



Hedging Interest Rate Risk  
Milestone Report n°1

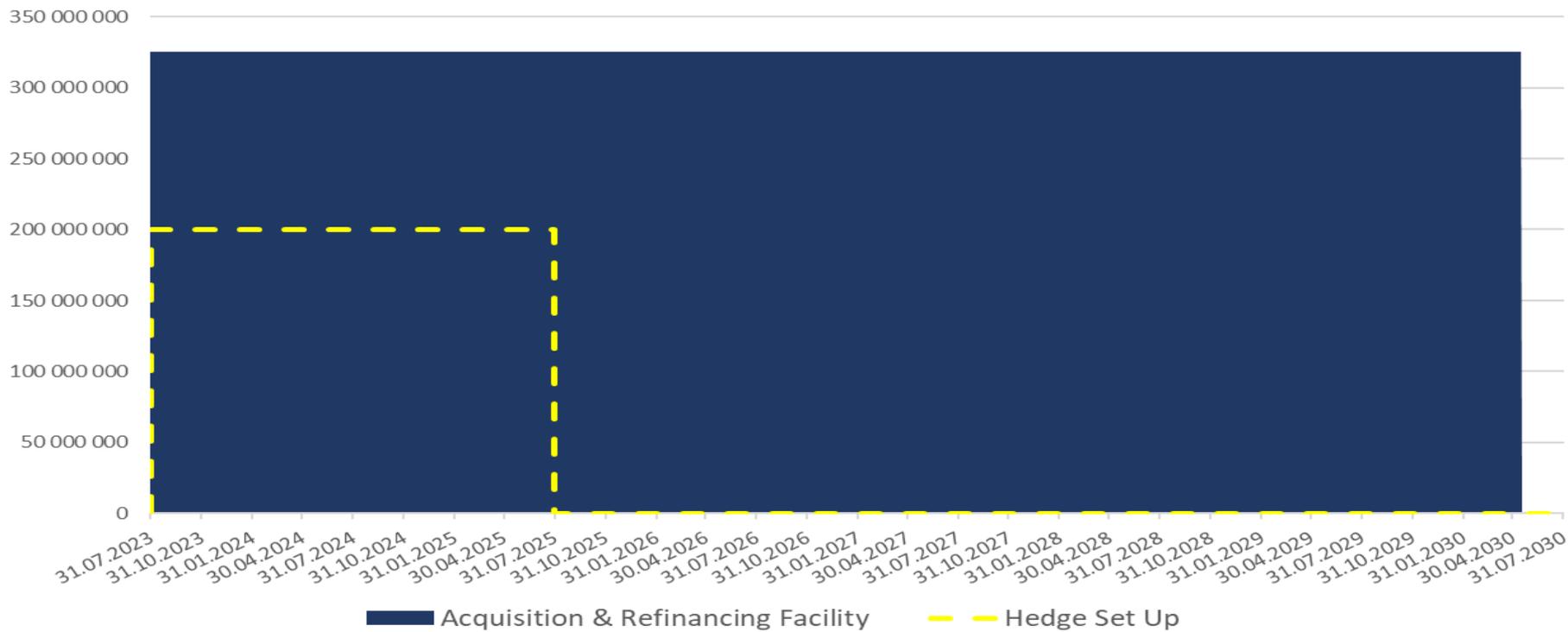
02<sup>nd</sup> August 2023

*KERIUS Finance SAS*

*Conseiller en Investissements Financiers*

*Membre de l'ANACOFI CIF- Association agréée par l'AMF - ORIAS N° 13000716*

- ❑ New hedge set up on a 2-year horizon to mitigate the sensitivity of the group to interest rates variations.
- ❑ A collar with a strike cap at 3% and a floor strike at 2% has been set up to **limit the financing rate on the upside** on the hedged part.
- ❑ However the floor involves the payment of the differential to the bank if the Euribor falls below the strike at 2%. As a result, **on the downside, the financing rate is unlimited on the hedged part.**



**Financing:** (Tikehau Investment Management, Tdl, Prima Eu Credit Fund, Mtdl Investment) **Senior Facilities of €625'000'000 :**

- **Acquisition & Refinancing Facility: €325'000'000**, amort. bullet, maturity 31/05/2030, **floor 0%** on Euribor 3 months + 6,50%, **closing the 31/05/2023.**
- **Senior Investment Facility : €50'000'000 : Not included in the analysis.**
- **Uncommitted Senior Facility : €250'000'000 : Not included in the analysis.**

- Hedges set up: Purchase of a collar (2-3%) for 2 years.
- Banking split : ING 100%

<b>Product</b>	: Collar
<b>Floor - Strike price</b>	: 2%
<b>Cap - Strike price</b>	: 3%
<b>Trade Date</b>	: 21/07/2023
<b>Start Date</b>	: 31/07/2023
<b>End date</b>	: 31/07/2025
<b>Index</b>	: Euribor 3 Months
<b>Base</b>	: ACTUAL/360

## ING Hedge

**Notional Principal** : € 200,000,000 amortization as set out in the table

**Annual Premium** to pay on a quarterly basis until 31/07/2025 : **0,7717%**, corresponding to an upfront premium of **€ 3'133'959**.

Fixing	Start	End	Payment	Notional	Premium to be paid	Remaining to be paid in case of settlement regarding the premium
27.07.2023	31.07.2023	31.10.2023	31.10.2023	200 000 000	394 424	-2 739 535
27.10.2023	31.10.2023	31.01.2024	31.01.2024	200 000 000	394 424	-2 345 111
29.01.2024	31.01.2024	30.04.2024	30.04.2024	200 000 000	385 850	-1 959 261
26.04.2024	30.04.2024	31.07.2024	31.07.2024	200 000 000	394 424	-1 564 836
29.07.2024	31.07.2024	31.10.2024	31.10.2024	200 000 000	394 424	-1 170 412
29.10.2024	31.10.2024	31.01.2025	31.01.2025	200 000 000	394 424	-775 987
29.01.2025	31.01.2025	30.04.2025	30.04.2025	200 000 000	381 563	-394 424
28.04.2025	30.04.2025	31.07.2025	31.07.2025	200 000 000	394 424	0

Running premium	0,7717%
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Total to be paid	3 133 959
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FIXING DATE	START DATE (included)	END DATE (excluded)	PAYMENT DATE	Acquisition & Refinancing Facility		DEBT TOTAL	Hedge Set Up
				Amort.	CRD		
27.07.2023	31.07.2023	31.10.2023	31.10.2023	0	325 000 000	325 000 000	200 000 000
27.10.2023	31.10.2023	31.01.2024	31.01.2024	0	325 000 000	325 000 000	200 000 000
29.01.2024	31.01.2024	30.04.2024	30.04.2024	0	325 000 000	325 000 000	200 000 000
26.04.2024	30.04.2024	31.07.2024	31.07.2024	0	325 000 000	325 000 000	200 000 000
29.07.2024	31.07.2024	31.10.2024	31.10.2024	0	325 000 000	325 000 000	200 000 000
29.10.2024	31.10.2024	31.01.2025	31.01.2025	0	325 000 000	325 000 000	200 000 000
29.01.2025	31.01.2025	30.04.2025	30.04.2025	0	325 000 000	325 000 000	200 000 000
28.04.2025	30.04.2025	31.07.2025	31.07.2025	0	325 000 000	325 000 000	200 000 000
29.07.2025	31.07.2025	31.10.2025	31.10.2025	0	325 000 000	325 000 000	0
29.10.2025	31.10.2025	30.01.2026	30.01.2026	0	325 000 000	325 000 000	0
28.01.2026	30.01.2026	30.04.2026	30.04.2026	0	325 000 000	325 000 000	0
28.04.2026	30.04.2026	31.07.2026	31.07.2026	0	325 000 000	325 000 000	0
29.07.2026	31.07.2026	30.10.2026	30.10.2026	0	325 000 000	325 000 000	0
28.10.2026	30.10.2026	29.01.2027	29.01.2027	0	325 000 000	325 000 000	0
27.01.2027	29.01.2027	30.04.2027	30.04.2027	0	325 000 000	325 000 000	0
28.04.2027	30.04.2027	30.07.2027	30.07.2027	0	325 000 000	325 000 000	0
28.07.2027	30.07.2027	29.10.2027	29.10.2027	0	325 000 000	325 000 000	0
27.10.2027	29.10.2027	31.01.2028	31.01.2028	0	325 000 000	325 000 000	0
27.01.2028	31.01.2028	28.04.2028	28.04.2028	0	325 000 000	325 000 000	0
26.04.2028	28.04.2028	31.07.2028	31.07.2028	0	325 000 000	325 000 000	0
27.07.2028	31.07.2028	31.10.2028	31.10.2028	0	325 000 000	325 000 000	0
27.10.2028	31.10.2028	31.01.2029	31.01.2029	0	325 000 000	325 000 000	0
29.01.2029	31.01.2029	30.04.2029	30.04.2029	0	325 000 000	325 000 000	0
26.04.2029	30.04.2029	31.07.2029	31.07.2029	0	325 000 000	325 000 000	0
27.07.2029	31.07.2029	31.10.2029	31.10.2029	0	325 000 000	325 000 000	0
29.10.2029	31.10.2029	31.01.2030	31.01.2030	0	325 000 000	325 000 000	0
29.01.2030	31.01.2030	30.04.2030	30.04.2030	0	325 000 000	325 000 000	0
26.04.2030	30.04.2030	31.05.2030	31.05.2030	0	325 000 000	325 000 000	0
29.05.2030	31.05.2030	31.07.2030	31.07.2030	325 000 000	0	0	0
Broken Period							

In addition to the qualitative aspects (analysis and choice of the most appropriate strategy) and the time saved during the process, the KERIUS Finance service generated the following savings:

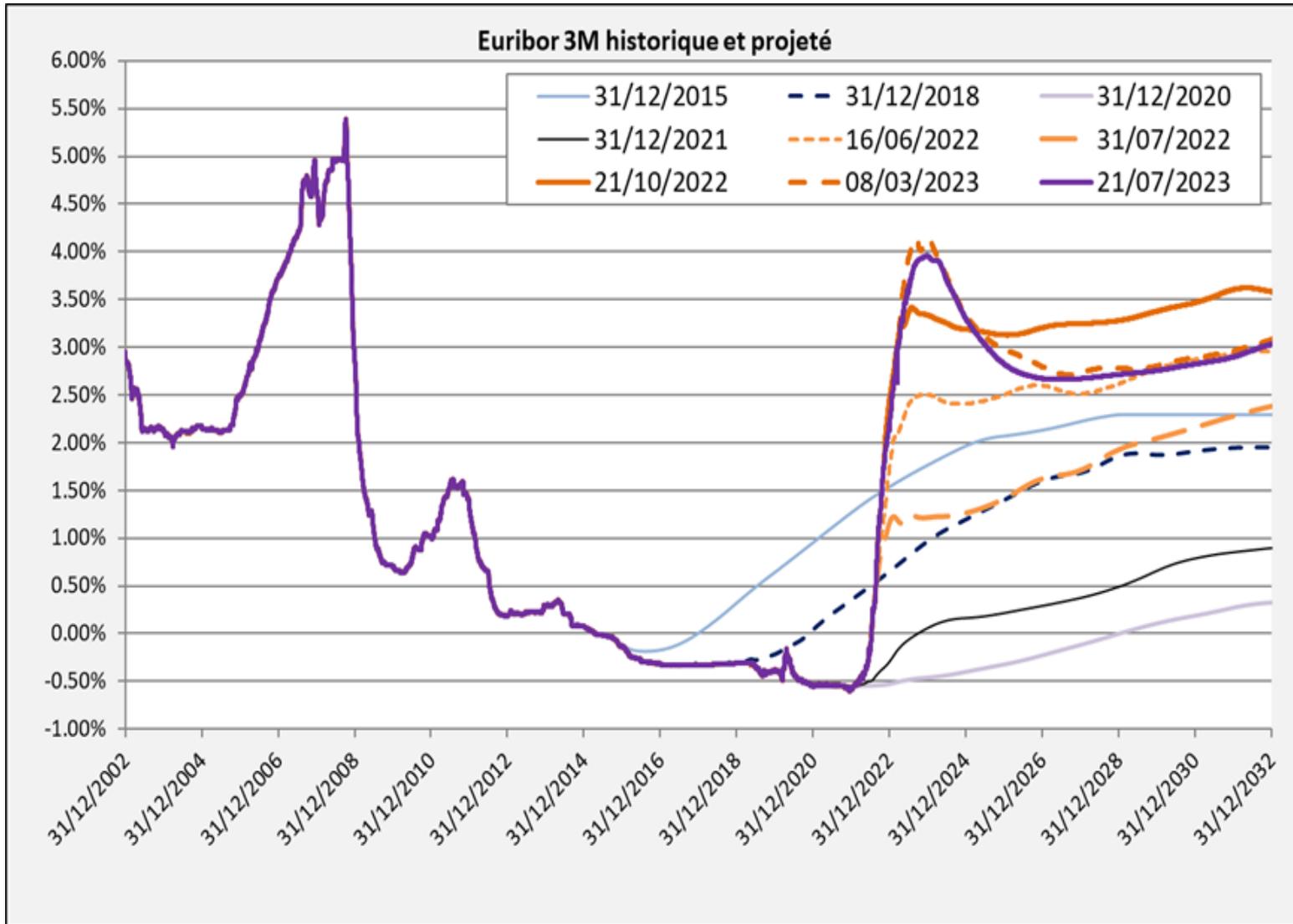
Value of 1 BP	40 611
	<b>ING</b>
<b>Total savings</b>	<b>338 173</b>
Market price without bank margin	3 066 021
Price with standard bank margin *	3 472 132
Standard bank margin (10 basis points) *	406 111
Final price	3 133 959
Final margin	67 938

\* The standard margin taken by banks in this context is 10 to 15 basis points over the fixed rate or running premium compared to the rate / price without margin used above. A margin of 10 basis points is used for this comparison.

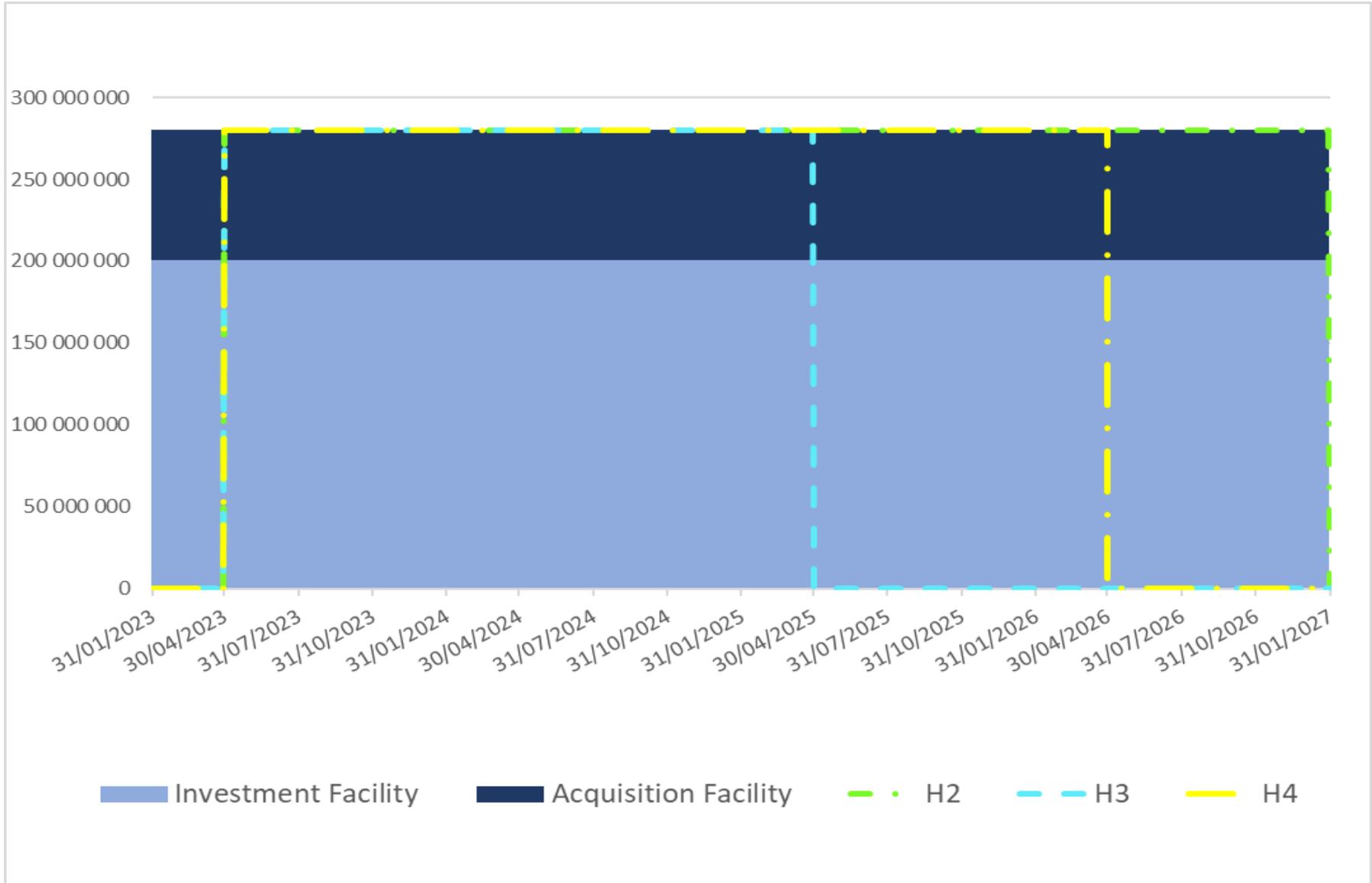
**The total savings are made in three stages in a "cooperative" way with the bank:**

- Choosing the optimal product: similar or identical products are often "priced" differently
- Preliminary negotiations before quotes tender (explanation of KERIUS method and target margin to be selected)
- Final negotiation at the end of the process

- Market Data : Historic and projected Euribor
- Recall: Situation before new hedges
- Recall : Financial expenses simulation
- Financing terms
- Recall : Profiles at maturity of different types of hedge



# New hedges: Various amounts and maturities possible



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# New hedges: Various amounts and maturities possible



## Indicative cotations (products not recommended)

Hedging	H2	H3	H4	H5	H6	H7	H8	H9
Value of 1bp in EUR	106 633	56 856	85 244	27 889	48 167	63 444	30 458	57 125

Swap without Floor	2,77%	3,06%	2,85%	2,96%	2,74%	2,66%	3,07%	2,76%
Swap with Floor	2,88%	3,14%	2,95%	3,05%	2,85%	2,78%	3,15%	2,88%
Cap 0% annualized	2,88%	3,14%	2,95%	3,05%	2,85%	2,78%	3,15%	2,88%

There are many interest rate hedging products. There are certain products that we do not recommend or no longer recommend for various reasons, relating to a problem of effectiveness or accounting (sometimes the two are linked) or comparative profitability.

Product sheets are available in the appendix of this report in order to clarify the mechanisms and their intrinsic advantages/disadvantages.

- **Cap 0% :**
  - Does not allow you to benefit from a decrease in rates because this product, which is currently very expensive, completely freezes the interest rates
  - Requires more risk lines in the banks
  - This is a product that we recommended when Euribor rates were negative or close to zero
- **Interest rate swap (simple and floored):**
  - Simple: toxic in a context of negative interest rates and therefore can be de-qualified and considered as a speculative product by the company's CACs even in a period of positive interest rates, which implies recording changes in the product's net asset value in financial income at each closing
  - Floored: increased bank margin for a product equivalent to Cap 0%, but sold at a higher price most of the time for reasons specific to the banks
- **Collar (purchase of cap / sale of floor):**
  - Does not guarantee a cap rate in the event of negative rates because the financing already incorporates a floor/floor at 0%, which induces an increase in the overall financing rate in the event of a fall in Euribor rates in the negative zone. As such, the product can be de-qualified and considered as a speculative product by the company's CACs even in periods of positive rates (in the same way as the simple swap).
- **Knock out Cap**
  - Does not guarantee a cap rate, so as such is not a hedging product and should be considered as speculative by CACs
- **Knock in Cap**
  - Increased bank margin and interesting product on very large amounts only to absorb additional bank cost.
- **Cap Spread (ex: purchase of cap 1% / sale of cap 3%)**
  - Does not guarantee a cap rate and is never a hedging product in the event of a highly unfavorable rate scenario, and as such can be considered speculative by the CAC

## Indicatives quotations (products recommended)

Hedging	H2	H3	H4	H5	H6	H7	H8	H9
<b>Duration</b>	<b>6 years</b>	<b>4,25 years</b>	<b>5,25 years</b>	<b>4,25 years</b>	<b>5,25 years</b>	<b>6 years</b>	<b>6 years</b>	<b>6 years</b>
<b>Index</b>	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M
<b>Starting Notional Amount</b>	280 000 000	280 000 000	280 000 000	100 000 000	100 000 000	100 000 000	150 000 000	150 000 000
<b>Start of Period</b>	30/04/2023	30/04/2023	30/04/2023	30/04/2023	30/04/2023	30/04/2023	30/04/2023	30/04/2023
<b>End of Period</b>	30/01/2027	30/04/2025	30/04/2026	30/04/2025	30/04/2026	30/01/2027	30/04/2025	30/01/2027
<b>Value of 1bp in EUR</b>	106 633	56 856	85 244	27 889	48 167	63 444	30 458	57 125

### Annualised Premium

<b>Cap 1% annualised</b>	<b>1,95%</b>	<b>2,16%</b>	<b>2,00%</b>	<b>2,08%</b>	<b>1,91%</b>	<b>1,86%</b>	<b>2,17%</b>	<b>1,95%</b>
Max Financing Rate	2,95%	3,16%	3,00%	3,08%	2,91%	2,86%	3,17%	2,95%

<b>Cap 2% annualised</b>	<b>1,12%</b>	<b>1,24%</b>	<b>1,15%</b>	<b>1,18%</b>	<b>1,09%</b>	<b>1,07%</b>	<b>1,24%</b>	<b>1,12%</b>
Max Financing Rate	3,12%	3,24%	3,15%	3,18%	3,09%	3,07%	3,24%	3,12%

<b>Cap 3% annualised</b>	<b>0,52%</b>	<b>0,49%</b>	<b>0,50%</b>	<b>0,49%</b>	<b>0,50%</b>	<b>0,53%</b>	<b>0,50%</b>	<b>0,52%</b>
Max Financing Rate	3,52%	3,49%	3,50%	3,49%	3,50%	3,53%	3,50%	3,52%

### Premium in EUR

<b>Cap 1%</b>	19 514 400	11 833 900	16 209 600	5 546 200	8 665 200	11 030 600	6 361 300	10 448 300
<b>Cap 2%</b>	11 272 600	6 783 400	9 273 300	3 150 200	4 930 900	6 364 700	3 649 500	6 040 000
<b>Cap 3%</b>	5 224 900	2 694 400	4 041 900	1 308 700	2 272 200	3 120 200	1 453 200	2 800 200

**Estimated Bank Margin in Basis Points (BP) included in the prices**

**7**

Example of annualized premium payments:  
H2 Cap 2%

Fixing	Start	End	Payment	Notional	Premium to be paid	Remaining to be paid in case of settlement
26/04/2023	28/04/2023	31/07/2023	31/07/2023	280 000 000	772 884	-10 499 716
27/07/2023	31/07/2023	31/10/2023	31/10/2023	280 000 000	756 440	-9 743 276
27/10/2023	31/10/2023	31/01/2024	31/01/2024	280 000 000	756 440	-8 986 836
29/01/2024	31/01/2024	30/04/2024	30/04/2024	280 000 000	739 996	-8 246 840
26/04/2024	30/04/2024	31/07/2024	31/07/2024	280 000 000	756 440	-7 490 400
29/07/2024	31/07/2024	31/10/2024	31/10/2024	280 000 000	756 440	-6 733 960
29/10/2024	31/10/2024	31/01/2025	31/01/2025	280 000 000	756 440	-5 977 520
29/01/2025	31/01/2025	30/04/2025	30/04/2025	280 000 000	731 773	-5 245 747
28/04/2025	30/04/2025	31/07/2025	31/07/2025	280 000 000	756 440	-4 489 307
29/07/2025	31/07/2025	31/10/2025	31/10/2025	280 000 000	756 440	-3 732 867
29/10/2025	31/10/2025	30/01/2026	30/01/2026	280 000 000	748 218	-2 984 649
28/01/2026	30/01/2026	30/04/2026	30/04/2026	280 000 000	739 996	-2 244 653
28/04/2026	30/04/2026	31/07/2026	31/07/2026	280 000 000	756 440	-1 488 213
29/07/2026	31/07/2026	30/10/2026	30/10/2026	280 000 000	748 218	-739 996
28/10/2026	30/10/2026	28/01/2027	28/01/2027	280 000 000	739 996	0

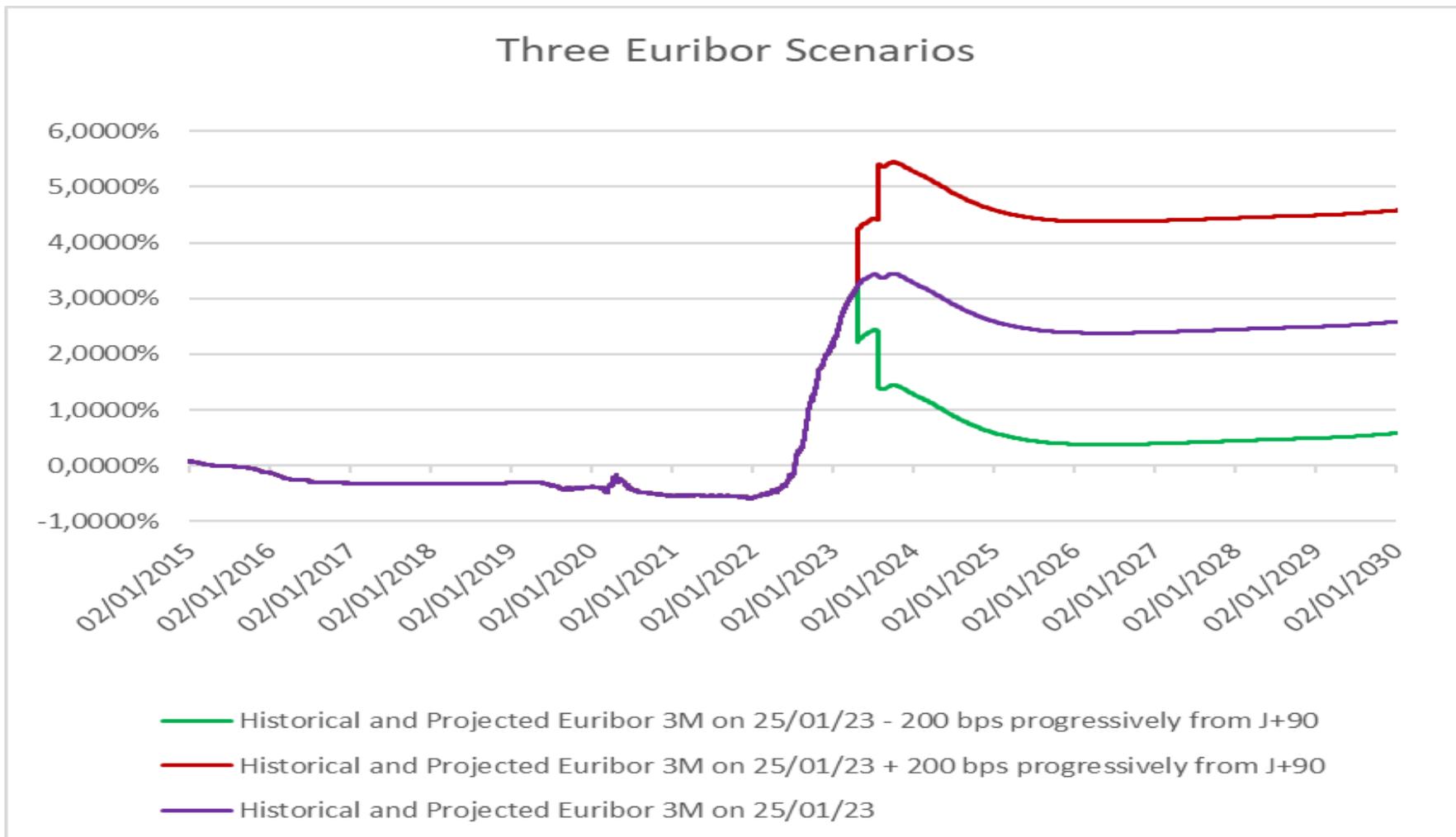
Running premium

1,12%

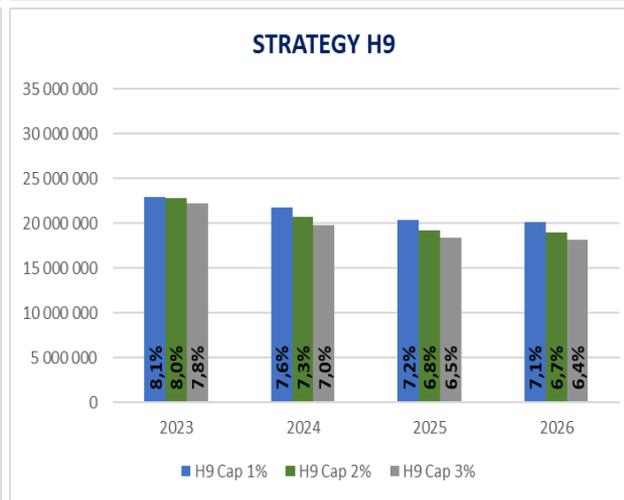
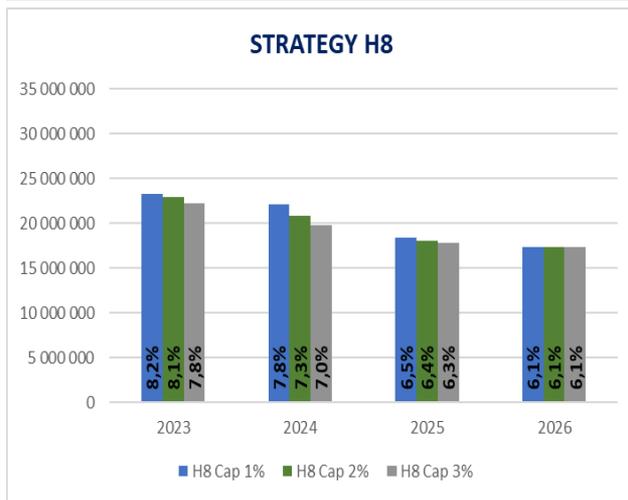
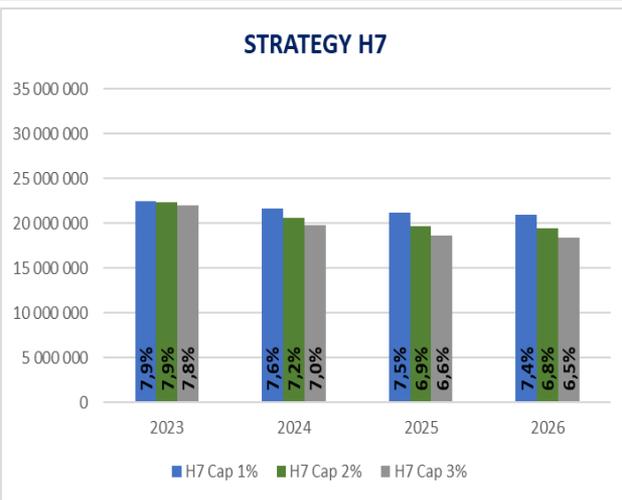
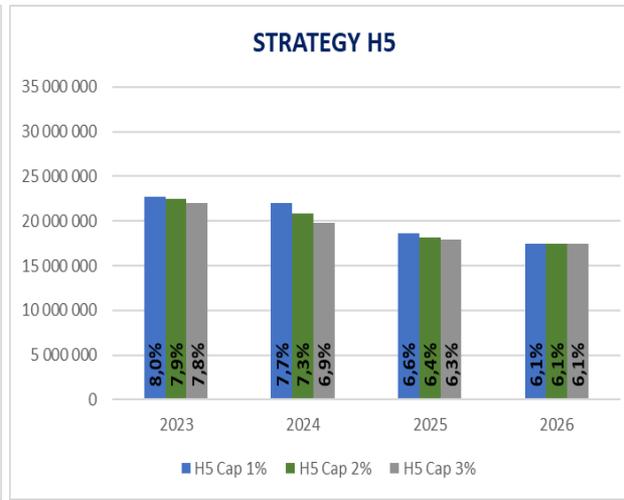
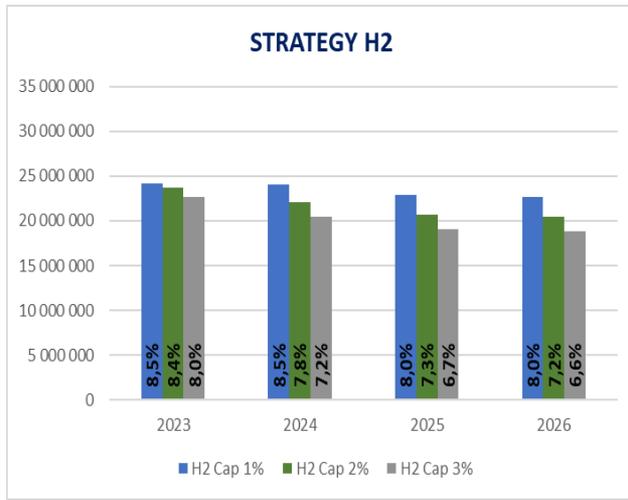
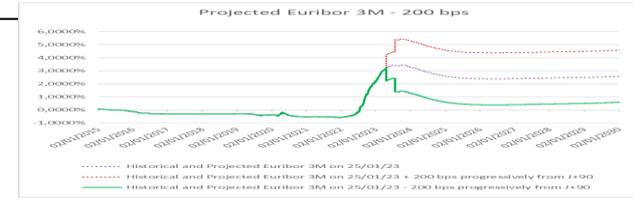
Total to be paid

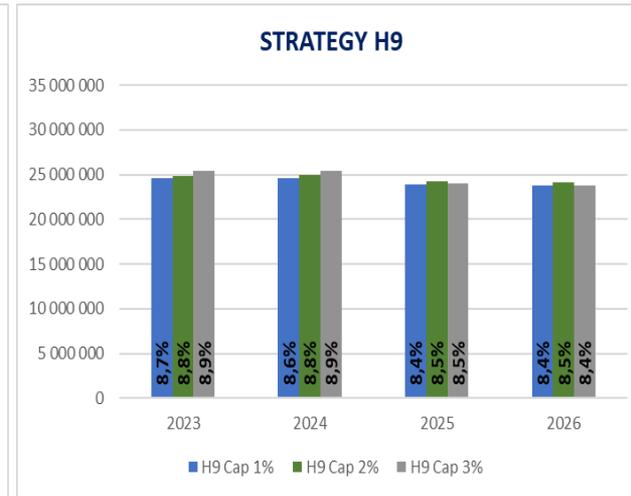
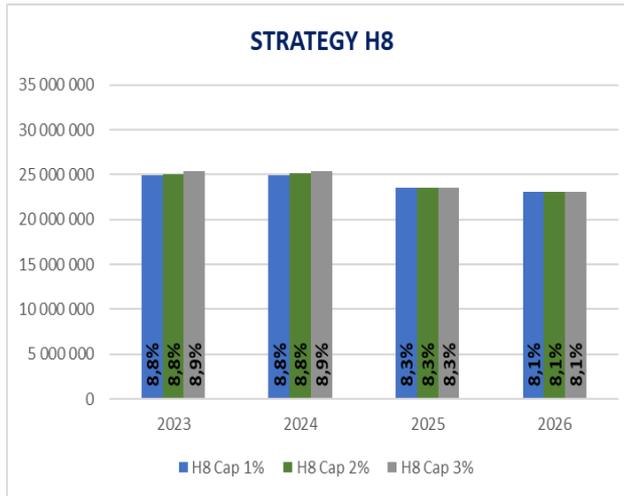
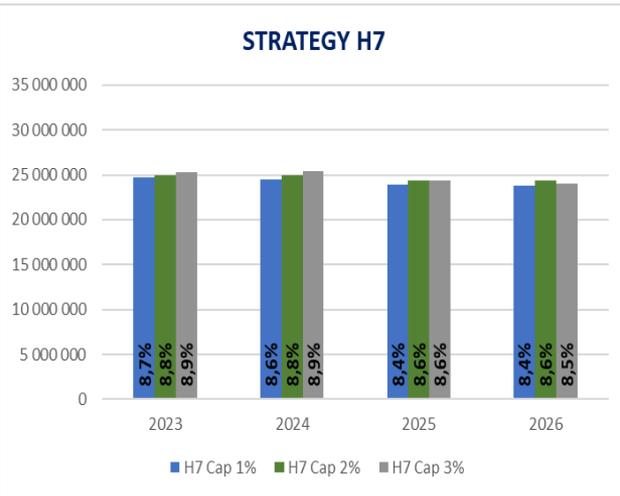
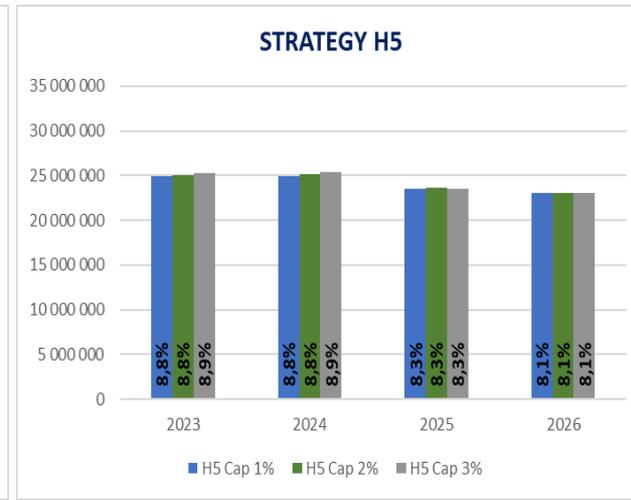
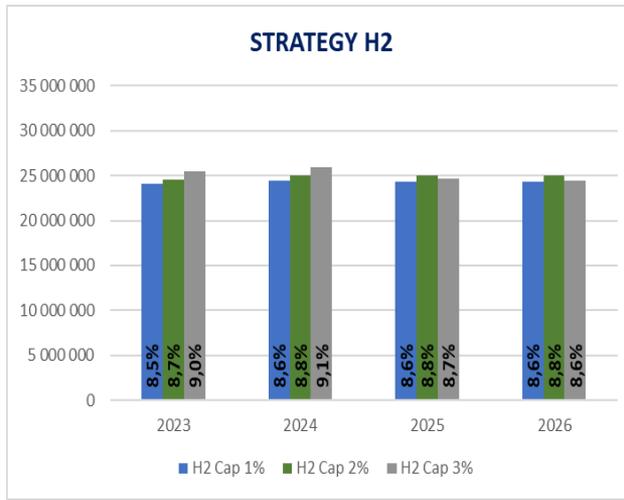
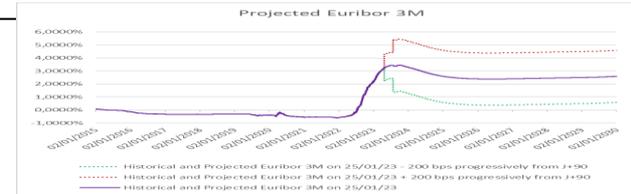
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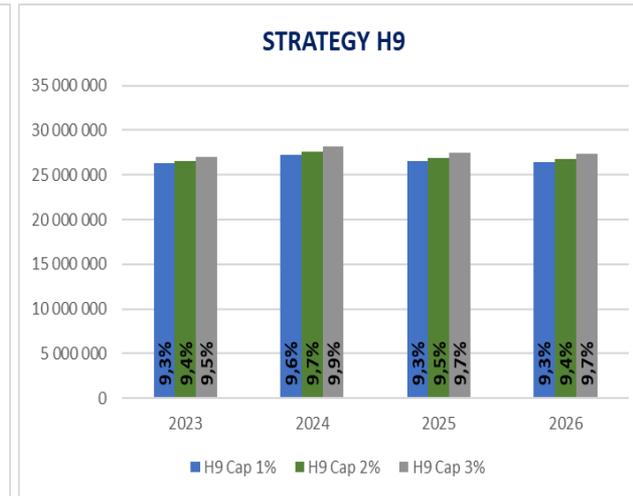
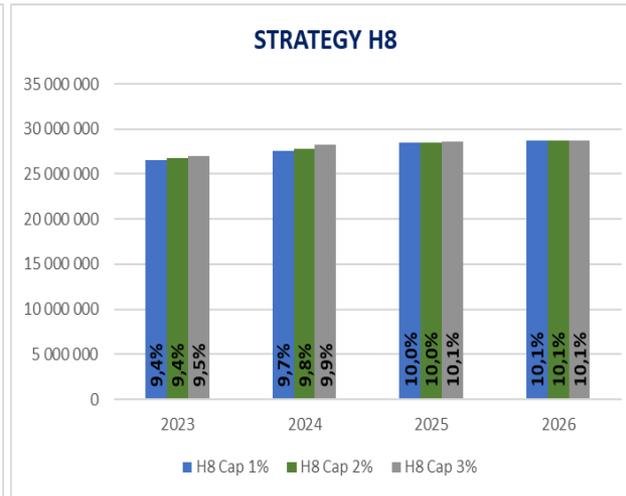
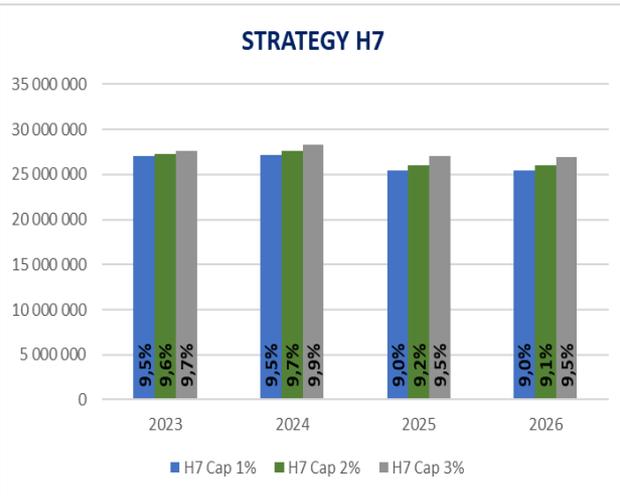
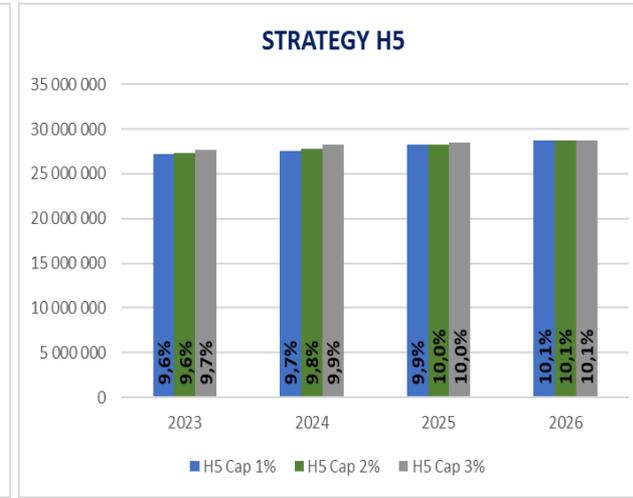
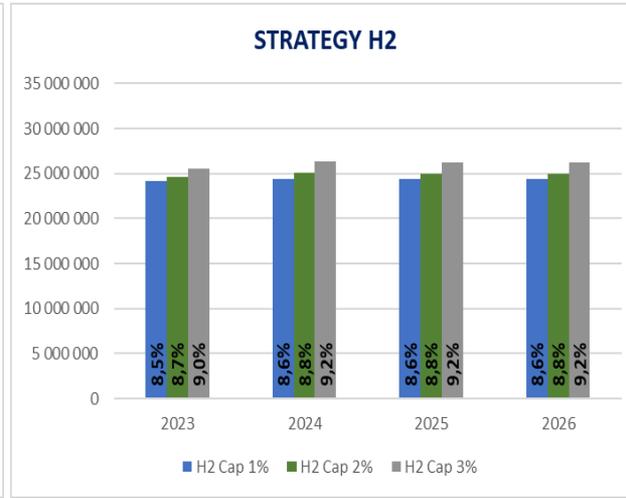
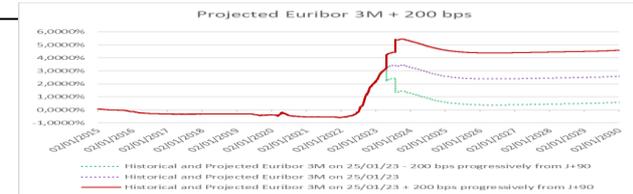
# Simulation of financial expenses with three Euribor evolution scenarios



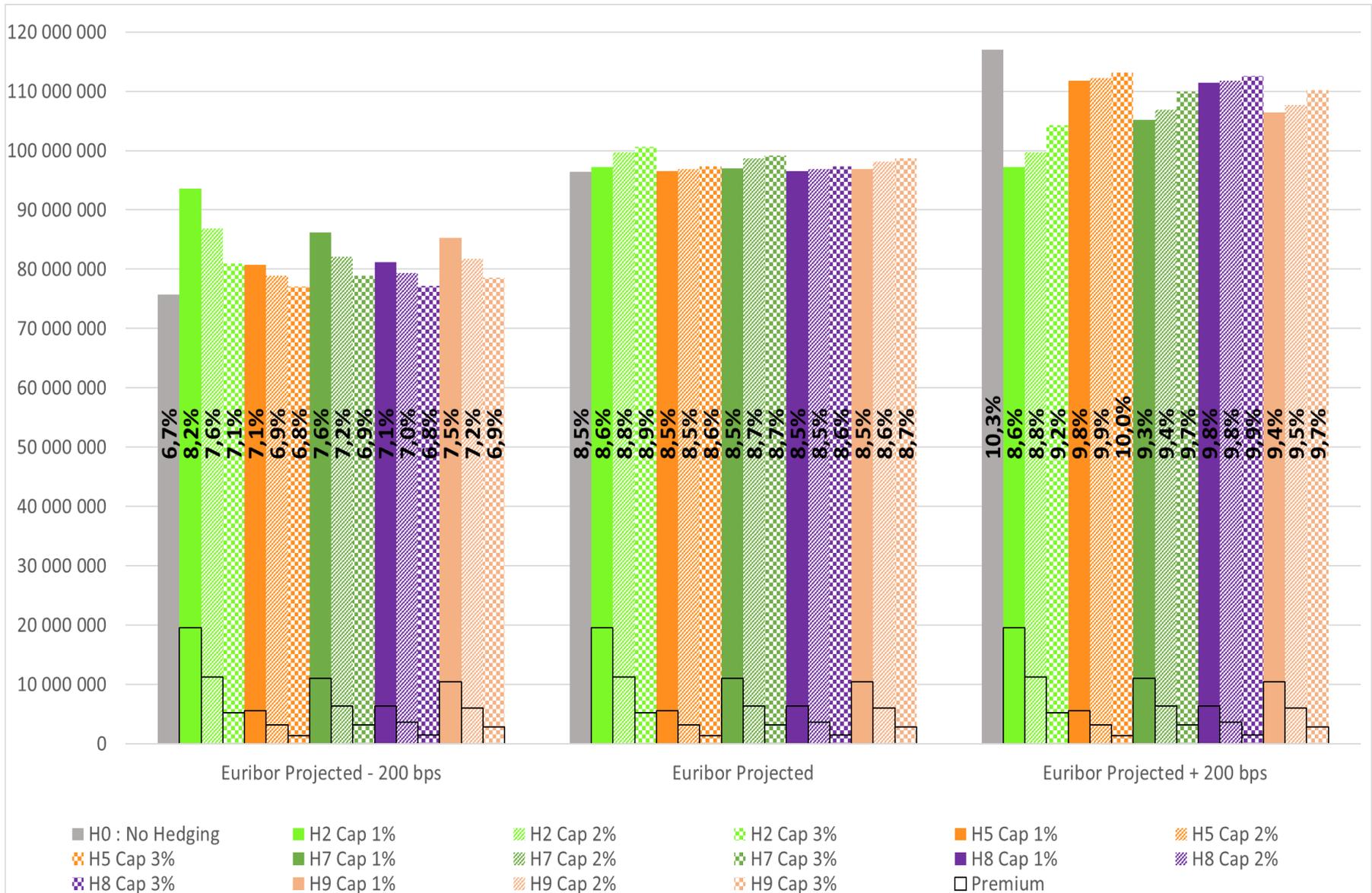
All financial expenses simulations start in 2023. This include the credit margin **5,75%** (Acquisition Facility & Investment Facility), Euribor3m variations' impact and the cost of setting up the new hedge.







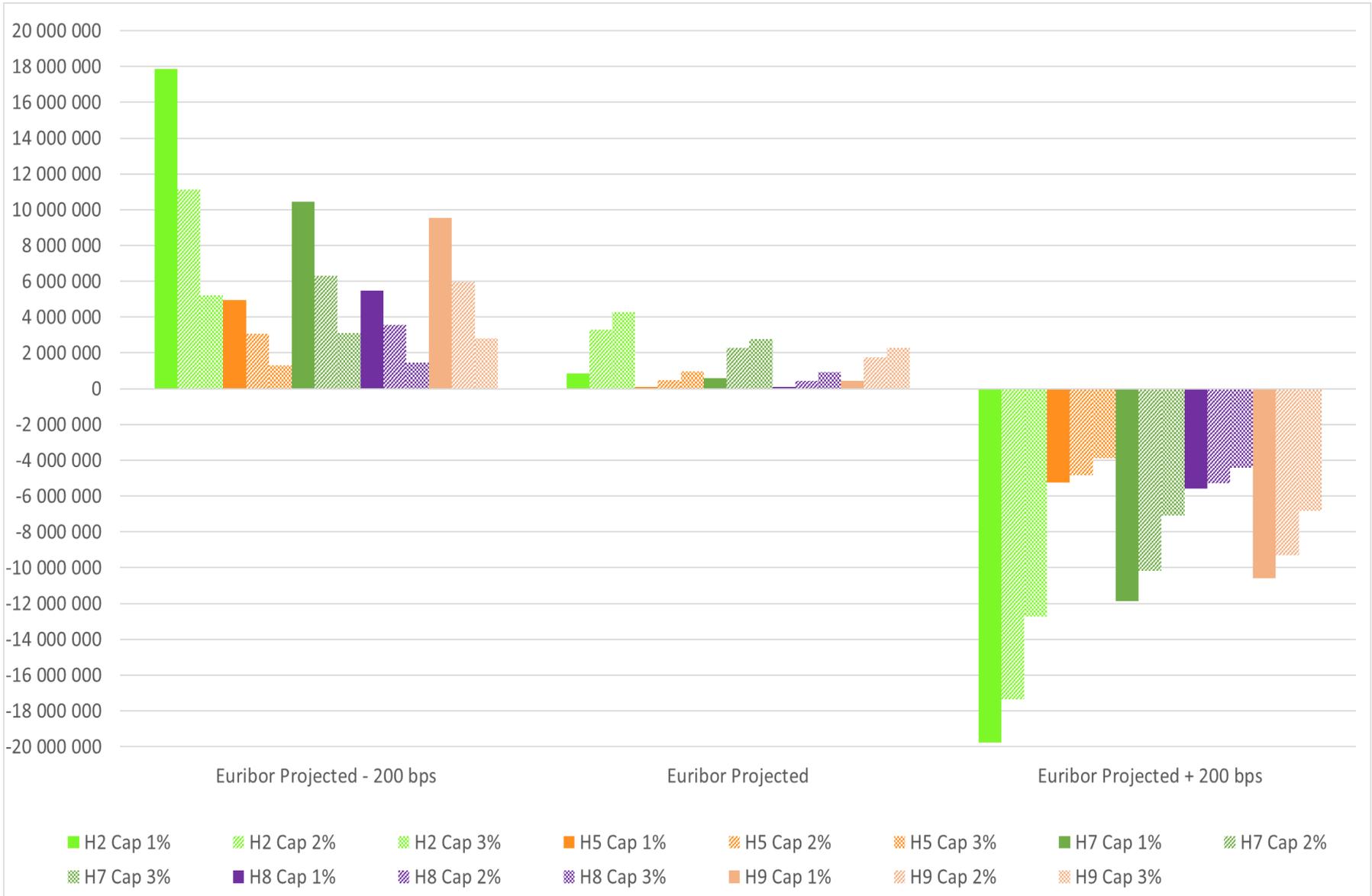
Synthesis of financial costs simulation  
(over the total duration of the financing, hedging cost included – TEG approach)



	STRATEGY H0 : No Hedging			STRATEGY H2			STRATEGY H5		
	H0 : No Hedging			H2 Cap 1%	H2 Cap 2%	H2 Cap 3%	H5 Cap 1%	H5 Cap 2%	H5 Cap 3%
Euribor Projected - 200 bps	<b>75 770 077</b>			<b>93 626 445</b>	86 875 824	80 998 788	80 719 039	78 857 750	77 078 777
Euribor Projected	96 396 744			97 251 413	99 674 713	100 668 745	96 490 954	96 883 843	97 363 762
Euribor Projected + 200 bps	<b>117 023 410</b>			<b>97 251 413</b>	99 674 713	104 293 713	111 795 399	112 188 288	113 135 676

	STRATEGY H7			STRATEGY H8			STRATEGY H9		
	H7 Cap 1%	H7 Cap 2%	H7 Cap 3%	H8 Cap 1%	H8 Cap 2%	H8 Cap 3%	H9 Cap 1%	H9 Cap 2%	H9 Cap 3%
Euribor Projected - 200 bps	86 213 098	82 077 823	78 893 009	81 235 521	79 325 787	77 223 277	85 330 142	81 720 692	78 572 320
Euribor Projected	96 984 583	98 664 598	99 177 994	96 504 457	96 838 490	97 337 421	96 848 755	98 153 907	98 686 463
Euribor Projected + 200 bps	105 166 806	106 846 820	109 949 479	111 422 790	111 756 823	112 606 357	106 425 422	107 730 573	110 205 077

# Comparison of the financial expenses with the strategy without hedging



# Comparison of the financial expenses with the strategy without hedging

	STRATEGY H0 : No Hedging	STRATEGY H2			STRATEGY H5		
	H0	H2 Cap 1%	H2 Cap 2%	H2 Cap 3%	H5 Cap 1%	H5 Cap 2%	H5 Cap 3%
Euribor Projected - 200 bps	75 770 077	17 856 368	11 105 747	5 228 711	4 948 962	3 087 673	1 308 700
Euribor Projected	96 396 744	854 669	3 277 969	4 272 001	94 210	487 099	967 018
Euribor Projected + 200 bps	117 023 410	-19 771 997	-17 348 698	-12 729 698	-5 228 012	-4 835 123	-3 887 734

	STRATEGY H0 : No Hedging	STRATEGY H7			STRATEGY H8			STRATEGY H9		
	H0	H7 Cap 1%	H7 Cap 2%	H7 Cap 3%	H8 Cap 1%	H8 Cap 2%	H8 Cap 3%	H9 Cap 1%	H9 Cap 2%	H9 Cap 3%
Euribor Projected - 200 bps	43 485 745	10 443 021	6 307 746	3 122 932	5 465 443	3 555 709	1 453 200	9 560 064	5 950 615	2 802 242
Euribor Projected	50 383 651	587 840	2 267 854	2 781 250	107 713	441 746	940 677	452 012	1 757 163	2 289 719
Euribor Projected + 200 bps	57 281 557	-11 856 605	-10 176 590	-7 073 932	-5 600 620	-5 266 587	-4 417 054	-10 597 988	-9 292 837	-6 818 334

Gain in favor of the strategy without hedging  
 Loss against the strategy without hedging

## Amortization table (1/2)

FIXING DATE	START DATE	END DATE	PAYMENT DATE	Acquisition Facility		Investment Facility		DEBT TOTAL
				Amort.	CRD	Amort.	CRD	
27/01/2023	31/01/2023	28/04/2023	28/04/2023	0	79 000 000	0	201 000 000	280 000 000
26/04/2023	28/04/2023	31/07/2023	31/07/2023	0	79 000 000	0	201 000 000	280 000 000
27/07/2023	31/07/2023	31/10/2023	31/10/2023	0	79 000 000	0	201 000 000	280 000 000
27/10/2023	31/10/2023	31/01/2024	31/01/2024	0	79 000 000	0	201 000 000	280 000 000
29/01/2024	31/01/2024	30/04/2024	30/04/2024	0	79 000 000	0	201 000 000	280 000 000
26/04/2024	30/04/2024	31/07/2024	31/07/2024	0	79 000 000	0	201 000 000	280 000 000
29/07/2024	31/07/2024	31/10/2024	31/10/2024	0	79 000 000	0	201 000 000	280 000 000
29/10/2024	31/10/2024	31/01/2025	31/01/2025	0	79 000 000	0	201 000 000	280 000 000
29/01/2025	31/01/2025	30/04/2025	30/04/2025	0	79 000 000	0	201 000 000	280 000 000
28/04/2025	30/04/2025	31/07/2025	31/07/2025	0	79 000 000	0	201 000 000	280 000 000
29/07/2025	31/07/2025	31/10/2025	31/10/2025	0	79 000 000	0	201 000 000	280 000 000
29/10/2025	31/10/2025	30/01/2026	30/01/2026	0	79 000 000	0	201 000 000	280 000 000
28/01/2026	30/01/2026	30/04/2026	30/04/2026	0	79 000 000	0	201 000 000	280 000 000
28/04/2026	30/04/2026	31/07/2026	31/07/2026	0	79 000 000	0	201 000 000	280 000 000
29/07/2026	31/07/2026	30/10/2026	30/10/2026	0	79 000 000	0	201 000 000	280 000 000
28/10/2026	30/10/2026	28/01/2027	28/01/2027	0	79 000 000	0	201 000 000	280 000 000
26/01/2027	28/01/2027	29/01/2027	29/01/2027	79 000 000	0	201 000 000	0	0
Broken period								



## Next steps

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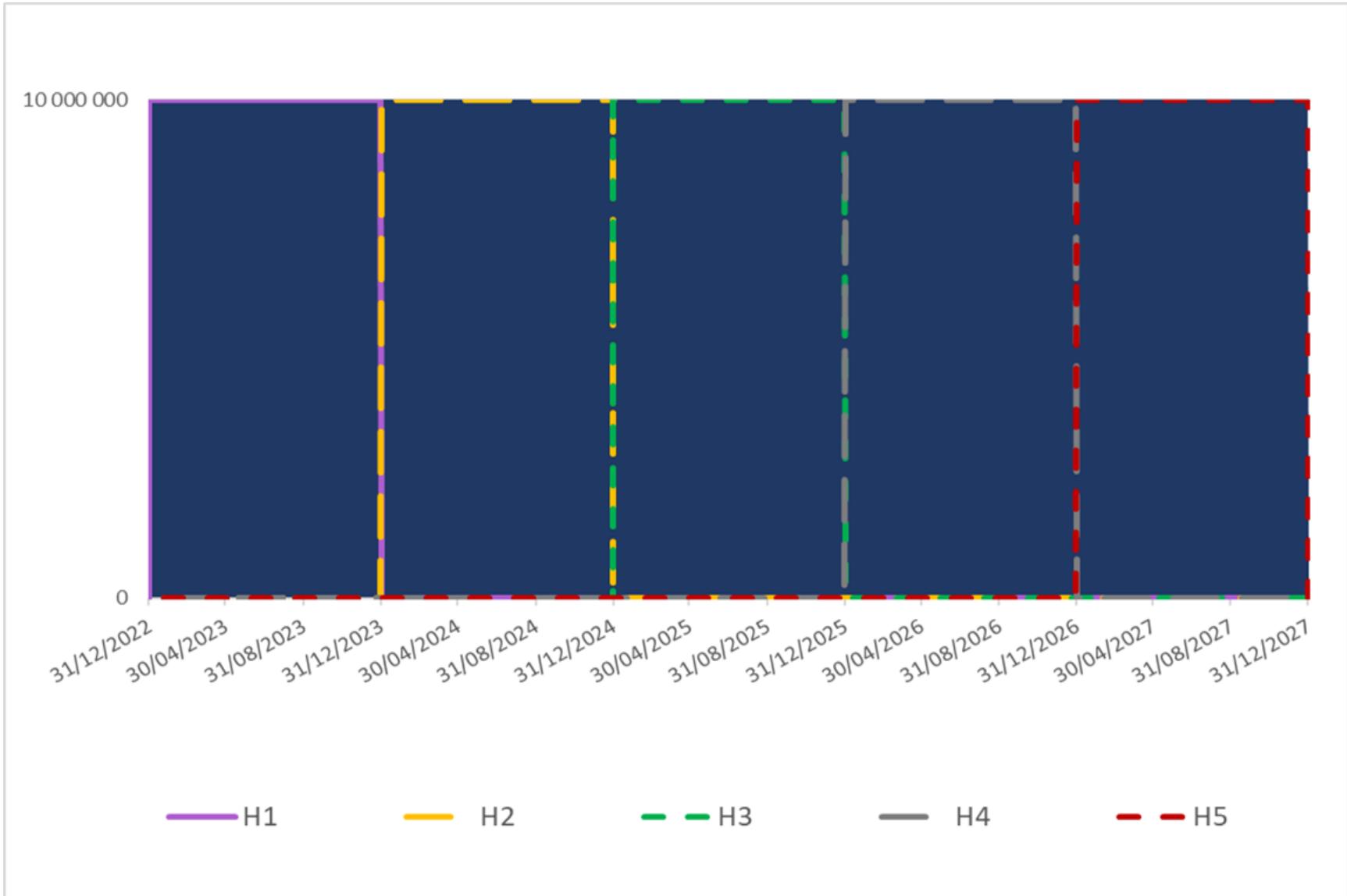
- Finalize a choice of strategy
- Initiate discussions with banks to ensure they are prepared to address the type of strategy being considered and finalize regulatory documentation.
- Ask them for indicative quotations
- Organize the transaction

## Appendices

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- Watch List of potential strategies
- Financing terms
- Profiles at maturity of different types of hedge

# Watch List of potential strategies



# Watch List of potential strategies

Hedging	H1	H2	H3	H4	H5
Duration	1 year				
Index	Euribor 3M				
Notional	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Starting Date	2022-12-31	2023-12-31	2024-12-31	2025-12-31	2026-12-31
End Date	2023-12-31	2024-12-31	2025-12-31	2026-12-31	2027-12-31
Value of 1bp in EUR	1,014	1,014	1,014	1,014	1,014

## Option running premium

Cap 0%	3.05%	3.04%	2.50%	2.42%	2.42%
Cap 1%	2.07%	2.10%	1.65%	1.61%	1.67%
Cap 2%	1.09%	1.21%	0.94%	0.97%	1.08%
Cap 3%	0.36%	0.51%	0.49%	0.57%	0.68%

## Option premium in EUR

Cap 0%	309,700	308,700	253,300	245,000	245,400
Cap 1%	210,200	213,000	167,200	163,700	169,800
Cap 2%	110,800	122,400	95,500	98,800	109,600
Cap 3%	36,600	51,700	49,900	57,900	69,300

Estimated bank margin (bp)	7
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# Ineffectiveness of simple swaps ( and tunnels/collars) in case of a floor in the financing

A video detailing this concern is visible on the blog of KERIUS Finance [by clicking here](#).

The financing contract provides that the Libor cannot be negative, therefore the bank will not pay interest to the borrower.

An Interest Rate swap which allows to fix the rate of a debt is a contract by which the company undertakes to:

- Receive a floating rate on the amount of the hedged debt (to cancel the floating rate of the financing contract)
- Pay a fixed rate on the same amount.

A conventional swap, which does not replicate this floor, that is to say whose variable "leg" does not also include a floor, has two disadvantages when the index (Libor/Euribor) is negative :

- No cap on the overall financing rate: the negative Libor rate is added to the fixed rate to be paid by the company.
- Potential problem with hedge accounting: if hedges are no longer considered as effective by the Auditors as a result of this issue, all mark-to-market swap fluctuations will be recorded In financial result (i.e. not deferred in time).

A similar problem arises with the collar: the floor of the collar doubles the floor of the financing. In the event of negative rates, it induces a loss which increases the financial expenses beyond the threshold rate (cap).

### Technical solutions:

- Include in the swap a floor replicating that of the financing, but this has a cost. See simulations.
- Opt for a hedging with a **Cap**, which cannot generate negative valuation in the event of negative rates.

## Financing

### AMENDMENT AND RESTATEMENT AGREEMENT

DATED 7 OCTOBER 2022

BETWEEN

DESTILINK FINCO BV  
as the Borrower

DESTILINK BV  
as the Company and the Guarantor

TIKEHAU INVESTMENT MANAGEMENT  
as Arranger, Agent and Security Agent

and

TDL IV S.À R.L.  
TDL 4L S.À R.L.

TDL 1ST LIEN INVESTMENT S.À R.L.

PRIMA EU CREDIT FUND (SUB-FUND OF PRIMA MULTI-MANAGER PLATFORM 1 ICAV)

MTDL INVESTMENT S.À R.L.  
SC TKH EU PD S.À R.L.

TIKEHAU DIRECT LENDING V

As Lenders

"Accounting Reference Date" means 31 December.

"Acquisition Facility Loan" means a loan made or to be made under the Acquisition Facility or the principal amount outstanding for the time being of that loan.

"Closing Date" means the date on which completion of the Acquisition of the Target by the Company has occurred i.e., 30 January 2020.

"Signing Date" means 30 January 2020.

"Effective Date" means the date on which the Agent notifies the Obligors' Agent and the Lenders that it has received all of the documents and other evidence set out in Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Agent.

"Effective Date n°1" has the meaning given to the term "Effective Date" in the Amendment and Restatement Agreement n°1.

"Effective Date n°2" has the meaning given to the term "Effective Date" in the Amendment and Restatement Agreement n°2.

"Investment Facility" means the term loan facility so designated in the relevant Utilisation Request(s) and made available under this Agreement as described in paragraph (ii) of Clause 2.1 (*The Facilities*).

"Total Acquisition Facility Commitments" means the aggregate of the Acquisition Facility Commitments, being in aggregate EUR 79,000,000 at the Signing Date.

"Total Investment Facility Commitments" means the aggregate of the Investment Facility Commitments, being in aggregate EUR 20,000,000 at the Signing Date, EUR 137,000,000 at the Effective Date n°1 and EUR 151,500,000 at the Effective Date n°2, as set out under SCHEDULE 1 (*The Original Lenders*).

## Repayment

**"Termination Date" means:**

- (a) in relation to the Acquisition Facility, the date falling seven (7) years after the Closing Date;
- (b) in relation to the Investment Facility, the date falling seven (7) years after the Closing Date; and
- (c) in relation to an Uncommitted Facility, the Termination Date set forth in the relevant Commitment Notice.

### 6. REPAYMENT

#### 6.1 REPAYMENT OF LOANS

- (a) The Company shall repay all Loans in respect of any Facility in full on the Termination Date.
- (b) The Borrower may not reborrow any part of any Facility which is repaid.

## Hedging requirement

### 23.25 HEDGING

- (a) The Company shall ensure that at least 50 per cent. of the aggregate of the principal amount at any time outstanding under the Acquisition Facility is protected from interest rate risks for a period of 1 year from the Closing Date either through existing hedging arrangements or new Hedging Agreements to be entered into within 120 days from the Closing Date.
- (b) For the avoidance of doubt, the Group is authorized to enter into any Permitted Treasury Transaction.

## Interest

"Effective Yield" means, as of any date of determination, the sum of (without double counting):

- (a) the original interest rate margin as of such date as applicable to the relevant Uncommitted Facility (taking into account any EURIBOR floor as applicable to the relevant Uncommitted Facility on such date); and
- (b) the amount of any applicable fees (including any arrangement or upfront fees but excluding any commitment fees or agency fees) payable by reference to or in connection with the relevant Uncommitted Facility (converted to yield assuming a three (3) year average life).

"EURIBOR" means, in relation to any Loan:

- (a) the applicable Screen Rate as of the Specified Time for euro and for a period equal in length to the Interest Period of that Loan; or
- (b) as otherwise determined pursuant to Clause 12.1 (*Unavailability of Screen Rate*),

and if any such rate is below zero, EURIBOR will be deemed to be zero.

### 10. INTEREST

#### 10.1 CALCULATION AND PAYMENT OF INTEREST

- (a) The rate of interest on each Loan of each Facility for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:
  - (i) Margin; and
  - (ii) EURIBOR.

The Borrower shall pay accrued interest representing the applicable Margin and EURIBOR (the "Interest") on each Loan of each Facility in cash on the last day of each Interest Period (and, if the Interest Period is longer than six (6) Months, on the dates falling at six (6) Monthly intervals after the first day of the Interest Period).

"Compound Interest Rate Margin" means a rate per annum equal to 2.75% (two point seventy five per cent).

"Margin" means, subject to the provisions of Clause 10.2 (*Toggle*):

- (a) in relation to any Acquisition Facility Loan, 6.00% per annum;
- (b) in relation to any Investment Facility Loan, 6.00% per annum;
- (c) in relation to any Uncommitted Facility Loan, the margin agreed with the relevant Lenders in accordance with Clause 2.3 (*Uncommitted Facility*);
- (d) in relation to any Unpaid Sum relating or referable to a Facility, the rate per annum specified above for that Facility; and
- (e) in relation to any other Unpaid Sum, the highest rate specified above;

Leverage Ratio	Acquisition Facility Margin (% per annum)	Investment Facility Margin (% per annum)
Greater than 5.00x	6.00	6.00
Below than or equal to 5.00x	5.75	5.75

## Interest

### 11. INTEREST PERIODS

#### 11.1 SELECTION OF INTEREST PERIODS

- (a) The Borrower (or the Obligors' Agent on behalf of the Borrower) may select an Interest Period for a Loan in the Utilisation Request for that Loan or (if the Loan is a Loan and has already been borrowed) in a Selection Notice. Each Selection Notice for a Loan is irrevocable and must be delivered to the Agent by the Borrower (or the Obligors' Agent on behalf of the Borrower) to which that Loan was made not later than the Specified Time. If the Borrower (or the Obligors' Agent) fails to deliver a Selection Notice to the Agent in accordance with this paragraph, the relevant Interest Period will be six (6) Months.
- (b) The Borrower (or the Obligors' Agent) may select an Interest Period that is not a Compound Interest Period of:
  - (i) three (3) or six (6) Months; and
  - (ii) or any period agreed between the Obligors' Agent and the Agent (acting on the instructions of the Lenders of the relevant Utilisation).
- (c) An Interest Period for a Loan shall not extend beyond the Termination Date applicable to its Facility.
- (d) Each Interest Period for a Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.
- (e) Notwithstanding the above paragraphs, the Borrower (or the Obligors' Agent on its behalf) may select an Interest Period of less than one (1) Month in relation to a Facility if necessary or desirable to align interest payment date(s) with any interest rate or currency hedging in relation to any Permitted Treasury Transaction.
- (f) Notwithstanding the above paragraphs, in the event the Borrower decides to prepay part or all of the Facilities, the Borrower (or the Obligors' Agent on its behalf) may elect that the last four Interest Period preceding such prepayment shall have a duration of one week or one Month.

"**Utilisation Date**" means the date of an Utilisation, being the date on which the relevant Loan is to be made.

## Cross default

### 24.5 CROSS DEFAULT

- (a) Any Financial Indebtedness of any member of the Group (other than under the Finance Documents) is not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (b) No Event of Default will occur under this Clause if:
  - (i) the aggregate principal amount of all Financial Indebtedness to which any event specified in paragraph(a) relates is less than two million Euros (EUR 2,000,000) (or its equivalent in any currency or currencies); or
  - (ii) the non-payment relates to a hedging agreement in respect of which a termination event occurs as a result of the refinancing or repayment of any Financial Indebtedness; or
  - (iii) the non-payment relates to intra-Group loans.

### Interest rate swap (example: fixed interest swap vs Euribor 3 months):

Definition: exchange of a stream of fixed interest payments against a stream of floating interest payments (denominated in a particular currency). The objective is to fix a charge of interests linked to a debt facility.

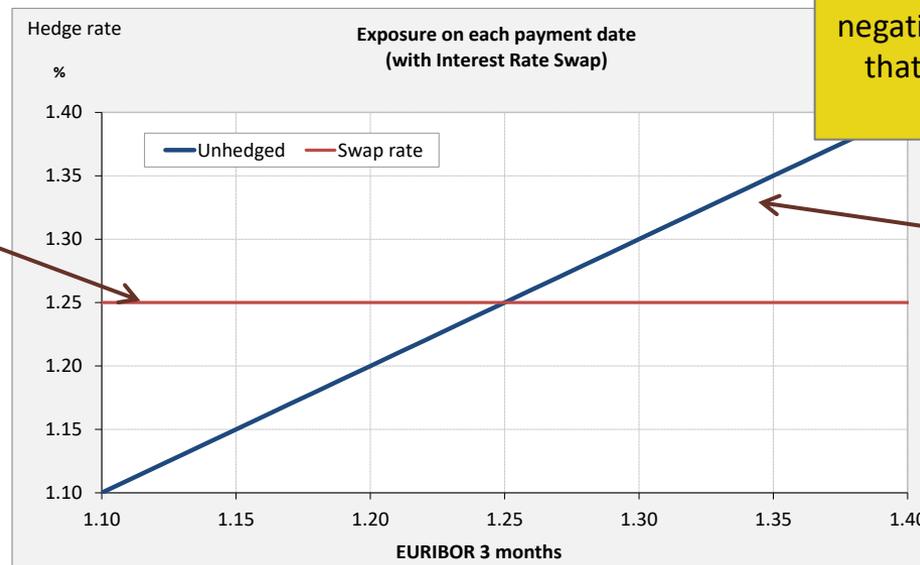
Advantages:

- No premium to pay at inception (the value of the swap is nil on the trade date)
- Simplicity to trade
- Financial charge is known in advance

**Swaps must be kept for the part of the exposure that cannot be reduced (risk of unlimited loss).**

Disadvantages:

- Cost of opportunity if the rates move in a favorable direction after inception of the hedge;
  - Potential unlimited loss (mark to market)
- Simple but risky product in case of unanticipated reduction of the underlying exposure (debt repayment for example) after inception of the hedge in case of negative mark to market valuation.



Product that does not guarantee a financing rate in a context of negative rates for financing facilities that include a floor on the index (Euribor or else).

Rate fixed by the swap

Floating rate of unhedged underlying

Illustrative graph:  
non-updated data

**Interest rate Cap:** Hedge in which the buyer of the cap receives payments from the bank at the end of each period (fixing date) if the market rate (Euribor or Libor for instance) exceeds the exercise rate of the cap (i.e. strike).

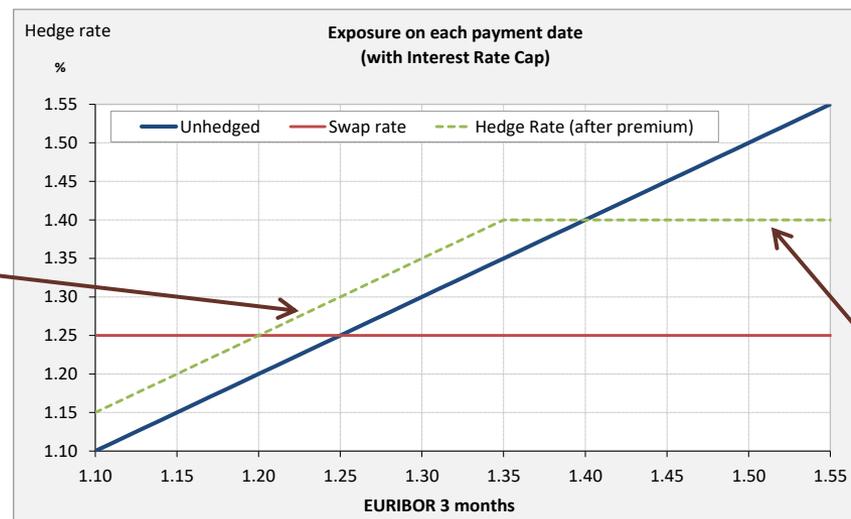
=> The “strike” is the protection rate of the cap.

#### Advantages:

- Fully flexible to modify or cancel the hedge in case of modification of the exposure;
- Opportunity to benefit from favorable fluctuations of market rates;
- Risk of loss limited to the premium paid initially, in case of hedge modification before expiry

#### Disadvantages:

- Premium to pay at inception. The premium can be paid upfront to the bank or spread over the life of the hedge if the bank authorized this credit. The premium is then called “running premium” or “running margin”.



The cap option captures favorable variations of the underlying

Illustrative graph:  
non-updated data

Maximum hedge rate provided by the cap (protection = strike)

## Various types of hedges

### Collars (combinations of options purchased and sold):

Simultaneous purchase of an interest rate cap and sale of an interest rate floor. The buyer's effective interest rate paid fluctuates between the two agreed exercise rates (strikes) of the options, depending on the underlying index. A collar profile is a mix of option profile and swap profile.

#### Advantages:

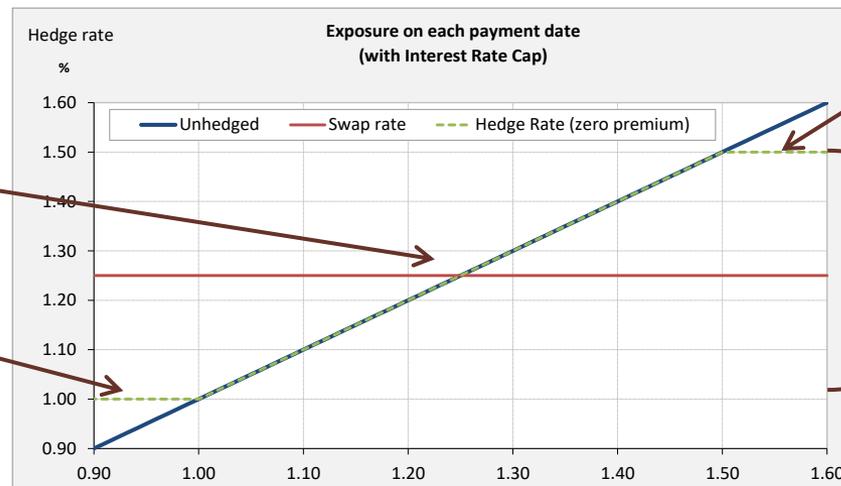
- Flexibility as long as the market rate fluctuates between the exercise rates (strikes)
- Protection if the market rate rises above the exercise rate (strike) at maturity of each period
- Opportunity to offset the cost of the cap with the option sold (floor)

#### Disadvantages:

- Cost of opportunity if the rates move in a favorable direction after inception of the hedge

**Collars must be kept for the part of the exposure that cannot be reduced.**

- Potential unlimited gain or loss (mark to market) in case of unanticipated reduction of the underlying exposure (debt repayment for example) after inception of the hedge or reduction/cancellation of the hedge.



Zero premium collar

Minimum rate paid(floor)

Illustrative graph: non-updated data

Maximum rate paid(cap)

Floating index between the two agreed exercise rates

Ineffective product in current market conditions (negative rates) because the floor is too close from the cap. And the cap is no more guaranteed if the financing contract is floored.

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