

Company name ETPCAP2 DAC
Headline Notice to Noteholders of Series 234

29 December 2021

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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

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

NOTICE FROM THE ISSUER TO NOTEHOLDERS

ETPCAP2 DAC
(the “**Issuer**”)

Prodigy Network Class C Preferred Equity
(Series 234) Notes due 2024

ISIN: XS1845117115 COMMON CODE: 184511711
(the “**Notes**” or the “**Series**” and the holders thereof the “**Noteholders**”)

Capitalised terms used but not otherwise defined in this notice shall have the meanings ascribed to them in the Series Memorandum dated 16 July 2018 and the Conditions of the Notes as the same may be amended and / or supplemented from time to time.

The purpose of this notice is to provide Noteholders with an update on the value of the Notes and the Charged Assets for the Notes, being the Common Stock and the Loan Transaction Documents (as defined below) and, if any, certain related rights, agreements and assets.

BACKGROUND

Unless an extension takes place as provided for in the Conditions of the Notes, the Notes will mature on 15 July 2024 (the “**Maturity Date**”).

Investment of Note Proceeds

Subject to the Maintenance Fee Deducted Amount, the Issuer used: (i) 75% of the net proceeds of the issuance of the Notes to advance a secured loan (the “**Loan**”) to PN Newco, Inc. (the “**Borrower**”) pursuant to the Loan Transaction Documents (as defined below); and (ii) 25% of the net proceeds of the issuance of the Notes to invest in Class B common stock of the Borrower (the “**Common Stock**”).

The Loan Transaction Documents are comprised of: (i) the loan and security agreement dated 25 May 2018 between Borrower and PN Newco Manager, LLC. (as agent) pursuant to which the Issuer has acceded in the capacity of lender, in relation to, inter alia, the advance of the Loan and any other loan agreement entered into or acquired by the Issuer from time to time in respect of the Notes (the “**Loan and Security Agreement**”); (ii) the promissory note dated 25 May 2018 executed and delivered by Borrower in connection with the Loan and Security Agreement; and (iii) the Security Agreement dated 25 May 2018 executed and delivered by the Borrower in connection with the Loan and Security Agreement (as each may be amended, restated, supplemented, varied, assigned, novated, or otherwise from time to time) (the “**Loan Transaction Documents**”).

All proceeds received by the Borrower through the issuance of secured loans and Common Stock were invested in Class C Preferred Units of Prodigy Network, LLC (“**Prodigy**”). Prodigy used the proceeds of the Class C Preferred Units towards the (i) retirement of Convertible Notes (defined in a confidential private placement memorandum of Borrower dated 6 May 2018 (the “**Private Placement Memorandum**”, Appendix 2 to the Series Memorandum), (ii) equity investments (and bridge financing) for real estate investments, (iii) redemptions of Class A Incentive Units and/or Class B Incentive Units (as defined in the Private Placement Memorandum), and (iv) various general working capital purposes, as more particularly set out in the section entitled ‘*Use of Proceeds*’ in the Private Placement Memorandum.

Between July 2018 and May 2019, the Issuer invested the net proceeds of the Series equal to \$7,105,000 (US\$5,328,750 Loan and US\$1,776,250 Common Stock) into the Borrower.

The value of the Notes, and the Issuer’s ability to make payments under the Notes, is therefore affected by the financial condition and performance of the Borrower, Prodigy and PN NewCo Manager LLC. PN NewCo Manager LLC is the investment manager of the Borrower, and is wholly owned by Rodrigo Niño, the Manager of Prodigy. A failure by PN NewCo Manager LLC to comply with its obligations may also have a negative impact on the value of the Notes. This notice sets out some important information about the Borrower and Prodigy that could impact an investment in the Notes.

Bankruptcy of Prodigy

On 25 March 2021 the Prodigy filed a voluntary petition for bankruptcy pursuant to Chapter 7 of Title 11 of the United States Code (the “**Prodigy Bankruptcy**”).

The bankruptcy trustee will seek to realise value from the assets of Prodigy, on behalf of Prodigy’s creditors in accordance with applicable bankruptcy laws, which include the Issuer.

The Issuer has filed a proof of claim in the Prodigy Bankruptcy but is not in a position to confirm when this process will be completed. The Calculation Agent has informed the Issuer that it is highly unlikely that the Issuer will recover any proceeds from the Prodigy Bankruptcy.

Borrower Delinquent Taxes

According to the Delaware Division of Corporations, the Borrower has the status as of 2 March 2020 of AR delinquent, Tax due. This represents a corporation that has not filed the required annual report and there are delinquent taxes due. The Borrower owes \$47,328.15 in taxes, which appear to be for two years of unpaid taxes.

Subordination

Further, the Class C Units acquired by Borrower in Prodigy are subordinated to the promissory note comprising the charged assets in respect of the Prodigy Network Secured Debt (Series 233) Notes due 2021 (the “**S233 Charged Assets**”). The S233 Charged Assets have been determined by the Calculation Agent to have a value of zero. Given the analysis above regarding the value of the Promissory Note coupled with the lack of good standing of Borrower and bankruptcy of Prodigy the Calculation Agent considers that the Common Stock and the Loan have a fair market value of zero.

Fair Value of the Notes

The calculation of the Net Proceeds following the Maturity Date is dependent on the determination of the Realisable Value. The Realisable Value consists of 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. The fair value of the Charged Assets (consisting of the Common Stock and the Loan Transaction Documents) is the basis upon which the Calculation Agent determines the Realisable Value

On the basis of the Prodigy Bankruptcy and the Borrower Delinquent Taxes, the Calculation Agent has informed the Issuer that it has determined that the Common Stock and the Loan Transaction Documents currently have a fair value of zero, so that, following the Maturity Date, there will be no Realisable Value in respect of the Charged Assets, the Net Proceeds will be nil and the Redemption Amount of the Notes is therefore likely to be zero. Accordingly, the Calculation Agent considers that, following the Maturity Date, it is highly likely that the Issuer will not be in a position to make any payments to Noteholders in respect of their Notes.

To the extent that the Issuer receives sufficient proceeds from the Prodigy Bankruptcy to discharge any prior ranking amounts (including fees, costs and expenses), it is possible that the Realisable

Value may be greater than zero. However, the view of the Calculation Agent is that the Issuer is highly unlikely to receive any proceeds from the Prodigy Bankruptcy. Assuming that this is the case, it is likely that the Issuer will provide further information to the Noteholders once available.

For purposes of the Calculation Agent's analysis, the standard of value is fair value. The International Financial Reporting Standards ("IFRS") Standard 13 defines "fair value" as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or the liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

Next Steps

The Issuer, in consultation with the Arranger and the Calculation Agent, is considering the next steps in light of the events and circumstances described above. In addition to the proof of claim in the Prodigy Bankruptcy as described above, this may include (i) not taking any further action for the time being in the event that additional information may transpire that may affect the fair value of the Charged Assets, or that further potential action may be available to the Issuer against any party to recover some of the Note Proceeds or (ii) exercising an early redemption of the Notes in accordance with the Conditions of the Notes, whereby such Notes may have a Redemption Amount of zero. The Issuer will provide further information to the Noteholders once available.

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

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

PROPOSED ACTION

This notice is for informational purposes only.

Further Information

For further information regarding the Charged Assets, please contact:
Prodigy Network, LLC
investorrelations@prodigynetwork.com

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

FlexFunds LTD
noteholder.support@flexfunds.com