, and through the Termination Date, the Company will continue to sell Class A Common Shares.

Maximum Offering

US\$70,000,000.

Minimum Subscription

US\$1,000,000 at US\$7,000 per share, although we may accept subscriptions for less than US\$1,000,000 at our sole discretion.

Use of Proceeds

We intend to lend the gross proceeds of up to US\$70 million (the “Loan”) to the Borrower on a secured lien basis. No offering expenses will be deducted from the gross proceeds of this Offering. The Company will bear its own expenses. See “Use of Proceeds.”

Loan Terms

The Effective Loan Amount will be available to the Borrower under Mezzanine Loan for selected sub-projects. Total amounts outstanding under the Mezzanine Loan for each Sub-Project cannot exceed

twenty-five percent (25%) of the cost or Appraised Value of the said Sub-Project, whichever is lower; Borrower's own equity and any third-party equity for each Sub-Project cannot be less than ten percent (10%) of the cost or Appraised Value of the said Sub-Project, whichever is lower.

The Loan will be secured by, among other things: (a) Mortgage and Security Agreement providing for a second priority mortgage in the Property, subject to the rights of the Celebration Pointe Community Development District No. 1 (CDD) located in Gainesville/Alachua County, Florida; (b) any and all leases, subleases and tenancies on the mortgaged Property and all rents and profits therefrom; (c) all improvements on the Property, (d) assignment of membership interest of CPH and (e) personal guarantees by Mr. Dyrkolbotn, Patricia Shively and the Patricia Ann Shively Amended and Restated Trust.

Company Distributions and Allocations

Each Member shall have a "*Percentage Interest*." All Class A Members Capital Contributions made upon completion of the Offering shall collectively own 99% of the issued and outstanding Common Shares. The Manager shall retain Class B Common Shares equal to 1% of the total Membership Interests. The Manager will contribute 1% (\$700,000 if the Maximum Offering is completed) in cash and services rendered to date for its Class B Membership Interests.

Tax Considerations

Foreign investors are not generally subject to U.S. income tax. Non-U.S. Persons will be required to complete and submit Form W-8-BEN-E included with the Subscription Agreement. However, if a foreign investor conducts a trade or business within the United States, it is required to file a U.S. tax return and pay taxes on the same terms as a U.S. individual or corporation. See "Certain Tax Considerations."

Subsequent Closings

After the Initial Closing, the Company may issue additional Shares in subsequent Closings until the Termination Date in such amounts as the Manager may determine, to existing Members or to other eligible Investors.

Restrictions on Transferability

The Shares offered hereby will not be registered under the Securities Act and the certificates, if any, representing the securities will contain a legend restricting their sale, distribution, resale, transfer, assignment, pledge, hypothecation or other disposition except in compliance with the Subscription Agreement with the Company's consent and unless and until they are registered under the Securities Act or an opinion of counsel reasonably satisfactory to the Company is received that registration is not required thereunder. Holders cannot redeem the Shares unless approved by the Manager.

Subscription Procedure

In order to subscribe for the Shares, each prospective investor must complete, execute and deliver to the Company a completed confidential Subscription Agreement and Questionnaire included in the Subscription

Booklet. All Investors in the Company must meet other suitability requirements. The Subscription Agreement contains representations relating to these qualifications.

All subscription documents must be received by the Company at least three (3) Business Days prior to the Subscription Date as of which the subscription is to be effective (unless such requirement is waived or the period is reduced by the Board of Directors in its sole discretion). Subscriptions must be wired to the Company at least three (3) Business Days prior to such Closing Date (unless such requirement is waived or the period is reduced by the Board of Directors in its sole discretion). All subscriptions are irrevocable once received by the Company, unless otherwise determined by the Board of Directors in its sole discretion.

Summary Financial Information

No financial statements of the Company or projections of the Project are being provided to Investors. Investors will receive annual audited financial statements of the Company and unaudited financial information on a quarterly basis.

Risk Factors

An investment in the Shares involves a high degree of risk. See “Risk Factors” commencing on page 13 for a discussion of certain factors that you should consider when evaluating an investment in the Company.

Statements Contained In This Memorandum As To The Contents Of Any Agreement Or Supporting Documents Referred To Herein Are Not Necessarily Complete, And Each Such Statement Is Deemed To Be Qualified And Amplified In All Respects By The Provision Of Such Agreements And Supporting Documents, Copies Of Which, If Not Attached Hereto, Are Available For Examination By Prospective Investors At The Offices Of The Sponsor: Arcis Capital Partners LLC, 54 West 40 Street, New York, NY 10018.

USE OF PROCEEDS

The gross proceeds from the sale of the Units in this Offering shall be US\$70,000,000 if the Maximum Offering is completed. There is no minimum offering and the Manager may complete the Initial Closing at its sole discretion. If the Maximum Offering is completed, the Borrower will have broad discretion, subject to their fiduciary duties, in the application of the loan proceeds. No offering expenses will be deducted from the expense proceeds of the Offering. All proceeds from this Offering will be allocated towards the Loan. Investors will receive their pro rata number of Shares being offered by the Company.

Pending use of the proceeds of this Offering after each Closing, the net proceeds will be maintained in an interest bearing account at EFG Bank AG, Cayman Ltd. The bank will act as cash custodian for the Company. Such proceeds may be temporarily invested in cash, cash equivalents or interest bearing or other marketable securities at such time and in such manner as deemed suitable by the Manager.

The Company will retain 1.0% out of the 15.0% interest income (“Operating Expenses Reserve”) to bear its own expenses, including, but not limited to, fees payable to the

Administrator; legal, accounting, administrative expenses, sub-advisor fees, third-party valuation services expenses; auditing, tax preparation and other professional expenses; directors and officers insurance and any other insurance costs incurred in connection with the business of the Company; the transaction expenses described above; filing fees and expenses; custodial fees; bank services fees; the costs of printing and distributing periodic and annual reports and statements; expenses in connection with the ongoing offering of the Shares, including the cost of producing, updating and distributing offering memoranda; and expenses paid to third-party vendors, including travel and the cost of producing and delivering offering materials; regulatory and compliance expenses directly related to the Company, administration of separate accounts or acquisition vehicles; research and research-related costs relating to specific transactions, investments or asset types, software, data bases and other technical and telecommunications services and equipment used in the investment management process directly related to the Company; expenses paid to third-party vendors or employees of the Manager associated with the Company's internal accounting, administration, order management and risk management systems; interest on any indebtedness and other borrowing charges; the costs of brokerage services; and the Company's *pro rata* share of the operational expenses of any acquisition vehicles utilized (collectively, the "*Operational Expenses*"). Any expenses in excess of the Operating Expenses Reserve shall be borne by the Company.

RISK FACTORS

The Offering involves substantial investment risks and the Shares should be purchased only by persons who can afford to sustain the loss of their entire investment and have no need for liquidity from such investment. In evaluating an investment in the Company and its business prior to purchase, prospective Investors should carefully consider the following risk factors relating to the business of the Company and the Offering, together with the information set forth in this Memorandum before investing in the Shares.

General

An investment in the Company, should be viewed as a non-liquid investment and involves a high degree of risk. Investment in the Company is suitable only for persons (i) who can bear the economic risk of the loss of their investment and either are sophisticated persons in connection with financial and business matters, or are represented by such a person in connection with an investment in the Company, (ii) who have limited need for liquidity and (iii) who meet the conditions set forth in this Memorandum. There can be no assurance that the Company will be able to make all interest payment distributions to Members and return capital contributions upon maturity of the Loan. You should consider a subscription to purchase Shares only if you have carefully read this Memorandum and the agreements referred to herein.

You should not construe the contents of this Memorandum as legal, tax or investment advice and, if you acquire an Interest, you will be required to make a representation to that effect. You should review the proposed investment and the legal, tax and other consequences thereof with your own professional advisors. The Company's Manager reserves the right to refuse any subscription for any reason.

In making an investment decision, you must rely on your own examination of the Company

and the Sponsor and the terms of the Offering of Shares, including the merits and risks involved. You and your representative(s), if any, are invited to ask questions and obtain additional information from the Sponsor and of the Borrower's Principals concerning the terms and conditions of the Offering, the Sponsor, the Project and any other relevant matters to the extent the Sponsor possess such information or can acquire it without unreasonable effort or expense.

The Offering of Shares is made only by delivery of a copy of this Memorandum to the person whose name appears hereon. The Offering is made only to Accredited Investors, sophisticated investors and/or Non-U.S. Persons. By accepting delivery of this Memorandum, you agree not to reproduce or divulge its contents, in whole or in part, and, if you do not purchase any Interests, to return this Memorandum and any other offering documents to the Sponsor.

Although this Memorandum contains summaries of certain terms of certain documents, you should refer to the actual documents (copies of which are attached hereto or are available from the Sponsor for complete information concerning the rights and obligations of the parties thereto). All such summaries are qualified in their entirety by the terms of the actual documents. No person has been authorized to make any representations or furnish any information with respect to the Company or the Shares, other than the representations and information set forth in this Memorandum or other documents or information furnished by the Sponsor upon request, as described above.

The information contained herein is current only as of the date hereof and you should not, under any circumstances, assume that there has not been any change in the matters discussed herein since the date hereof.

Development Stage Business

The Company was organized as a private Business Company under the laws of the BVI on July 20, 2018. Accordingly, the Company does not have an operating history upon which an evaluation of its prospects and future performance can be made. The Company's operations are subject to all business risks associated with a new enterprise. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the formation of a business operating in a competitive industry.

Strict compliance with exemption requirements

We intend to offer the Shares in accordance with an exemption from registration contained in Rule 903 of Regulation S, promulgated under the Securities Act. The failure to comply strictly with the requirements of Regulation S could make such exemption unavailable and would create liability for the Company, its officers and directors and the purchasers of our securities for failure to register the securities.

Absence of Certain Statutory Registration

The Shares are not being registered under the Securities Act, nor are the Company or the Manager currently required to be registered under the Investment Company Act of 1940 or the Investment Advisers Act of 1940, respectively, each as amended. However, Arcis Capital Investment Advisors LLC, an affiliate of the Sponsor, has registered with the U.S. Securities and

Exchange Commission under the Investment Advisers Act of 1940. The Company intends to enter into an investment advisory relationship with Arcis Capital Investment Advisors LLC at its initial closing.

Regulation Under the Investment Company Act Is Incompatible With Our Investment Strategy

We intend to conduct our operations so that we will not be subject to regulation under the 1940 Act. Should we fail to qualify for an exemption from registration under the 1940 Act, we would be subject to regulation and numerous restrictions under the Investment Company Act, which would require a compliance expense that is incompatible with our strategy and would, in all likelihood, prohibit the Company's ability to operate.

Restrictions on Transferability; Absence of Public Market

The Shares will not be registered under the Securities Act or under state securities laws (except as required) in reliance upon specific exemptions which depend, in part, upon the investment intent of each investor. Such securities will be "restricted securities" and in the future may only be sold pursuant to registration under the Securities Act or pursuant to an exemption therefrom. However, the Company does not now, and does not in the future anticipate consummating a public offering of the Company's securities and, therefore, no public market is expected to develop in the future for the Shares. In addition, the Shares may not be transferred without the written consent of the Manager, which it may withhold in its sole discretion. Accordingly, Investors must therefore bear the economic risk of an investment in the Shares for an indefinite period of time.

Accordingly, if you purchase Shares, you will be required to represent and warrant that you have read this Memorandum and are aware of and can afford the risks of an investment in the Company for an indefinite period of time. You will also be required to represent that you are acquiring the Shares for your own account, for investment purposes only, and not with any intention to resell or transfer all or any part of the Shares.

Best Efforts/No Minimum Offering

Because there is no firm commitment or minimum for the purchase of Shares, there can be no assurance that enough Shares will be sold for the Company to affect the full US\$70 million Loan, and the Manager has reserved the right to cancel this Offering prior to the Initial Closing.

Limited Rights of Investors

Purchasers of the Shares will become Members in the Company. They will be unable to exercise any management functions with respect to its operations. The rights and obligations of the Investors are governed by the provisions of the BVI Business Companies Act, 2004 (the "BVI Act") and by the Company's Articles of Association. See "Articles of Association of the Company" and "Description of the British Virgin Islands Law."

Limited Liability of Manager

Under pertinent statutory provisions of the Securities Act and the Articles of Association of the Company, the liability of the Manager is limited. As a result, although it may be possible to obtain injunctive or other equitable relief with respect to some conduct, investors may be unable to recover monetary damages against any persons for actions taken by them which constitute negligence or which would violate any applicable fiduciary duties. Investors may not have any effective remedy in cases where equitable relief is unavailable. These provisions could operate to reduce the likelihood of an action against the Manager, which might, if brought, benefit the Company.

Conflicts of Interest Among the Company, the Manager and the Sponsor

There may be inherent and potential conflicts of interest among, the Company, the Manager and the Sponsor including, but not limited to, the following:

Other Activities. The Manager and the Sponsor will continue to be associated with and render services to other organizations, including affiliated organizations, and are not prohibited from engaging in other real estate investment and management activities, in which the Company will not benefit. The Sponsor's Principals are employed full-time by and are expected to devote a relatively small percentage of their business time to the Company's affairs.

Manager's Compensation and Interest. The agreements and arrangements between and among the Company, Manager and Sponsor, including the allocation of equity and income pursuant to the Articles of Association and the fees to be paid to the Manager have been established by the Manager and are not the result of independent or arms-length negotiations and may not be as favorable to Investors, as if they had been negotiated with third parties.

No Independent Review. Investors should note that the Sponsor and the Company are represented by the same counsel. Therefore, to the extent the Company and this Offering would benefit by an independent review, such benefit will not be available in this case.

Related Transactions. Certain affiliates of the Company, the Manager and the Sponsor may purchase Shares in the Offering.

Distributions At Determination Of The Manager

Distributions to Investors are determined by the Manager pursuant to the terms of the Articles of Association. Although the Manager intends to distribute net proceeds from the payment of Loan Interest on a quarterly basis and the repayment of the Loan upon maturity, Investors may not receive sufficient funds when they are needed.

Risks Of Real Estate Investment

Debt Financing For a Single Project May Expose Us to a Greater Risk of Default

The Company was formed as a special purpose investment vehicle solely to finance Celebration Pointe. The Project's ability to repay the Loan will be subject to the risks of delinquency and foreclosure and risks of loss. Risks include those generally incidental to the ownership of undeveloped real property, as set forth below. These include, but are not limited to,

construction risks, including increased capital expenditures requirements, changes in operating expenses, changes in local and state governmental regulations, or uninsured or under-insured property losses, changes in zoning ordinances, changes in Gainesville, Florida demographics, Acts of God, acts of war or terrorism, adverse changes in national and local economic and market conditions, and other factors beyond the Borrower's control. The Borrower's ability to repay the Loan also involves risk from retail rental tenants, including the creditworthiness of tenants, their financial condition and their ability to operate the property.

Gainesville Market Risks

The Project faces risks associated with the Gainesville, Florida economic climate, local real estate market conditions, the economic stability of the surrounding neighborhoods in which the Project is located, fluctuations in interest and tax rates, the cost of obtaining insurance and the inability to obtain insurance on economically reasonable terms with respect to certain risks, and potential environmental hazards and claims. Certain significant expenditures of the Project, including debt service, real estate taxes, and operating and maintenance costs generally are not reduced in circumstances resulting in adverse conditions. The foregoing and any other factor or event that would impede the Project's ability to respond to adverse changes could have a material adverse effect on the Project's ability to comply with the terms of the Loan.

Tenant's Ability to Secure Permanent Financing Could Affect Celebration Pointe's Ability to Repay the Loan

The Project's tenants may find it difficult to offer permanent financing once operating. This would impact the Borrower's ability to repay the Company's Loan. Retail tenants are among the most difficult and risky asset classes to finance because they are subject to changes in consumer tastes and behaviors, as well as macro and micro-economic trends. Outlet shopping centers, such as Celebration Pointe, are subject to big box tenants going dark, which could trigger co-tenancy clauses in other tenant leases depending on such big box stores to be open. The loss of a key tenant, and possibly others due to co-tenancy provisions, can quickly deteriorate a rent roll and significantly impact negative changes to key operating factors which can also trigger defaults of loan covenants in the Loan Agreement.

Celebration Pointe May Experience Slower Than Anticipated Absorption of Retail, Office and/or Residential Components

Celebration Pointe could face slower rentals than the Borrower anticipated, particularly for the office and residential portion of the Project. Class A offering space has not been built in Gainesville in many years. There may not, in fact, be an active local market for higher end office space which would require attracting large block users from other markets.

While multifamily rentals have been the best performing commercial real estate class for the past few years, many market experts believe the tail end of such cycle is approaching. Although the residential portion of the Project is not collateral for the Loan, their performance impact the rest of the Project. Rent growth is slowing nationally and financing for merchant builders who build, stabilize and sell new projects is getting difficult to source as lenders become more cautious about new multifamily development.

Reduced Rental Income Could Affect Celebration Pointe's Ability to Service the Loan

The Project's tenants will be subject to increases in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance, administrative and other expenses. While some of the Project's tenants may lease on a triple-net basis or be required to pay a portion of the expenses may be negotiated on that basis. If Celebration Pointe is unable to lease properties on a triple-net basis or on a basis requiring the tenants to pay all or some of the expenses, Celebration Pointe would be required to pay those costs, which could adversely affect its ability to service the Loan. In addition, if the tenants that lease on a triple-net basis fail to pay required tax, utility and other impositions, Celebration Pointe could be required to pay those costs which would adversely affect funds available for interest payments and ultimately repayment of the Loan. If Celebration Pointe leases properties on a triple-net basis, it runs the risk of tenant default or downgrade in the tenant's credit, which could lead to default and foreclosure on the underlying Property. Any of these scenarios would adversely affect the amount of cash available for interest payments and repayment of the Loan.

Celebration Pointe's commercial income and value may be adversely affected by local real estate conditions such as an oversupply of rental properties in Gainesville. Celebration Pointe's ability to service the Loan is linked to local economic conditions. Therefore, to the extent that there are adverse economic conditions in Gainesville that impact the applicable market rents, such conditions could result in a reduction of the Project's income and cash available for interest and principal payments.

Celebration Pointe Will Be Subject To Property Taxes That May Increase In The Future, Which Could Adversely Affect Its Ability to Service the Loan

The Project will be subject to property taxes that may increase as tax rates change and as the Project assessed or reassessed by taxing authorities. Celebration Pointe would ultimately be responsible for payment of the taxes to the applicable government authorities. If property taxes increase, Celebration Pointe's ability to service the Loan may also be adversely affected.

Certain Celebration Pointe Losses May Not Be Covered By Insurance

The policy specifications and insured limits regarding insurance coverage Celebration Pointe intends to carry as required under the Loan are intended to be appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. There are, however, certain types of losses (such as property damage from riots or wars, employment discrimination losses, punitive damage awards, or acts of God) that may be either uninsurable or not economically insurable. It is possible that some of the Projects policies will be subject to large deductibles or co-payments and policy limits that may not be sufficient to cover losses. In addition, Celebration Pointe may decide not to insure or to discontinue earthquake, terrorism or other insurance on some or all of its properties if the cost of premiums for such policies exceeds, in its judgment, the value of the coverage discounted for the risk of loss. If Celebration Pointe experiences a loss that is uninsured or that exceeds policy limits, it could lose the capital invested in the damaged properties as well as the anticipated future distributions and profitability from those properties. In addition, if the damaged properties are subject to recourse indebtedness, Celebration Pointe would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

Risk of Leverage

The development of the Project will be highly leveraged. The entire Offering of up to US\$70 million will be loaned to the Borrower on a secured basis. The Borrower has invested, to date, approximately US\$ 42,400,000 of its funds in the Project. The Loan permits the advancement of the remaining portions of the Project in a timely manner consistent with co-tenancy requirements and meeting Phase 2 tenant opening requirements as well as other key factors. Interest payments on such indebtedness and ultimately repayment of the Loan will have to be made regardless of whether or not the Borrower obtains income from such investments. If payments are not paid when due to the Company, the Borrower may sustain a loss of its investment as a result of foreclosure.

The Company and its Members Would Suffer Adverse Consequences from the Borrower's Default.

Under the Loan Agreement upon a default, the Company will retain the ability to step in and complete the Project if necessary. The Borrower's failure to make interest payments beyond the interest payments reserve would force the Company to eliminate distributions to our Members and our Management Fee. A default by the Borrower on repayment of the Loan would be expected to have the following significant adverse consequences to the Company:

- we may be unable to refinance the Project either to completion or for ongoing operations at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- we may be forced to dispose of all or a portion of the Project possibly on disadvantageous terms; and
- we may endure an expensive and lengthy process which will have a material adverse effect on the Company's anticipated return.

In the event of a default with the Loan, the Company will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the Loan.

Laws and Regulations Affecting The Project

The Project will be subject to certain laws, regulations and restrictions, including, *inter alia*: (a) limitations on the rents which may be charged on certain apartments pursuant to various state or local laws and regulations; (b) state and local fire and life safety requirements; and (c) various mortgage, regulatory, use and operating agreements imposed by or entered into with federal, state and local agencies which govern the selection of tenants and rents charged, restrict the transfer of the properties and interests therein and limit the rate of return available to owners and investors. If the Project fails to comply with these various requirements, it might incur governmental fines or be liable for private action money damages. Furthermore, existing requirements could change and require us to make significant unanticipated expenditures that would materially and adversely affect its ability to source the Loan.

Potential Environmental Liabilities

The Project may be exposed to substantial risk of loss from environmental claims arising with respect to undisclosed or unknown environmental problems or as to which inadequate reserves had been established. The Borrower may be liable for the costs of removal or remediation of certain hazardous or toxic substances on such Property without regard to the Borrower's actual knowledge or responsibility. The cost of such removal or remediation could exceed the value of the property, and may affect the Company's ability to sell or rent the property or to borrow using it as collateral.

Tax Risks

Potential Adverse Tax Consequences For Non-U.S. Persons

This information is based upon the Internal Revenue Code of 1986, as amended (the "Code" or the "IRC"), Treasury Regulations, and Internal Revenue Service (the "IRS") rulings and judicial decisions now in effect, all of which are subject to change at any time by legislative, judicial or administrative action; any such changes could be retroactively applied in a manner that could adversely affect a holder of the Class A Common Shares.

The following information is not intended to be tax advice. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO ANY FEDERAL, STATE, LOCAL AND FOREIGN OR OTHER TAX CONSIDERATIONS RELEVANT TO THEM.

A Non-U.S. person receiving effectively connected income (as income that is effectively connected with the conduct of a U.S. trade or business) would be required to file a U.S. federal income tax return and to pay U.S. federal income tax on a net basis, at the same rates as are applicable to U.S. residents, in respect of such non-U.S. person's share of effectively connected income. The Company would be required to withhold tax on effectively connected income, generally at the highest rate applicable to the Non-U.S. person. If a foreign person has income that is not effectively connected, then the income is taxed at a flat 30% rate. This is because the 30% rate is often reduced or eliminated through an applicable tax treaty.

In addition, absent a reduction or exemption pursuant to a tax treaty, a non-U.S. person that is a corporation would be subject to U.S. branch profits tax at a flat rate of 30% on its "dividend equivalent amount," as defined in Section 884 of the Code, attributable to effectively connected income. Non-U.S. persons considering acquiring Shares in the Company should consult their tax advisors with respect to potential U.S. Federal, state and local tax consequences of an investment in the Company, as well as with respect to the treatment of income or gain received from the Company under the laws of their countries of citizenship residence or incorporation.

The 30% tax rate can be exempt from U.S. federal tax if it qualifies as "portfolio interest." Interest that qualifies as portfolio interest is not subject to withholding under chapter 3 of the IRC.³

To qualify as portfolio interest the following requirements must be met:

³ sections 1441 through 1443 of the IRC

- The issuer (Borrower) must be a U.S. person.⁴
- The underlying obligation must be in “registered form.”⁵
- The interest must not be contingent interest (with some exceptions).⁶

The Company (Lender):

- Must be a non-U.S. lender and cannot own more than 10% of the Borrower
- Cannot be a bank or a controlled foreign corporation, (a foreign company in which U.S. shareholders (each of whom owns 10% or more of the foreign corporation) own more than 50%).
- Cannot be engaged in a U.S. trade or business and must provide the Borrower a form certifying that the lender is not a U.S. person.

The Company is a foreign entity and management believes the interest income from the Project will qualify as portfolio interest that is not subject to withholding under Chapter 3 of the IRC. If the interest income qualifies as portfolio interest, non-U.S. persons can invest in the Company and not be subject to any U.S. federal income tax. If the interest does not qualify under the portfolio interest exemption, the Company may be subject to U.S. federal taxes.

Possible Legislative Tax Changes

All of the statements contained in this Memorandum as to Federal tax aspects are based upon the existing provisions of the Internal Revenue Code and existing administrative and judicial interpretations thereunder. It is emphasized that no assurance can be given that legislative, administrative or judicial changes will not occur which would modify those statements.

Circular 230 Disclosure

Pursuant to U.S. Treasury Department Regulations, we are required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including attachments and enclosures, is not intended or written to be used, and may not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

Risks of the Borrower and the Project

We Are Dependent On Our Management

The success of the Company is significantly dependent on the Sponsor’s management team consisting of Afzal M. Tarar, Mohi Monem, Roger Chang and Steven W. Sorensen. The Borrower’s success is primarily dependent Development Manager’s two operating principals Svein Dyrholbotn and Ralph Conti. We believe that the success of the Company will depend to a significant degree upon the effects, experience, diligence, skill and network of known contacts of both the Sponsor and the Borrower being able to work together. However, each of the principals of

⁴ IRC § 871(h)(2)(B)(ii)(I)

⁵ IRC §§ 871(h)(2)(B)(i), 881(c)(2)(B)(i), as defined by IRC §§ 163(f), 871(h)(7), 881(c)(7)

⁶ IRC §§ 871(h)(4), 881(c)(4); The interest must be FDAP (fixed, determinable, annual or periodic), and cannot be income “effectively connected” to the U.S. trade or business (“ECI”). IRC §§ 871(a), 881(a), 871(h), 881(c)

both the Sponsor and the Borrower has responsibilities and commitments in addition to their responsibilities to the Project. None of these persons is obligated to dedicate any specific amount of their time to the Project. Neither the Company nor the Borrower has entered into employment contracts with any of their principals, nor do they hold key-man life insurance contracts in order to insulate the entities financially in the event of the death of any of the key executives. However, the loss of any one of these individuals could have a material adverse effect on the Company. Additionally, while the Development Manager's Principals have substantial relevant experience, there can be no assurance that the Borrower will achieve the objectives of its business plans or that the Sponsor and Borrower working together will be able to successfully implement the Borrower's business plans, and there can be no assurance that any capital contributed by Investors will be returned. See "Management."

The Company has agreed to indemnify our Manager and, if an indemnification claim is successfully made we may not have insurance coverage or the funds to pay our indemnification.

Certain provisions permitted under BVI law allow our Manager to be indemnified against certain liabilities. Our Articles of Association permit indemnification of all expenses, judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings if the Manager and its principals acted honestly and in good faith with a view to the best interests of the Company and in criminal proceedings, the person had no reasonable cause to believe his conduct was unlawful.

Nevertheless, in the conduct of such business, conflicts may arise between the interests of the Manager (and its affiliates) and those of Investors, and you should be aware of these conflicts of interest before investing. We do not maintain directors' and officers' liability insurance for our Managers and its Principals.

Unanticipated Obstacles to Execution of the Business Plan

The Borrower's business plans may change significantly. The Borrower has the right to make significant modifications to its plans depending on future events. However, the Borrower believes that its plans are achievable in light of current real estate and general economic conditions when combined with the skills, background, and knowledge of the Borrower's principals and partners.

General Risk of Insolvency

The Members bear the risk that the financial condition of the Borrower could deteriorate over the term of the Loan and the Borrower could file for bankruptcy. The Company will have a second lien on the Land and all other assets of the Company. The Loan will also be personally guaranteed by the Borrower's equity principals. In the event of bankruptcy, the Company would take over the Project and would need to find a substitute developer for the Project, of which there can be no assurance.

Borrower's Discretion as to Use of Proceeds

The entire gross proceeds from this Offering, will be loaned to the Borrower to finance the construction and operations of the Project. The success of the Company will be substantially dependent upon the discretion and judgment of the Manager with respect to application and allocation of the Maximum proceeds of this Offering. Investors for the Shares offered hereby will be entrusting their funds to the Borrower, upon whose judgment and discretion the investors must depend.

Control By The Manager

The Company's Manager owns all of the Class B Common Shares. While the Manager will have only a 1% interest in the capital and profits and losses of the Company, it will have control over the Company as described below. The Investor Class A Members will collectively own 99% of the Common Shares. Class A Members have no right to vote in general meetings of the Company and have no other voting rights (except on a modification of class rights issue) but Investors who contributed at least \$20,000,000 will have the right to elect one director. See "Board of Directors' Agreement." All members are entitled to receive notice of and to attend such meetings. The consent of at least sixty percent (60%) in combined interest of the holders of the issued and outstanding Class A Common Shares in addition to the consent of the Manager is required on extraordinary matters, such as liquidation, sale or termination of the Company. See "Description of Securities.

Return of Capital Contributions

The Investors will be entitled to receive Loan Interest payment distributions proportionate to the amount of the Shares held by the Members in the Company. Upon the termination of the Loan after two years unless extended for an additional year, all Class A and Class B Members shall be entitled to receive back their capital contributions, as adjusted, although they retain the right to extend the term of the Loan. As the Company is a close-ended company, the Memorandum and Articles of Association does not provide a right of redemption in favor of the shareholders, however, shares can be redeemed with the approval of the Manager. See "Restrictions on Transferability". For all the reasons stated herein, there can be no assurance they will receive back their investments. See "Memorandum and Articles of Association of the Company."

Competitors to the Borrower in the Geographic Area Have Significantly Greater Resources

Other real estate developers in the neighboring locations to Gainesville may have competitive advantages over the Borrower. These include greater finance, personnel and other resources, better access to capital, brand name recognition and long-standing relationships with retail tenants, hotels and entertainment companies. Because of their greater financial resources, some of our Borrower's competitors may be able to afford to offer more attractive leasing terms.

The terms of the Loan Agreement will contain restrictions and limitations that could significantly impact the Borrower's ability to operate its business.

The Borrower will be required to maintain compliance with certain financial covenants and the loan agreement (the "Loan Agreement") will contain certain restrictions and limitations that

could significantly limit the Borrower's ability to operate its business. In the absence of any required waiver or consent, these restrictions may limit its ability to:

- incur or guarantee additional indebtedness;
- create liens on its assets;
- make certain investments;
- engage in mergers and acquisitions;
- redeem capital stock/shares
- make capital expenditures;
- sell any of its assets;
- finance mortgage loans with certain attributes;
- reduce liquidity below certain levels;
- grant liens or incur operating losses for more than a specified period;
- enter into transactions with affiliates;
- maintain certain leverage ratios on a quarterly basis; and
- declare any dividends.

Therefore, the Borrower will need to seek permission from our Manager in order to engage in some corporate and commercial actions that we believe would be in the best interest of the Project, and a denial of permission may make it difficult for the Borrower to successfully execute the business strategy and develop the Project. Our interests may be different from the Borrower's interests, and we cannot guarantee that we will consent when needed.

The Borrower's ability to comply with the covenants and restrictions contained in the Loan Agreement may be affected by economic, financial and industry conditions and other factors beyond its control. Any default under the Loan Agreement which we do not waive may substantially decrease the value of the Project. If the Borrower is unable to repay the Loan, the Company could proceed against the collateral securing that indebtedness. This could have serious consequences to our Borrower's financial condition and could cause it to become bankrupt or need to scale back its operations. The Borrower's ability to comply with these covenants in future periods will also depend substantially on the value of the Project, our success at keeping costs low and its ability to successfully complete the Project.

The Project will be highly leveraged and may incur substantial additional debt, which could adversely affect the Borrower's financial health and interest payments beyond the initial interest reserves.

Because the Borrower will be highly leveraged:

- its ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions or general corporate purposes may be impaired in the future;
- if new debt is added the related risks that the Borrower will face would increase and it may not be able to meet all of its debt obligations to the Company;
- a substantial portion of the cash flow from the Borrower's operations must be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to it for other purposes, and there can be no assurance that our operations will generate sufficient cash flow to service this indebtedness;
- it may be more difficult for the Borrower to satisfy its obligations to the Company, resulting in possible defaults on and acceleration of such indebtedness;
- the Borrower may be more vulnerable to general adverse economic and industry conditions;
- the Borrower may be at a competitive disadvantage compared to our competitors with less debt or comparable debt at more favorable interest rates;
- the Borrower's ability to refinance indebtedness may be limited or the associated costs may increase; and
- the Borrower's flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited, or it may be prevented from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve operating margins or our business.

Highly leveraged companies are significantly more vulnerable to unanticipated downturns and setbacks, whether directly related to their business or flowing from a general economic or industry condition, and therefore are more vulnerable to a business failure or bankruptcy.

Evaluation of Common Shares

While the Company believes that this Memorandum, together with all of the attached **Exhibits**, contains sufficient information to assist prospective Investors in making an informed investment decision, prospective investors are encouraged to ask questions of the Sponsor and Borrower and request additional information concerning this Offering and the Project. The Company will provide prospective Investors with answers to their questions and any such additional information to the extent that it is available or can be obtained without unreasonable effort or expense. No federal or state commission, department or agency has made any evaluation, finding, recommendation or endorsement with respect to the securities offered hereby.

The foregoing risk factors do not purport to be a complete enumeration or explanation of the risks involved in an investment in the Company. Prospective purchasers are urged to consult their own advisors before deciding to invest in the Company.

FINANCIAL INFORMATION

No financial statements of the Company or projections of the Project are being provided to Investors. Investors will receive annual audited financial statements of the Company within 120 days of fiscal year end and unaudited financial information on a periodic basis.

FIDUCIARY RESPONSIBILITY

The Manager is accountable to the Members of the Company as a fiduciary and consequently must exercise good faith and integrity in handling the Company's affairs. A provision, which is often included under the BVI law has been included in the Articles of Association to the effect that the Manager will not be liable to the Company as long as such person is acting honestly and in good faith with a view to the best interests of the Company. Therefore, the Members of the Company may have a more limited right of action against the Manager than they would have had absent these exculpation provisions. In the opinion of the Securities and Exchange Commission, exculpation for liabilities arising under the Act is against public policy and, therefore, unenforceable. This is a rapidly developing and changing area of the law and Investors who have questions concerning the legal responsibilities of the Manager should consult with their counsel.

Any investment decision to purchase Shares should be based on the judgment of the prospective purchaser as to the merits of the Company and other investment factors described in this Memorandum rather than in reliance on the right to bring legal actions against the Manager.

BUSINESS

Overview

ArcisCap-CPH Mezz Debt Investment (B.V.I.) Limited (the “Company”), is a private Business Company formed under the laws of the BVI on July 20, 2018, as a special purpose investment vehicle. Upon completion of the Offering, the Company will lend Celebration Pointe Holdings, LLC (“CPH” or “Borrower”) up to US\$70 million to develop the approximately US\$400 million 160-acre Celebration Pointe Project in Gainesville, Florida (“Celebration Pointe” or the “Project”). Celebration Pointe, is expected to have as much as two million square feet of mixed-use space when fully stabilized, expected by 2023. The Project, which is often referred to as a “city within a city” has been carefully branded into various “Districts”, each representing a certain distinction and purpose.

The primary District and the heart and soul of the Project is known as “ **City Walk at Celebration Pointe**”. City Walk, in total, is comprised of as much as 350,000 square feet of retail, restaurants and entertainment venues.

Tech Park at Celebration Pointe- this area is immediately contiguous to City Walk, forming a portion of the overall City Walk experience, but for the tenant mix in this area is comprised of Class A office space, service retail and Hotel. Tech Park will house a Concierge location serving consumers, guests and visitors.

City Place Luxury Apartment Homes – comprised of some 450 units when fully built out, these garden style apartments are immediately adjacent to City Walk connected by an internal street and sidewalk grid. City Place are “market rate” apartments containing many amenities, none more compelling than having City Walk and the Archer Braid Trail⁷ within minutes of your front door.

The Vue at Celebration Pointe - represents Celebration Pointe’s only “for sale” product. Comprised of nearly 100 three and four story modern style architecture town homes, The Vue is a first-of-its-kind in the Gainesville market. Pre-sales are underway with the first 6-plex Unit to be delivered in 2019.

The Shops at Celebration Pointe – represents a traditional neighborhood center. This area allows for the inclusion of certain tenants who wish to be located at Celebration Pointe , however do not fit into the merchandise mix of a main street or who require a more traditional parking field at their front door. By adding The Shops, Celebration Pointe expands its tenancy reach exponentially making it a truly diverse destination, offering something for everyone.

The Commons at Celebration Pointe- represents a “service oriented” type project within Celebration Pointe. Located immediately off of Archer Rd between the primary entrance to celebration Pointe (SW 45th Street) and SW 43rd Street, a secondary entrance to Celebration Pointe just off of Interstate 75. Starbucks and Wawa, both requiring “drive-thrus”, which cannot be

⁷ The Archer Braid Trail runs for 6 miles between the cities of Archer and Gainesville in north-central Florida. The development of Celebration Pointe now provides the missing connection of the trail east over Interstate to the University of Florida.

accommodated within the main street area , reside within The Commons, along with an additional restaurant, a future hotel and retail.

Gainesville, Florida Demographics

Gainesville, Florida, one of the fastest growing cities in the U.S, is centrally located in Northern Florida with a population of ~ 271,732 according to the 2015 estimate by the Florida Office of Economic & Development Research. The Metropolitan Statistical Area (“MSA”) population in a 60-mile radius is 805,483⁸ Alachua County grew at a rate of 4.04% in 2017 alone. The area is expected to grow at a high rate of up to 2.00% per year over the coming decade or as high as twice the national average. Gainesville is located approximately 110 miles north of Orlando and 71 miles to the southwest of Jacksonville. Gainesville is the County Seat and home to the primary employment in north-central Florida. Gainesville is a “knowledge-based” economy whose high-paying job growth is fueled by Education, Health Care and Technology.

The two colleges provide a vibrant economic and cultural backdrop to Gainesville infusing the city with visitors, job diversity, and academic prestige. At the last point of estimate in 2010 UF, the nation’s fifth largest university by enrollment, had an US\$800 million annual impact on the Florida economy with a US\$290 million impact on Gainesville alone. UF is supported by an endowment that ranks among the largest within the southeastern United States. According to the University of Florida report titled “Economic Input-Local” 2014, approximately 1.3 million people visited for annual athletic events and 3.4 million for non-athletic visitors. As of 2010, students spent US\$727 million annually in Gainesville, assuming the same 1.14% percentage growth rate as in prior years, students are estimated to spend US\$63 million or more in apparel per year. Gainesville’s demographics compare favorably to Savannah, Georgia and Asheville, North Carolina, two similar mid-size college towns where outlets are very successful.

UF and University of Florida Medical Center (formerly Shands Hospital) have a combined payroll of US\$1.8 billion per year which is greater than neighboring Disney.⁹ Gainesville is less susceptible to economic downturn.¹ The Gainesville MSA has consistently lower investment compared to Florida and national rates. These factors when combined with graduate students put Gainesville on track to become a major tech center like Austin, Texas or Ann Arbor, Michigan. All three cities draw on fresh tech talent from large public universities, benefit from steady employment and have low costs of living, making them appealing for venture capitalists.

Expectations of continued growth are attracting new development throughout Gainesville. Forty acres between UF and the downtown district (one mile east) comprise the Innovation District Development Project, which will ultimately include 5 million square feet of high tech office space, residential and retail space. The immediate area surrounding the Project has been the beneficiary of the city’s growth geographically as wide boulevards and avenues increase accessibility. The Innovation Project is a job initiative which has created 250 new jobs and attracted US\$10 million in investment over the first 20 months.¹⁰ This program continues to make steady progress towards

⁸ Esri, “Market Profile,” Bosman Analysis Online, <http://www.esri.com/ba>, retrieved August 5, 2015.

⁹ Alan Hodges, Thomas Stuarts and Mohamed Rahmani, “Economic Impacts of the University of Florida in 2009 - 10”, University of Florida, Food and Resources Economics Department,” March 1, 2011.

¹⁰ PKF Consulting USA.

its 5-year goal of 3,500 jobs (with an additional 2,400 jobs created indirectly) which will help increase the city's already high rate of 52% white collar jobs.¹¹

Gainesville has 48% more Millennials, including both students and young professionals, 15-34 years old, than the U.S. average.¹² Approximately 40% of the Gainesville population is between 15 and 34 years old. Millennials with over US\$600 billion purchasing power in the U.S.¹³ are the top group for apparel spending and outlet shopping nationally accounting for nearly one-third of U.S. retail sales. The median age increases as you reach Gainesville's outer regions with a high incidence of age 65 and over residents (approximately 13%) and approximately 25% are 55 and over years old. While Gainesville falls behind state and national median income due to low income students, Gainesville has a notably high number of households that make over US\$150,000 (9.3%) per year.¹⁴ Approximately 15% of the Gainesville population has a household income of over US\$100,000 and 30% has a household income of US\$50,000 to US\$99,000. It is estimated that 39% of Gainesville MSA shoppers spend around US\$900 per year per person and 22% spend US\$1,049 or more per person per year on apparel.

Although the Gainesville MSA is technically comprised of only Alachua (93.8%) and Gilchrist Counties, the marketplace serves approximately 1.7 million commuters and shoppers from 11 surrounding counties which are underserved according to the Gainesville Chamber of Commerce. If an area has insufficient retail to meet demand, such as Gainesville, it has a "retail leakage". While Gainesville is already drawing in shoppers from surrounding areas it has retail leakage in electronics, appliances and clothing and clothing accessories.⁸ In the growing area west of I-75, which is experiencing the greatest residential growth, there are high amounts of retail leakage. In addition, areas to the south of Gainesville show retail leakage that can be met by Celebration Pointe's convenient location on I-75.

Bass Pro Shops is a major anchor tenant at Celebration Pointe . A highly recognized brand and supplier of gear for enthusiasts of boaters, fishing, hunting, camping and many other outdoor activities, the company has over 94 stores in the U.S. and Canada which sell boats, firearms, equipment and apparel for most outdoor activities and features archery ranges, fish tanks, bowling lanes, billboard tables and dining areas. Bass Pro Shops are super-regional destinations bringing as any as 1-3 million customers per year into each location. Bass Pro at Celebration Pointe has been open since November 2016 and has exceeded first year sales by nearly 20% drawing some 90-100 customers per month¹⁵

Millennials, by and large, have higher discretionary spending for apparel. At US\$1,024 annually, they are the top group for apparel spending nationally. They spend 13% more on apparel yet earn 29% less than non-Millennials. Millennials are more brand-driven and outlets are brand

¹¹ Fishkind & Associates.

¹² U.S. Census Bureau "Age & Sex Data", accessed August 4, 2015.

¹³ Stuart Eisenberg "Millennial Shopping Habits and What They Mean for Retail Building Owners," Real Estate Weekly, May 15, 2015.

¹⁴ Esri, "Retail Marketplace Profile". Bosman Analysis Online, <http://www.esri.com/ba>, retrieved August 4, 2015.

¹⁵ Verified by the turn- style people counters located at each store entrance

focused by nature. Millennials are the most frequent outlet shoppers¹⁶ with 44% having shopped at an outlet in the last year and 53% qualifying as frequent shoppers¹⁷ (4 plus visits per year).

Millennials identify location (55%), in addition to brand and value as the top factor that would increase their outlet shopping.¹⁸ Millennials gravitate toward dense, walkable urban developments with access to mix use which should bode well for Celebration Pointe's pedestrian-forward design and location. Shopping experience is extremely important to Millennials who seek experiences, not just products, and add value to their lives.¹⁹ Celebration Pointe's tenant mix will play to lifestyle by including diverse retailers like entertainment, wellness, first-to-market apparel, and restaurants.⁷

Outlet shoppers now represent some of the most affluent, fashionable and reliable shoppers in the U.S. Outlet shoppers have higher household incomes and annual apparel spending than shoppers in other formats (\$92,822 and US\$1,207 respectively).⁹ Of all apparel purchases in the U.S., 26% are made at outlets, 28% online and 46% at other retail stores. However, only 1% of gross leasable retail space is from outlets. 76% of outlets sales come from shoppers who travelled between 0 and 60 minutes and 24% come from further than 60 minutes. In addition to the Gainesville MSA population, Celebration Pointe is expected to draw shoppers who would otherwise visit Orlando, Jacksonville or Tampa Outlets, as well as tourists traveling on Interstate-75, on which Celebration Pointe will be visible and enjoy nearly one mile of frontage, I-75 is a major thoroughfare both for short-range commuters and long-range travelers. Celebration Pointe will receive steady sales traffic and strong brand awareness through the roughly 55,000 - 65,000 cars passing on Interstate -75 and Archer Road each day. Many of these drivers are commuters to the University of Florida, Santa Fe College, and UF Medical Center, all of which are in close proximity to Celebration Pointe, and whose employees are potential steady shoppers.

Interstate-75 is a major North-South interstate running from Miami, Florida to Sault St. Marie, Michigan at the International Bridge on the U.S.-Canada border. Interstate -75 is the primary gateway for tourists to reach Disney World, Universal Studios, the City of Miami and numerous beach-front destinations throughout Florida. Additionally, Interstate-75 serves as a primary travel route between South Florida and North Florida, as well as Southeastern U.S. states such as Georgia, Alabama, and Mississippi. Gainesville has been benefitted from the nearly two million tourist who travel Interstate 75 each year in addition to the millions of visitors each year attending "year-round" athletic events and coming to the UF Medical Center Results from our geo-fencing indicate that when Celebration is stabilized, it will draw, in addition to regular visits to the Property, some 15% of the "travel-by" traffic whose demographics represent HHI's > \$120,000 per year²⁰.

¹⁶ The Outlet Resource Group. "Outlet Industry Overview," July 14, 2015, as to all statistics in this section.

¹⁷ David Lobough, "Will the real outlet shopper please stand up? Value Retail News, March 2015.

¹⁸ August Partners & VRN, June 2015; Caroline Books, "Retailers US\$600 billion Secrets to Luring Millennial Shoppers," JLL Research, June 24, 2014.

¹⁹ Stefanie O'Connell, "How Millennials Define Frugality Differently," U.S. New and World Report," June 5, 2015.

²⁰ Alexander Babbage Company

Competition

Celebration Pointe has no significant competitor within a 2 hour commute as the project is unmatched in terms of location, physical characteristics and level of experience. Competition for retail space in Gainesville is based on many factors, most of which have been set forth in the prior section, titled “Gainesville, Florida Demographics.” Celebration Pointe is distinctive in terms of design, experience and location. In general the existing retail market in Gainesville is comprised of many outdated “mom and pop” shops in the central business district. The existing retail mix is largely comprised of neighboring shopping and big box stores and a slowing eroding mall (The Oaks Mall) about 5 miles north. The Oaks Mall, the only enclosed mall serving north central Florida. Macy’s and Sears have vacated the mall. Dillard’s remains and in fact will occupy the former Macy’s space. There are many specialty retailers, such as Sephora, H&M, Gap, Loft and Victoria’s Secret, some of which have contacted Celebration Pointe to inquire about opportunities for space. Butler Plaza, a 30 plus year old Power Center located east of Interstate 75 along Archer Road is largely tenanted by big boxes, such as Walmart, Lowe’s, Sam’s Club, an older Regal theater, several grocers. Butler Plaza is well over a million square feet and remains well leased. Celebration Pointe represents “discretionary shopping experience” whereas Butler Plaza represents “commodity shopping experience”. Each property is distinctly different in feel, aesthetics, tenancy and level of experience. Because of the new bridge over Interstate 75 that Celebration Pointe constructed, the two projects are connected in terms of this location being one of the largest critical mass of retailers in all of central Florida.

Marketing and Sales

Celebration Pointe is being marketed as a vibrant new mixed-use community with an unrivaled atmosphere and a desirable way of life in Gainesville, Florida.”.

Gainesville, Florida based Frankel Media Group (FMG) has been engaged by the Development Manager to manage public relations and oversee business-to-business and business-to-consumer marketing strategies.

The Celebration Pointe website is a primary source of messaging reaching millions of customers, guests and visitors. The project, while continuing to be an active construction site, is partially open and therefore the overall marketing strategy addresses consumers as well as end users.

Celebration Pointe Holdings has entered into a partnership with the University of Florida to host various events throughout the football and basketball seasons. Celebration Pointe has been officially dubbed “the official place where Gator fans celebrate”. Literally thousands of local and regional fans as well as fans and visitors from outside the Gainesville area and the State of Florida are expected to attend various pre and post-game activities at Celebration Pointe.

All of the marketing strategies currently being deployed have been carefully vetted and analyzed from a ROI standpoint. Foot traffic translates into sales and sales in turn translate to Ancillary Revenue.

Proprietary Information

Celebration Pointe Holdings, LLC has applied to register the Celebration Pointe logo and design as a service mark upon the Principal Register of the U.S. Patent and Trademark Office. The logo and design are used on all Celebration Pointe documents and photos.

Employees

As of the date of this Memorandum the Sponsor has six Principals, four of whom involved in the Project are described under “Management”. The Development Manager has two Principals, both of whom are involved in the Project are also described under “Management”. The Development Manager has engaged numerous independent contractors and consulting companies, with each having a numerous staff dedicated to the Project.

Company Address

The Company’s offices are located at the offices of the Sponsor, Arcis Capital Partners LLC, 54 West 40th Street, New York, NY 10018.

The registered office of the Company is at the offices of Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands.

Legal Proceedings

Neither the Company, the Borrower, nor the Development Manager is a party to any material legal proceedings.

TERMS OF THE LOAN

The Company will enter into a loan (the “Loan”) with Celebration Pointe Holdings, LLC (“CPH” or “Borrower”). The proposed credit facility is designed to give the Borrower flexibility in completing vertical construction and deploying funds to critical areas of the Project that a traditional bank financing cannot provide. This flexibility offsets the higher cost of funds relative to bank financing. The principal terms of the Loan are as follows:

Loan Amount: The full Loan Amount is US\$70,000,000. Under the Loan, the Borrower shall have the right to draw down at Closing, up to US\$70,000,000 (the “Effective Loan Amount”).

Credit Facilities: Up to US\$70,000,000 of the Effective Loan Amount will be available to the Borrower under Mezzanine Loan for selected sub-projects.

Total amounts outstanding under the Mezzanine Loan for each Sub-Project cannot exceed fifteen percent (25%) of the cost or Appraised Value of the said Sub-Project, whichever is lower; Total equity (Borrower’s own equity and any third-party equity) for each Sub-Project cannot be less than ten percent (10%) of the cost or Appraised Value of the said Sub-Project, whichever is lower.

- Maturity:** The maturity date is two (2) years from the Closing Date. The Borrower has the option to extend the Loan by one (1) year, provided the Loan is current and no Event of Default (as defined) exists.
- Dividend:** 15.0% annualized fixed dividend, paid in cash over four quarterly payments.
- Management Fee:** The Manager shall retain 2.0% out of the 15.0% interest income of the Company as the sole management fee quarterly paid by the Company.
- Operating Expenses:** The Company shall be responsible for all expenses of this Offering, as well as operating expenses of the Company. The Manager shall retain 1.0% out of the 15.0% interest income to cover Company's operating expenses ("Operating Expenses Reserve"), to be paid quarterly. Any expenses in excess of the Operating Expenses Reserve shall be borne by the Company.
- Advisory Fee:** Borrower shall pay a one-time 5% advisory fee to the Sponsor on the Loan Amount that can be drawn by the Borrower. The advisory fee is to cover, among other things, the Sponsor's time and costs over the past several months in advising the Borrower and structuring and sponsoring this offering.
- Collateral:** The Loan will be secured by, among other things: (a) Mortgage and Security Agreement providing for a second priority mortgage in the Property subject to the rights of the Celebration Pointe Community Development District No. 1 ("CDD") located in Gainesville/Alachua County, Florida²¹; (b) any and all leases, subleases and tenancies on the mortgaged Property and all rents and profits therefrom; (c) all improvements on the Property; (d) assignment of membership interest of CPH and (e) personal guarantees by Mr. Dyrkolbotn, Patricia Shively and the Patricia Ann Shively Amended and Restated Trust.
- Guarantors:** Celebration Pointe Holdings, LLC, the Borrower, is managed by SHD-Celebration Pointe, LLC which is also the Development Manager for the Project. The Manager and owner of SHD-Celebration Pointe, LLC is Svein H. Dyrkolbotn. The Loan will be personally guaranteed by Mr. Dyrkolbotn, Patricia Shively and the Patricia Ann Shively Amended and Restated Trust. See "Management."

²¹ The CDD was created by Alachua County in 2014 for the purposes of developing the infrastructure to facilitate construction of the Celebration Pointe project. The CDD was authorized by statute to issue up to as much as US\$70,000,000 in Special Assessment Revenue Bonds. The initial Special Assessment Revenue Bonds were issued in 2015 and raised approximately US\$33,000,000 for the purposes of funding various infrastructure projects in support of the development. In May 2017, The District raised additional Bond proceeds in the sum of US \$30.250 million dollars(Special Assessment Revenue Bonds, Series 2017). The bonds will be repaid through special assessments on all retailers, restaurants, service provider and restaurants of Celebration Pointe. In addition to the CDD Bonds , CPH raised some US\$27,000,000 in low-interest loans from the State of Florida Infrastructure Bank(SIB 1 and SIB 2). The loans will be repaid through a special 1% "point-of-sales" tax on goods and services sold at retailers and restaurants at Celebration Pointe as well as at each Hotel.

- Prepayment:** During the first year of the Loan, Borrower shall pay one full year's interest if it seeks prepayment of the Loan. Thereafter, Borrower may prepay the Loan without penalty upon 90-days advance notice.
- Event of Default:** Events of Default include usual and customary Events of Default and representations and warranties in transactions of this type. Events of Default also include cross defaults on any amount owed to any third party creditors and the failure of the Borrower to timely make payments to the CDD.
- Legal Jurisdiction:** The Loan will be governed by the laws of the State of Florida (USA).

MANAGEMENT

Management of the Company

The Manager and the sole director of the Company is Arcis Capital Advisors II LLC, a Delaware limited liability company, with offices located at those of the Sponsor. Afzal M. Tarar is the Managing Member of the Manager.

Management of the Sponsor

The Sponsor, Arcis Capital Partners LLC, is a Delaware limited liability company with offices at 54 West 40th Street, New York, NY 10018. The key Members of the Sponsor are:

- Afzal (“Al”) M. Tarar, age 56, Chairman and Managing Partner
- Mohaymin (“Mohi”) Monem, age 38, Partner and Head of Real Estate & Hospitality Investments
- Roger Chang, age 55, Partner and Head of Venture Investments
- Steven W. Sorensen, age 37, Partner and Head of Operations

Afzal (“Al”) M. Tarar has been the Chairman and Managing Member of Arcis Capital Partners LLC since its formation on March 23, 2015. The sponsor is a boutique advisory firm specializing in cross-border private equity real estate, and M&A transactions between China and the U.S. Prior to founding Arcis, from 2009 to 2015, Al was a partner of PricewaterhouseCoopers (“PwC”), one of the world’s largest accounting, tax and advisory firms. He worked in PwC’s China/HK offices as well as its New York City office.

Over the past 25 plus years, Al has worked extensively in business and operational strategy, as well as restructuring and business improvement across the financial services, investment management, real estate, business services, and technology industries in the U.S., China/Hong Kong and broadly in Asia Pacific. Al spent 14 years in China, over two seven-year stints. As a result, Al gained front-line experience and deep knowledge of China’s economic, regulatory, and social developments, as well as its cross-border investment flows.

Al received a BE degree from Tsinghua University in Beijing, China, under an international cultural exchange scholarship. Afterwards, he received an MS degree from Case Western Reserve University in Cleveland, OH. He has also completed leadership development programs at Yale and INSEAD.

Al is fluent in English, Mandarin Chinese and Urdu/Hindi. He is a member of the National Committee on the US-China Relations (www.ncuscr.org).

Mohaymin (“Mohi”) Monem has been a Partner and Head of Real Estate & Hospitality Investments at Arcis Capital Partners LLC since July 1, 2016.

Previously, Mohi led the hospitality investment and asset management platform at State General Reserve Fund (sovereign wealth fund of Oman) by executing over \$1 billion of investments in Europe and North America. During that time Mohi also served as a Principal on the real estate team executing office and retail acquisition & dispositions towards the Company’s multi-billion dollar global real estate portfolio.

Prior to that, Mohi served as a Vice President at Dubai Investment Group (Dubai government backed investment group), where he was responsible for investment and asset management for a \$7 billion global real estate and hospitality portfolio.

Mohi has also worked at Marriott International’s corporate headquarters, Hotel & Leisure Advisors, Four Seasons Hotels & Resorts, and Ritz Carlton LLC. Mohi is also a regular speaker at real estate and hospitality investment conferences in the US, Middle East, and Europe as well as serves on the advisory committees of the Hotel Investment Conference Europe and the American Lodging Investment Summit.

Mohi has obtained a Bachelor of Science degree from University of Massachusetts-Amherst. He has also completed executive programs from Cornell University and Les Roches ISHM Switzerland.

Roger Chang, Ph.D., has been a Partner and Head of Venture Investments at Arcis Capital Partners LLC since Jan 1, 2018.

Roger brings over 20 years of global business and technology leadership experience. Most recently, he was a Managing Director in the Advisory practice for PricewaterhouseCoopers LLP (“PwC”). At PwC, he helped global clients find optimal solutions in the financial service industry and made internal clients more productive in services delivery.

Before PwC, Roger was Head of Risk Analytics at HSBC (ASP) and led risk analytics solutions for ASP retail banking operations. Before HSBC, he worked at CHEP as Director Operations Planning & Analytics in a global executive team where he applied advanced analytics to logistics tracking (e.g. via barcode and RFID) to revolutionize business offerings.

Roger holds patents in applying artificial intelligence techniques in robotics and automatic control applications.

Roger holds an M.S. degree and a Ph.D. degree in Mechanical Engineering from New Jersey Institute of Technology and an M.S. degree in System Design and Management from Massachusetts Institute of Technology.

Steven W. Sorensen has been a Partner and Head of Operations at Arcis Capital Partners LLC since Aug 2015. Prior to joining Arcis, Steven was the International Operations VP of Manhattan Regional Center LLC for over five years, leading and participating in over US\$300

million in EB-5 project financing for a portfolio of projects in hotel, health care and entertainment related real estate projects. In this role, Steven worked with international banks, real estate due diligence teams and international securities lawyers in New York and Hong Kong.

In addition to real estate, he has consulted with various New York hedge funds, fund of funds and family offices on raising capital from institutions and high net worth individuals from China. From 2003 to 2010, Steven spent seven years in China, Shanghai and Hong Kong. From 2010 to 2016, he returned to China between four and seven times each year.

Steven has a BA in English from John Carroll University, and an MA in English Studies from The University of Hong Kong. In 2010, he completed his M.Phil. thesis: “How the US Responds to China’s Rise” examining US-China economic, trade and diplomatic relations since China’s entry to the WTO 2001.

Steven is proficient in Mandarin Chinese. He is on the advisory board for RocketStar LLC.

Management of the Development Manager

The Borrower is Celebration Pointe Holdings, LLC, a Florida limited liability company formed on July 2, 2013, with offices at 2579 SW 87th Drive, Gainesville, Florida 32608.

Celebration Pointe Development Partners, LLC (“CPDP”) has been retained by Borrower as the exclusive Development Manager. CPDP was formed exclusively to act in the role as the Development Manager

The two operating principals of the Development Manager are:

Svein Dyrkolbotn, age 42, Co- managing Principal
Ralph Conti, age 62, Co-managing and Operating Principal

Svein Dyrkolbotn, a native of Norway and long-time Gainesville resident and University of Florida alum, has over 15 years of development experience, as part owner of Davis & Sons and principal owner of Viking Companies, LLC. Mr. Dyrkolbotn has developed and managed over 2,000 multi-family units throughout the Southern United States and has recently secured entitlements for more than one million square feet of retail and office leases and 2,500 rental units.

Mr. Dyrkolbotn is a Florida licensed General Contractor and owner of Viking Companies, LLC since 2004. Mr. Dyrkolbotn has been developing residential projects in the Gainesville area for a number of years, including: (i) highly acclaimed Campus View, a 195,000 square foot community of 160 condominiums and apartments immediately neighboring the UF campus, the Shands medical district and Sorority Row, connecting the hubs of student culture with safe, quality housing and (ii) Lyn Court Square, 58,000 square feet of apartments with the best location to the UF Campus. Mr. Dyrkolbotn secured the entitlements for Celebration Pointe. He has a Bachelor’s Degree in civil engineering from the University of Florida.

Ralph Conti, CCIM, CDP, CRX is the founder and managing principal of RaCo, which provides multi-platform consulting, advisory and fee development services to both private and institutional clients, since 2009. Mr. Conti served as Executive Vice President of development for KIMCO Realty (NYSE: KIM); Co-managing Partner of North American Properties-Atlanta; Vice

President and Director of Development for Developers Diversified Realty (NYSE: DDR); Vice President Development and Construction for Glimcher Realty Trust (NYSE: GRT); and Director of Development for Homart Community Centers. Ralph holds a BS, MS and MBA from La Salle University and has completed Executive Program in Hospitality Investment and Management from Cornell.

He has led the development of over 50 million square feet of retail and mixed use development across the United States in his 40 years' career.

RaCo projects include (i) *Steelpointe Harbor*, consisting of 2.8 million square feet of mixed use in Bridgeport, Connecticut. The anchor tenants on this 52-acre development include Bass Pro Shops, Cinepolis Theatre, River Center Outlets, 1,500 unit apartments and three acres of waterfront; and (ii) *South Point*, consisting of 750,000 square feet of retail space on 75 acres in McDonough, Georgia. RaCo provided predevelopment consulting and advisory services to the developers of Avalon in Alpharetta, Georgia (86 acres, 500,000 square feet of retail, hotel, Class A office space and residential).

Guarantors - Patricia A. Shively and Svein Dyrkolbotn

Ms. Shively, a resident of Gainesville, is the primary equity source for the Project having invested approximately US\$25 million. She is a guarantor on existing loans to the Borrower concerning the Project and will be a guarantor on the Loan from the Company. Ms. Shively is a 37.50% shareholder in Tower Hill Insurance, Florida's largest homeowner's insurance company founded in 1972 by her husband. Her personal net worth is estimated by her private wealth manager to be US\$280 million and her gross annual income has averaged more than US\$24 million during 2013 - 2015.

Svein Dyrkolbotn is the Managing Principal of the Borrower and the Development Manager as described above under "Management of the Development Manager" and is one of the two Guarantors. His net worth is estimated at US\$15 million

MANAGEMENT COMPENSATION

There is no accrued compensation that is due any Member of Management of the Company or the Borrower or Development Manager from the Company.

The Company shall be responsible for all expenses of this Offering, as well as operating expenses of the Company. The Manager shall retain 1.0% out of the 15.0% interest income to cover Company's operating expenses ("Operating Expenses Reserve"). Any expenses in excess of the Operating Expenses Reserve shall be borne by the Company.

The Manager shall earn a Management Fee of 2.0% out of the 15% percent Interest paid by the Borrower to the Company paid on a quarterly basis. The Company is not responsible for any other fees paid to Management.

MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

Memorandum

The Company was formed on July 20, 2018 as a private BVI Business Company limited by Shares under the Territory of the BVI, pursuant to the BVI Act. The first registered office of the Company is at the offices of Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands.

Articles

The rights and obligations of the Members are governed by the Memorandum and Articles of Association, a copy of which is available upon request. The statements in this Memorandum concerning the Articles of Association do not purport to be complete. Whenever particular provisions of the Articles of Association are described, the actual provisions are incorporated by reference and the statements made are qualified in their entirety by such reference. The following is a summary of certain provisions of the Articles of Association.

Purpose: The Company was formed as a special purpose entity to provide equity and debt financings to Celebration Pointe Holdings LLC, as well as other real estate projects in the U.S.

Liabilities of Members to Third Parties: The Articles of Association provide that no Member shall be personally liable for the debts of the Company or be required to contribute any capital to the Company in excess of the amount of their purchase of Common Shares of the Company.

Control of Operations by Sole Director: Currently, the sole Director and Class B Member of the Company, hereinafter referred to as the “Manager”, is Arcis Capital Advisors II LLC. The managing member of the sole Director is Arcis Capital Partners LLC whose managing member is Afzal (“Al”) M. Tarar. Mohaymin (“Mohi”) Monem is a member of the sole Director. Mr. Tarar and Mr. Monem shall both be authorized to represent the Manager and the sole Director and act as the Class B Director. See “Management”. The Manager shall have the full and exclusive right to manage and operate the day-to-day business of the Company including all banking transactions. No other Member, in his capacity as such, can participate in the management of the Company’s business. The Board shall consist of at least three members. The initial directors shall consist of two directors appointed by the holders of Class A shares and one director appointed by the holders of Class B shares. Any combinations of the following consents shall be considered the affirmative consent of and approval by the Board: a Class A Director and the Class B Director both consent together; or both Class A Directors and the Class B Director all consent together. Each Investor that invests at least U.S. \$20,000,000 in the Offering (hereinafter, a “**Key Shareholder**”) shall be entitled to elect and remove one (1) member of the Board (each, a “**Class A Director**” and collectively, the “**Class A Directors**”). See “Board of Directors Agreement” below. The Manager will devote such time to the Company as, in its judgment, the conduct of the business of the Company shall reasonably require, and may engage in other businesses whether or not they are in competition with the Company.

Shares: Class A Common Shares of par value US\$1.00 each (“**Class A Common Shares**”) of the Company. A total of **10,000** Class A Common Shares would be subscribed in this financing,

representing approximately 99% of the Company's issued share capital immediately following the financing, including all of the following:

- (a) All issued and outstanding common shares;
- (b) All outstanding options and warrants to purchase common shares;
- (c) All shares issuable upon exercise of options issued and available for issuance under the Company's current employee stock plan (as if issued and exercised); and
- (d) All other common shares issuable under any outstanding commitments, contingent or otherwise, such as convertible securities, options, or warrants granted to vendors or strategic partners.

Voting: Class A Members have no right to vote in general meetings of the Company and have no voting rights, except as set forth herein, but they are entitled to receive notice of and to attend such meetings. However, each Class A Common Share would be entitled to notice of and the right to vote together with the common shares on all matters submitted to a vote of the Company's shareholders. The consent of at least sixty percent (60%) in combined interest of the holders of the issued and outstanding Class A Common Shares in addition to the consent of the Manager is required for the Company for all major decisions and actions, such as liquidation, sale or termination of the Company or modification of class rights issues as set forth below under "Description of Securities".

Indemnification: Subject to the Articles, the Manager will not be liable to the Company or the Members for any act or omission performed or omitted by it as long as such person acted honestly and in good faith with a view to the best interests of the Company and in the case of criminal proceedings, the person had no reasonable cause to believe this conduct was unlawful.

Liquidation Preference: In the event of any liquidation, dissolution or winding up of the Company, each Class A Common Share would be entitled to receive, prior to any distribution to Class A Common Shares or shares of any other class or series, an amount equal to **100%** of the Purchase Price plus all declared or accrued but unpaid dividends thereon (the "**Preference Amount**"). After the full Preference Amount has been paid on all outstanding Class A Common Shares, any remaining funds and assets legally available for distribution to shareholders would be distributed pari passu among the Class A Common Shares, the common shares, and shares of any other class or series entitled thereto on a pro rata basis. If the Company has insufficient assets to pay the full Preference Amount on all Class A Common Shares, then such assets as are available for distribution of the Company would be distributed ratably to the Class A Common Shares in proportion to the Preference Amount each such Class A Common Share would otherwise be entitled to receive. A merger, acquisition, change of control, consolidation, or other transaction or series of transactions in which the Company's shareholders prior thereto will not retain a majority of the voting power of the surviving entity immediately thereafter; or a sale, lease, license or other transfer of all or substantially all the Company's assets or intellectual property ("**Change of Control**"), shall be deemed to be a liquidation, dissolution or winding up of the Company for purposes of the liquidation preference.

Redemption. Under BVI law, a holder of an interest in a close-ended company, such as the Company, does not have the option to redeem its interest without the Manager's consent.

Information Rights: So long as any Class A Common Shares are outstanding, the Company will deliver to each Investor (i) audited consolidated annual financial statements within 120 days after the end of each fiscal year; (ii) unaudited consolidated financial statements within 30 days of the end of each six (6) month period; (iii) unaudited monthly management accounts within 20 days after the end of each month; (iv) an annual operating budget and strategic plan for the following year within 30 days prior to the end of each fiscal year; and (v) copies of any reports or filings made with any stock exchange or securities regulatory authority. All financial statements would include at least a balance sheet, a statement of profit or loss, and statements of cash flow and would be prepared in English or in Chinese in accordance with **US GAAP**. In addition, for so long as any Class A Common Shares were outstanding, Investors would have the right upon demand to inspect the properties and facilities of the Company and its affiliates, to examine and take copies or abstracts of the books and properties of the Company and its affiliates, and to interview the Company's management officers, employees, and accounting and legal advisers, with the full cooperation of the Company all during normal business hours. These information rights would terminate upon the Company's initial public offering. In addition to the foregoing, for as long as any Investor continues to hold Class A Common Shares (or any other securities received in exchange for or upon conversion of Class A Common Shares) the Company would provide each such Investor with copies of (i) promptly after filing, all of the Company's annual and periodic reports made available to its shareholders as well as all public reports (including any periodic, interim, or extraordinary reports) filed with any securities regulatory authority; and (ii) promptly upon request, current versions of the investment documents and all documents relating to any subsequent financings by the Company, the management of the Company, or otherwise affecting the Class A Common Shares, bearing the signatures of all parties and of the Company's Articles bearing the file stamp of appropriate government authority, in each case with all amendments and restatements.

Rights of First Offer (Preemptive Rights): For as long as any Class A Common Shares remain outstanding, each Investor would have a right of first offer to purchase up to its pro rata share (based on its percentage of the total number of common shares then outstanding or issuable upon conversion of outstanding securities) of any shares or other securities offered by the Company, on the same price and terms and conditions as the Company offers such shares to other potential investors (with a right of oversubscription if any holder of Class A Common Shares elects not to purchase its pro rata share). These preemptive rights would apply to all issuances of shares of the Company; of rights, options or warrants to purchase shares of the Company; and of other securities of any type whatsoever that are, or may become, convertible or exchangeable into shares of the Company.

Right of First Refusal. All Investors with an interest of at least US\$20,000,000 in the Offering (hereinafter, "Key Shareholders" shall be granted the right of first refusal ("ROFR") to participate on a pari passu basis in any debt and/or equity financings sponsored by the Manager or the Sponsor concerning the Project, subject to any prior right held by Shareholders in ArcisCap-Celebration Pointe Investment (B.V.I.) Ltd. In the event that the Company at any time after the Initial Closing Date desires to accept a bona fide third party offer (the "Offer") for the issuance, sale or exchange or any agreement or obligation of the Company to issue, sell or exchange (i) any Common Shares; (ii) any other equity security of the Company; (iii) any other security which by its term is convertible or exchangeable or exercisable for any equity security of the Company; (iv) any option, warrant or other right to subscribe for, purchase or otherwise acquire any such security described in the foregoing clauses (i) through (iii); or (iv) any debt instruments or

securities, including promissory notes and convertible debt instrument (the “ROFR Shares”); the Company shall promptly deliver to the Purchaser the terms and conditions of the Offer (the “Offer Notice”).

Drag-along Rights. If the holders of Class A Common Shares (the “Drag-Along Shareholders”) voting together as a single class on an as converted basis, approve a sale of the Company (the “Approved Sale”) to a third party purchaser (the “Potential Purchaser”) that whether by a sale of equity, merger or consolidation, in excess of 60% of the Company’s voting power outstanding before such transaction is transferred, or all or substantially all of the assets of the Company, the Class B shareholders (the “Dragged Shareholders”) shall (i) vote, or give their written consent with respect to, all the Shares held by them in favor of such proposed Approved Sale and in opposition of any proposal that could reasonably be expected to delay or impair the consummation of any such proposed Approved Sale; (ii) sell, transfer, and/or exchange, as the case may be, all of their Shares in such Approved Sale to such purchaser; (iii) refrain from exercising any dissenters’ rights or rights of appraisal under applicable laws at any time with respect to or in connection with such proposed Approved Sale; and (iv) take all actions reasonably necessary to consummate the proposed Approved Sale. If any Dragged Shareholder does not elect to vote, or give its written consent with respect to, all the Shares held by them in favor of such proposed Approved Sale, such Dragged Shareholder shall be obligated to purchase all the Common Shares and/or the Preferred Shares held by the Drag-Along Shareholders under the same terms and conditions as offered by the Potential Purchaser of the Approved Sale. The Drag-Along Shareholders may waive the aforesaid Drag-along Rights in writing.

Transfers of Class A Common Shares: The Class A Common Shares and Investors’ rights under the investment documents may be transferred and assigned to a third party, subject to Manager’s consent and customary due diligence, and would not be subject to any rights of first refusal or co-sale or other restrictions or encumbrances on transfer. For avoidance of doubt, the aforementioned restriction on share transfer to Investors shall not apply to a Change of Control.

Dividends: The Board of Directors may declare and pay dividends in money, shares, or other property, but the dividends shall only be declared and paid out of surplus. The Company will pay quarterly dividends out of surplus to its Class A Members from the Loan Interest paid from Celebration Pointe during the term of this investment. Class A Members will receive 12.0% annualized fixed interest out of the 15% Loan Interest collected during the investment term and the remainder 2% of the 15% received will be paid to the Manager, 1% of the 15% will be the operating expense.

Transactions with Affiliates: The Articles of Association permit the Company to enter into transactions with affiliates of the Director. The Director may enter into agreements to employ on behalf of the Company agents, attorneys, accountants, sub-advisors, or others who are affiliated with the Director or who are employed by them or by companies controlled by them, in any case upon customary terms. The Director may either engage in any other business or investment including the investment in other business activities provided it is not in direct competition with the Company in the operations of its business. The Company shall have no rights in or to any such business, profession or investment or to the income or profits derived therefrom.

Manager’s Compensation: The sole compensation by the Company to the Manager shall be a Management Fee equal to 2.0% out of the interest paid to the Company on the Loan. See “Management Compensation.”

Voluntary Winding Up Dissolution: The Company may voluntarily choose to windup and dissolve by a resolution of two thirds in interest of its Members. Upon the termination of the Company, it will be liquidated and the proceeds of liquidation will be distributed (i) first to the debts and liabilities of the Company and the expenses of dissolution and liquidation, (ii) second to the establishment of any reserves which the Manager shall deem reasonably necessary for the payment of other debts and liabilities, and (iii) third, the remaining proceeds shall be distributed to the Class A Members, pro-rata, in proportion to their respective balances of Undistributed Capital Contributions (as defined).

Access to Books and Accounts: Any Member or a Member duly authorized representative shall, at reasonable times, have access to and may inspect and make copies of the books and accounts of the Company.

Meetings of Members: The directors of the Company may convene meetings of Members within or outside the BVI as the directors consider necessary or desirable. Upon the written consent of Members holding 30% or more of the outstanding voting shares the directors shall convene a meeting of Members.

DESCRIPTION OF THE BRITISH VIRGIN ISLANDS LAW

Private Company

The Company is a private BVI Business Company formed under the laws of the BVI. .

Closed-Ended Company

The Company was formed as a closed-ended company under BVI law. **A holder of an interest in the closed-ended company does not have the option to redeem its interest without the Manager's consent.** Closed-ended companies are not subject to the license and supervisory requirements of the BVI Financial Services Commission ("FSC"). As the Company is a close-ended company, the Memorandum and Articles of Association do not provide a right of redemption in favor of the shareholders, however, shares can be redeemed with the approval of the Manager. See "Restrictions on Transferability."

All financial entities must comply with the Anti-Money Laundering Regulations, 2008 and Anti-Money Laundering and Terrorist Financing Code of Practice, 2008 and all applicable BVI AML Laws. Such requirements are set forth below.

BVI TAXATION

A closed-ended entity established as a company is exempt from all provisions of the BVI Income Tax Ordinance.

ANTI-MONEY LAUNDERING

Under the BVI Anti-Money Laundering Regulations, 2008, as amended (the "Regulations") and the Anti-Money Laundering and Terrorist Financing Code of Practice, 2008, and subsequent amendments thereto (the "Code"), the Proceeds of Criminal Conduct Act, 1997, as amended (the "Proceeds", and together with the Regulations and the Code, the "BVI AML Laws"),

all BVI funds (i.e. funds operating as “mutual funds” under the Securities and Investment Business Act, 2010, as amended) are required to (i) appoint a Money Laundering Reporting Officer (the “Reporting Officer”); (ii) implement and maintain certain anti-money laundering compliance procedures, primarily being the identification and verification of investors in the Company and related record keeping (the “Compliance Procedures”); and (iii) implement and maintain an independent compliance audit to ensure that the BVI fund is complying with its obligations under the BVI AML Laws.

Money Laundering Reporting Officer

In accordance with the Company’s obligations pursuant to the BVI AML Laws, the Administrator will be responsible for the issuance or administration of subscriptions and redemptions and for carrying out the Compliance Procedures on behalf of the Company. The Administrator is regulated in the United States, a Recognised Jurisdiction (as defined under the BVI AML Laws), and the Administrator will maintain internal reporting procedures to identify and report suspicious activity set forth in the relevant laws of United States. See “The Administrator” described below.

Money Laundering and Countering Terrorist Financing Measures

Measures provided for in the Regulations which are aimed towards the prevention of money laundering, require detailed verification of each applicant’s identity, address and source of funds. For example, an individual will be required to produce a copy of his/her passport or identification card that bears evidence of the individuals’ identity, date of birth and signature duly certified by a notary public or other person specified in the Subscription Agreement together with two different original/certified documents bearing evidence of the individual’s address such as a utility bill or bank statement which are not older than six months old. The documentation required in respect of corporate applicants will be dependent on the country of incorporation or creation. Certified constituting, constitutional and verification documentation in respect of the beneficial owners may be required in certain cases.

Depending on the circumstances of each application, a detailed verification may not be required where (a) the investor is a regulated credit or financial institution, or (b) the application is made through a regulated financial intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is located in a country which has equivalent anti-money laundering legislation to that in place in the U.S. Applicants may contact the Administrator in order to determine whether they meet the above exceptions.

The Administrator reserves the right to request such information and documentation as is necessary to verify the identity and source of funds of an applicant. In the event of delay or failure by the applicant to produce any information and documentation required for verification purposes, the Administrator may refuse to process the application and return all subscription monies and/or payment of redemption proceeds may be delayed and none of the Company, the Director, the Shareholder or the Administrator shall be liable to the Investor or Shareholder where an application for Shares is not processed in such circumstances. If an application is rejected, the Administrator will return application monies or the balance thereof by telegraphic transfer in accordance with any applicable laws to the account from which it was paid at the cost and risk of

the applicant. The Administrator may refuse to pay redemption proceeds where the requisite information and documentation for verification purposes has not been produced by a Shareholder.

Each Investor and Shareholder will be required to make such representations as may be required by the Company in connection with applicable anti-money laundering programs, including representations that such Investor or Shareholder is not a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs. Such Investor or Shareholder shall also represent that amounts contributed by it to the Company were not directly or indirectly derived from activities that may contravene U.S. Federal, State or international laws and regulations, including any applicable anti-money laundering laws and regulations. Each applicant will also be required to represent that it is not listed or directly or indirectly affiliated with any person, group or entity listed on the European Union consolidated list of persons, groups and entities that are subject to Common Foreign and Security Policy ("CFSP") related financial sanctions, which can be found on the European Commission's website, and that it is not subject to any CFSP sanctions programs. Each applicant will be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene United States Federal or State, or international, or European Union laws and regulations including, in each case, anti-money laundering laws and regulations.

The Administrator may disclose information regarding investors to such parties (e.g., affiliates, attorneys, auditors, administrators or regulators) as it deems necessary or advisable to facilitate the transfer of the Common Shares, including but not limited to being in connection with anti-money laundering and similar laws. The Administrator or other service providers may also release information if directed to do so by the Investors in the Common Shares, if compelled to do so by law or in connection with any government or self-regulatory organisation request or investigation. In connection with the establishment of anti-money laundering procedures, the Directors may implement additional restrictions on the transfer of Common Shares.

The Directors and the Administrator may impose additional requirements from time to time to comply with all applicable anti-money laundering laws and regulations, including the USA Patriot Act.

DESCRIPTION OF SECURITIES

The Company is authorized to issue no more than 50,000 Common Shares, US\$1.00 par value, per share, consisting of 49,000 Class A Common Shares, collectively, and 1,000 Class B Common Shares. As of the date of this Memorandum there are 100 Class B Common Shares issued and outstanding and held by the Manager. There are no Class A Common Shares issued and outstanding. If all U.S. \$70 million of Class A Common Shares offered hereby are sold there will be 10,000 Class A Common Shares issued and outstanding.

Holders of Class A Common Shares are entitled to receive annual dividends equal to 12.0% percent, out of the 15% Loan Interest received by the Manager. The Manager, which holds Class B Common Shares, shall be entitled to 2.0% out of the 15% received on Class A Common Shares.

All Investors who invest at least US\$20,000,000 shall each be granted the right to elect one member of the Company's Board of Directors.

The holders of 30% or more of the outstanding voting Shares may convene a meeting of Members.

Class A Members have no right to vote in general Meetings of the Company. However, the consent of at least sixty percent (60%) in combined interest of the holders of the issued and outstanding Class A Common Shares in addition to the consent of the Manager shall be required to take the following actions:

- (i) any amendment of the Articles or other charter constitutional documents of the Company, whether or not described herein below;
- (ii) any increase or decrease in the authorized number of Class A Common Shares or any amendment or variation of any rights, privileges, or protection enjoyed by the Class A Common Shares;
- (iii) any change in the authorized number, manner of election, or term of office of Directors of the Company or appointment or replacement of any Directors or officer;
- (iv) the declaration or payment of any dividend or distribution on any shares ranking junior to the Class A Common Shares in liquidation, redemption, or dividend rights or privileges; or any redemption or repurchase of any shares junior to the Class A Common Shares in liquidation, redemption, or dividend rights or privileges except for repurchases of shares pursuant to a contractual right of repurchase upon termination of employment included in a bona fide employment agreement;
- (v) any merger, acquisition, consolidation, reorganization, or other transaction of or involving one or more other companies in which the shareholders of the Company immediately prior thereto would not hold a majority of the outstanding voting power of each surviving or acquiring company immediately thereafter;
- (vi) the sale or transfer (including a transfer by way of spin-off, split-off, or business separation) of or involving all or a principal part of the Company's business, assets or intellectual property, including without limitation the sale or other disposal of a subsidiary or the grant of an exclusive license to intellectual property;
- (vii) any voluntary winding-up, liquidation or dissolution of the Company or institution of bankruptcy, receivership, assignment for the benefit of creditors, or similar insolvency-related proceedings of which the Company is a subject;
- (viii) any contract or transaction between the Company or any of its affiliates and any director, or affiliate of the Company, except for transactions between the Company and its wholly-owned subsidiaries and as otherwise set forth or contemplated in the Memorandum;
- (ix) any non-operational transactions, loans, guarantees, mortgages or charges with Affiliates, executives or any party;
- (x) engagement in any business, other than the business set forth in the Memorandum and change of nature or scope of business of the Company or any Subsidiary;

- (xi) any acquisition or disposal of assets, businesses or assumption of any debt in connection of such acquisition, other than in the ordinary course of business;
- (xii) any capital expenditures;
- (xiii) (xiii) any joint ventures, strategic alliances, partnerships or similar arrangement with any third party;
- (xiv) any related party transaction with any Shareholder, Director, officers or Affiliates of the Company or its Subsidiaries and their respective Affiliates exceeding \$100,000 in one transaction, other than as set forth in the Memorandum;
- (xv) any guarantee or similar obligation by the Company or any Subsidiary relating to Indebtedness of any Person;
- (xvi) any recapitalization, merger, asset swap, sale or transfer of substantially all of the rights to intellectual properties or assets, or other extraordinary transaction;
- (xvii) changes of external auditor or any material change in accounting policies;
- (xviii) initiation and settlement of any litigation with a claim that exceeds \$100,000;
- (xix) any waiver of a material right or of a material debt;
- (xx) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company or any Subsidiary, except in the ordinary course of business and that is not material to the assets, properties, financial conditions, operating results or business of the Company and the Subsidiaries as currently conducted and proposed to be conducted; or
- (xxi) entry into any agreement or understanding to do any of the foregoing.

Notwithstanding the foregoing, certain matters relating to the Company's management may be subject to the approval of Board (including the consent of the directors designated by holders of Class A Common Shares).

A member of a closed-ended Company, like the Company does not have the option to redeem its interest without the Manager's consent.

A full description of the Shares, in the "Memorandum and Articles of Association" is available upon request.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to the Company's directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by the Company's directors, officers or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director,

officer, or controlling person in connection with any securities being registered, the Company will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by the Company is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

RESTRICTIONS ON TRANSFERABILITY

The Shares offered hereby have not been registered under the Securities Act, and are being offered and sold in the absence of registration by reason of the private offering exemptions under Regulation S promulgated under the Securities Act of 1933, as amended. The Shares will be offered to Non-U.S. Persons, as such term is defined in Rule 902 of Regulation S, each promulgated under the Securities Act. The availability of such exemptions is dependent, in part, upon the “investment intent” of each Investor and each Investor will be required to represent that he is a Non-U.S. Person as defined under Regulation S and that he is purchasing without the intention of resale or distribution thereof. Investors have not been granted the right to require the registration of their Shares under either the Securities Act or any state securities act. The Company has no present intention to register the Shares, and in view of the nature of the transaction, it is highly unlikely that there will be any such registration in the future.

As a result of the exemption from registration under the Securities Act and under the “blue sky” laws of various states, there are substantial restrictions on the transferability of Shares, including, but not limited to, the restriction that Shares may not be sold or otherwise transferred without the submission to the Manager of an opinion of counsel that such transfer is exempt from registration and/or qualification under the Securities Act and other applicable state securities laws.

Under the above circumstances, no transfer of any Shares will be permitted unless such transfer is made pursuant to an applicable exemption from registration under the Securities Act.

The Shares offered hereby may be transferred only with the consent of the Company, which consent may be granted or withheld in its sole and absolute discretion. In no event, however, will such a transfer be permitted if, in the opinion of counsel to the Company, such transfer would violate the Securities Act or bluesky laws or state securities laws, including investor suitability standards. In addition, a Member cannot have his Shares redeemed without the consent of the Manager under BVI law.

IN VIEW OF THE FOREGOING RESTRICTIONS ON TRANSFER, PURCHASE OF THE SHARES IS SUITABLE ONLY FOR THOSE PERSONS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES AND WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT. SEE “INVESTOR SUITABILITY REQUIREMENTS” BELOW AND “RISK FACTORS.”

CERTAIN TAX CONSIDERATIONS

Potential Adverse Tax Consequences For Non-U.S. Persons

This information is based upon the Internal Revenue Code of 1986, as amended (the “Code” or the “IRC”), Treasury Regulations, and Internal Revenue Service (the “IRS”) rulings and

judicial decisions now in effect, all of which are subject to change at any time by legislative, judicial or administrative action; any such changes could be retroactively applied in a manner that could adversely affect a holder of the Class A Common Shares.

The following information is not intended to be tax advice. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO ANY FEDERAL, STATE, LOCAL AND FOREIGN OR OTHER TAX CONSIDERATIONS RELEVANT TO THEM.

A Non-U.S. person receiving effectively connected income (as income that is effectively connected with the conduct of a U.S. trade or business) would be required to file a U.S. federal income tax return and to pay U.S. federal income tax on a net basis, at the same rates as are applicable to U.S. residents, in respect of such non-U.S. person's share of effectively connected income. The Company would be required to withhold tax on effectively connected income, generally at the highest rate applicable to the Non-U.S. person. If a foreign person has income that is not effectively connected, then the income is taxed at a flat 30% rate. This is because the 30% rate is often reduced or eliminated through an applicable tax treaty.

In addition, absent a reduction or exemption pursuant to a tax treaty, a non-U.S. person that is a corporation would be subject to U.S. branch profits tax at a flat rate of 30% on its "dividend equivalent amount," as defined in Section 884 of the Code, attributable to effectively connected income. Non-U.S. persons considering acquiring Shares in the Company should consult their tax advisors with respect to potential U.S. Federal, state and local tax consequences of an investment in the Company, as well as with respect to the treatment of income or gain received from the Company under the laws of their countries of citizenship residence or incorporation.

The Company is a foreign entity and management believes the interest income from the Project will qualify as portfolio interest that is not subject to withholding under Chapter 3 of the IRC. If the interest income qualifies as portfolio interest, non-U.S. persons can invest in the Company and not be subject to any U.S. federal income tax. If the interest does not qualify under the portfolio interest exemption, the Company may be subject to U.S. federal taxes.

Possible Legislative Tax Changes

All of the statements contained in this Memorandum as to federal tax aspects are based upon the existing provisions of the Internal Revenue Code and existing administrative and judicial interpretations thereunder. It is emphasized that no assurance can be given that legislative, administrative or judicial changes will not occur which would modify those statements.

Circular 230 Disclosure

Pursuant to U.S. Treasury Department Regulations, we are required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including attachments and enclosures, is not intended or written to be used, and may not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

British Virgin Islands

The British Virgin Islands currently have no form of income, corporate or capital gains tax and no estate, duty, inheritance tax or gift tax.

TERMS OF THE OFFERING

Subscription Agreement and Procedures

In order to subscribe for the Shares, a prospective investor must deliver the following items to the Company:

1. One executed copy of the Subscription Agreement with signatures properly completed;
2. One completed and signed copy of the appropriate Confidential Purchaser Questionnaire (included in the Subscription Booklet delivered with this Memorandum); along with other evidentiary documents as prescribe in the Subscription Agreement; and
3. A wire transfer to EFG Bank AG, Cayman Branch, Georgetown, as Agent Bank for ArcisCap-CPH Mezz Debt Investment (B.V.I.) Ltd. contemporaneously with the execution and delivery of the Subscription Agreement. Subscribers may also pay the subscription amount by following the wire transfer instructions set forth in the Subscription Agreement.

All subscriptions must be made by the execution and delivery of a Subscription Agreement in the form attached to this Memorandum. By executing the Subscription Agreement, each purchaser will represent, among other things, that (a) he is acquiring the Shares being purchased by him for his own account, for investment purposes and not with a view towards resale or distribution and (b) immediately prior to his purchase, such purchaser satisfies the eligibility requirements set forth in this Memorandum. See “Investor Suitability Requirements,” below. Notwithstanding the foregoing representations, the Company has the right to revoke the offer made herein and to refuse to sell Shares to a particular subscriber for any reason.

In addition, since each purchaser will be subject to certain restrictions on the sale, transfer or disposition of his Shares as contained in the Subscription Agreement, a purchaser must be prepared to bear the economic risk of an investment in the Shares for an indefinite period of time. An investor in the Shares, pursuant to the Subscription Agreement and applicable law, will not be permitted to transfer or dispose of the Shares, unless they are registered or unless such transaction is exempt from registration under the Securities Act and other applicable securities laws, and in the case of a purportedly exempt sale, such investor provides (at his own expense) an opinion of counsel satisfactory to the Company that such exemption is, in fact, available. Certificates representing the Shares will bear a legend relating to such restrictions on transfer.

Subscriptions are not binding on the Company until accepted by the Company. The Company will refuse any subscription by giving written notice to the subscriber by personal delivery or first-class mail. In its sole discretion, the Company may establish a limit on the purchase of Shares by a particular purchaser.

All subscription funds will be deposited in a non-interest bearing bank account with EFG Bank, as Agent Bank for the Company. The Company reserves the right to accept or reject any subscription at its sole discretion for any reason whatsoever and to withdraw this Offering at any time prior to acceptance of the subscriptions received. This Offering may be withdrawn in the event there is insufficient subscriptions from Investors, key Investors are unable to obtain their internal or regulatory approval, force majeure or otherwise at the Company's sole discretion. Subscription funds paid by any subscriber whose subscription is rejected will be returned promptly without interest or deduction.

The initial closing of the Offering is expected to occur on or before December 31, 2018 and the entire US\$70 million Closing will occur on or before March 31, 2019. There is no minimum amount of Shares to be sold in the Offering.

This Offering will terminate on the earlier of (i) the date on which all Shares are sold, or (ii) March 31, 2019, unless extended by the Company (the "Termination Date").

Exemptions from Registration

The Shares offered hereby have not been registered under the Act or other securities laws, and will be sold without any such registration under Rule 903 of Regulation S promulgated under the Securities Act for sales of securities involving Non-U.S. Persons. Such exemption might not be available if any investor were purchasing the Shares with a view to the resale or other distribution thereof. Accordingly, each potential investor will be required to make certain representations to the Company in this regard and agree to certain restrictions on the transfer of the Shares. See "Subscription Agreement and Procedures."

However, Arcis Capital Investment Advisors LLC, an affiliate of the Sponsor, has registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. The Company intends to enter into an investment advisory relationship with Arcis Capital Investment Advisors LLC at its initial closing.

Investor Suitability Requirements

If after careful review of this Memorandum, completion of your investigation of the Company, consideration of the risks involved in an investment in the Shares, satisfaction of all questions or concerns related to such an investment decision, and your determination that you meet the suitability requirements provided herein and in the subscription documents, you wish to subscribe for Shares, then review, complete and deliver the subscription documents and the purchase price as directed herein prior to the date the Offering terminates.

Satisfying the Standards

Only when the Company is reasonably satisfied, as a result of the answers obtained in the Subscription Agreement and Questionnaire that the prospective Investor will meet the suitability standards described in this Memorandum will a potential Investor be accepted. If the Company is incorrect in its evaluation of the circumstances of a particular prospective Investor's qualification to receive this Memorandum, then the delivery of this Memorandum to such prospective Investor's shall not be deemed to be an offer and the Company shall require such prospective Investor to return this Memorandum to the Company immediately.

Prior to the purchase of the Shares, each prospective Investor will be required to complete and submit to the Company a Subscription Agreement and a Purchaser Questionnaire on the forms contained in the subscription documents delivered with this Memorandum. Each prospective Investor will be required to represent that he is either a sophisticated investor, an accredited investor or a Non-U.S. Person as such terms are defined under the Securities Act.

Investor Representations - Non-U.S. Persons

Each Non-U.S. Person purchaser of Shares from the Company, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Company, as follows:

1. It is purchasing the Shares for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is a Non-U.S. Person, defined in Rule 902 of Regulation S, as follows:

“U.S. person” means:

- (i) Any natural person resident in the United States;
 - (ii) Any partnership or corporation organized or incorporated under the laws of the United States;
 - (iii) Any estate of which any executor or administrator is a U.S. Person;
 - (iv) Any trust of which any trustee is a U.S. person;
 - (v) Any agency or branch of a foreign entity located in the United States;
 - (vi) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
 - (vii) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States;
- or
- (viii) Any partnership or corporation if:
 - (A) Organized or incorporated under the laws of any foreign jurisdiction; and
 - (B) Formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Section 230.501(a)) who are not natural persons, estates or trusts.

2. It acknowledges that the Shares have not been registered under the Securities Act and that none of the Shares or underlying securities may be offered or sold within the United States or to, or for the account or benefit of U.S. persons, except as set forth below.

3. It will not resell or otherwise transfer any of such Shares within one year after the original issuance of the Shares except (i) to the Company with the Manager’s consent, (ii) outside of the United States, (iii) pursuant to the exemption from registration under the Securities Act, or (iv) pursuant to an effective registration statement under the Securities Act.

4. It agrees that it will give to each person to whom it transfers Shares notice of any restrictions on transfer of such Shares.

5. It acknowledges that the Company will not be required to accept for registration of transfer any Shares acquired by it, except upon presentation of evidence satisfactory to the Company that the restrictions set forth herein have been complied with.

6. It acknowledges that the Company and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations or agreements deemed to have been made by its purchase of the Shares and agrees that if the foregoing acknowledgments, representations and agreements are no longer accurate, it will promptly notify the Company. If it is acquiring the Shares as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each account.

Need for Suitability Standards

The special nature of the Shares and this Offering require the imposition of the minimum suitability standards described herein. Among other factors, the relative lack of liquidity of the Shares, the long-term nature of the investment, and the federal and state securities law exemptions from registration pursuant to which the Shares are offered require that prospective purchasers satisfy the minimum suitability standards before being permitted to acquire the Shares.

PLAN OF DISTRIBUTION

The Company is offering to sell up to 10,000 Class A Common Shares on a “best efforts” basis, US\$70,000,000 maximum, no minimum basis, at an Offering Price of US\$7,000 per Share. The minimum subscription is US\$1,000,000, however, the Company may accept subscriptions for less than US\$1,000,000 at its sole discretion. The Company may sell Shares to members and other affiliates of the Company.

All proceeds received by the Company from subscribers for the Shares offered hereby will be deposited in a non-interest bearing bank account with EFG Bank AG, Cayman Branch, Georgetown, as Agent Bank for the Company. The date upon which each Closing is held shall be referred to as the “Closing Date.”

No sales commissions will be paid in connection with this Offering. The Manager shall be responsible for all expenses of the Offering.

Right of First Refusal – All Investors that invest at least US\$20,000,000 shall be granted the right of first refusal to participate in any debt and/or equity financings sponsored by the Manager or the Sponsor concerning the Project. Also, see “Board of Directors Agreement” below.

ADMINISTRATOR

NESF Fund Services Corp. is the Administrator to the Company. Pursuant to the Administration Agreement entered into between the Company and the Administrator (the “Administration Agreement”), the Administrator is responsible for, among other things: (i) reviewing and accepting subscriptions for Shares and accepting payment for Shares; (ii) computing and disseminating the Net Asset Value of the Company’s Shares in accordance with the Company’s Articles of Association (iii) keeping the accounts of the Company and such financial books and records and share registers as are required by law or otherwise for the proper

conduct of the financial affairs of the Company and preparing or procuring the preparation of annual financial statements of the Company and furnishing such statements to Shareholders; and (iv) performing all other accounting and clerical services necessary in connection with the administration of the Company.

Under the Administration Agreement, the Company has agreed to indemnify and hold harmless the Administrator and its affiliates and their directors, officers, employees and agents on the same general terms and conditions applicable to indemnification of the Manager. See “Management”.

The Administration Agreement will remain in effect until it is terminated by the Administrator or by the Company upon 90 days’ written notice.

The address of the Administrator is:

NESF Fund Services Corp.
Attn: Investor Services
1099 Hingham Street #110
Rockland, MA 02370
United States of America

BANK

EFG Bank AG, Cayman Branch, (the “Bank”) Attn: Nic Corsetti, General Manager, 45B Market Street, Camana Bay, P.O. Box 10360, Grand Cayman, KY1-1003, Cayman Islands, has been appointed by the Company as the Company’s Agent Bank pursuant to the terms and conditions of an agreement between the Company and the Bank dated XXXXX. The Bank is responsible under the supervision of the Director, for providing banking services required in connection with the Company’s operations. The Bank was formed in 1995 and it is a bank authorized and supervised by Swiss Financial Market Supervisory Authority (“FINMA”) and Cayman Islands Monetary Authority (“CIMA”). It provides domestic and global services. Upon completion of the Offering, the Bank will act as the cash custodian for the proceeds of the Offering. The Company reserves the right in the sole discretion of the Board of Directors, to change its banking arrangements, without further notice to Members. Upon each Closing, the Company may temporarily invest in cash, cash equivalents or interest bearing or other marketable securities at such time and in such manner as deemed suitable by the Manager.

LEGAL MATTERS

The Company is being represented by Davidoff Hutcher & Citron LLP, 605 Third Avenue, 34th Floor, New York, New York 10158, with respect to legal matters of the United States.

EXPERTS

The audited financial statements of the Company will be prepared by Marcum LLP, 10 Melville Park Road, Melville, New York 11747, an independent registered public accounting firm, given on the authority of said firm as experts in accounting and auditing.

REPORTS TO MEMBERS

The Company intends to distribute annual reports to its Members, including financial statements examined and reported on by independent public accountants, and will provide such other reports as management may deem necessary or appropriate to keep Members informed of the Company's operations.

BOARD OF DIRECTORS AGREEMENT

All Investors who invest at least US\$20,000,000 in this Offering shall have the right to appoint a designated individual to serve on the Company's Board of Directors to oversee their investment. The term of the Investor's tenure on the Board of Directors shall be three (3) years. The directors will serve without compensation and cover their own travel expenses. The form of "Board of Directors Agreement" is attached as Exhibit J to the Subscription Agreement.

ADDITIONAL INFORMATION

Any documents or information concerning the Company that a prospective purchaser reasonably requests to inspect or have disclosed to him or her will be made available or disclosed, subject in appropriate circumstances to receipt by the Company of reasonable assurances that such documents or information will be maintained in confidence.

If you require additional information or have any questions, please contact the Sponsor at:

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PLACING AGENT

**FlexInvest Securities, Inc. d/b/a GWM Group,
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PLACING AGENT

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REALISATION AGENT**

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CALCULATION AGENT

FlexFunds ETP, LLC

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Miami, FL 33131
USA

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London EC3A 6AP
United Kingdom

**ISSUE AGENT AND PRINCIPAL PAYING
AGENT**

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Kingdom

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PORTFOLIO MANAGER

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