

## IMPORTANT NOTICE

**You must read the following disclaimer before continuing**

**THIS DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE TRANSMITTED INTO OR DISTRIBUTED WITHIN THE UNITED STATES TO PERSONS UNLESS SUCH PERSONS ARE BOTH “QUALIFIED INSTITUTIONAL BUYERS” (“QIBs”) (AS DEFINED IN RULE 144A (“RULE 144A”) UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”)) IN RELIANCE ON RULE 144A AND “QUALIFIED PURCHASERS” (“QPs”) FOR THE PURPOSES OF SECTION 3(c)(7) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”), IN EACH CASE FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO THE DISTRIBUTION THEREOF (EXCEPT IN ACCORDANCE WITH RULE 144A).**

**THIS DOCUMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF REGULATION (EU) 2017/1129 (AS MAY BE AMENDED OR SUPERCEDED) OR ANY IMPLEMENTING LEGISLATION OR RULES RELATING THERETO. COPIES OF THE FINAL DOCUMENT WILL, FOLLOWING PUBLICATION, BE AVAILABLE FROM CVC CORDATUS LOAN FUND XV DESIGNATED ACTIVITY COMPANY’S REGISTERED OFFICE AND THE WEBSITE OF EURONEXT DUBLIN.**

The following disclaimer applies to the document attached following this notice (the “**document**”) and you are therefore required to read this disclaimer page carefully before reading, accessing or making any other use of the document. In accessing the document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

The document is only being provided to you at your request as a general explanation of the structure of the transaction described therein and is not intended to constitute or form part of an offer to sell or an invitation or solicitation of an offer to sell the notes described therein, nor shall it (or any part of it), or the fact of its distribution, form the basis of or be relied on in connection with any contract therefor.

Nothing in this electronic transmission constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so. The Notes (as defined in the attached document) have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the U.S. or any other jurisdiction and the Notes may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.

The contents of this document may not be copied, distributed, published, reproduced or reported (in whole or in part) or disclosed by you to any other person. If at any time we request that the document be returned, you will (a) return the document, (b) arrange to destroy all analyses, compilations, notes, structures, memoranda or other documents prepared by you to the extent that the same contain, reflect or derive from information in the document and (c) so far as is practicable to do so (but, in any event, without prejudice to the obligations of confidentiality imposed herein) expunge any information relating to the document in electronic form from any computer, word processor or other device. This document and any information contained herein shall remain our property and in sending this document to you, no rights (including any intellectual property rights) over this document and the information contained herein have been given to you. We specifically prohibit the redistribution of this document and accept no liability whatsoever for the actions of third parties in this respect.

**Confirmation of Your Representation:** In order to be eligible to view the document or make an investment decision with respect to the Notes, investors must either be (a) U.S. Persons that are QIBs that are also QPs or (b) non-U.S. Persons (as defined in Regulation S under the Securities Act). The document is being sent at your request and by accepting the e-mail and accessing the document, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) U.S. Persons that are both QIBs and QPs or (b) non-U.S. Persons and that the electronic email address that you gave us and to which this email has been delivered is not located in the U.S., (2) such acceptance and access to the document by you and any customer that you represent is not unlawful in the jurisdiction where it is being made to you and any customers you represent, (3) you consent to delivery of the document by electronic transmission and (4) you consent to accept delivery by electronic transmission of the final document on distribution and publication of the same.

The document has been sent to you in the belief that you are (a) a person in member states of the European Economic Area (“EEA”) that is a “qualified investor” within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (as may be amended or superceded) (“**Qualified Investor**”), (b) in the United Kingdom, a Qualified Investor of the kind described in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or who otherwise falls within an exemption set forth in such Order so that section 21(1) of the Financial Services and Markets Act 2000 (as amended) does not apply to the Issuer and (c) a person to whom the document can be sent lawfully in accordance with all other applicable securities laws. If this is not the case then you must return the document immediately.

The document has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of CVC Cordatus Loan Fund XV Designated Activity Company, Merrill Lynch International or CVC Credit Partners European CLO Management LLP (or any person who controls any of them or any director, officer, employee or agent of any of them, or any Affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from us.

You are reminded that the document has been delivered to you on the basis that you are a person into whose possession the document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the document to any other person.

**Restrictions:** Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Any securities to be issued will not be registered under the Securities Act and may not be offered or sold in the United States or to or for the account or benefit of any U.S. person (as such terms are defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from such registration.

THE NOTES ARE NOT INTENDED TO BE SOLD AND SHOULD NOT BE SOLD TO RETAIL INVESTORS. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF MIFID II (DEFINED BELOW) OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) MIFID II.

**CVC CORDATUS LOAN FUND XV DESIGNATED ACTIVITY COMPANY**  
*(Incorporated under the laws of Ireland with limited liability under registered number 646510)*

Notes <sup>1</sup>	Initial Principal Amount	Initial Stated Interest Rate <sup>2</sup>	Alternative Stated Interest Rate <sup>3</sup>	Final Maturity Date	Moody's Rating of at least <sup>4</sup>	Fitch Rating of at least <sup>5</sup>	Initial Offer Price <sup>9</sup>
X	€1,500,000	3 month EURIBOR + 0.57%	6 month EURIBOR + 0.57%	26 August 2032	Aaa (sf)	AAA (sf)	100.00%
A	€246,000,000	3 month EURIBOR + 1.10%	6 month EURIBOR + 1.10%	26 August 2032	Aaa (sf)	AAA (sf)	100.00%
B-1	€22,500,000	3 month EURIBOR + 1.75%	6 month EURIBOR + 1.75%	26 August 2032	Aa2 (sf)	AA (sf)	100.00%
B-2	€18,000,000	+2.40%	+2.40%	26 August 2032	Aa2 (sf)	AA (sf)	100.00%
C	€24,000,000	3 month EURIBOR + 2.45%	6 month EURIBOR + 2.45%	26 August 2032	A2 (sf)	A (sf)	100.00%
D	€27,000,000	3 month EURIBOR + 3.75%	6 month EURIBOR + 3.75%	26 August 2032	Baa3 (sf)	BBB- (sf)	100.00%
E	€22,500,000	3 month EURIBOR + 5.78%	6 month EURIBOR + 5.78%	26 August 2032	Ba3 (sf)	BB- (sf)	97.00%
F	€9,000,000	3 month EURIBOR + 8.04%	6 month EURIBOR + 8.04%	26 August 2032	B3 (sf)	B- (sf)	95.00%
M-1 Subordinated	€36,855,000	Excess	Excess	26 August 2032	Not Rated	Not Rated	95.00%
M-2 Subordinated	€1,000,000	Variable <sup>8</sup>	Variable	26 August 2032	Not Rated	Not Rated	95.00%

- 1 Each of the Issuer and the Initial Purchaser may offer the Notes at prices as may be privately negotiated at the time of sale which may vary among different purchasers and which may be different to the issue price of the Notes.
- 2 Applicable at all times prior to the occurrence of a Frequency Switch Event, provided that the rate of interest of the Floating Rate Notes will be determined (i) for the period from, and including, the Issue Date to, but excluding, 26 February 2020, by reference to a straight line interpolation of 3 month EURIBOR and 6 month EURIBOR and (ii) for the period from and including the final Payment Date before the Maturity Date, to but excluding the Maturity Date if such final Payment Date falls in May 2032, by reference to three month EURIBOR. EURIBOR applicable to the Floating Rate Notes shall be subject to a floor of zero per cent. per annum. In addition to the variable interest applicable to the Class M-2 Subordinated Notes, payment of residual distributions on the Subordinated Notes will be made on an available funds basis in accordance with the Priorities of Payments.
- 3 Applicable at all times, following the occurrence of a Frequency Switch Event.
- 4 Moody's Investors Service Ltd is established in the EU and is registered under Regulation (EC) No 1060/2009.
- 5 The ratings assigned to the Class X Notes, the Class A Notes and the Class B Notes by Moody's address the timely payment of interest and the ultimate payment of principal. The ratings assigned to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes by Moody's address the ultimate payment of principal and interest. A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by Moody's.
- 6 Fitch Ratings Limited is established in the EU and is registered under Regulation (EC) No 1060/2009.
- 7 The ratings assigned to the Class X Notes, the Class A Notes and the Class B Notes by Fitch address the timely payment of interest and the ultimate payment of principal. The ratings assigned to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes by Fitch address the ultimate payment of principal and interest. A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by Fitch.
- 8 In addition to their pro-rata share of the residual Subordinated Note distributions, the Class M-2 Subordinated Notes will receive additional payments of 0.023 per cent. per annum in respect of the Senior Class M-2 Interest Amount and 0.035 per cent. per annum in respect of the Subordinated Class M-2 Interest Amount, in each case of the weighted average Aggregate Collateral Balance during the related Due Period (payable *pari-passu* with the Senior Collateral Management Fee and Subordinated Collateral Management Fee respectively).

The assets securing the Notes will consist of a portfolio of Senior Secured Loans, Senior Secured Bonds, Second Lien Loans, Mezzanine Obligations and High Yield Bonds managed by CVC Credit Partners European CLO Management LLP (the “**Collateral Manager**”).

CVC Cordatus Loan Fund XV Designated Activity Company (the “**Issuer**”) will issue the Rated Notes and the Subordinated Notes (each as defined herein).

The Class X Notes, the Class A Notes, the Class B-1 Notes, the Class B-2 Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (such Classes of Notes, the “**Rated Notes**”) together with the Subordinated Notes are collectively referred to herein as the “**Notes**”. The Notes will be issued and secured pursuant to a trust deed (the “**Trust Deed**”) dated on or about 2 September 2019 (the “**Issue Date**”), made between (amongst others) the Issuer and BNY Mellon Corporate Trustee Services Limited, in its capacity as trustee (the “**Trustee**”).

Interest on the Notes will be payable (a) quarterly in arrear on 26 February, 26 May, 26 August and 26 November prior to the occurrence of a Frequency Switch Event (as defined herein) and semi-annually in arrear on 26 February and 26 August (where the Payment Date (as defined herein) immediately prior to the occurrence of a Frequency Switch Event falls in either February or August) or 26 May and 26 November (where the Payment Date immediately prior to the occurrence of a Frequency Switch Event falls in either May or November) following the occurrence of a Frequency Switch Event (or, in each case, if such day is not a Business Day (as defined herein), then on the next succeeding Business Day (unless it would fall in the following month, in which case it shall be moved to the immediately preceding Business Day)) in each year, commencing on 26 February 2020 and ending on the Maturity Date (as defined below) and (b) on any Redemption Date, in each case in accordance with the Priorities of Payments described herein.

The Notes will be subject to Optional Redemption and Mandatory Redemption and Special Redemption, each as described herein. See Condition 7 (*Redemption and Purchase*).

See the section entitled “*Risk Factors*” herein for a discussion of certain factors to be considered in connection with an investment in the Notes.

This offering circular (the “**Offering Circular**”) does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 (as may be amended or superceded, the “**Prospectus Regulation**”). The Issuer is not offering the Notes in any jurisdiction in circumstances that would require a prospectus to be prepared pursuant to the Prospectus Regulation. Application has been made to The Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) for the Notes to be admitted to the official list (the “**Official List**”) and to trading on the Global Exchange Market of Euronext Dublin (the “**Global Exchange Market**”). It is anticipated that such listing and admission to trading will take place on or about the Issue Date. There can be no assurance that any such approval will be granted or, if granted, that such listing and admission to trading will be maintained. This document constitutes “listing particulars” for the purposes of such application and has been approved by Euronext Dublin.

The Notes are limited recourse obligations of the Issuer which are payable solely out of amounts received by or on behalf of the Issuer in respect of the Collateral (as defined herein). The net proceeds of the realisation of the security over the Collateral upon acceleration of the Notes following a Note Event of Default (as defined herein) may be insufficient to pay all amounts due to the Noteholders (as defined herein) after making payments to other creditors of the Issuer ranking prior thereto or *pari passu* therewith. In the event of a shortfall in such proceeds, the Issuer will not be obliged to pay, and the other assets (including the Issuer Profit Account and the rights of the Issuer under the Corporate Services Agreement (each as defined herein)) of the Issuer will not be available for payment of such shortfall, all claims in respect of which shall be extinguished. See Condition 4 (*Security*).

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and will be offered only: (a) outside the United States to non-U.S. Persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)); and (b) within the United States to persons and outside the United States to U.S. Persons (as such term is defined in Regulation S (“**U.S. Persons**”)), in each case, who are both qualified institutional buyers (as defined in Rule 144A (“**Rule 144A**”) under the Securities Act) in reliance on Rule 144A and qualified purchasers for the purposes of Section 3(c)(7) of the United States Investment Company Act of 1940, as amended (the “**Investment Company Act**”). Neither the Issuer nor the Collateral Manager will be registered under the Investment Company Act. Interests in the Notes will be subject to certain restrictions on transfer, and each purchaser of Notes offered hereby in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. See “*Plan of Distribution*” and “*Transfer Restrictions*”.

The United States Court of Appeals for the District of Columbia has issued a ruling invalidating the application of the U.S. Retention Requirements in certain CLO transactions. Each prospective investor should note that that no party involved in the transaction will obtain on the Issue Date and retain any Notes intended to satisfy the U.S. Retention Requirements.

Notwithstanding the foregoing, there is substantial uncertainty surrounding the U.S. Retention Requirements. See “*Risk Factors—Regulatory Initiatives—U.S. Retention Requirements*”.

The Notes (other than the Retention Notes and the Class M-2 Subordinated Notes purchased by the Retention Holder and CVC Credit Partners Global CLO Management Limited, respectively) are being offered by the Issuer through Merrill Lynch International in its capacity as initial purchaser of the offering of such Notes (the

**“Initial Purchaser”**) subject to prior sale, when, as and if delivered to and accepted by the Initial Purchaser, and to certain conditions. The Retention Notes and the Class M-2 Subordinated Notes to be purchased by the Retention Holder and CVC Credit Partners Global CLO Management Limited, respectively, shall be purchased from the Issuer by the Retention Holder and CVC Credit Partners Global CLO Management Limited, respectively. Each of the Issuer and the Initial Purchaser may offer the Notes at prices as may be privately negotiated at the time of sale which may vary among different purchasers and which may be different to the issue price of the Notes. It is expected that delivery of the Notes will be made on or about the Issue Date. It is a Condition of the Notes that all of the Notes are issued concurrently.

**BofA Merrill Lynch**

**Arranger and Initial Purchaser**

**The date of this Offering Circular is 30 August 2019**

*The Issuer accepts responsibility for the information contained in this Offering Circular and 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 is in accordance with the facts and does not omit anything likely to affect the import of such information. The Collateral Manager accepts responsibility for the information contained in the sections of this Offering Circular headed “Risk Factors—Relating to Certain Conflicts of Interest—Certain Conflicts of Interest Relating to the Collateral Manager”, “The EU Retention and Transparency Requirements – Origination of Collateral Debt Obligations”, “The Collateral Manager”, “The EU Retention and Transparency Requirements—Description of the Retention Holder” (in respect of the first and sixth paragraphs only) and “Risk Factors – Regulatory Initiatives - U.S. Retention Requirements” (in respect of the first sentence of the second paragraph thereof only) (the “**Collateral Manager Information**”). To the best of the knowledge and belief of the Collateral Manager (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information as of the date hereof.*

*The Bank of New York Mellon SA/NV, Dublin Branch accepts responsibility for the information contained in the section of this Offering Circular headed “The Collateral Administrator” (the “**Collateral Administrator Information**”). To the best of the knowledge and belief of The Bank of New York Mellon SA/NV, Dublin Branch (which has taken all reasonable care to ensure that such is the case), the Collateral Administrator Information is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*The Bank of New York Mellon accepts responsibility for the information contained in the section of this Offering Circular headed “The Liquidity Facility Provider” (the “**Liquidity Facility Provider Information**”). To the best of the knowledge and belief of The Bank of New York Mellon (which has taken all reasonable care to ensure that such is the case), the Liquidity Provider Information is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*Except for the Collateral Manager Information, in the case of the Collateral Manager, the Collateral Administrator Information, in the case of the Collateral Administrator and the Liquidity Facility Provider Information, in the case of the Liquidity Facility Provider, none of the Collateral Manager, the Collateral Administrator, the Liquidity Facility Provider or the Retention Holder accept any responsibility for the accuracy and completeness of any information contained in this Offering Circular. The delivery of this Offering Circular at any time does not imply that the information herein is correct at any time subsequent to the date of this Offering Circular.*

*None of the Arranger, the Initial Purchaser, the Trustee, the Collateral Manager (save in respect of the Collateral Manager Information), the Collateral Administrator (save in respect of the Collateral Administrator Information), the Liquidity Facility Provider (save in respect of the Liquidity Facility Provider Information), the Retention Holder, any Agent, any Hedge Counterparty or any other party has separately verified the information contained in this Offering Circular and, accordingly, none of the Arranger, the Initial Purchaser, the Trustee, the Collateral Manager (save as specified above), the Collateral Administrator (save as specified above), the Liquidity Facility Provider, the Retention Holder, any Agent, any Hedge Counterparty or any other party (save for the Issuer as specified above) makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this Offering Circular or in any further notice or other document which may at any time be supplied in connection with the Notes or their distribution or accepts any responsibility or liability therefor. None of the Arranger, the Initial Purchaser, the Trustee, the Collateral Manager, the Collateral Administrator, the Liquidity Facility Provider, the Retention Holder, any Agent, any Hedge Counterparty or any other party undertakes to review the financial Condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the aforementioned parties which is not included in this Offering Circular. None of the Arranger, the Initial Purchaser, the Trustee, the Collateral Manager (save as specified above), the Collateral Administrator (save as specified above), the Liquidity Facility Provider, the Retention Holder, any Agent, any Hedge Counterparty or any other party (save for the Issuer as specified above) accepts any responsibility for the accuracy or completeness of any information contained in this Offering Circular. None of the Initial Purchaser, the Trustee, the Collateral Manager, the Collateral Administrator, any other Agent, the Retention Holder or any Hedge Counterparty shall be responsible for, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in the Notes or any Transaction Documents, or any other agreement or document relating to the Notes or any Transaction Document, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof.*

*This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Arranger, the Initial Purchaser or any of its Affiliates, the Collateral Manager, the Collateral Administrator, the Liquidity Facility Provider, the Retention Holder or any other person to subscribe for or purchase any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Arranger and the Initial Purchaser to inform themselves about and to observe any such restrictions. In particular, the communication constituted by this Offering Circular is directed only at persons who (i) are outside the United Kingdom and are offered and accept this Offering Circular in compliance with such restrictions or (ii) are persons falling within Article 49(2)(a) to (d) (High net worth companies, unincorporated associations etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or who otherwise fall within an exemption set forth in such Order so that Section 21(1) of the Financial Services and Markets Act 2000, as amended, does not apply to the Issuer (all such persons together being referred to as “**relevant persons**”). This communication must not be distributed to, acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. For a description of certain further restrictions on offers and sales of Notes and distribution of this Offering Circular, see “Plan of Distribution” and “Transfer Restrictions” below. The Notes are not intended to be sold and should not be sold to retail investors. See further “Plan of Distribution” of this Offering Circular for further information.*

*In connection with the issue and sale of the Notes, no person is authorised to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Arranger, the Initial Purchaser, the Trustee, the Collateral Manager, the Liquidity Facility Provider, the Retention Holder or the Collateral Administrator. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.*

*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 in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank.*

*Any websites referred to herein do not form part of this Offering Circular.*

*In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to “**Euro**”, “**euro**”, “**€**” and “**EUR**” are to the lawful currency of the Member States of the European Union that have adopted and retain the single currency in accordance with the Treaty establishing the European Community, as amended from time to time; provided that if any member state or states ceases to have such single currency as its lawful currency (such member state(s) being the “**Exiting State(s)**”), the euro shall, for the avoidance of doubt, mean for all purposes the single currency adopted and retained as the lawful currency of the remaining member states and shall not include any successor currency introduced by the Exiting State(s) and any references to “**US Dollar**”, “**US dollar**”, “**USD**”, “**U.S. Dollar**” or “**\$**” shall mean the lawful currency of the United States of America.*

*In connection with the issue of the Notes, no stabilisation will take place and neither the Arranger nor the Initial Purchaser will be acting as stabilising manager in respect of the Notes.*

**Any prospective investor in any investment described in this Offering Circular should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.**

## EU RETENTION AND TRANSPARENCY REQUIREMENTS

In accordance with the EU Retention and Transparency Requirements, the Collateral Manager, in its capacity as the Retention Holder, will undertake to the Issuer, the Arranger, the Initial Purchaser and the Trustee to acquire and hold the Retention Notes on the terms set out in the EU Retention Letter. See further “*The EU Retention and Transparency Requirements*”.

Each prospective investor in the Notes is required to independently assess and determine whether the information provided herein and in any reports provided to investors in relation to this transaction is sufficient to comply with the EU Retention and Transparency Requirements or any similar requirements. None of the Issuer, the Collateral Manager, the Arranger, the Initial Purchaser, the Agents, the Trustee, their respective Affiliates, corporate officers or professional advisers or any other person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose and no such person shall have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transactions contemplated hereby to satisfy the requirements of the EU Retention and Transparency Requirements, the implementing provisions in respect of the EU Retention and Transparency Requirements in their relevant jurisdiction or any other applicable legal, regulatory or other requirements. Each prospective investor in the Notes which is subject to the EU Retention and Transparency Requirements or any other regulatory requirement should consult with its own legal, accounting, regulatory and other advisers and/or its national regulator to determine whether, and to what extent, such information is sufficient for such purposes and any other requirements of the EU Retention and Transparency Requirements or similar requirements of which it is uncertain. See “*Risk Factors—Regulatory Initiatives—Risk Retention and Due Diligence Requirements – EU Retention and Transparency Requirements*” below for further information.

The Monthly Reports will include a statement as to the receipt by the Collateral Administrator of a confirmation from the Retention Holder as to the holding of the Retention Notes, which confirmation the Retention Holder will undertake, upon request, to provide to the Collateral Administrator on a monthly basis.

In addition, in relation to the reporting obligations in the EU Retention and Transparency Requirements, (a) the Issuer will be designated as the entity responsible to fulfil such reporting obligations, (b) the Collateral Manager will undertake to provide to the Collateral Administrator and the Issuer (and any applicable third party reporting entity) any reports, data and other information, subject to any confidentiality obligations binding on the Collateral Manager, reasonably required and in its possession and/or control in connection with the proper performance by the Issuer, as the reporting entity, of its obligation to make available to the Noteholders, potential investors in the Notes and the competent authorities the reports and information necessary for the Issuer to fulfil the reporting requirements of Article 7 of the Securitisation Regulation (and prior to the adoption of final disclosure templates in respect of the transparency requirements of Article 7 of the Securitisation Regulation (the “**Transparency Requirements**”), the Issuer (with the assistance of the Collateral Administrator and the Collateral Manager) intends to fulfil those requirements contained in subparagraphs (a) and (e) of Article 7(1) of the Securitisation Regulation through the Monthly Reports and the Payment Date Reports, see “*Description of the Reports*”) and (c) following the adoption of the final disclosure templates in respect of the EU Retention and Transparency Requirements, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, method of distribution and timing of such reports and other information. The Collateral Administrator shall consult with the Issuer and the Collateral Manager and, if it agrees (in its sole and absolute discretion) to assist the Issuer and the Collateral Manager in providing such reporting on such proposed terms, shall confirm in writing to the Issuer and the Collateral Manager and shall make such information (as provided to it by the Collateral Manager and the Issuer) available via (A) a website (or procure that such information is made available) currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Trustee, the Collateral Manager and the Hedge Counterparties and as further notified by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*)) which shall be accessible to any competent authority, any Noteholder and any potential investor in the Notes and/or (B) such other method of dissemination as is required by the Securitisation Regulation or a competent authority (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). If the Collateral Administrator does not agree to assist the Issuer and the Collateral Manager in providing such reporting, the Issuer and the Collateral Manager shall appoint another entity to make such information available to any competent authority, any Noteholder and any potential investor in the Notes.

For the avoidance of doubt, if the Collateral Administrator agrees to assist the Issuer and the Collateral Manager in providing such information and reporting on behalf of the Issuer, neither the Collateral Administrator nor the Collateral Manager will assume any responsibility for the Issuer’s obligations as the entity responsible for



fulfilling the reporting obligations under the EU Retention and Transparency Requirements. In making available such information and reporting, the Collateral Administrator and the Collateral Manager also assume no responsibility or liability to any third party, including the Noteholders and any potential Noteholders (including for their use or onward disclosure of any such information or documentation), and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents.

The Issuer intends that this Offering Circular constitutes a transaction summary overview of the main features of the transaction contemplated herein for the purposes of Article 7(1)(c) of the Securitisation Regulation.

## U.S. RETENTION REQUIREMENTS

The U.S. Retention Requirements (as defined below) require the “sponsor” of a “securitization transaction” to retain (either directly or through its “majority-owned affiliates”) an economic interest in not less than 5% of the “credit risk” of “securitized assets” (as such terms are defined in the U.S. Retention Requirements). In the LSTA Decision (as defined herein), the United States Court of Appeals for the District of Columbia held that regulators lacked Congressional authority to designate the collateral manager of an open market CLO as the “sponsor” of such CLO. Each prospective investor should note that no party involved in the transaction will obtain on the Issue Date and retain any Notes intended to satisfy the U.S. Retention Requirements. See “*Risk Factors—Regulatory Initiatives—U.S. Retention Requirements*”.

Notwithstanding the above, the Retention Holder will on the Issue Date purchase the Retention Notes, with the intention of complying with the EU Retention and Transparency Requirements.

### **Volcker Rule**

Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing rules (the “**Volcker Rule**”) relevant banking entities (as defined under the Volcker Rule) are prohibited from, among other things, acquiring or retaining any ownership interest in, or acting as sponsor in respect of, certain investment entities referred to in the Volcker Rule as covered funds, except as may be permitted by an applicable exclusion or exception from the Volcker Rule. In addition, in certain circumstances, the Volcker Rule restricts relevant banking entities from entering into certain credit exposure related transactions with covered funds. Subject to certain exceptions and extensions, full conformance with the Volcker Rule was required from 21 July 2015. In general, there is limited interpretive guidance regarding the Volcker Rule.

Key terms are defined under the Volcker Rule, including “banking entity”, “ownership interest”, “sponsor” and “covered fund”. In particular, “banking entity” is defined to include certain non-U.S. affiliates of U.S. banking entities as well as non-U.S. banking entities that conduct operations in the United States either directly or through branches or affiliates, “covered fund” is defined to include an issuer that would be an investment company, as defined in the U.S. Investment Company Act of 1940, but for section 3(c)(1) or 3(c)(7) thereof, subject to certain exemptions and exclusions found in the Volcker Rule’s implementing regulations (which would extend to the Issuer given its intention to rely on section 3(c)(7)) and “ownership interest” is defined to include, among other things, interests arising through a holder’s exposure to profits and losses in the covered fund or through any right of the holder to participate in the selection or removal of, among others, an investment manager or advisor, general partner or the board of directors of such covered fund. It should be noted that the Subordinated Notes will be characterised as ownership interests in the Issuer for this purpose. It is uncertain whether any of the Rated Notes may be similarly characterised as ownership interests. Providing that the right of holders of the Notes in respect of the removal of the Collateral Manager and selection of a successor collateral manager shall only be exercisable upon a Collateral Manager Event of Default may not be sufficient to ensure that the Rated Notes are not characterised as ownership interests. If the Issuer is deemed to be a covered fund then in the absence of regulatory relief such prohibitions may have adverse effects on the Issuer and the liquidity and value of the Notes including limiting the secondary market of the Notes and affecting the Issuer’s access to liquidity and ability to hedge its exposures.

The Class A Notes, the Class B-1 Notes, the Class B-2 Notes, the Class C Notes and Class D Notes are issued in subclasses, some of which have voting rights with respect to the removal and replacement of the Collateral Manager and others of which do not possess those rights. Accordingly, U.S. banking institutions and other banking entities investing in those classes of Notes will have the option to invest in subclasses that do not by their terms have a right to remove or replace the Collateral Manager. There can be no assurance, however, that owning the Notes of a subclass which by their terms do not have a right to remove or replace the Collateral Manager, will be effective in resulting in such investments in the Issuer by U.S. banking institutions and other

banking entities subject to the Volcker Rule (whether in the form of CM Non-Voting Exchangeable Notes or otherwise) not being characterised as an “ownership interest” in the Issuer.

Each investor is responsible for analysing its own position under the Volcker Rule and any similar measures and none of the Issuer, the Collateral Manager, the Arranger, the Initial Purchaser, the Agents, the Trustee, their respective Affiliates or any other person makes any representation regarding such position, including with respect to the ability of any investor to acquire or hold the Notes, now or at any time in the future. See “*Risk Factors—Regulatory Initiatives—Volcker Rule*” below.

The Class X Notes shall not carry any rights to vote in respect of, or be counted for the purposes of determining a quorum and the result of any votes in respect of any CM Removal Resolutions or any CM Replacement Resolutions. There can be no assurance that this feature will be effective in resulting in investments in the Class X Notes by U.S. banking institutions and other banking entities subject to the Volcker Rule not being characterised as an “ownership interest” in the Issuer.

### ***Information as to placement within the United States***

The Notes of each Class offered pursuant to an exemption from registration under Rule 144A (“**Rule 144A**”) under the Securities Act (the “**Rule 144A Notes**”) will be sold only to “qualified institutional buyers” (as defined in Rule 144A) (“**QIBs**”) that are also “qualified purchasers” for purposes of Section 3(c)(7) of the Investment Company Act (“**QPs**”). The Rule 144A Notes of each Class (including, where applicable, the CM Voting Notes, the CM Non-Voting Exchangeable Notes and the CM Non-Voting Notes of such Class) (other than, in certain circumstances, the Class E Notes, the Class F Notes and the Subordinated Notes) will each be represented on issue by beneficial interests in one or more permanent global certificates of such Class (each, a “**Rule 144A Global Certificate**” and together, the “**Rule 144A Global Certificates**”) or in some cases (including, in certain circumstances, the Class E Notes, the Class F Notes and the Subordinated Notes) definitive certificates (each a “**Rule 144A Definitive Certificate**” and together the “**Rule 144A Definitive Certificates**”), in each case in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear system (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) or in the case of Rule 144A Definitive Certificates, the registered holder thereof. The Notes of each Class (including, where applicable, the CM Voting Notes, the CM Non-Voting Exchangeable Notes and the CM Non-Voting Notes of such Class) sold outside the United States to non-U.S. Persons in reliance on Regulation S (“**Regulation S**”) under the Securities Act (the “**Regulation S Notes**”) (other than, in certain circumstances, the Class E Notes, the Class F Notes and the Subordinated Notes) will each be represented on issue by beneficial interests in one or more permanent global certificates of such Class (each, a “**Regulation S Global Certificate**” and together, the “**Regulation S Global Certificates**”), or in some cases (including, in certain circumstances, the Class E Notes, the Class F Notes and the Subordinated Notes) by definitive certificates of such Class (each a “**Regulation S Definitive Certificate**” and together, the “**Regulation S Definitive Certificates**”) in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common depository for Euroclear and Clearstream, Luxembourg or, in the case of Regulation S Definitive Certificates, the registered holder thereof. Neither U.S. Persons nor U.S. residents (as determined for the purposes of the Investment Company Act) (“**U.S. Residents**”) may hold an interest in a Regulation S Global Certificate or a Regulation S Definitive Certificate. Ownership interests in the Regulation S Global Certificates and the Rule 144A Global Certificates (together, the “**Global Certificates**”) will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. Other than with respect to the Rule 144A Notes that are Subordinated Notes and in certain circumstances, Class E Notes, Class F Notes and Regulation S Notes that are Subordinated Notes, Notes in definitive certificated form will be issued only in limited circumstances. Rule 144A Notes that are Subordinated Notes and, in certain circumstances, Class E Notes, Class F Notes and Regulation S Notes that are Subordinated Notes, described herein be issued in definitive, certificated, fully registered form, pursuant to the Trust Deed and will be offered outside the United States to non-U.S. Persons in reliance on Regulation S and within the United States to persons who are both QIBs and QPs and, in each case, will be registered in the name of the holder (or a nominee thereof).

The Issuer has not been registered under the Investment Company Act. Each purchaser of an interest in the Notes other than a non-U.S. Person outside the U.S. will be deemed to have represented and agreed that it is both a QIB and a QP. Each purchaser of an interest in the Notes will also be deemed to have made the representations set out in “*Transfer Restrictions*” herein. The purchaser of any Note, by such purchase, agrees that such Note is being acquired for its own account and not with a view to distribution and may be resold,

pledged or otherwise transferred only (1) to the Issuer (upon redemption thereof or otherwise), (2) to a person the purchaser reasonably believes is a QIB which is also a QP, in a transaction meeting the requirements of Rule 144A, or (3) outside the United States to a non-U.S. Person in an offshore transaction in reliance on Regulation S, in each case, in compliance with the Trust Deed and all applicable securities laws of any state of the United States or any other jurisdiction. See “*Transfer Restrictions*”.

*In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes and the offering thereof described herein, including the merits and risks involved, including the possibility that any purchaser of any Note may not fully recoup its initial investment, including as a result of certain origination expenses and expenses incurred by the Issuer in connection with the offering. The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice.*

*Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.*

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH, OR APPROVED BY, ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

This Offering Circular has been prepared by the Issuer solely for use in connection with the offering of the Notes described herein (the “**Offering**”). Each of the Issuer and the Initial Purchaser reserves the right to reject any offer to purchase Notes in whole or in part for any reason, or to sell less than the stated initial principal amount of any Class of Notes offered hereby. This Offering Circular is personal to each offeree to whom it has been delivered by the Issuer, the Initial Purchaser or any Affiliate thereof and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this Offering Circular to any persons other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Any reproduction or distribution of this Offering Circular in whole or in part and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the securities offered herein is prohibited.

BY ACCEPTING DELIVERY OF ITS NOTES, EACH PURCHASER OF NOTES WILL BE DEEMED TO HAVE ACKNOWLEDGED THAT (A) IT HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST FROM MERRILL LYNCH INTERNATIONAL AND TO REVIEW, AND HAS RECEIVED, ALL INFORMATION CONSIDERED BY IT TO BE MATERIAL REGARDING THE INITIAL PORTFOLIO AND ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION IN THIS OFFERING CIRCULAR AND (B) IT HAS NOT RELIED ON ANY TRANSACTION PARTY OR ANY PERSON AFFILIATED WITH ANY OF THEM IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR OR ITS INVESTMENT DECISION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR, NOR ANY SALE MADE UNDER THIS OFFERING CIRCULAR SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF SUCH INFORMATION.

NOTWITHSTANDING ANYTHING IN THIS OFFERING CIRCULAR TO THE CONTRARY, EACH PROSPECTIVE INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF EACH PROSPECTIVE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF AN INVESTMENT IN THE NOTES AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE PROSPECTIVE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. FOR THESE PURPOSES, THE TAX TREATMENT OF AN INVESTMENT IN THE NOTES MEANS THE PURPORTED OR CLAIMED U.S. FEDERAL INCOME TAX TREATMENT OF AN INVESTMENT IN THE NOTES. IN ADDITION, THE TAX STRUCTURE OF AN INVESTMENT IN THE NOTES INCLUDES ANY FACT THAT MAY BE RELEVANT TO UNDERSTANDING THE PURPORTED OR CLAIMED U.S. FEDERAL INCOME TAX TREATMENT OF AN INVESTMENT IN THE NOTES.

## AVAILABLE INFORMATION

To permit compliance with the Securities Act in connection with the sale of the Notes in reliance on Rule 144A, the Issuer will be required under the Trust Deed to furnish upon request to a holder or beneficial owner of a Rule 144A Note who is a QIB or a prospective investor who is a QIB designated by such holder or beneficial owner the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuer is neither a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. All information made available by the Issuer pursuant to the terms of this paragraph may also be obtained during usual business hours free of charge at the office of the Issuer.

## GENERAL NOTICE

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS OFFERING CIRCULAR AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE ARRANGER, THE INITIAL PURCHASER, THE COLLATERAL MANAGER, THE TRUSTEE OR THE COLLATERAL ADMINISTRATOR SPECIFIED HEREIN (IN EACH CASE OR ANY OF THEIR RESPECTIVE AFFILIATES) SHALL HAVE ANY RESPONSIBILITY THEREFOR.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE INITIAL PURCHASER SHALL NOT BE RESPONSIBLE FOR ANY MATTER WHICH IS THE SUBJECT OF ANY STATEMENT, REPRESENTATION, WARRANTY OR COVENANT OF THE ISSUER CONTAINED IN THE NOTES OR ANY TRANSACTION DOCUMENTS, OR ANY OTHER AGREEMENT OR DOCUMENT RELATING TO THE NOTES OR ANY TRANSACTION DOCUMENT, OR FOR THE EXECUTION, LEGALITY, EFFECTIVENESS, ADEQUACY, GENUINENESS, VALIDITY, ENFORCEABILITY OR ADMISSIBILITY IN EVIDENCE THEREOF.

IN CONNECTION WITH THIS NEW ISSUE OF NOTES (THE “**TRANSACTION**”), MERRILL LYNCH INTERNATIONAL (“**MLI**”) DOES NOT ACT FOR OR PROVIDE SERVICES, INCLUDING PROVIDING ANY ADVICE, IN RELATION TO THE TRANSACTION TO ANY PERSON OTHER THAN THE ISSUER AND THE COLLATERAL MANAGER. MLI WILL NOT REGARD ANY PERSON OTHER THAN THE ISSUER AND THE COLLATERAL MANAGER, INCLUDING ACTUAL OR PROSPECTIVE HOLDERS OF THE NOTES, AS ITS CLIENT IN RELATION TO THE TRANSACTION. ACCORDINGLY, MLI WILL NOT BE RESPONSIBLE TO ANYONE OTHER THAN THE ISSUER FOR PROVIDING THE PROTECTIONS (REGULATORY OR OTHERWISE) AFFORDED TO ITS CLIENTS.

NEITHER THE INITIAL PURCHASER NOR ANY OF THEIR RESPECTIVE AFFILIATES ACCEPTS ANY RESPONSIBILITY FOR ANY ACTS OR OMISSIONS OF THE ISSUER OR ANY OTHER PERSON (OTHER THAN THE INITIAL PURCHASER) IN CONNECTION WITH THE OFFERING CIRCULAR OR THE ISSUE AND OFFERING OF THE NOTES.

A CREDIT RATING IS NOT A RECOMMENDATION TO BUY, HOLD OR SELL SECURITIES AND IS SUBJECT TO REVISION AT ANY TIME. PLEASE SEE “RISK FACTORS—CREDIT RATINGS”.

## PRIIPs Regulation and Prospectus Regulation

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/96 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii)

not a qualified investor as defined in Regulation (EU) 2017/1129 (as may be amended or superceded, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

### **MIFID II Product Governance**

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer target market assessment) and determining appropriate distribution channels.

### **Benchmark Regulation**

Amounts payable on the Floating Rate Notes are calculated by reference to EURIBOR. As at the date of this Offering Circular, the administrator of EURIBOR (being the European Money Markets Institute) is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmark Regulation**").

As of the date of this Offering Circular, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that the European Money Markets Institute is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

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## TRANSACTION OVERVIEW

*The following Overview does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Circular and related documents referred to herein. Capitalised terms not specifically defined in this Overview have the meanings set out in Condition 1 (Definitions) under “Terms and Conditions of the Notes” below or are defined elsewhere in this Offering Circular. An index of defined terms appears at the back of this Offering Circular. References to a “Condition” are to the specified Condition in the “Terms and Conditions of the Notes” below and references to “Conditions of the Notes” are to the “Terms and Conditions of The Notes” below. For a discussion of certain risk factors to be considered in connection with an investment in the Notes, see “Risk Factors”.*

Issuer .....	CVC Cordatus Loan Fund XV Designated Activity Company, a designated activity company limited by shares incorporated in Ireland.
Collateral Manager .....	CVC Credit Partners European CLO Management LLP.
Trustee .....	BNY Mellon Corporate Trustee Services Limited.
Arranger and Initial Purchaser	Merrill Lynch International.
Collateral Administrator	The Bank of New York Mellon SA/NV, Dublin Branch.
Liquidity Facility Provider	The Bank of New York Mellon.
Eligible Purchasers .....	The Notes of each Class will be offered: <ul style="list-style-type: none"> <li>(a) outside of the United States to non-U.S. Persons in “offshore transactions” in reliance on Regulation S; and</li> <li>(b) within the United States to persons and outside the United States to U.S. Persons, in each case, who are QIB/QPs.</li> </ul>

### Distributions on the Notes

Payment Dates .....	26 February, 26 May, 26 August and 26 November prior to the occurrence of a Frequency Switch Event and on 26 February and 26 August (where the Payment Date immediately prior to the occurrence of a Frequency Switch Event falls in either February or August) or on 26 May and 26 November (where the Payment Date immediately prior to the occurrence of a Frequency Switch Event falls in either May or November) following the occurrence of a Frequency Switch Event, in each year commencing on 26 February 2020 and ending on the Maturity Date (subject to any earlier redemption of the Notes and in each case to adjustment for non-Business Days in accordance with the Conditions).
Stated Note Interest .....	Interest in respect of the Rated Notes will be payable quarterly in arrear prior to the occurrence of a Frequency Switch Event and semi-annually in arrear following the occurrence of a Frequency

Switch Event, in each case on each Payment Date (with the first Payment Date occurring on 26 February 2020) in accordance with the Interest Proceeds Priority of Payments.

Interest on the Class M-2 Subordinated Notes will be payable quarterly in arrear prior to the occurrence of a Frequency Switch Event and semi-annually in arrear following the occurrence of a Frequency Switch Event, in each case, on each Payment Date (with the first Payment Date occurring on 26 February 2020) in accordance with the Priorities of Payments and calculated as a proportion of the weighted average Aggregate Collateral Balance during the related Due Period. Residual distributions shall also be payable on the Subordinated Notes on each Payment Date to the extent funds are available in accordance with the Priorities of Payments.

Deferral of Interest .....

Failure on the part of the Issuer to pay the Interest Amounts due and payable on:

- (a) any of the Class X Notes, the Class A Notes or the Class B Notes pursuant to Condition 6 (*Interest*) and the Priorities of Payments shall not be a Note Event of Default unless and until such failure continues for a period of at least five Business Days save:
  - (i) in the case of administrative error or omission only, where such failure continues for a period of at least seven Business Days; or
  - (ii) as the result of any deduction therefrom or the imposition of any withholding tax thereon as set out in Condition 9 (*Taxation*).
- (b) any of the Class C Notes, Class D Notes, Class E Notes or Class F Notes pursuant to Condition 6 (*Interest*) and the Priorities of Payments will not constitute a Note Event of Default until the Maturity Date or any earlier date when such Notes are redeemed in full, *unless* following a Frequency Switch Event only: following redemption in full of the Class X Notes, the Class A Notes and the Class B Notes, the Issuer fails to pay any Interest Amounts in respect of the Class C Notes when the same becomes due and payable; following redemption in full of the Class C Notes, the Issuer fails to pay any Interest Amounts in respect of the Class D Notes when the same becomes due and payable; following redemption in full of the Class D Notes, the Issuer fails to pay any Interest Amounts in respect of the Class E Notes when the same becomes due and payable; and following redemption in full of



the Class E Notes the Issuer fails to pay any Interest Amounts in respect of the Class F Notes when the same becomes due and payable.

Failure on the part of the Issuer to pay the Interest Amounts on the Class M-2 Subordinated Notes shall not be a Note Event of Default at any time unless such non-payment constitutes a Note Event of Default pursuant to Condition 10(a)(iii) (*Default under Priorities of Payments*).

To the extent that interest payments on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class M-2 Subordinated Notes are not made on the relevant Payment Date, an amount equal to such unpaid interest will be added to the principal amount of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class M-2 Subordinated Notes, as applicable, and thereafter will accrue interest on such unpaid amount at the rate of interest applicable to such Notes. See Condition 6(c) (*Deferral of Interest*),

Non payment of amounts due and payable on the Subordinated Notes as a result of the insufficiency of available Interest Proceeds will not constitute a Note Event of Default.

#### Redemption of the Notes

Principal payments on the Notes may be made in the following circumstances:

- (a) on the Maturity Date;
- (b) on any Payment Date following a Determination Date on which a Coverage Test is not satisfied (to the extent such test is required to be satisfied on such Determination Date) (see Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*));
- (c) if, as at the Business Day prior to the Payment Date following the Effective Date, an Effective Date Rating Event has occurred and is continuing, the Rated Notes shall be redeemed in accordance with the Note Payment Sequence on such Payment Date and thereafter on each subsequent Payment Date (to the extent required) out of Interest Proceeds and thereafter out of Principal Proceeds subject to the Priorities of Payments, in each case until redeemed in full or, if earlier, until such Effective Date Rating Event is no longer continuing (see Condition 7(e) (*Redemption upon Effective Date Rating Event*));
- (d) after the Reinvestment Period, on each Payment Date out of Principal Proceeds

transferred to the Payment Account immediately prior to the related Payment Date (save to the extent such amounts are designated for reinvestment in accordance with the Collateral Management Agreement) (see Condition 7(f) (*Redemption following Expiry of the Reinvestment Period*));

- (e) on any Payment Date during the Reinvestment Period at the discretion of the Collateral Manager (acting on behalf of the Issuer) following certification by the Collateral Manager to the Trustee (upon which certificate the Trustee shall be entitled to rely without further enquiry and without liability) that, using reasonable endeavours, it has been unable, for a period of 20 consecutive Business Days, to identify a sufficient quantity of additional or Substitute Collateral Debt Obligations in which to invest or reinvest Principal Proceeds or Interest Proceeds (see Condition 7(d) (*Special Redemption*));
- (f) in whole (with respect to all Classes of Rated Notes) but not in part on any Payment Date (or with the Collateral Manager's consent, any Business Day) falling on or after expiry of the Non-Call Period at the direction of the Subordinated Noteholders acting by way of an Ordinary Resolution (as evidenced by duly completed Redemption Notices)); (see Condition 7(b)(i) (*Optional Redemption in Whole—Subordinated Noteholders*));
- (g) in part by the redemption in whole of one or more Classes of Rated Notes from Refinancing Proceeds on any Business Day following the expiry of the Non-Call Period if directed in writing by the Subordinated Noteholders (acting by way of an Ordinary Resolution), as long as the Class of Rated Notes to be redeemed represents not less than the entire Class of such Rated Notes (see Condition 7(b)(ii) (*Optional Redemption in Part—Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders*));
- (h) in whole (with respect to all Classes of Rated Notes) but not in part from Sale Proceeds on any Business Day following the expiry of the Non-Call Period if, upon or at any time following the expiry of the Non-Call Period the Aggregate Collateral Balance is less than 20 per cent. of the Target Par Amount and if directed in writing by the Collateral Manager (acting on behalf of the Issuer) (see Condition 7(b)(iii) (*Optional Redemption in*

*Whole—Collateral Manager Clean-up Call*));

- (i) on any Business Day the Subordinated Notes may be redeemed in whole at the direction of the Subordinated Noteholders acting by way of Ordinary Resolution or at the direction of the Collateral Manager (acting on behalf of the Issuer) following the redemption in full of all Classes of Rated Notes (see Condition 7(b)(viii) (*Optional Redemption of Subordinated Notes*));
- (j) on any Business Day following the occurrence of a Collateral Tax Event in whole (with respect to all Classes of Rated Notes) at the option of the Subordinated Noteholders acting by way of Ordinary Resolution (see Condition 7(b)(i) (*Optional Redemption in Whole—Subordinated Noteholders*));
- (k) on any Business Day in whole (with respect to all Classes of Rated Notes) at the option of the Controlling Class (acting by way of Extraordinary Resolution) or the Subordinated Noteholders (acting by way of Ordinary Resolution), following the occurrence of a Note Tax Event, subject to (i) the Issuer having failed to cure the Note Tax Event and (ii) certain minimum time periods (see Condition 7(g) (*Redemption following Note Tax Event*));
- (l) at any time following from and including the time an Acceleration Notice is given or deemed to be given, following the occurrence of a Note Event of Default which occurs and is continuing and has not been cured (see Condition 10(a) (*Note Events of Default*)); and
- (m) the Class X Notes shall be subject to redemption in part on each of the first 8 Payment Dates from and including the second Payment Date following the Issue Date, in each case in an amount equal to the relevant Class X Principal Amortisation Amount (see Condition 7(l) (*Redemption of the Class X Notes*)).

Non-Call Period .....

During the period from the Issue Date up to, but excluding, 26 August 2021 or, if such day is not a Business Day, then the next succeeding Business Day, unless it would fall in the following month, in which case it shall be the immediately preceding Business Day (the “**Non-Call Period**”), the Notes are not subject to Optional Redemption (save for upon a Collateral Tax

Event or a Note Tax Event). See Condition 7(b) (*Optional Redemption*) and Condition 7(g) (*Redemption following Note Tax Event*).

Redemption Prices .....

The Redemption Price of each Class of Rated Notes will be (a) 100 per cent. of the Principal Amount Outstanding of the Notes to be redeemed (including, in the case of the Class C Notes, the Class D Notes, the Class E Notes and Class F Notes, any accrued and unpaid Deferred Interest on such Notes) plus (b) accrued and unpaid interest thereon to the day of redemption.

The Redemption Price for each Subordinated Note will be its *pro rata* share (calculated in accordance with paragraph (DD) of the Interest Proceeds Priority of Payments, paragraph (T) of the Principal Proceeds Priority of Payments and/or paragraph (AA) of the Post-Acceleration Priority of Payments as applicable) of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover in such circumstances, remaining following application thereof in accordance with the Priorities of Payments together with, in the case of any Class M-2 Subordinated Note, any accrued and unpaid interest and any Deferred Interest in respect thereof to the relevant day of redemption. The holders of 100 per cent. of the aggregate Principal Amount Outstanding of any Class of Rated Notes may elect to receive less than 100 per cent. of the Redemption Price that would otherwise be payable to the holders of such Class of Rated Notes.

Priorities of Payments ...

Prior to an acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*) or, following an acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*) by way of the delivery of an Acceleration Notice (actual or deemed), which Acceleration Notice has been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*), and other than in connection with an Optional Redemption in whole pursuant to Condition 7(b) (*Optional Redemption*) or Condition 7(g) (*Redemption following Note Tax Event*), Interest Proceeds will be applied in accordance with the Interest Proceeds Priority of Payments, and Principal Proceeds will be applied in accordance with the Principal Proceeds Priority of Payments. Upon any redemption in whole of the Notes in accordance with Condition 7(b) (*Optional Redemption*) or in accordance with Condition 7(g) (*Redemption following Note Tax Event*) or, following the delivery of an Acceleration Notice (actual or deemed) in accordance with Condition 10(b) (*Acceleration*) which has not been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*), Interest Proceeds and Principal

Proceeds will be applied in accordance with the Post-Acceleration Priority of Payments, in each case as described in the Conditions.

Refinancing Proceeds and Partial Redemption Interest Proceeds will be applied in accordance with the Partial Redemption Priority of Payments on any Partial Redemption Date (see Condition 3(k) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*)).

## Collateral Management Fees

Senior Collateral Management Fee	0.177 per cent. per annum of the Fee Basis Amount (being exclusive of any applicable VAT). See “ <i>Description of the Collateral Management Agreement</i> ”.
Subordinated Collateral Management Fee .....	0.265 per cent. per annum of the Fee Basis Amount (being exclusive of any applicable VAT). See “ <i>Description of the Collateral Management Agreement</i> ”.
Incentive Collateral Management Fee .....	After having met or surpassed the Incentive Collateral Management Fee IRR Threshold of 12.0 per cent., 20.0 per cent. of any Interest Proceeds and Principal Proceeds that would otherwise be available to distribute to the Subordinated Noteholders in accordance with the Priorities of Payments (being exclusive of any applicable VAT). See “ <i>Description of the Collateral Management Agreement</i> ”.
Collateral Manager Advances	<p>The Collateral Manager may, at its discretion and from time to time advance amounts (each such amount, a “<b>Collateral Manager Advance</b>”) to the Issuer for the purpose of:</p> <ul style="list-style-type: none"> <li>(a) funding the purchase or exercise of rights under Collateral Enhancement Debt Obligations which the Collateral Manager determines on behalf of the Issuer should be purchased or exercised; or</li> <li>(b) as a contribution to Interest Proceeds or Principal Proceeds, to be applied in accordance with the applicable Priorities of Payments.</li> </ul>

Each Collateral Manager Advance may bear interest as agreed between the Issuer and the Collateral Manager from time to time and notified by the Collateral Manager to the Collateral Administrator as soon as reasonably practicable **provided** that such rate of interest shall not exceed a rate of EURIBOR plus 2.0 per cent. per annum. All such Collateral Manager Advances shall be repaid out of Interest Proceeds

and Principal Proceeds on each Payment Date pursuant to the Priorities of Payments.

The aggregate amount outstanding of all Collateral Manager Advances shall not, at any time, exceed €5,000,000 or such greater number as the Subordinated Noteholders may approve, acting by way of an Ordinary Resolution.

## Security for the Notes

### General.....

The Notes will be secured in favour of the Trustee for the benefit of the Secured Parties by security over a portfolio of Collateral Debt Obligations predominantly consisting of Senior Secured Loans, Senior Secured Bonds, Second Lien Loans, Mezzanine Obligations and High Yield Bonds. The Notes will also be secured by an assignment by way of security of various of the Issuer's other rights, including its rights under certain of the agreements described herein. See Condition 4 (*Security*).

### Hedging Arrangements ...

The Issuer (or the Collateral Manager acting on its behalf) will not be permitted to enter into a Hedge Agreement to hedge interest rate risk and/or currency risk unless either (i) such Hedge Agreement complies with the Hedge Agreement Eligibility Criteria, or (ii) the Issuer (or the Collateral Manager acting on its behalf) obtains legal advice from reputable legal counsel to the effect that the entry into such arrangements shall not require any of the Issuer, its directors or officers or the Collateral Manager to register with the United States Commodities Futures Trading Commission (the "CFTC") as a commodity pool operator or a commodity trading advisor pursuant to the United States Commodity Exchange Act of 1936, as amended (the "CEA"). Notwithstanding the above, if, in the reasonable opinion of the Collateral Manager, entry into a Hedge Agreement would require such registration with respect to, and at the expense of, the Issuer, the Issuer (or the Collateral Manager acting on its behalf) will not be permitted to enter into such Hedge Agreement unless such registration is made by the Collateral Manager. The Issuer will also be obliged to obtain Rating Agency Confirmation prior to entering into any hedging arrangements after the Issue Date unless it is in a form in respect of which the Issuer (or the Collateral Manager acting on behalf of the Issuer) has previously received written approval from each Rating Agency. See "*Hedging Arrangements*".

On or about the Issue Date, the Issuer (or the Collateral Manager acting on its behalf) may enter into Interest Rate Hedge Transactions which are interest rate caps ("**Issue Date Interest Rate Hedge Transactions**") with one or more

Interest Rate Hedge Counterparties in order to mitigate its exposure to increases in EURIBOR-based payments of interest payable by the Issuer on the Rated Notes. Should the Issuer (or the Collateral Manager acting on its behalf) enter into such transactions on the Issue Date, the Issuer will pay a premium to such Interest Rate Hedge Counterparty or Interest Rate Hedge Counterparties. The Issuer (or the Collateral Manager on its behalf) would be required to exercise such Issue Date Interest Rate Hedge Transactions if at any time EURIBOR was greater than the strike price set out in the applicable Issue Date Interest Rate Hedge Transaction. The Issuer (or the Collateral Manager on its behalf) will be permitted to novate for value any Issue Date Interest Rate Hedge Transaction on any date (a) upon which the Rated Notes have been redeemed in whole or (b) upon receipt of Rating Agency Confirmation.

See “*Hedging Arrangements*”.

## Purchase of Collateral Debt Obligations

### Initial Investment Period

Prior to the Issue Date, the Issuer expects to have acquired or entered into a binding commitment to acquire Collateral Debt Obligations with an Aggregate Principal Balance equal to approximately 70 per cent. of the Target Par Amount. During the period from and including the Issue Date to but excluding the earlier of:

- (a) the date designated for such purpose by the Collateral Manager, subject to the Effective Date Determination Requirements having been satisfied; and
- (b) 13 February 2020 (or, if such day is not a Business Day, the next following Business Day),

(such earlier date, the “**Effective Date**” and, such period, the “**Initial Investment Period**”), the Issuer, or the Collateral Manager on its behalf, intends to purchase the remainder of the Portfolio of Collateral Debt Obligations, subject to the Eligibility Criteria and certain other restrictions.

### Reinvestment in Collateral Debt Obligations.....

Subject to and in accordance with the Collateral Management Agreement, the Collateral Manager shall, on behalf of the Issuer, use reasonable endeavours to use Principal Proceeds available from time to time to purchase Substitute Collateral Debt Obligations meeting the Eligibility Criteria and the Reinvestment Criteria during the Reinvestment Period.

Following the expiry of the Reinvestment Period, only Sale Proceeds from the sale of Credit

Impaired Obligations, Credit Improved Obligations and Unscheduled Principal Proceeds received after the Reinvestment Period may be reinvested by the Issuer or the Collateral Manager, on behalf of the Issuer, in Substitute Collateral Debt Obligations meeting the Eligibility Criteria and Reinvestment Criteria. See “*The Portfolio—Sale of Collateral Debt Obligations*” and “*The Portfolio—Reinvestment of Collateral Debt Obligations*”.

#### Eligibility Criteria .....

In order to qualify as a Collateral Debt Obligation, an obligation must satisfy the Eligibility Criteria or (i) Issue Date Collateral Debt Obligations shall be required to satisfy the Eligibility Criteria on the Issue Date; or (ii) in the case of an obligation which is the subject of a restructuring, the Restructured Obligation Criteria on the applicable Restructuring Date. Each obligation shall only be required to satisfy the Eligibility Criteria at the time the Issuer (or the Collateral Manager, acting on behalf of the Issuer) enters into a binding commitment to purchase such obligation save for an Issue Date Collateral Debt Obligation which must also satisfy the Eligibility Criteria on the Issue Date and Restructured Obligations which must satisfy the Restructured Obligation Criteria as at the applicable Restructuring Date. See “*The Portfolio—Sale of Collateral Debt Obligations*” and “*The Portfolio—Reinvestment of Collateral Debt Obligations*”.

#### Restructured Obligations

In order for a Collateral Debt Obligation which is the subject of a restructuring to qualify as a Collateral Debt Obligation such Collateral Debt Obligation must satisfy the Restructured Obligation Criteria as at the applicable Restructuring Date. See “*The Portfolio—Restructured Obligations*”.

#### Collateral Quality Tests

The Collateral Quality Tests will comprise the following:

For so long as any of the Rated Notes are rated by Moody’s and are Outstanding:

- (a) the Moody’s Minimum Diversity Test;
- (b) the Moody’s Minimum Weighted Average Recovery Rate Test; and
- (c) the Moody’s Maximum Weighted Average Rating Factor Test.

For so long as any Notes rated by Fitch are Outstanding:

- (a) the Fitch Maximum Weighted Average Rating Factor Test;



(b) the Fitch Minimum Weighted Average Recovery Rate Test; and

(c) the Maximum Obligor Concentration Test.

For so long as any of the Rated Notes are Outstanding:

(a) the Weighted Average Life Test; and

(b) the Minimum Weighted Average Spread Test.

Each of the Collateral Quality Tests is defined in the Collateral Management Agreement and described in “*The Portfolio*” below.

#### Portfolio Profile Tests ...

In summary, the Portfolio Profile Tests will consist of each of the following (the percentage requirements applicable to different types of Collateral Debt Obligations specified in the Portfolio Profile Tests and summarily displayed in the table below shall be determined by reference to the Aggregate Collateral Balance):

	<u>Minimum</u>	<u>Maximum</u>
Senior Secured Loans and Senior Secured Bonds	90.0%	N/A
Second Lien Loans, Senior Unsecured Obligations, High Yield Bonds, Mezzanine Obligations	N/A	10.0%
Senior Secured Loans	70.0%	N/A
Senior Secured Bonds, High Yield Bonds and Mezzanine Obligations in the form of notes	N/A	30.0%
Fixed Rate Collateral Debt Obligations	N/A	12.5%
Asset Swap Obligations	N/A	20.0%
Unhedged Collateral Debt Obligations	N/A	2.5%
Maximum in any single Fitch industry classification	N/A	15.0 per cent. of the Aggregate Collateral Balance shall be obligations comprising any one Fitch industry classification, provided that the largest Fitch industry classification may comprise no more than 17.5 per cent. of the

	<u>Minimum</u>	<u>Maximum</u>
		Aggregate Collateral Balance and not more than 40.0 per cent. of the Aggregate Collateral Balance shall be obligations comprising the three largest Fitch industry classifications
Domicile of Obligors – 1	N/A	10.0 % Domiciled in countries or jurisdictions with a country ceiling below “AAA” by Fitch unless Rating Agency Confirmation from Fitch is obtained
Domicile of Obligors – 2	N/A	10.0% Domiciled in countries or jurisdictions with a Moody’s local currency country risk ceiling between “A1” and “A3”
Current Pay Obligations	N/A	2.5%
Unfunded Amounts/Funded Amounts under Revolving Obligations/Delayed Drawdown Collateral Debt Obligations	N/A	5.0%
Corporate Rescue Loans	N/A	5.0%, <b>provided</b> that not more than 2.0% shall consist of Corporate Rescue Loans from a single Obligor
PIK Obligations and Partial PIK Obligations	N/A	5.0%
Annual Obligations	N/A	5.0%
Moody’s Caa Obligations	N/A	7.5%
Fitch CCC Obligations	N/A	7.5%
Moody’s Rating derived from S&P Rating	N/A	10.0%
Senior Secured Loans and Senior Secured	N/A	2.5% <b>provided</b> that up to 3

	<b>Minimum</b>	<b>Maximum</b>
Bonds to a single Obligor		Obligors may represent up to 3.0% each
Senior Unsecured Obligations, Second Lien Loans, Mezzanine Obligations and High Yield Bonds to a single Obligor	N/A	1.5%
Collateral Debt Obligations to a single Obligor	N/A	2.5% <b>provided</b> that up to 3 Obligors may represent up to 3.0% each
Collateral Debt Obligations of ten largest Obligors	N/A	23.0%
Participations	N/A	5.0%
Bivariate Risk Table	N/A	See limits set out in “ <i>The Portfolio – Bivariate Risk Table</i> ”
Cov-Lite Loans	N/A	30.0%
Non-Broadly Syndicated Loans to Portfolio Companies	N/A	10.0%
Indebtedness of Obligor		5.0% Collateral Debt Obligations issued by Obligors each of which has total potential indebtedness (comprised of all financial debt owing by the Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans as determined by original or subsequent issuance size, at the time of purchase by the Issuer) under their respective loan agreements and other Underlying Instruments of not less than €150,000,000 but

	<u>Minimum</u>	<u>Maximum</u>
		not more than €250,000,000, or the equivalent thereof converted into Euro at the Spot Rate at the time at which the Issuer entered into a binding commitment to purchase such Collateral Debt Obligation
Bridge Loans	N/A	2.5%

#### Coverage Tests.....

The Coverage Tests will be used primarily to determine whether principal and interest may be paid on the Rated Notes and distributions may be made on the Subordinated Notes or whether funds which would otherwise be used to pay interest on the Rated Notes and to make distributions on the Subordinated Notes must instead be used to pay principal on one or more Classes of Rated Notes in accordance with the Priorities of Payments.

Each of the Par Value Tests and Interest Coverage Tests shall be satisfied on a Determination Date in the case of (i) the Par Value Tests, on or after the Effective Date and (ii) the Interest Coverage Tests on or after the Determination Date immediately preceding the second Payment Date; if the corresponding Par Value Ratio or Interest Coverage Ratio (as the case may be) is at least equal to the percentage specified in the table below in relation to that Coverage Test:

<u>Class</u>	<u>Required Par Value Ratio</u>
A/B	130.62%
C	121.82%
D	112.52%
E	106.61%

<u>Class</u>	<u>Required Interest Coverage Ratio</u>
A/B	120.00%
C	110.00%
D	105.00%

#### Interest Diversion Test..

On and after the Effective Date, if the Class E Par Value Ratio is less than 107.11 per cent. on the relevant Determination Date, Interest Proceeds shall be paid to the Principal Account as Principal Proceeds in an amount (such amount, the “**Required Diversion Amount**”) equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (W) of the Interest Proceeds Priority of

Payments and (2) the amount which, after giving effect to the payment of all amounts payable in respect of (A) through (V) inclusive of the Interest Proceeds Priority of Payments, would be sufficient to cause the Interest Diversion Test to be met as of the relevant Determination Date, such amounts to be applied during the Reinvestment Period (i) to purchase additional Collateral Debt Obligations, **provided** that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Collateral Manager and the Retention Holder as the Collateral Administrator deems necessary), cause (or would not be likely to cause) an EU Retention Deficiency or (ii) to payment of the Rated Notes in accordance with the Note Payment Sequence.

Liquidity Facility .....

For the period from (and including) the Issue Date to (but excluding) the earliest of (a) the Business Day that is immediately preceding the date that is four years from the Issue Date, subject to renewal for one or two additional one year periods in accordance with the Liquidity Facility Agreement; (b) the date on which the Liquidity Facility is cancelled in its entirety in accordance with its provisions; and (c) the date on which the Rated Notes are redeemed in full, or in each case, if such day is not a Business Day, the Business Day immediately prior to such day (the “**Liquidity Facility Commitment Period**”), the Issuer will, subject to satisfaction of certain conditions, be entitled on any proposed date of advance to make drawings under a liquidity facility (the “**Liquidity Facility**”) provided pursuant to a liquidity facility agreement (the “**Liquidity Facility Agreement**”) entered into on or before the Issue Date, between, *inter alios*, the Issuer (as borrower) and The Bank of New York Mellon (as liquidity facility provider) (the “**Liquidity Facility Provider**”).

The Issuer will be entitled to draw under the Liquidity Facility Agreement (each, a “**Liquidity Drawing**”) funds for the payments under, and in accordance with, the Interest Proceeds Priority of Payments on any Payment Date (**provided** each applicable Coverage Test senior to the relevant payment is satisfied on the relevant Determination Date, for such purposes assuming that such Liquidity Drawing has already been made) but in any event in an amount not exceeding the lesser of (i) the Available Commitment then available (taking into account any Liquidity Drawing scheduled to be repaid on the proposed date of drawdown) on the day such Liquidity Drawing is to be made and (ii) the Accrued Collateral Debt Obligation Interest in respect of the relevant Payment Date, subject to

certain limitations as set out in “**Description of the Liquidity Facility Agreement**”.

Save as otherwise provided in the Liquidity Facility Agreement, the Issuer shall repay each Liquidity Drawing in full on or before the Payment Date following the applicable date of drawdown in accordance with the applicable Priorities of Payments. Each Subsequent Drawdown (as defined in the Liquidity Facility Agreement) shall be applied in repayment (in whole or in part) of the related Initial Drawdown (as defined in the Liquidity Facility Agreement) or, if applicable, any Subsequent Drawdown refinancing the same or refinancing any earlier Subsequent Drawdown.

The maximum amount of the Liquidity Facility shall be €2,000,000 until the Liquidity Facility Commitment Period End Date (subject to reduction, amortisation or cancellation in accordance with the terms of the Liquidity Facility Agreement).

#### Authorised Denominations

The Regulation S Notes of each Class will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Rule 144A Notes of each Class will be issued in minimum denominations of €250,000 and integral multiples of €1,000 in excess thereof.

#### Form, Registration and Transfer of the Notes .....

The Regulation S Notes of each Class (other than, in certain circumstances, the Class E Notes, Class F Notes and Subordinated Notes) including, where applicable, the CM Voting Notes, the CM Non-Voting Exchangeable Notes and the CM Non-Voting Note of such Class, will be represented on issue by beneficial interests in one or more Regulation S Global Certificates in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common depository for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Certificate may at any time be held only through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg. See “*Form of the Notes*” and “*Book Entry Clearance Procedures*”. Interests in any Regulation S Note may not at any time be held by any U.S. Person or U.S. Resident.

The Rule 144A Notes of each Class (other than, in certain circumstances, the Class E Notes and Class F Notes and the Subordinated Notes)

including, where applicable, the CM Voting Notes, the CM Non-Voting Exchangeable Notes and the CM Non-Voting Notes of such Class, will be represented on issue by one or more Rule 144A Global Certificates in fully registered form, without interest coupons or principal receipts deposited on or about the Issue Date with, and registered in the name of, a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Rule 144A Global Certificate may at any time only be held through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg.

The Rule 144A Global Certificates will bear a legend and such Rule 144A Global Certificates, or any interest therein, may not be transferred except in compliance with the transfer restrictions set out in such legend. See “*Transfer Restrictions*”.

No beneficial interest in a Rule 144A Global Certificate may be transferred to a person who takes delivery thereof through a Regulation S Global Certificate unless the transferor provides the Issuer with a written certification substantially in the form set out in the Trust Deed regarding compliance with certain of such transfer restrictions. Any transfer of a beneficial interest in a Regulation S Global Certificate to a person who takes delivery through an interest in a Rule 144A Global Certificate is also subject to certification requirements substantially in the form set out in the Trust Deed and each purchaser thereof shall be deemed to represent that such purchaser is a QP. In addition, interests in any of the Regulation S Notes may not at any time be held by any U.S. Person or U.S. Resident. See “*Form of the Notes*” and “*Book Entry Clearance Procedures*”.

Each initial purchaser (other than the Initial Purchaser) or a transferee of: (a) any Class E Notes, Class F Notes or Subordinated Notes in the form of Rule 144A Notes; (b) any Subordinated Notes in the form of Regulation S Notes; or (c) any Class E Notes or Class F Notes in the form of Regulation S Notes represented by a Regulation S Definitive Certificate, purchased on the Issue Date will be required to enter into a subscription agreement (or, in the case of the Collateral Manager, a note purchase agreement) with the Initial Purchaser in which such investor will certify as to, among other matters, its status under the Securities Act, the Investment Company Act and ERISA.

CM Voting Notes,  
CM Non-Voting Exchangeable Notes  
and CM Non-Voting Notes

The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes may be in the form of a CM Voting Note, a CM Non-Voting Exchangeable Note or a CM Non-Voting Note.

CM Voting Notes shall carry a right to vote in respect of, and be counted for the purposes of determining a quorum and the result of voting on, any CM Replacement Resolution and any CM Removal Resolution. CM Non-Voting Exchangeable Notes and CM Non-Voting Notes shall not carry any rights in respect of, or be counted for the purposes of determining a quorum and the result of voting on, any CM Removal Resolution or any CM Replacement Resolution but shall carry a right to vote on and be counted in respect of all other matters in respect of which the CM Voting Notes have a right to vote and be counted.

CM Voting Notes shall be exchangeable at any time upon request by the relevant Noteholder into CM Non-Voting Exchangeable Notes or CM Non-Voting Notes. CM Non-Voting Exchangeable Notes shall be exchangeable (a) upon request by the relevant Noteholder at any time into CM Non-Voting Notes or (b) into CM Voting Notes only in connection with the transfer of such Notes to an entity that is not an Affiliate of the transferor upon request of the relevant transferee or transferor and in no other circumstance. CM Non-Voting Notes shall not be exchangeable at any time into CM Voting Notes or CM Non-Voting Exchangeable Notes.

Any Notes held by or on behalf of the Collateral Manager or a Collateral Manager Related Person shall have no voting rights with respect to, and shall not be counted for the purposes of determining a quorum and the results of, voting on any CM Removal Resolution or CM Replacement Resolution (other than a CM Replacement Resolution in respect of the appointment of a replacement Collateral Manager which is not Affiliated to that Collateral Manager and where the appointment of a replacement Collateral Manager is not due to the Collateral Manager having been removed due to a Collateral Manager Event of Default in accordance with the Collateral Management Agreement and the Conditions).

Class X Notes.....

The Class X Notes shall not carry any rights to vote in respect of, or to be counted for the purpose of determining a quorum and the result of any votes in respect of any CM Removal Resolutions or any CM Replacement Resolution.



Governing Law .....	The Notes, the Trust Deed, the Collateral Management Agreement, the Agency Agreement, the Liquidity Facility Agreement and all other Transaction Documents will be governed by English law (other than the Corporate Services Agreement, which will be governed by Irish law).
Listing .....	Application has been made to Euronext Dublin for the Notes to be admitted to the official list (the “ <b>Official List</b> ”) and to trading on the Global Exchange Market of Euronext Dublin (the “ <b>Global Exchange Market</b> ”). It is anticipated that such listing and admission to trading will take place on or about the Issue Date. There can be no assurance that any such listing and admission to trading will be maintained. See “ <i>General Information</i> ”.
Tax Status.....	See “ <i>Tax Considerations</i> ”.
Certain ERISA Considerations	Each initial investor and each transferee that is purchasing a Class E Note, Class F Note or Subordinated Note in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate will be deemed to represent (among other things) that it is not a Benefit Plan Investor or a Controlling Person (a “ <b>Plan Investor</b> ”). If an initial investor or transferee is unable to make such deemed representation, such initial investor or transferee may not acquire such Class E Note, Class F Note or Subordinated Note in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate unless such initial investor or transferee: (i) obtains the written consent of the Issuer (other than in the case of the Notes purchased by the Retention Holder); (ii) provides an ERISA Certificate (as defined below) to the Issuer as to its status as a Plan Investor; and (iii) holds such Class E Note, Class F Note or Subordinated Note in the form of a Definitive Certificate; <b>provided</b> that the Collateral Manager and Plan Investors that purchase such Notes on the Issue Date may hold such Notes in the form of a Regulation S Global Certificate or a Rule 144A Global Certificate (or as otherwise permitted in writing by the Issuer). Any Class E Note, Class F Note or Subordinated Note in the form of a Definitive Certificate shall be registered in the name of the holder thereof. See “ <i>Certain ERISA Considerations</i> ”.
Withholding Tax .....	No gross up of any payments to the Noteholders is required of the Issuer. See Condition 9 ( <i>Taxation</i> ).
Additional Issuances .....	Subject to certain conditions being met, additional Notes of: <ul style="list-style-type: none"> <li>(a) one or more existing Classes (other than the Class X Notes); and</li> </ul>

- (b) one or more new Classes, **provided** that such new Classes will be subordinated in right to the repayment of interest and principal of the Rated Notes in accordance with applicable Priorities of Payments,

may be issued and sold.

See Condition 17 (*Additional Issuance*).

#### Retention Holder and EU Retention and Transparency Requirements

The Collateral Manager (in its capacity as the Retention Holder) will agree that for so long as any Class of Notes remains Outstanding, it will hold Class M-1 Subordinated Notes with a Principal Amount Outstanding equal to not less than 5 per cent. of the greater of (i) the Aggregate Collateral Balance and (ii) the Target Par Amount pursuant to the EU Retention Letter, with the intention of complying with the EU Retention and Transparency Requirements. See “*Risk Factors – Regulatory Initiatives – Risk Retention and Due Diligence Requirements – EU Retention and Transparency Requirements*” and “*The EU Retention and Transparency Requirements – The EU Retention*”.

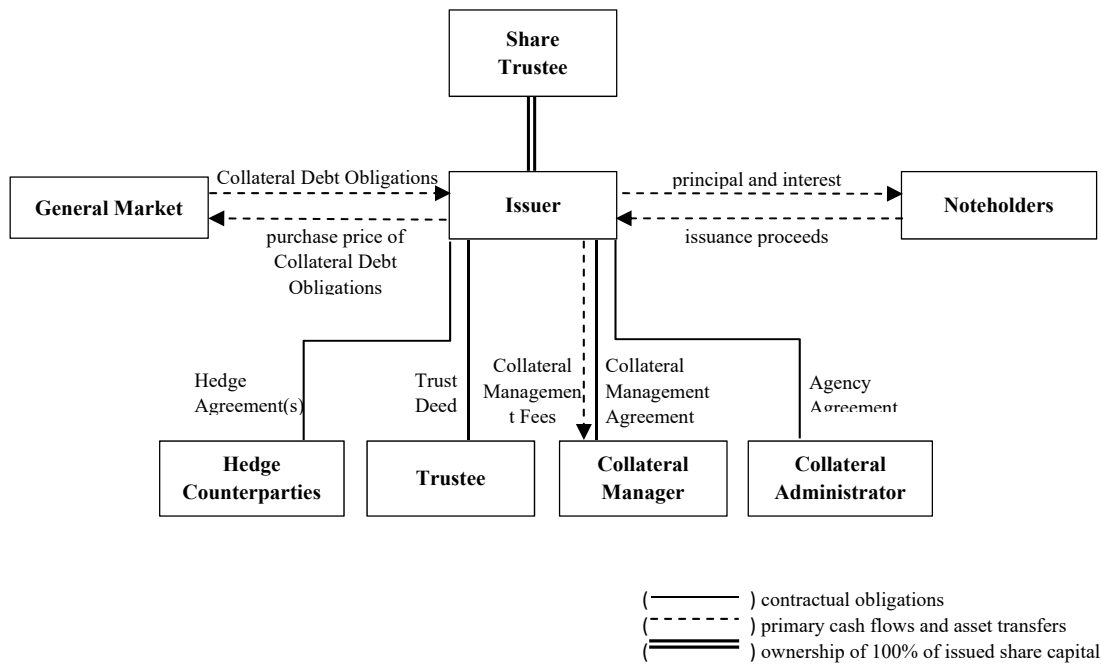
In addition, in relation to the reporting obligations in the EU Retention and Transparency Requirements, (a) the Issuer will be designated as the entity responsible to fulfil such reporting obligations, (b) the Collateral Manager will undertake to provide to the Collateral Administrator and the Issuer (and any applicable third party reporting entity) any reports, data and other information, subject to any confidentiality obligations binding on the Collateral Manager, reasonably required and in its possession and/or control in connection with the proper performance by the Issuer, as the reporting entity, of its obligation to make available to the Noteholders, potential investors in the Notes and the competent authorities the reports and information necessary for the Issuer to fulfil the reporting requirements of Article 7 of the Securitisation Regulation (and prior to the adoption of final disclosure templates in respect of the Transparency Requirements of Article 7 of the Securitisation Regulation, the Issuer (with the assistance of the Collateral Administrator and the Collateral Manager) intends to fulfil those requirements contained in subparagraphs (a) and (c) of Article 7(1) of the Securitisation Regulation through the Monthly Reports and the Payment Date Reports, see “*Description of the Reports*”) and (c) following the adoption of the final disclosure templates in respect of the EU Retention and Transparency Requirements, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, method of distribution and timing of

such reports and other information. The Collateral Administrator shall consult with the Issuer and the Collateral Manager and, if it agrees (in its sole and absolute discretion) to assist the Issuer and the Collateral Manager in providing such reporting on such proposed terms, shall confirm in writing to the Issuer and the Collateral Manager and shall make such information (as provided to it by the Collateral Manager and the Issuer) available via (A) a website (or procure that such information is made available) currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Trustee, the Collateral Manager and the Hedge Counterparties and as further notified by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*)) which shall be accessible to any competent authority, any Noteholder and any potential investor in the Notes and/or (B) such other method of dissemination as is required by the Securitisation Regulation or a competent authority (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). If the Collateral Administrator does not agree to assist the Issuer and the Collateral Manager in providing such reporting, the Issuer and the Collateral Manager shall appoint another entity to make such information available to any competent authority, any Noteholder and any potential investor in the Notes.

U.S. Retention Requirements.....

The United States Court of Appeals for the District of Columbia has issued a ruling invalidating the application of the U.S. Retention Requirements in certain CLO transactions. Each prospective investor should note that that no party involved in the transaction will obtain on the Issue Date and retain any Notes intended to satisfy the U.S. Retention Requirements.

## Diagrammatic Overview of the Transaction



## RISK FACTORS

*An investment in the Notes of any Class involves certain risks, including risks relating to the Collateral securing such Notes and risks relating to the structure and rights of such Notes and the related arrangements. There can be no assurance that the Issuer will not incur losses or that investors will receive a return on their investments. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Offering Circular, prior to investing in any Notes. Terms not defined in this section and not otherwise defined above have the meanings set out in Condition 1 (Definitions) of the “Terms and Conditions of the Notes”.*

### 1. GENERAL

#### 1.1 General

It is intended that the Issuer will invest in loans, bonds and other financial assets with certain risk characteristics as described below and subject to the investment policies, restrictions and guidelines described in “*The Portfolio*”. There can be no assurance that the Issuer’s investments will be successful, that its investment objectives will be achieved, that the Noteholders will receive the full amounts payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. Prospective investors are therefore advised to review this entire Offering Circular carefully and should consider, among other things, the risk factors set out in this section before deciding whether to invest in the Notes. Except as is otherwise stated below, such risk factors are generally applicable to all Classes of Notes, although the degree of risk associated with each Class of Notes will vary in accordance with the position of such Class of Notes in the Priorities of Payment. See Condition 3(c) (*Priorities of Payments*). In particular, (i) payments in respect of the Class X Notes, the Class A Notes are generally higher in the Priorities of Payments than those of the other Classes of Notes; (ii) payments in respect of the Class B Notes are generally higher in the Priorities of Payments than those of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; (iii) payments in respect of the Class C Notes are generally higher in the Priorities of Payments than those of the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; (iv) payments in respect of the Class D Notes are generally higher in the Priorities of Payments than those of the Class E Notes, the Class F Notes and the Subordinated Notes; (v) payments in respect of the Class E Notes are generally higher in the Priorities of Payments than those of the Class F Notes and the Subordinated Notes; and (vi) payments in respect of the Class F Notes are generally higher in the Priorities of Payments than those of the Subordinated Notes. None of the Arranger, the Initial Purchaser, the Agents nor the Trustee undertakes to review the financial condition or affairs of the Issuer or the Collateral Manager during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger, the Initial Purchaser, the Agents or the Trustee which is not included in this Offering Circular or the Reports, as the case may be.

In preparing and furnishing the Monthly Reports and the Payment Date Reports, the Issuer will rely conclusively on the accuracy and completeness of the information or data regarding the Collateral Debt Obligations that has been provided to it by the Collateral Administrator (which will rely conclusively, in turn, on the accuracy and completeness of certain information provided to it by the Collateral Manager and third parties) (and reviewed by the Collateral Manager), and the Issuer will not verify, re-compute, reconcile or recalculate any such information or data.

In addition, the information contained in the Monthly Reports and the Payment Date Reports will be dependent in part on interpretations, calculations and/or determinations made by the Collateral Administrator and the Collateral Manager. The accuracy of the Monthly Reports and the Payment Date Reports, and the information included therein, will therefore be subject to the accuracy of the interpretations, calculations and/or determinations of the Collateral Administrator and the Collateral Manager.

#### 1.2 Suitability

Prospective purchasers of the Notes of any Class should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, regulatory, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of

such Notes as an investment in light of their own circumstances and financial condition and that of any accounts for which they are acting.

### 1.3 Limited Resources of Funds to Pay Expenses of the Issuer

The funds available to the Issuer to pay its expenses on any Payment Date are limited as provided in the Priorities of Payment. In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and it may not be able to defend or prosecute legal proceedings brought against it or which it might otherwise bring to protect its interests or be able to pay the expenses of legal proceedings against persons it has indemnified and/or prefunded and/or secured.

### 1.4 Business and regulatory risks for vehicles with investment strategies such as the Issuer's

Legal, tax and regulatory changes could occur over the course of the life of the Notes that may adversely affect the Issuer. The regulatory environment for vehicles of the nature of the Issuer is evolving, and changes in regulation may adversely affect the value of investments held by the Issuer and the ability of the Issuer to obtain the leverage it might otherwise obtain or to pursue its investment and trading strategies. In addition, the securities and derivatives markets are subject to comprehensive statutory, regulatory and margin requirements. Certain regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of transactions of a type similar to this transaction and derivative transactions and vehicles that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Issuer could be substantial and adverse.

### 1.5 Events in the CLO and Leveraged Finance Markets

Over the past several years, European financial markets have experienced volatility and have been adversely affected by concerns over economic contraction in certain EU member states (the “**Member States**”), rising government debt levels, credit rating downgrades and risk of default or restructuring of government debt. These events could cause bond yields and credit spreads to increase.

Many European economies continue to suffer from high rates of unemployment. This economic climate may have an adverse effect on the ability of consumers and businesses to repay or refinance their existing debt.

As discussed further in “Euro and Euro Zone Risk” below, it is possible that countries that have adopted the Euro could return to a national currency. The effect on a national economy as a result of it leaving the Euro is impossible to predict, but is likely to be negative. The exit of one or more countries from the Euro zone could have a destabilising effect on all European economies and possibly the global economy as well.

In addition, Obligors of Collateral Debt Obligations may be organised in, or otherwise Domiciled in, certain of such countries currently suffering from economic distress, or other countries that may begin to suffer economic distress, and the uncertainty and market instability in any such country may increase the likelihood of default by such Obligor. In the event of its insolvency, any such Obligor, by virtue of being organised in such a jurisdiction or having a substantial percentage of its revenues or assets in such a jurisdiction, may be more likely to be subject to bankruptcy or insolvency proceedings in such jurisdiction at the same time as such jurisdiction is itself potentially unstable.

A continuing decreased ability of obligors to obtain refinancing (particularly as high levels of required refinancings approach) may result in an economic decline that could delay an economic recovery and cause a deterioration in loan performance generally and defaults of Collateral Debt Obligations. It is impossible to determine with any degree of certainty whether such trends in the credit markets will continue, improve or worsen in the future.

Significant risks for the Issuer and investors exist as a result of current economic conditions. These risks include, among others, (i) the likelihood that the Issuer will find it more difficult to sell any of its assets or to purchase new assets in the secondary market, (ii) the possibility that, on or after the Issue Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (iii) the illiquidity of the Notes. These additional risks may affect the returns on the

Notes to investors and/or the ability of investors to realise their investment in the Notes prior to their Maturity Date, if at all. In addition, the primary market for a number of financial products including leveraged loans has not fully recovered from the effects of the global credit crisis. As well as reducing opportunities for the Issuer to purchase assets in the primary market, this is likely to increase the refinancing risk in respect of maturing assets. Although there have recently been signs that the primary market for certain financial products is recovering, particularly in the United States of America, the impact of the economic crisis on the primary market may adversely affect the flexibility of the Collateral Manager to invest and, ultimately, reduce the returns on the Notes to investors.

Difficult macro-economic conditions may adversely affect the rating, performance and the realisation value of the Collateral. Default rates on loans and other investments may continue to fluctuate and accordingly the performance of many collateralised loan obligation (“CLO”) transactions and other types of investment vehicles may suffer as a result. It is also possible that the Collateral will experience higher default rates than anticipated and that performance will suffer.

The ability of the Issuer to make payments on the Notes can depend on the general economic climate and the state of the global economy. The business, financial condition or results of operations of the Obligor of the Collateral Debt Obligations may be adversely affected by a deterioration of economic and business conditions. To the extent that economic and business conditions deteriorate or fail to improve, non-performing assets are likely to increase, and the value and collectability of the Collateral Debt Obligations are likely to decrease. A decrease in market value of the Collateral Debt Obligations would also adversely affect the Sale Proceeds that could be obtained upon the sale of the Collateral Debt Obligations and could ultimately affect the ability of the Issuer to pay in full or redeem the Rated Notes, as well as the ability to make any distributions in respect of the Subordinated Notes.

Many financial institutions, including banks, continue to suffer from capitalisation issues in a regulatory environment which may increase the capital requirement for certain businesses. The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Issuer, particularly if such financial institution is a grantor of a participation in an asset or is a Hedge Counterparty to a Hedge Transaction with the Issuer. The bankruptcy or insolvency of another financial institution may result in the disruption of payments to the Issuer. In addition, the bankruptcy or insolvency of one or more additional financial institutions may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the Issuer, the Collateral and the Notes.

The global credit crisis and its consequences together with the perceived failure of the preceding financial regulatory regime, continue to drive legislation and regulators towards a restrictive regulatory environment, including the implementation of further regulation which affects financial institutions, markets, instruments and the bond market. Such additional rules and regulations could, among other things, adversely affect Noteholders as well as the flexibility of the Collateral Manager in managing and administering the Collateral. Increasing capital requirements and changing regulations may also result in some financial institutions exiting, curtailing or otherwise adjusting some trading, hedging or investment activities which may have effects on the liquidity of investments such as the Notes as well as the Collateral.

#### 1.6 Illiquidity in the collateralised debt obligation, leveraged finance and fixed income markets may affect the Noteholders

In previous years, events in the collateralised debt obligation (including CLO), leveraged finance and fixed income markets have resulted in substantial fluctuations in prices for leveraged loans and high-yield debt securities and limited liquidity for such instruments. No assurance can be made that conditions giving rise to similar price fluctuations and limited liquidity may not emerge following the Issue Date. During periods of limited liquidity and higher price volatility, the Issuer’s ability to acquire or dispose of Collateral Debt Obligations at a price and time that the Issuer deems advantageous may be severely impaired. As a result, in periods of rising market prices, the Issuer may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly; and the Issuer’s inability to dispose fully and promptly of positions in declining markets may exacerbate losses suffered by the Issuer when Collateral Debt Obligations are sold. Furthermore, significant additional risks for the Issuer and investors in the Notes may exist. Such risks include, among others, (i) the possibility that, after the Issue Date, the prices at which Collateral Debt Obligations can be sold by the Issuer may deteriorate from their purchase price, (ii) the possibility that

opportunities for the Issuer to sell its Collateral Debt Obligations in the secondary market, including Credit Impaired Obligations, Credit Improved Obligations, and Defaulted Obligations, may be impaired, and (iii) increased illiquidity of the Notes because of reduced secondary trading in CLO securities. These additional risks may affect the returns on the Notes to investors or otherwise adversely affect Noteholders.

#### 1.7 European Union and Euro Zone Risk

Investors should carefully consider how changes to the Euro zone may affect their investment in the Notes. Since the global economic crisis, the deterioration of the sovereign debt of several countries, together with the risk of contagion to other, more stable, countries, has continued to pose risks. This situation has also raised uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Euro zone.

As a confidence building measure, the European Commission created the European Financial Stability Facility (the “EFSF”) and the European Financial Stability Mechanism (the “EFSM”) to provide funding to Euro zone countries in financial difficulties that seek such support. Subsequently, the European Council agreed that Euro zone countries would establish a permanent stability mechanism, the European Stability Mechanism (the “ESM”), to assume the role of the EFSF and the EFSM in providing external financial assistance to Euro zone countries which has been active since July 2013.

Despite these measures, concerns persist regarding the growing risk that other Euro zone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Italy, Ireland, Spain and Portugal, together with the risk that some countries could leave the Euro zone (either voluntarily or involuntarily including as a result of an electoral decision to leave the European Union), and that the impact of these events on Europe and the global financial system could be severe which could have a negative impact on the Collateral.

Furthermore, concerns that the Euro zone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Euro zone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. The departure or risk of departure from the Euro by one or more Euro zone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Collateral (including the risks of currency losses arising out of redenomination and related haircuts on any affected assets), the Issuer and the Notes. Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes.

#### 1.8 Referendum on the UK’s EU Membership

Prospective investors should note that, pursuant to a referendum held in June 2016 (the “Referendum”), the UK has voted to leave the EU. Article 50 of the Treaty on European Union (“Article 50”) provides that a Member State which decides to withdraw from the EU is required to notify the European Council of its intention to do so. The UK government invoked Article 50 by notice to the European Council given on 29 March 2017 (the “Article 50 Notice”), triggering the beginning of a negotiation period of two years during which the EU and the UK will negotiate and conclude an agreement setting out the arrangements for the UK’s withdrawal. The UK government requested an extension to the Article 50 Notice period on 20 March 2019. On 21 March 2019, the European Council agreed to an extension of the Article 50 Notice period until 12 April 2019. On 11 April 2019, the EU and the UK government agreed to a further extension to the Article 50 Notice period until 31 October 2019.

The EU and the UK government continue to negotiate to try to conclude an agreement setting out the arrangement for the UK’s withdrawal. Until the terms and timing of the UK’s exit from the EU are clearer, it is not possible to determine the impact that the Referendum, the UK’s departure from the EU and/or any related matters may have on the business of the Issuer (including the performance of the Portfolio), the Collateral Manager (including its ability to manage the Portfolio), one or more of the other parties to the Transaction Documents or any Obligor, or on the regulatory position of any such entity or of the transactions contemplated by the Transaction Documents under EU regulation or more generally. As such, no assurance can be given that such matters would not adversely affect the ability



of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

It is possible that the UK will leave the EU without a withdrawal agreement in place, which could result in political and economic uncertainty. Investors should be aware that the Issuer's risk profile may be materially affected by this uncertainty which might also have an adverse impact on the Portfolio and the Issuer's business, financial condition, results of operations and prospects and could therefore also be materially detrimental to Noteholders. Any such potential adverse economic conditions may also affect the ability of the obligors to make payment under the Collateral Debt Obligations which in turn may adversely affect the ability of the Issuer to pay interest and repay principal to the Noteholders.

#### *Applicability of EU law in the UK*

It is at present unclear what type of relationship between the UK and the EU will be established, or at what date (whether by the time when, or after, the UK ceases to be a member of the EU), or what would be the content of such a relationship. It is possible that a new relationship would preserve the applicability of certain EU rules (or equivalent rules) in the UK, and the UK government has indicated that it intends to bring existing EU law into UK law on the date of the UK's exit from the EU in general, subject to certain powers to deal with deficiencies in such retained EU law. The legislation proposed by the UK government to achieve its intentions in this regard, referred to as the European Union (Withdrawal) Bill, remains subject to political negotiation.

Given the current uncertainty, prospective investors should note that substantial amendments to English law may occur in connection with the UK's exit from the EU. Consequently, English law may change and it is impossible at this time to predict the consequences on the Portfolio or the Issuer's business, financial condition, results of operations or prospects. Such changes could be materially detrimental to Noteholders.

#### *Regulatory Risk*

Currently, under the EU single market directives, mutual access rights to markets and market infrastructure exist across the EU and the mutual recognition of insolvency, bank recovery and resolution regimes applies. In addition, regulated entities licensed or authorised in one EEA jurisdiction may operate on a cross-border basis in other EEA countries without the need for a separate licence or authorisation. There is uncertainty as to how, following a UK exit from the EU, and probably the EEA (whatever the form thereof), the existing passporting regime will apply (if at all). Depending on the terms of the UK's exit and the terms of any replacement relationship, it is likely that, UK regulated entities may, on the UK's withdrawal from the EU, lose the right to passport their services to EEA countries, and EEA entities may lose the right to reciprocal passporting into the UK. Also, UK entities may no longer have access rights to market infrastructure across the EU and the recognition of insolvency, bank recovery and resolution regimes across the EU may no longer be mutual.

There can be no assurance that the terms of the UK's exit from the EU will include arrangements for the continuation of the existing passporting regime or mutual access rights to market infrastructure and recognition of insolvency, bank recovery and resolution regimes. Such uncertainty could adversely impact the Issuer and, in particular, the ability of third parties to provide services to the Issuer, and could be materially detrimental to Noteholders.

#### *Regulatory Risk – UK manager*

In particular, if the UK were, as a consequence of leaving the EU, no longer within the scope of EU Directive 2014/65/EU, as amended (“**MiFID II**”) and a passporting regime or third country recognition of the UK is not in place, then a UK manager such as the Collateral Manager may be unable to continue to provide collateral management services to the Issuer in reliance upon the passporting of relevant regulated services within the EU on a cross-border basis provided for under MiFID II.

MiFID II, which has applied since 3 January 2018, provides for (among other things) the ability for non-EU investment firms to provide collateral management services in the EU on a cross-border basis provided that certain conditions are fulfilled. In order to qualify to provide collateral management services in the EU on a cross-border basis, non EU investment firms will be required (i) to be authorised in a third country to provide collateral management services which are regulated under

MiFID II (A) in respect of which the Commission has adopted an equivalency decision and (B) where the European Securities and Markets Authority (“ESMA”) has established cooperation arrangements with the relevant competent authorities, and (ii) to be registered with ESMA to do so. It is not possible to guarantee or predict the timing of any Commission equivalency decision, cooperation arrangements or registration by ESMA.

However, MiFID II provides certain transitional measures so that third country investment firms may continue to provide collateral management services in the EU on a cross-border basis in accordance with the relevant national regimes (i) until the time of any Commission equivalency decision and (ii) following any Commission equivalency decision, for a maximum of three years.

As regards the position in Ireland prior to third country equivalence and passport regime discussed above applying in respect of a given non-EU country, Ireland has transposed MiFID II pursuant to the European Union (Markets in Financial Instruments) Regulations 2017 (the “**Irish MiFID II Regulations**”) and which became effective on 3 January 2018. The Irish MiFID II Regulations also provide effective continuation of the above safe harbour in respect of the Collateral Manager and its provision of services to the Issuer.

In summary, if the Collateral Manager has no head or registered office in the EU and no branch in Ireland, it would not generally need to be an authorised investment firm in order to provide collateral management services in Ireland to the Issuer, so long as:

- (i) the Issuer is a professional client within the meaning of Part I of Annex II of MiFID II;
- (ii) the Collateral Manager is subject to authorisation and supervision in the non-EU country where the Collateral Manager is established and the Collateral Manager is authorised so that the competent authority of the non-EU country pays due regard to any recommendations of Financial Action Task Force in the context of anti-money laundering and countering the financing of terrorism; and
- (iii) co-operation arrangements that include provisions regulating the exchange of information for the purpose of preserving the integrity of the market and protecting investors are in place between the Central Bank and the competent authorities where the Collateral Manager is established.

On 14 July 2017, the Irish Department of Finance issued a feedback statement in advance of the publication of the Irish MiFID II Regulations. This statement provides guidance on the application of the above third country status conditions to the safe harbour, declaring that the safe harbour was not to apply in respect of non-EU firms whose home country is either on the Financial Action Task Force list of non-cooperative jurisdictions or who is not a signatory to the International Organisation of Securities Commissions Multilateral Memorandum of Understanding concerning consultation and cooperation and the exchange of information.

The UK does not fall within either of those categories, and therefore the Collateral Manager should be able to continue to provide collateral management services to the Issuer following the UK’s departure from the EU.

#### *Market Risk*

Following the results of the Referendum, the financial markets have experienced volatility and disruption. This volatility and disruption may continue or increase, and investors should consider the effect thereof on the market for securities such as the Notes and on the ability of Obligors to meet their obligations under the Collateral Debt Obligations.

Investors should be aware that the result of the Referendum and any subsequent negotiations, notifications, withdrawal and changes to legislation may introduce potentially significant new uncertainties and instabilities in the financial markets. These uncertainties and instabilities could have an adverse impact on the business, financial condition, results of operations and prospects of the Issuer, the Obligors, the Portfolio, the Collateral Manager and the other parties to the transaction and could therefore also be materially detrimental to Noteholders.

#### *Exposure to Counterparties*

The Issuer will be exposed to a number of counterparties (including in relation to any Assignments, Participations and Hedge Transactions and also each of the Agents) throughout the life of the Notes. Investors should note that if the UK does leave the EU, such counterparties may be unable to perform their obligations due to changes in regulation, including the loss of, or changes to, existing regulatory rights to do cross-border business in the EU or the cost of such transactions with such counterparties may increase. In addition, counterparties may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the result of the Referendum, therefore increasing the risk that such counterparties may become unable to fulfil their obligations. Such inability could adversely impact the Issuer and could be materially detrimental to Noteholders. For further information on counterparties, see “*Counterparty risk*” below.

#### *Ratings actions*

Following the result of the Referendum, S&P, Fitch and Moody’s have each downgraded the UK’s sovereign credit rating and each of S&P and Fitch has placed such rating on negative outlook, suggesting possible further negative rating action.

The credit rating of a country affects the ratings of entities operating in its territory, and in particular the ratings of financial institutions. Accordingly, the recent downgrades of the UK’s sovereign credit rating and any further downgrade action may trigger downgrades in respect of parties to the Transaction Documents. If a counterparty no longer satisfies the relevant Rating Requirement, the Transaction Documents may require that such counterparty be replaced with an entity that satisfies the relevant Rating Requirement. If rating downgrades are widespread, it may become difficult or impossible to replace counterparties with entities that satisfy the relevant Rating Requirement.

While the extent and impact of these issues are unknown, investors should be aware that they could have an adverse impact on the Issuer, its service providers, the payment of interest and repayment of principal on the Notes and therefore, the Noteholders. For further information on counterparties, see “*Counterparty risk*” below.

- 1.9 The Issuer may become subject to third party litigation; the Issuer is recently formed and has limited funds available to pay its expenses

The Issuer’s investment activities may subject it to the risks of becoming involved in litigation by third parties. This risk may be greater where the Issuer exercises control or significant influence over a company’s direction. The expense of defending claims against the Issuer by third parties, including bankruptcy or insolvency proceedings, and paying any amounts pursuant to settlements or judgments would, except in the unlikely event that the Issuer is indemnified for such amounts, be borne by the Issuer and would reduce the funds available for distribution and the Issuer’s net assets.

The Issuer is a recently incorporated private company with limited liability and has no prior operating history or track record. Accordingly, the Issuer has no performance history for investors to consider in making their decision to invest in the Notes.

The funds available to the Issuer to pay certain fees and expenses of the Trustee, the Collateral Administrator, the Collateral Manager and the Corporate Services Provider, and for payment of the Issuer’s other accrued and unpaid Administrative Expenses are limited to amounts available to make such payments in accordance with the Priorities of Payments. If such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and the Issuer may not be able to defend or prosecute legal proceedings that may be brought against it or that the Issuer might otherwise bring to protect its interests. In addition, service providers who are not paid in full, including the Directors have the right to resign. This could ultimately lead to the Issuer being in default under the applicable laws of Ireland and potentially being removed from the register of companies and dissolved.

- 1.10 Credit Ratings

Credit ratings of debt securities (including any securities issued by the Issuer or any collateral debt security comprising the investment portfolio of the Issuer) represent the rating agencies’ opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value,

and therefore, credit ratings do not fully reflect all risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, and the credit quality of a debt security may be worse than a rating indicates.

## 2. REGULATORY INITIATIVES

In Europe, the U.S. and elsewhere there has been, and there continues to be increased political and regulatory scrutiny of banks, financial institutions, “shadow banking entities” and the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold or trade asset-backed securities, and may thereby affect the liquidity of such securities.

This uncertainty is further compounded by the numerous regulatory efforts underway in Europe, the U.S. and globally. Certain of these efforts overlap. In addition, even where these regulatory efforts overlap, they generally have not been undertaken on a coordinated basis.

None of the Issuer, the Initial Purchaser, the Arranger, the Collateral Manager, the Trustee nor any of their respective affiliates makes any representation as to the proper characterisation of the Notes for legal investment, financial institution regulatory, financial reporting or other purposes, as to the ability of particular investors to invest in the Notes under applicable legal investment or other restrictions or as to the consequences of an investment in the Notes for such purposes or under such restrictions. All prospective investors in the Notes whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Notes will constitute legal investments for them or are subject to investment or other regulatory restrictions, unfavourable accounting treatment, capital charges, reserve requirements or other consequences.

### *Regulations Affecting Investors*

All investors whose investment activities are subject to investment laws and regulations, regulatory capital requirements, or review by regulatory authorities (including the introduction or proposal of risk retention rules) should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Notes are subject to investment or other restrictions, unfavorable accounting treatment, capital charges or reserve requirements. None of the Issuer, the Arranger, the Initial Purchaser, the Trustee, the Collateral Administrator, the Retention Holder and the Collateral Manager nor any of their affiliates makes any representation, warranty or guarantee that the structure of the Notes is compliant with any applicable legal, regulatory or other framework, including as any such framework applies to any investor's investment in the Notes.

### 2.1 Basel III

The Basel Committee on Banking Supervision (“BCBS”) has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as “**Basel III**”) and has proposed certain revisions to the securitisation framework. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio “backstop” for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (“**LCR**”) and the Net Stable Funding Ratio (“**NSFR**”). BCBS member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (for example, the LCR requirements referred to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements referred to implementation from January 2018). As implementation of any changes to the Basel framework (including those made via Basel III) requires legislation in each jurisdiction, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities (for example, as LCR eligible assets or not), may be subject to some level of variation between jurisdictions. It should also be noted that changes to regulatory capital requirements have been introduced for insurance and reinsurance undertakings through jurisdiction specific initiatives, such as the framework under Directive 2009/138/EC (including any implementing and/or delegated regulation, technical standards and guidance related thereto as may be amended, replaced or supplemented from time to time) in the European Union.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

## 2.2 Restrictions on the Discretion of the Collateral Manager in Order to Comply with Risk Retention

The aim behind the relevant retention requirements described in “*Risk Retention and Due Diligence Requirements - EU Retention and Transparency Requirements*” below is that Affected Investors should only invest in securitisations where the originator, sponsor or original lender for the securitisation has explicitly disclosed that it will retain on an ongoing basis, a net economic interest of not less than five per cent. in the securitisation. The five per cent. net economic interest is measured as the nominal value of the securitised exposures, calculated based on the greater of the Aggregate Collateral Balance and the Target Par Amount. The Retention Holder has agreed to retain such an interest in the transaction by holding Subordinated Notes having a Principal Amount Outstanding being, at any time, an amount equal to no less than 5 per cent. of the greater of (i) the Aggregate Collateral Balance and (ii) the Target Par Amount.

Certain discretions of the Collateral Manager acting on behalf of the Issuer are restricted where the exercise of the discretion would cause the retention holding described in “*The EU Retention and Transparency Requirements*” section of this Offering Circular to be (or to be likely to be) insufficient to comply with the EU Retention and Transparency Requirements. In particular, if, at any time, the deposit of Trading Gains into the Principal Account would, in the sole discretion of the Collateral Manager cause (or would be likely to cause) an EU Retention Deficiency, all or part of any Above Par Trading Gains which would have been deposited into the Principal Account and designated for reinvestment or used to redeem the Notes in accordance with the Principal Proceeds Priority of Payments will instead be deposited into the Interest Account in an amount sufficient in order to ensure that no EU Retention Deficiency occurs, provided that Above Par Trading Gains may only be paid into the Interest Account if, after giving effect to such payment, the Aggregate Collateral Balance is greater than or equal to the Reinvestment Target Par Amount.. In addition, the Collateral Manager is not permitted to reinvest in Substitute Collateral Debt Obligations where such reinvestment would cause an Retention Deficiency. As a result, the Collateral Manager may be prevented from reinvesting available proceeds in Collateral Debt Obligations in circumstances where such reinvestment would cause (or would be likely to cause) an EU Retention Deficiency and therefore the Aggregate Principal Balance of Collateral Debt Obligations securing the Notes may be less than what would have otherwise have been the case if such amounts had been reinvested in Collateral Debt Obligations.

Also, the Issuer may not issue further Notes without the Retention Holder consenting to such issuance.

As a result of such restrictions, the Issuer, or the Collateral Manager on its behalf, may be restricted from building or maintaining the par value of the Collateral in certain circumstances under which they would otherwise be able to do so, in order to comply with the provisions of the Conditions intended to achieve ongoing compliance with the applicable retention requirements.

## 2.3 Risk Retention and Due Diligence Requirements

### *EU Retention and Transparency Requirements*

Investors should be aware and in some cases are required to be aware of the risk retention and due diligence requirements in Europe (the “**EU Retention and Transparency Requirements**”) which currently apply in respect of various types of EU regulated investors including institutions for occupational retirement, credit institutions, alternative investment fund managers who manage or market alternative investment funds in the EU, investment firms, insurance and reinsurance undertakings and management companies of UCITS funds (or internally managed UCITS) which are set out in Regulation (EU) 2017/2402 (the “**Securitisation Regulation**”). These requirements restrict such investors from investing in securitisations unless such investors have verified that, among other things: (i) the originator, sponsor or original lender will retain, on an ongoing basis, a material net economic interest of not less than five per cent. in the securitisation in accordance with Article 6 of the

Securitisation Regulation and the risk retention is disclosed to the investor in accordance with Article 7 of the Securitisation Regulation; (ii) the originator, sponsor or SSPE has, where applicable, made available the information required by Article 7 of the Securitisation Regulation (as to which, see below) in accordance with the frequency and modalities provided for in that Article; and (iii) where the originator or original lender is established in the EU, and is not a credit institution or an investment firm as defined in points (1) and (2) of Article 4(1) of the CRR, the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes in accordance with Article 9(1) of the Securitisation Regulation. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the Notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

Relevant investors are required to independently assess and determine the sufficiency of the information described therein for the purposes of complying with any relevant requirements and none of the Issuer, the Initial Purchaser, the Arranger, the Collateral Manager, the Trustee or the Retention Holder, nor any of their respective Affiliates or any other person makes any representation that the information described therein is sufficient in all circumstances for such purposes or any other purpose or that the structure of the Notes, the Retention Holder (including its holding of the Retention Notes) and the transactions described herein are compliant with the EU Retention and Transparency Requirements described above or any other applicable legal or regulatory or other requirements and no such person shall have any liability to any prospective investor with respect to any deficiency in such information or any failure of the transactions or structure contemplated hereby to comply with or otherwise satisfy such requirements. Without limiting the foregoing, investors should be aware that at this time, the EU authorities have published only limited binding guidance relating to the satisfaction of the EU Retention and Transparency Requirements by an institution similar to the Retention Holder including in the context of a transaction involving a separate collateral manager. Furthermore, any relevant regulator's views with regard to the EU Retention and Transparency Requirements may not be based exclusively on technical standards, guidance or other information known at this time.

Prospective investors should therefore make themselves aware of the EU Retention and Transparency Requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. If a regulator determines that the transaction did not comply or is no longer in compliance with the EU Retention and Transparency Requirements or any applicable legal, regulatory or other requirement, then investors may be required by their regulator to set aside additional capital against their investment in the Notes or take other remedial measures in respect of their investment in the Notes and the Issuer and the Collateral Manager in its capacity as Retention Holder may be subject to administrative sanctions in the case of negligence or intentional infringement of the requirements of Article 7 of the Securitisation Regulation, including pecuniary sanctions as discussed below. The Collateral Manager will be required to indemnify the Issuer for a Collateral Manager Breach (as defined in the Collateral Management Agreement). Investors should note, that in respect to such indemnity, the Collateral Manager shall only indemnify the Issuer in instances where it has acted in a manner constituting bad faith, wilful misconduct or gross negligence (in the meaning given under New York law), whereas the administrative sanctions under the Securitisation Regulation described above may be applied to the Issuer on the basis of ordinary negligence. Accordingly, should the Issuer be subject to any such administrative sanction due to the Collateral Manager's negligence, the Issuer may be unable to have recourse to the Collateral Manager under the Collateral Manager's indemnity as described above. Any changes in the law or regulation, the interpretation or application of any law or regulation or changes in the regulatory capital treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, may have a negative impact on the price and liquidity of the Notes in the secondary market. Without limitation to the foregoing, no assurance can be given that the EU Retention and Transparency Requirements, or the interpretation or application thereof, will not change, and, if any such change is effected, whether such change would affect the regulatory position of current or future investors in the Notes. The Retention Holder does not have an obligation to change the quantum or nature of its holding of the Retention Notes due to any future changes in the EU Retention and Transparency Requirements or in the interpretation thereof.

Any costs incurred by the Issuer in connection with satisfying the requirements of the Securitisation Regulation shall be paid by the Issuer as Trustee Fees and/or Expenses or Administrative Expenses, as applicable.

The Securitisation Regulation imposes a direct obligation on the originator, sponsor or original lender of a securitisation to retain on an ongoing basis a material net economic interest in the securitisation of not less than five per cent. A failure by the Retention Holder to comply with the Securitisation Regulation's direct retention requirements may result in administrative and/or criminal penalties being imposed on the Retention Holder including pecuniary sanctions as discussed below. With respect to the commitment of the Retention Holder to retain a material net economic interest in the transaction, please refer to the section "*The EU Retention and Transparency Requirements*" below.

Article 7 of the Securitisation Regulation contains transparency requirements (the "**Transparency Requirements**") that require the originator, sponsor and securitisation special purpose entity ("**SSPE**") of a securitisation to make certain prescribed information relating to the securitisation available to investors, competent authorities and, upon request, to potential investors. Article 7 also requires that one party is designated as the reporting entity and the Issuer has been designated as such as further described below.

Article 7 of the Securitisation Regulation also includes ongoing reporting obligations which include quarterly portfolio level disclosure ("**Loan Reports**"); quarterly investor reports ("**Investor Reports**"); any inside information relating to the securitisation that the reporting entity is obliged to make public under the Market Abuse Regulation ("**Inside Information**"); and any significant events ("**Significant Events**").

The Loan Reports and the Investor Reports are to be made available simultaneously on a quarterly basis and at the latest one month after each Payment Date. With respect to any period where no Payment Date occurs quarterly, the Loan Reports and Investor Reports are required to be made available simultaneously not less than three months after the most recent publication of the Loan Reports and Investor Reports, or within three months of the Issue Date. Disclosures relating to any Inside Information and Significant Events are required to be made available without delay.

The originator, sponsor and SSPE must designate amongst themselves one entity to fulfil the disclosure requirements (the "**reporting entity**") under the Securitisation Regulation. The Issuer has undertaken to act as the reporting entity in relation to the issuance of the Notes and shall be liable for ensuring the satisfaction of the disclosure requirements. Notwithstanding the designation of the Issuer as the reporting entity, it is not clear whether the Collateral Manager, as originator, is also responsible for ensuring compliance with the disclosure requirements. If the Collateral Manager is also responsible, and there is a breach of the reporting requirements of Article 7 of the Securitisation Regulation, the Collateral Manager could be subject to administrative sanctions, including pecuniary sanctions as discussed below. The Collateral Manager will be entitled to indemnification from the Issuer in respect of any such pecuniary sanctions levied on the Collateral Manager so long as such pecuniary sanction does not arise as a result of the bad faith, fraud, wilful misconduct, wilful breach, negligence or reckless disregard of the Collateral Manager. See "*Description of the Collateral Management Agreement – General*" below.

A failure to comply with the requirements of Article 6 of the Securitisation Regulation or a negligent or intentional infringement of the requirements of Article 7 of the Securitisation Regulation may result in pecuniary sanctions of at least EUR5,000,000 (or its equivalent) or 10 per cent. of total annual net turnover. Any such pecuniary sanction levied on the Collateral Manager (as Collateral Manager or Retention Holder) may materially adversely affect the ability of the Collateral Manager to perform its obligations under the Transaction Documents and could have a negative impact on the price and liquidity of the Notes in the secondary market. Any such pecuniary sanction levied on the Issuer may materially adversely affect the ability of the Issuer to repay principal and pay interest on the Notes.

Subject to any confidentiality obligations binding on the Collateral Manager, the Collateral Manager has, in accordance with the Collateral Management Agreement, undertaken to provide to the Collateral Administrator and the Issuer (and any applicable third party reporting entity) any reports, data and other information reasonably required and in its possession and/or control in connection with the proper performance by the Issuer, as the reporting entity, of its obligation to make available to the Noteholders, potential investors in the Notes and the competent authorities, the reports and information

necessary for the Issuer to fulfil the reporting requirements of Article 7 of the Securitisation Regulation (and prior to the adoption of final disclosure templates in respect of the Transparency Requirements of Article 7 of the Securitisation Regulation, the Issuer (with the assistance of the Collateral Administrator and the Collateral Manager) intends to fulfil those requirements contained in subparagraphs (a) and (e) of Article 7(1) of the Securitisation Regulation through the Monthly Reports and the Payment Date Reports, see “*Description of the Reports*”). Whether the Collateral Manager will be able to obtain and report all of the information required to be reported in accordance with Article 7 of the Securitisation Regulation is unclear. Following the adoption of the final disclosure templates in respect of the EU Retention and Transparency Requirements, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, method of distribution and timing of such reports and other information. The Collateral Administrator shall consult with the Issuer and the Collateral Manager and, if it agrees (in its sole and absolute discretion) to assist the Issuer and the Collateral Manager in providing such reporting on such proposed terms, shall confirm in writing to the Issuer and the Collateral Manager and shall make such information (as provided to it by the Collateral Manager and the Issuer) available via (A) a website (or procure that such information is made available) currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Trustee, the Collateral Manager and the Hedge Counterparties and as further notified by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*)) which shall be accessible to any competent authority, any Noteholder and any potential investor in the Notes and/or (B) such other method of dissemination as is required by the Securitisation Regulation or a competent authority (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). If the Collateral Administrator does not agree to assist the Issuer and the Collateral Manager in providing such reporting, the Issuer and the Collateral Manager shall appoint another entity to make such information available to any competent authority, any Noteholder and any potential investor in the Notes. Any failure by the Issuer to fulfil its obligations in respect of the reporting obligations of Article 7 of the Securitisation Regulation may cause the transaction to be non-compliant with the Securitisation Regulation.

For the avoidance of doubt, if the Collateral Administrator agrees to assist the Issuer and the Collateral Manager in providing such information and reporting on behalf of the Issuer, neither the Collateral Administrator nor the Collateral Manager will assume any responsibility for the Issuer’s obligations as the entity responsible for fulfilling the reporting obligations under the EU Retention and Transparency Requirements. In making available such information and reporting, the Collateral Administrator and the Collateral Manager also assume no responsibility or liability to any third party, including the Noteholders and potential Noteholders (including for their use or onward disclosure of any such information or documentation), and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents.

On 22 August 2018, ESMA published its final report on the technical standards under the Transparency Requirements containing detailed draft disclosure templates that are required to be completed with respect to the Loan Reports, Investor Reports and, in relation to public transactions only, Inside Information and Significant Events (the “**Transparency RTS**”). The European Commission stated that it did not endorse these draft Transparency RTS in its letter to ESMA dated 30 November 2018. ESMA submitted revised Transparency RTS to the Commission on 31 January 2019. The Commission will now decide whether to adopt these revised Transparency RTS. The European Parliament and the Council then have a period of 3 months following the Commission’s adoption in which they may object to the Transparency RTS. The application date of the technical standards has not yet been specified. There remains significant uncertainty as to the scope and the application date of the reporting requirements contained in the Transparency RTS. The transitional provisions of the Securitisation Regulation with respect to the Transparency Requirements provide that until the application of the Transparency RTS, for the purposes of the Loan Reports and the Investor Reports, the reporting entity shall make available the information referred to in Annexes I to VIII of Delegated Regulation (EU) 2015/3 (the “**CRA3 RTS**”). Currently, there is no dedicated CRA3 RTS template for CLO transactions (other than with respect to content of Investor Reports set out in Annex VIII of the CRA3 RTS) nor is it expected that one will be developed in accordance with the CRA3 RTS, however, the Issuer intends to initially make available the information referred to in Annex VIII of the CRA3 RTS through the Payment Date Reports, see “*Description of the Reports*”.

On 30 November 2018, the EBA, ESMA and the European Insurance and Occupational Pensions Authority (collectively the “**European Supervising Authorities**” or “**ESAs**” ) published a joint



statement (the “**Joint Statement**”) regarding the reporting templates under Article 7 of the Securitisation Regulation.

The ESAs have stated that they expect national competent authorities (“**CAs**”) to generally apply their supervisory powers in their day-to-day supervision and enforcement of applicable legislation in a proportionate and risk-based manner. This approach entails that CAs can, when examining reporting entities’ compliance with the disclosure requirements of the Securitisation Regulation (which apply from 1 January 2019, albeit in a non-standardised manner), take into account the type and extent of information already being disclosed by reporting entities. The ESAs also noted that they expect that difficulties with compliance will be solved with the final adoption of the disclosure templates in respect of the Transparency Requirements of Article 7 of the Securitisation Regulation. As such, the Joint Statement from the ESAs should be viewed as a temporary measure. The Joint Statement goes on to state that this approach does not entail general forbearance, but a case-by-case assessment by the CAs of the degree of compliance with the Securitisation Regulation.

In light of the Joint Statement, the transaction described herein will initially seek to comply with subparagraphs (a) and (e) of Article 7(1) of the Securitisation Regulation through preparation of the Monthly Reports and the Payment Date Reports (see “*Description of the Reports*”) and which will not be in the form prescribed under the CRA3 RTS as none exist for CLO transactions (other than with respect to Annex VIII of the CRA3 RTS, as described above). Investors should note that it is for relevant competent authorities to determine whether they consider that this form of reporting satisfies Article 7 of the Securitisation Regulation and none of the Issuer, the Collateral Manager, the Initial Purchaser, the Trustee or any other person gives any assurance as to whether this form of reporting will satisfy Article 7 of the Securitisation Regulation. As the Joint Statement does not “grandfather” transactions that are issued after 1 January 2019 but before the final disclosure templates are formally adopted, such transactions, including the transaction described herein, will need to comply with the disclosure templates required by Article 7 of the Securitisation Regulation once they are adopted. The Central Bank of Ireland (“**CBI**”) was appointed as competent authority in Ireland on 1 January 2019. The CBI requires certain information to be made available to it within 15 working days of the issue of the Notes. The Issuer will provide this information.

For a description of the commitment of the Retention Holder to retain a material net economic interest in the securitisation transaction, please refer to “*The EU Retention and Transparency Requirements*” below.

#### *U.S. Retention Requirements*

On 21 October 2014, the final rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act (the “**U.S. Retention Requirements**”) were issued. Except with respect to asset-backed securities transactions that satisfy certain exemptions, the U.S. Retention Requirements generally require a “sponsor” of asset-backed securities or its “majority-owned affiliate” (as defined in the U.S. Retention Requirements) to retain not less than 5% of the credit risk of the assets collateralizing asset-backed securities. The U.S. Retention Requirements became effective on 24 December 2016 with respect to asset-backed securities collateralized by assets other than residential mortgages. As further discussed in the adopting release with respect to the U.S. Retention Requirements, the entity acting as the collateral manager of a CLO was initially considered the “sponsor” of such CLO. However, on 9 February 2018, a three-judge panel (the “**Panel**”) of the United States Court of Appeals for the District of Columbia held, in *The Loan Syndications and Trading Association v. Securities and Exchange Commission and Board of Governors of the Federal Reserve System*, No. 1:16-cv-0065 (the “**LSTA Decision**”), that collateral managers of “open market CLOs” (described in the LSTA Decision as CLOs where assets are acquired from “arms-length negotiations and trading on an open market”) are not “securitizers” or “sponsors” under Section 941 of the Dodd-Frank Act and, therefore, are not subject to risk retention and do not have to comply with the U.S. Retention Requirements. The Panel’s opinion in the LSTA Decision became effective on 5 April 2018, when the district court entered its order following the issuance of the appellate mandate on 3 April 2018 (the “**Mandate**”) in respect thereof. As a result of the LSTA Decision, certain CLO managers of “open market CLOs” (including the Collateral Manager) may no longer be required to comply with the U.S. Retention Requirements because of its role as manager of an “open market CLO”, and there may be no “sponsor” of the securitisation transaction and no party may be required to acquire and retain any Notes for the purpose of satisfying the U.S. Retention Requirements on the Issue Date in reliance on the Mandate.

Each prospective investor should note that no party involved in the transaction will obtain on the Issue Date and retain any Notes intended to satisfy the U.S. Retention Requirements. It should be noted that the LSTA Decision did not address whether an “open market CLO” includes transactions such as this one, in which the Issuer is permitted to acquire bonds in addition to loans, however, consistent with an “open market CLO”, the Issuer is expected to acquire any bonds pursuant to arms-length negotiations in the open market. However, there can be no assurance that the federal agencies responsible for the U.S. Retention Requirements will not seek to distinguish this transaction from the open market CLOs covered by the LSTA Decision and apply the U.S. Retention Requirements to this transaction.

The Securities and Exchange Commission (the “**SEC**”) and the Board of Governors of the Federal Reserve System (the “**Board**”) did not petition the United States Supreme Court for review of the LSTA Decision. However, if it is subsequently determined that this CLO transaction does not constitute an “open market CLO”, the Collateral Manager may fail to comply (or not be able to comply) with the U.S. Retention Requirements, which may have a material adverse effect on the Collateral Manager, the Issuer and/or the market value and/or liquidity of the Notes.

Investors will not be entitled to the protections previously afforded by the U.S. Retention Requirements that required CLO collateral managers to have “skin in the game” and to comply with certain disclosure obligations specified in the U.S. Retention Requirements. No assurance can be made whether or not any governmental authority will continue to take further legislative or regulatory action in response to past or future economic crises, or otherwise, including by adopting new credit risk retention rules for “open market CLOs,” and the effect (and extent) of such actions, if any, cannot be known or predicted (any such future credit risk retention law, rule or regulation in the U.S. that is applicable to the collateral manager and/or the transaction, as determined by the Collateral Manager (a “**New Risk Retention Rule**” and together with the U.S. Retention Requirements, “**U.S. Retention Regulations**”).

In the event that the U.S. Retention Regulations become applicable to this transaction in the future, whether as a result of regulatory action or governmental action, the Collateral Manager (or a “majority-owned affiliate” thereof) may be required to acquire additional Notes (either in the secondary market or through an additional issuance of Notes). In addition, in the event that U.S. Retention Regulations become applicable to this transaction in the future, failure to comply with the U.S. Retention Regulations may have an adverse effect on the Collateral Manager or its Affiliates, as such failure could constitute a violation of the Exchange Act (or other statute under which any New Risk Retention Rule is promulgated). Any such failure to comply may result in significant negative reputational consequences and may adversely affect the ability of the Collateral Manager to perform its obligations under the Collateral Management Agreement or the Trust Deed or the market value and liquidity of the Notes.

In the event that U.S. Retention Regulations become applicable to this transaction in the future, the Issuer’s ability to effect any additional issuance of Notes, any Refinancing or any material amendment may be impaired or limited. As a result, the U.S. Retention Regulations may adversely affect the Issuer (and the performance, market value and/or liquidity of the Notes) if the Issuer is unable to undertake any such additional issuance, Refinancing or any other material amendment. In granting or withholding its consent to any such action to the extent it is required under the Trust Deed with respect thereto, it should be expected that the Collateral Manager will act in its own self-interest (and will not take into account the interests of any other Person, including the Issuer and/or any Holders of Notes) and not consent to any of the foregoing actions if to do so might cause the Collateral Manager to be concerned about its ability to comply with any U.S. Retention Regulations, and will have no obligation to effect any of the foregoing actions if doing so would, in the sole determination of the Collateral Manager, require the Collateral Manager or any of its majority-owned affiliates, under such U.S. Retention Regulations, to purchase or retain Notes in connection with such action. At any time after the Issue Date, the Collateral Manager may (subject to the terms of the Trust Deed) direct the Issuer to effect an additional issuance of any Class of Notes for purposes of enabling the Collateral Manager to comply with the U.S. Retention Regulations (using any method the Collateral Manager has elected, in its sole discretion, to comply with such U.S. Retention Regulations, including, without limitation, by retaining an “eligible horizontal residual interest”, “eligible vertical interest” (as defined in the U.S. Retention Requirements) or a combination thereof or the equivalent thereof under any New Risk Retention Rule) or effect a Refinancing, in each case without the consent of any holder of Notes. However, in such scenario, there is no guarantee that the Collateral Manager will take such action or that any such action would prevent the Collateral Manager from failing to comply with any U.S. Retention Regulations. Furthermore, no holder of Notes will have the right to purchase any such

additional notes issued in connection with a risk retention issuance and, therefore, may have their proportional holdings of Notes diluted in connection therewith.

The statements contained herein regarding the U.S. Retention Requirements and the LSTA Decision are based on publicly available information solely as of the date of this Offering Circular. To the extent the U.S. Retention Requirements (or any New Risk Retention Rules) apply after the date hereof, the ultimate interpretation as to whether any action taken by an entity complies with the U.S. Retention Requirements (or such New Risk Retention Rules) will be a matter of interpretation by the applicable governmental authorities or regulators.

All investors whose investment activities are subject to investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Notes will constitute legal investments for them or are subject to investment or other restrictions, unfavorable accounting treatment, capital charges or reserve requirements.

#### *Japanese risk retention*

##### *Recent developments concerning the treatment of CLOs for certain Japanese investors*

On March 15, 2019, the Japanese Financial Services Agency (the “**JFSA**”) published a rule (the “**JFSA Securitization Regulation**”) concerning the regulatory capital treatment of securitization transactions for Japanese banks, bank holding companies, certain Japanese credit unions and cooperatives and certain other Japanese financial institutions and their respective affiliates (such investors, “**Affected Japanese Investors**”). The JFSA Securitization Regulation subjects Affected Japanese Investors to punitive capital charges and/or other regulatory penalties for securitization exposures they purchase after March 31, 2019 unless the applicable investor (i) has conducted satisfactory due diligence on the assets underlying such securitization, including the establishment and utilization of a due diligence system for evaluating securitized products and (ii) has determined that either (a) the underlying assets of the applicable securitization transaction were “not inadequately or inappropriately formed” or (b) the relevant “originator” (as defined in the JFSA Securitization Regulation), or another party “deeply involved in the organization of the securitized product,” retains at least 5% of the securitized exposures. At this time there are several unresolved questions relating to the JFSA Securitization Regulation (for which no official English translation is yet available) and little guidance on many aspects of the rule including, among others, (i) what is meant by assets “not inadequately or inappropriately formed” and what materials an Affected Japanese Investor may be required to review to make such a determination, (ii) the eligibility requirements for a retention holder for purposes of the rule and (iii) on what basis to calculate the 5% retention requirement (i.e., how to determine the amount of “securitized exposures”).

The JFSA Securitization Regulation is expected to apply to Affected Japanese Investors investing in the Notes and potentially to any securities issued in connection with a Refinancing or additional issuance of Notes purchased by Affected Japanese Investors.

The JFSA Securitization Regulation may lead to decreased participation of Affected Japanese Investors in the market for CLO securities, which may adversely affect (i) the liquidity of the Notes in the secondary market, (ii) the leveraged loan and CLO markets generally and (iii) the ability of the Issuer to effect a Refinancing and/or additional issuance of Notes.

Notwithstanding the fact that the Retention Holder is purchasing on the Issue Date and retaining Notes of each Class with the intention of satisfying the EU Retention and Transparency Requirements, no party including, without limitation, the Issuer, the Initial Purchaser, the Collateral Manager, the Retention Holder, the Trustee or any of their respective affiliates makes any representation, warranty or guaranty that such retention would enable any Affected Japanese Investor to comply with the JFSA Securitization Regulation.

Furthermore, no party including, without limitation, the Issuer, the Initial Purchaser, the Collateral Manager, the Trustee or any of their respective affiliates, makes any representation, warranty or guaranty that the Collateral Debt Obligations were not, or will not be, “inadequately or inappropriately formed,” that the information made available with respect to the Collateral Debt Obligations is

sufficient to make such a determination or that this transaction otherwise satisfies the JFSA Securitization Regulation.

It is the responsibility of each Affected Japanese Investor to conduct adequate due diligence to confirm and verify that the requirements of the JFSA Securitization Regulation have been satisfied and none of the Issuer, the Initial Purchaser, the Collateral Manager or the Trustee assumes any responsibility or liability for the failure of any Affected Japanese Investor to conduct the due diligence that is necessary to satisfy the JFSA Securitization Regulation.

## 2.4 European Market Infrastructure Regulation (EMIR)

The European Market Infrastructure Regulation EU 648/2012 (“**EMIR**”) and its various delegated regulations and technical standards impose a range of obligations on parties to “over-the-counter” (“**OTC**”) derivative contracts according to whether they are “financial counterparties” such as investment firms, alternative investment funds (see 2.6 (Alternative Investment Fund Managers Directive) below), credit institutions and insurance companies, or other entities which are “non-financial counterparties” (or third country entities equivalent to “financial counterparties” or “non-financial counterparties”).

Financial counterparties (as defined in EMIR) will be subject to a general obligation to clear through a duly authorised or recognised central counterparty (the “**clearing obligation**”) all “eligible” OTC derivative contracts entered into with other counterparties subject to the clearing obligation. They must also report the details of all derivative contracts to a trade repository (the “**reporting obligation**”) (in which respect the Issuer may appoint one or more reporting delegates), and undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty such as timely confirmation of terms, portfolio reconciliation and compression and the implementation of dispute resolution procedures (the “**risk mitigation obligations**”). Non-cleared OTC derivatives entered into by financial counterparties must also be marked to market and collateral must be exchanged (the “margin requirement”). To the extent that the Issuer becomes a financial counterparty, this may lead to a termination of the Hedge Agreements.

Non-financial counterparties (as defined in EMIR) are exempted from the clearing obligation and certain additional risk mitigation obligations (such as the posting of collateral) provided the gross notional value of all derivative contracts entered into by the non-financial counterparty and other non-financial entities within its “group” (as defined in EMIR), excluding eligible hedging transactions, does not exceed certain thresholds (set per asset class of OTC derivatives). If the Issuer is considered to be a member of a “group” (which may, for example, potentially be the case if the Issuer is consolidated by a Noteholder as a result of such Noteholder’s holding of a significant proportion of the Subordinated Notes) and if the aggregate notional value of OTC derivative contracts entered into by the Issuer and any non-financial entities within such group exceeds the applicable thresholds, the Issuer would be subject to the clearing obligation, or if the relevant contract is not a type required to be cleared, to the risk mitigation obligations, including the margin requirement. If the Issuer exceeds the applicable thresholds and its swaps become subject to mandatory clearing, this may also lead to a termination of the Hedge Agreements.

Key details in respect of the clearing obligation and the margin requirement and their applicability to certain classes of OTC derivative contracts are to be provided through corresponding regulatory technical standards. Whilst regulatory technical standards have been published in respect of certain classes of OTC derivative contracts, others are yet to be proposed.

### *Clearing obligation*

The regulatory technical standards governing the mandatory clearing obligation for certain classes of OTC derivative contracts which entered into force on 21 December 2015 specify that the clearing obligation in respect of interest rate OTC derivative contracts that are (i) basis swaps and fixed-to-floating swaps denominated in euro, GBP, USD and Japanese Yen and (ii) forward rate agreements and overnight swaps denominated in euro, GBP and USD, in each case, would take effect on dates ranging from 21 June 2016 (for major market participants grouped under “Category 1”) to 21 December 2018 (for non-financial counterparties that are not AIFs grouped under “Category 4”).

### *Margin requirements*

On 4 October 2016, the European Commission adopted regulatory technical standards on risk-mitigation techniques for OTC derivative contracts not cleared by a central clearing counterparty to the European Commission (the “RTS”). The RTS were published in the Official Journal on 15 December 2016 and entered into force on 4 January 2017.

The RTS detail the risk mitigation obligations and margin requirements in respect of non-cleared OTC derivatives as well as specify the criteria regarding intragroup exemptions and provide that the margin requirement will take effect on dates ranging, originally, from one month after the RTS enter into force (for certain entities with a non-cleared OTC derivative portfolio above €3 trillion) to 1 September 2020 (for certain entities with a non-cleared OTC derivative portfolio above €8 billion). The margin requirements apply to financial counterparties and non-financial counterparties above the clearing threshold and, depending on the counterparty, will require collection and posting of variation margin and, for the largest counterparties/groups, initial margin. The requirement to post margin has applied since 1 March 2017.

If the Issuer becomes subject to the clearing obligation or the margin requirement, it is unlikely that it would be able to comply with such requirements, which would adversely affect the Issuer’s ability to enter into Hedge Transactions or significantly increase the cost thereof, negatively affecting the Issuer’s ability to acquire Non-Euro Obligations and/or hedge its interest rate risk. As a result of such increased costs, additional regulatory requirements and limitations on ability of the Issuer to hedge interest rate and currency risk, the amounts payable to Noteholders may be negatively affected as the Collateral Manager may be precluded from executing its investment strategy in full.

The Hedge Agreements may also contain early termination events which are based on the application of EMIR and which may allow the relevant Hedge Counterparty to terminate a Hedge Transaction upon the occurrence of an adverse EMIR-related event. The termination of a Hedge Transaction in these circumstances may result in a termination payment being payable by the Issuer. See “Hedging Arrangements”.

The Conditions allow the Issuer to amend, modify and/or supplement any Transaction Document and oblige the Trustee, without the consent of any of the Noteholders, to consent to such amendment, modification or supplement to the Transaction Documents which the Issuer certifies are required to comply with the requirements of EMIR which may become applicable at a future date.

Prospective investors should be aware that the regulatory changes arising from EMIR may in due course significantly increase the cost of entering into derivative contracts (including the potential for non-financial counterparties such as the Issuer to become subject to marking to market and collateral posting requirements in respect of non-cleared OTC derivatives such as Currency Hedge Transactions and Interest Rate Hedge Transactions). These changes may adversely affect the Issuer’s ability to enter the currency hedge swaps and therefore the Issuer’s ability to acquire Non-Euro Obligations and/or manage interest rate risk. As a result of such increased costs and/or additional regulatory requirements, investors may receive significantly less or no interest or return, as the case may be as the Collateral Manager may not be able to execute its investment strategy as anticipated. Investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR in making any investment decision in respect of the Notes.

#### *EMIR Refit Regulation*

Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 (the “**EMIR Refit Regulation**”) was published in the Official Journal on 28 May 2019 and entered into effect on 17 June 2019. The EMIR Refit Regulation has amended EMIR with respect to the definition of financial counterparties (“FCs”), the clearing obligation, the suspension of the clearing obligation, the reporting requirements, the risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty, the registration and supervision of trade repositories and the requirements for trade repositories. The EMIR Refit Regulation has also introduced a new concept of a “small financial counterparty” (“SFC”) whereby SFCs shall be exempted from the clearing obligation but are subject to risk mitigation obligations (including collateral exchange). A SFC is a FC whose derivative positions are below the clearing thresholds and therefore will be exempted from the clearing obligation. The EMIR Refit Regulation also includes a material change in the way clearing thresholds are calculated for both FCs and NFCs. Instead of using the 30-day rolling average calculation, the aggregate month-end notional average amount for each of the previous 12 months must be used. In the event that the

relevant clearing threshold has been exceeded, the counterparty must begin clearing for: (a) that class of derivatives, if it is an NFC; or (b) all clearing classes of derivatives, if it is an FC. For such purposes, FCs will be required to include all of their OTC derivative contracts or all OTC derivative contracts entered into by other entities within the group, within such calculation.

Investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR, the relevant regulatory technical standards, any other secondary legislation and the EMIR Refit Regulation in making any investment decision in respect of the Notes.

## 2.5 Alternative Investment Fund Managers Directive

EU Directive 2011/61/EU on Alternative Investment Fund Managers (“**AIFMD**”) introduced authorisation and regulatory requirements for managers of alternative investment funds (“**AIFs**”). If the Issuer were to be considered to be an AIF within the meaning in AIFMD, it would need to be managed by a manager authorised under AIFMD (an “**AIFM**”). The Collateral Manager is not authorised under AIFMD but is authorised under MiFID II. If considered to be an AIF, the Issuer would also be classified as an FC under EMIR (subject to certain exemptions as specified therein) and may be required to comply with clearing obligations and/or other risk mitigation techniques (including obligations to post margin to any central clearing counterparty or market counterparty) with respect to Hedge Transactions. See also “*European Market Infrastructure Regulation (EMIR)*” above.

There is an exemption from AIFMD for “securitisation special purpose entities” (the “**SSPE Exemption**”), defined by reference to securitisation within the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank of 19 December 2008. ESMA has not yet given any formal guidance on the application of the SSPE Exemption or whether a vehicle such as the Issuer would fall within it. However, the Central Bank of Ireland has confirmed that pending such further clarification from ESMA, (i) “registered financial vehicle corporations” with the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank, such as the Issuer, and (ii) financial vehicles engaged solely in activities where economic participation is by way of debt or corresponding instruments which do not provide ownership rights in the financial vehicle as are provided by the sale of units or shares, do not need to seek authorisation as, or appoint an, AIFM unless the Central Bank of Ireland issues further guidance advising them to do so.

If the SSPE Exemption does not apply and the Issuer is considered to be an AIF, then it would need to be managed by an AIFM. If the Collateral Manager is required to be an AIFM, it would need to be appropriately regulated and certain duties and responsibilities would be imposed on the Collateral Manager in respect of its management of the Portfolio. Such duties and responsibilities, were they to apply to the Collateral Manager’s management of the assets of the Issuer, may result in significant additional costs and expenses incurred by the Collateral Manager which, in respect of some such fees and expenses, may be reimbursable by the Issuer to the Collateral Manager pursuant to the Collateral Management Agreement an Administrative Expense, which may in turn negatively affect the amounts payable to Noteholders. If the Collateral Manager was to fail to, or be unable to, be appropriately regulated, the Collateral Manager may not be able to continue to manage the Issuer’s assets, or its ability to do so may be impaired. Any regulatory changes arising from implementation of the AIFMD (or otherwise) that impair the ability of the Collateral Manager to manage the Issuer’s assets may adversely affect the Collateral Manager’s ability to carry out the Issuer’s investment strategy and achieve its investment objective.

The Conditions allow the Issuer and oblige the Trustee, without the consent of any of the Noteholders, to concur with the Issuer in the making of modifications to the Transaction Documents which the Issuer certifies are required to comply with the requirements of AIFMD which may become applicable in the future.

## 2.6 U.S. Dodd-Frank Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) was signed into law on 21 July 2010. The Dodd-Frank Act represents a comprehensive change to financial regulation in the United States, and affects virtually every area of the capital markets. Implementation of the Dodd-Frank Act has required, and will continue to require, many lengthy rulemaking processes resulting in the adoption of a multitude of new regulations applicable to entities which transact business in the U.S. or with U.S. persons outside the U.S. The Dodd-Frank Act affects many aspects, in the U.S.

and internationally, of the business of the Collateral Manager, including securitisation, proprietary trading, investing, creation and management of investment funds, OTC derivatives and other activities. While many regulations implementing various provisions of the Dodd-Frank Act have been finalised and adopted, some implementing regulations currently exist only in draft form and are subject to comment and revision, and still other implementing regulations have not yet been proposed. It is therefore difficult to predict whether and to what extent the Issuer and the businesses of the Collateral Manager and its subsidiaries and affiliates, will be affected by the Dodd-Frank Act as implementing regulations are finalised over time and come into effect.

The Securities and Exchange Commission (the “SEC”) proposed changes to Regulation AB (as defined under the Securities Act) under the Securities Act which would have had the potential to impose new disclosure requirements on securities offerings pursuant to Rule 144A under the Securities Act or pursuant to other SEC regulatory exemptions from registration. Such rules, if adopted, could have restricted the use of this Offering Circular or require the publication of a new offering circular in connection with the issuance and sale of any additional Notes or any Refinancing. On 27 August 2014, the SEC adopted final rules amending Regulation AB that did not implement these proposals. However, the SEC has indicated that it is continuing to consider amendments that were proposed with respect to Regulation AB but not adopted, and that further amendments may be forthcoming in the future. If such amendments are made to Regulation AB in the future, they may place additional requirements and expenses on the Issuer in the event of the issuance and sale of any additional notes, which expenses may reduce the amounts available for distribution to the Noteholders.

None of the Issuer, the Collateral Manager, the Initial Purchaser, the Trustee or the Arranger makes any representation as to such matters. As such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by the Dodd-Frank Act and the rules to be promulgated thereunder in making any investment decision in respect of the Notes.

## 2.7 CFTC Regulations

Pursuant to the Dodd-Frank Act regulators in the United States have promulgated and continue to promulgate a range of new regulatory requirements that may affect the pricing, terms and compliance costs associated with the entry into any Hedge Transaction by the Issuer and the availability of such Hedge Transactions. Some or all of the Hedge Transactions that the Issuer may enter into may be affected by (i) the requirement that certain swaps be centrally cleared and traded on a designated contract market or swap execution facility, (ii) initial or variation margin requirements of any central clearing organisation (with respect to cleared swaps) or initial or variation margin requirements with respect to uncleared swaps, (iii) swap reporting and recordkeeping obligations, and other matters. These new requirements may (x) significantly increase the cost to the Issuer and/or the Collateral Manager of entering into Hedge Transactions such that the Issuer may be unable to purchase certain types of Collateral Debt Obligations, (y) have unforeseen legal consequences on the Issuer or the Collateral Manager or (z) have other material adverse effects on the Issuer or the Noteholders. Furthermore, regulations requiring the posting of variation margin on uncleared swaps entered into by entities such as the Issuer entered into effect in the United States on 1 March 2017. Hedge Transactions may be subject to such requirements, depending on the identity of the Hedge Counterparty. The Trust Deed does not permit the Issuer to post variation margin. Accordingly, the application of United States regulations to a Hedge Transaction or a proposed Hedge Transaction could have a material adverse effect on the Issuer’s ability to hedge its interest or currency rate exposure, or on the cost of such hedging.

## 2.8 Commodity Pool Regulation

The Issuer’s ability to enter into Hedge Transactions may cause the Issuer to be a “commodity pool” as defined in the United States Commodity Exchange Act, as amended (“CEA”) and the Collateral Manager to be a “commodity pool operator” (“CPO”) and/or a “commodity trading advisor” (a “CTA”), each as defined in the CEA in respect of the Issuer. The CEA, as amended by the Dodd-Frank Act, defines a “commodity pool” to include certain investment vehicles operated for the purpose of trading in “commodity interests” which includes swaps. CPOs and CTAs are subject to regulation by the CFTC and must register with the CFTC unless an exemption from registration is available. Based on applicable CFTC interpretive guidance, the Issuer is not expected to fall within the definition of a “commodity pool” under the CEA and as such, the Issuer (or the Collateral Manager on the Issuer’s

behalf) may enter into Hedge Agreements (or any other agreement that would fall within the definition of “swap” as set out in the CEA).

In the event that trading or entering into one or more Hedge Agreements would result in the Issuer’s activities falling within the definition of a “commodity pool”, the Collateral Manager may cause the Issuer to be operated in compliance with the exemption set forth in CFTC Rule 4.13(a)(3) for CPOs to pools whose interests are sold to qualifying investors pursuant to an exemption from registration under the Securities Act, and that limit transactions in commodity interests to the trading thresholds set forth in the Rule. Specifically, under CFTC Rule 4.13(a)(3), the Issuer would be required to limit transactions in commodity interests so that either (i) no more than 5% of the liquidation value of the Issuer’s assets is used as margin, premiums and required minimum security deposits to establish such positions, or (ii) the aggregate net notional value of the Issuer’s positions in commodity interests does not exceed 100% of the Issuer’s liquidation value. If the Collateral Manager elects to file for a registration exemption under CFTC Rule 4.13(a)(3), then unlike a CFTC-registered CPO, the Collateral Manager would not be required to deliver a CFTC-mandated disclosure document or a certified annual report to investors, or otherwise comply with the requirements applicable to CFTC-registered CPOs and CTAs. Utilising any such exemption from registration may impose additional costs on the Collateral Manager and the Issuer and may significantly limit the Collateral Manager’s ability to engage in hedging activities on behalf of the Issuer.

Notwithstanding the above, in the event that the CFTC guidance referred to above changes or the Issuer engages in one or more activities that might cause it to fall within the definition of a “commodity pool” under the CEA and no exemption from registration is available, registration of the Collateral Manager as a CPO or a CTA may be required before the Issuer (or the Collateral Manager on the Issuer’s behalf) may enter into any Hedge Agreement. Registration of the Collateral Manager as a CPO and/or a CTA could cause the Collateral Manager to be subject to extensive compliance and reporting requirements that would involve material costs which may be passed on to the Issuer. The scope of such compliance costs is uncertain but could adversely affect the amount of funds available to make payments on the Notes.

Further, if the Collateral Manager determines that additional Hedge Transactions should be entered into by the Issuer in excess of the trading limitations set forth in any applicable exemption from registration as a CPO and/or a CTA, the Collateral Manager may elect to withdraw its exemption from registration and instead register with the CFTC as the Issuer’s CPO and/or CTA. The costs of obtaining and maintaining these registrations and the related compliance obligations may be paid by the Issuer as Administrative Expenses. Such costs would reduce the amount of funds available to make payments on the Notes. These costs are uncertain and could be materially greater than the Collateral Manager anticipated when deciding to enter into the transaction and register as a CPO and/or a CTA. In addition, it may not be possible or advisable for the Collateral Manager to withdraw from registration as a CPO and/or a CTA after any relevant swap transactions terminate or expire. The costs of CPO and/or CTA registration and the ongoing CPO and/or CTA compliance obligations of the Collateral Manager could exceed, perhaps significantly, the financial risks that are being hedged pursuant to any Hedge Transaction.

Neither the CFTC nor the National Futures Association (the “NFA”) pass upon the merits of participating in a pool or upon the adequacy or accuracy of offering memoranda. Consequently, neither the CFTC nor the NFA has reviewed or approved this Offering Circular or any related subscription agreement.

## 2.9 Volcker Rule

Section 619 of the Dodd-Frank Act (the “**Volcker Rule**”) prevents “banking entities” (a term which includes affiliates of a U.S. banking organisation as well as affiliates of a foreign banking organisation that has a branch or agency office in the U.S., regardless where such affiliates are located) from (i) engaging in proprietary trading in financial instruments, or (ii) acquiring or retaining any “ownership interest” in, or in “sponsoring”, a “covered fund,” subject to certain exemptions.

An “ownership interest” is defined widely and may arise through a holder’s exposure to the profits and losses of the “covered fund”, as well as through certain rights of the holder to participate in the selection or removal of an investment adviser, investment manager, or general partner, trustee, or member of the board of directors of the “covered fund”. A “covered fund” is defined widely, and



includes any issuer which would be an investment company under the Investment Company Act 1940 (the “ICA”) but is exempt from registration solely in reliance on section 3(c)(1) or 3(c)(7) of that Act, subject to certain exemptions found in the Volcker Rule’s implementing regulations.

It should be noted that a commodity pool as defined in the CEA could, depending on which CEA exemption is used by such commodity pool or its commodity pool operator, also fall within the definition of a covered fund as described above.

The Transaction Documents provide that the Noteholders’ rights in respect of the removal of the Collateral Manager and selection of a replacement Collateral Manager shall only be exercisable upon an Collateral Manager Event of Default. Furthermore, the holders of any of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes in the form of CM Non-Voting Exchangeable Notes or CM Non-Voting Notes are disenfranchised in respect of any CM Removal Resolution or CM Replacement Resolution. However, there can be no assurance that these features will be effective in resulting in instruments issued by the Issuer not being characterised as “ownership interests” in the Issuer.

If the Issuer is deemed to be a “covered fund”, then in the absence of regulatory relief, the provisions of the Volcker Rule and its related regulatory provisions, will severely limit the ability of “banking entities” to hold an “ownership interest” in the Issuer or enter into certain credit related financial transactions with the Issuer. Any entity that is a “banking entity” as defined under the Volcker Rule and is considering an investment in “ownership interests” of the Issuer should consult its own legal advisers and consider the potential impact of the Volcker Rule in respect of such investment. If investment by “banking entities” in the Notes of any Class is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Notes.

Earlier this year, the five federal agencies responsible for implementing the Volcker Rule approved for issuance a notice of proposed rulemaking which would amend certain aspects of the implementing regulations. As part of that notice, the agencies also requested public comment on the need for potential changes to virtually all aspects of the implementing regulations, including those aspects of the regulations relevant to securitizations and their treatment under the Volcker Rule’s covered fund provisions. It is unclear at this time what changes ultimately will be made to the Volcker Rule’s implementing regulations arising from this public comment process, and whether any such changes will affect the ability of banking entities to acquire and retain any of the Notes or to exercise voting rights with respect to the selection or replacement of the Collateral Manager.

No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Notes. Each prospective investor in the Notes should independently consider the potential impact of the Volcker Rule in respect of any investment in the Notes. Investors should conduct their own analysis to determine whether the Issuer is a “covered fund” for their purposes.

## 2.10 Reliance on Rating Agency Ratings

The Dodd-Frank Act requires that federal banking agencies amend their regulations to remove reference to or reliance on credit agency ratings, including but not limited to those found in the federal banking agencies’ risk-based capital regulations. New regulations have been proposed but have not yet been fully implemented in all respects. When such regulations are fully implemented, investments in asset-backed securities like the Notes by such institutions may result in greater capital charges to financial institutions that own such securities, or otherwise adversely affect the treatment of such securities for regulatory capital purposes. Furthermore, all prospective investors in the Notes whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Notes will constitute legal investments for them or are subject to investment or other regulatory restrictions, unfavourable accounting treatment, capital charges or reserve requirements.

## 2.11 Flip Clauses

The validity and enforceability of certain provisions in contractual priorities of payments which purport to alter the priority in which a particular secured creditor is paid as a result of the occurrence of one or

more specified trigger events, including the insolvency of such creditor (“**flip clauses**”), have been challenged recently in the English and U.S. courts on the basis that the operation of a flip clause as a result of such creditor’s insolvency breaches the “anti-deprivation” principles of English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency.

The English Supreme Court has, in *Belmont Park Investments Pty Limited v BNY Corporate Trustee Services Limited and Lehman Brothers Special Financing Inc.* [2011] UKSC 38, upheld the validity of a flip clause contained in an English-law governed security document, stating that the anti-deprivation principle was not breached by such provisions.

In the U.S. courts, the U.S. Bankruptcy Court for the Southern District of New York in *Lehman Brothers Special Financing Inc. v. BNY Corporate Trustee Services Limited*. (In re *Lehman Brothers Holdings Inc.*), Adv. Pro. No. 09-1242-JMP (Bankr S.D.N.Y. May 20, 2009) examined a flip clause contained in an indenture related to a swap agreement and held that such a provision, which seeks to modify one creditor’s position in a priority of payments when that creditor files for bankruptcy, is unenforceable under the U.S. Bankruptcy Code. Judge Peck also found that the Code’s safe harbour provisions, which protect certain contractual rights under swap agreements, did not apply to the flip clause because the flip clause provisions were contained in the indenture, and not in the swap agreement itself. Judge Peck acknowledged that this has resulted in the U.S. courts coming to a decision “directly at odds with the judgement of the English Courts”. While BNY Corporate Trustee Services Ltd filed a motion for and was granted leave to appeal with the U.S. Bankruptcy Court, the case was settled before the appeal was heard.

On 28 June 2016, the U.S. Bankruptcy Court issued a decision in *Lehman Brothers Special Financing Inc. v. Bank of America National Association, et al.* Case No. 10-3547 (In re *Lehman Brothers Holdings Inc.*), Chapter 11 Case No. 10-03547 (Bankr S.D.N.Y. June 208, 2016). In this decision, the court held that not all priority of payment provisions would be unenforceable ipso facto clauses under the U.S. Bankruptcy Code. Instead, the court identified two materially distinct approaches to such provisions. Where a counterparty’s automatic right to payment priority ahead of the noteholders is “flipped” or modified upon, for example, such counterparty’s default under the swap document, the court confirmed that such priority provisions were unenforceable ipso facto clauses. Conversely, the court held that priority provisions where no right of priority is established until after a termination event under the swap documents has occurred were not ipso facto clauses, and, therefore, fully enforceable. Moreover, even where the provisions at issue were ipso facto clauses, the Court found that they were nonetheless enforceable under the Code’s safe harbour provisions. Specifically, the Court concluded that priority of distribution was a necessary part of liquidation of a swap agreement, which the safe harbour provisions expressly protect. The Court effectively limited the analysis in the BNY case to instances where the flip provisions are only in an indenture, and do not constitute part of the swap agreement. This judgment highlights the difference in approach taken between U.S. and English law on this subject, although it significantly reduces the practical differences in outcome. Lehman filed a notice of appeal with regards to this decision on 6 February 2017. In addition, there remain several actions in the U.S. commenced by debtors of Lehman Brothers concerning the enforceability of flip clauses and this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies.

The flip clause examined in the Belmont case is similar in substance to the relevant provisions in the Priorities of Payments, however the context and manner of subordination which may be applied to a Hedge Counterparty in accordance with such provisions will not be identical; and the judgments in Belmont and subsequent litigation in which the same rule has been applied have noted that English law questions relating to the anti-deprivation principle will be determined on the basis of the particular terms at hand and their commercial context. As such, it is not necessarily settled that the particular flip clauses contained in the Priorities of Payments would certainly be enforceable as a matter of English law, in the case of insolvency of a Hedge Counterparty.

Moreover, if the Priorities of Payments are the subject of litigation in any jurisdiction outside England and Wales, in particular in the United States of America, and such litigation results in a conflicting judgment in respect of the binding nature of the Priorities of Payments, it is possible that termination payments due to the Hedge Counterparties would not be subordinated as envisaged by the Priorities of Payments and as a result, the Issuer’s ability to repay the Noteholders in full may be adversely affected.

There is a particular risk of such conflicting judgments where a Hedge Counterparty is the subject of bankruptcy or insolvency proceedings outside England and Wales.

## 2.12 LIBOR and EURIBOR reform

Various interest rate benchmarks (including the London Inter-Bank Offered Rate (“**LIBOR**”) and the Euro Interbank Offered Rate (“**EURIBOR**”) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. In addition, the sustainability of LIBOR has been questioned by the UK Financial Conduct Authority (“**FCA**”) as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. These reforms and other pressures may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted.

The LIBOR has been reformed, with developments including:

- (a) the activities of administering a specified benchmark and of providing information in relation to a specified benchmark becoming regulated activities in the United Kingdom (LIBOR has been a specified benchmark since April 2013);
- (b) ICE Benchmark Administration Limited becoming the LIBOR administrator in place of the British Bankers’ Association in February 2014;
- (c) a reduction in the number of currencies and tenors for which LIBOR is calculated; and
- (d) the introduction of a LIBOR code of conduct for contributing banks.

ICE Benchmark Administration Limited intends to make further reforms to the submission methodology for LIBOR panel banks.

In a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the FCA, announced the FCA’s intention to cease sustaining LIBOR from the end of 2021.

The FCA has statutory powers to compel panel banks to contribute to LIBOR where necessary. The FCA has decided not to ask, or to require, that panel banks continue to submit contributions to LIBOR beyond the end of 2021. The FCA has indicated that the current panel banks will voluntarily sustain LIBOR until the end of 2021. The FCA’s intention is that after 2021, it will no longer be necessary for the FCA to persuade, or to compel, banks to submit to LIBOR. The FCA does not intend to sustain LIBOR through using its influence or legal powers beyond that date.

It is possible that the LIBOR administrator, ICE Benchmark Administration, and the panel banks could continue to produce LIBOR on the current basis after 2021, if they are willing and able to do so. However, the survival of LIBOR in its current form, or at all, is not guaranteed after 2021. If LIBOR does not survive in its current form or at all, this could adversely affect the value of, and amounts payable under, any Collateral Debt Obligations which pay interest calculated with reference to LIBOR and therefore reduce amounts which may be available to the Issuer to pay Noteholders. Furthermore, the uncertainty as to whether LIBOR will survive in its current form or at all may lead to adverse market conditions, which may have an adverse effect on the amounts available to the Issuer to pay to Noteholders.

The EURIBOR, together with LIBOR, and other so-called “benchmarks” are the subject of reform measures by a number of international authorities and other bodies.

Additionally, in March 2017, the European Money Markets Institute (formerly Euribor-EBF) (the “**EMMI**”) published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmarks Regulation (as defined below), the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. The EMMI has since indicated that there has been a “change in market activity as a result of the current regulatory requirements and a negative interest rate environment” and “under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology

following a seamless transition path”. It is the current intention of the EMMI to develop a hybrid methodology for EURIBOR.

In the EU, in September 2013, the European Commission published a proposal for a regulation (the “**Benchmark Regulation**”) on indices used as benchmarks in financial instruments and financial contracts. The Benchmark Regulation was published in the Official Journal of the EU on 29 June 2016 and entered into force on 30 June 2016. It is directly applicable law across the EU. The application date for the majority of its provisions was 1 January 2018. It is directly applicable law across the EU.

The Benchmarks Regulation applies principally to “administrators” and also, in some respects, to “contributors” and certain “users” of “benchmarks”, and will, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and make significant changes to the way in which benchmarks falling within scope of the Benchmarks Regulation are governed (including reforms of governance and control arrangements, obligations in relation to input data, certain transparency and record-keeping requirements and detailed codes of conduct for contributors) and (ii) prevent certain uses of “benchmarks” provided by unauthorised administrators by supervised entities in the EU. The scope of the Benchmarks Regulation is wide and, in addition to so-called “critical benchmark” indices, could also potentially apply to many interest rate and foreign exchange rate indices, equity indices and other indices (including “proprietary” indices or strategies) where used to determine the amount payable under or the value or performance of certain financial instruments traded on a trading venue, financial contracts and investment funds. EURIBOR and LIBOR have been designated “critical benchmarks” for the purposes of the Benchmarks Regulation, by way of European Commission Implementing Regulations published on 12 August 2016 and 28 December 2017, respectively.

Benchmarks such as EURIBOR or LIBOR may be permanently discontinued if they do not comply with the requirements of the Benchmarks Regulation, or if the administrator of the benchmark either fails to apply for authorisation or is refused authorisation by its home regulator.

Potential effects of the Benchmark Regulation or issues that arise in the context of the use of benchmarks include (among others):

- (a) that an index which is a “benchmark” may not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as equivalent; and
- (b) circumstances may require that the administrator of a “benchmark” (or its regulatory supervisor or a related competent authority) makes a public statement announcing that it has ceased or will cease to provide such “benchmark”;
- (c) there could be a permanent discontinuation of a “benchmark”; and
- (d) the methodology or other terms of the “benchmark” could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could (among other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the benchmark.

Investors should be aware that:

- (a) any of the international, national or other measures or proposals for reform, or general increased regulatory scrutiny of “benchmarks” could have a material adverse effect on the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the disappearance of certain “benchmarks”
- (b) any of these changes or any other changes could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (c) if the applicable rate of interest on any Collateral Debt Obligation is calculated with reference to a benchmark (or currency or tenor) which is discontinued:

- (i) such rate of interest will then be determined by the provisions of the affected Collateral Debt Obligation, which may include determination by the relevant calculation agent in its discretion; and
  - (ii) there may be a mismatch between the replacement rate of interest applicable to the affected Collateral Debt Obligation and the replacement rate of interest the Issuer must pay under any applicable Hedge Transaction. This could lead to (A) the Issuer receiving amounts from affected Collateral Debt Obligations which are insufficient to make the due payment under the applicable Hedge Transaction and/or Hedge Agreement, or receiving payments under the applicable Hedge Transaction and/or Hedge Agreement that reduce the amounts available to Noteholders from the affected Collateral Debt Obligation, (B) the Issuer being required to compensate the relevant Hedge Counterparty by way of an adjustment payment or the making of an adjustment to the applicable Hedge Transaction spread and/or (C) and potential termination of the relevant Hedge Transaction and/or Hedge Agreement;
- (d) in the case of a change to EURIBOR, if any of the relevant EURIBOR benchmarks referenced in Condition 6 (*Interest*) is discontinued, interest on the Notes will be calculated under Condition 6(e)(i) (*Floating Rate of Interest*). In general, fall-back mechanisms which may govern the determination of interest rates where a benchmark rate is not available (such as those described in paragraph (c) immediately above) are not suitable for long term use. Accordingly, in the event a benchmark rate (including, but not limited to, EURIBOR or LIBOR) is permanently discontinued, it may be necessary or desirable to amend the applicable interest rate provisions in the affected Collateral Debt Obligation and/or Hedge Agreement and/or the Notes. Investors should note that the Issuer may, in certain circumstances, amend the Transaction Documents to modify or amend the reference rate in the context of the Transaction Documents without the consent of Noteholders, provided that the Controlling Class and the Subordinated Noteholders have, where applicable, consented within the timescale provided in Condition 14(c) (*Modification and Waiver*), in each case, acting by way of Ordinary Resolution. Condition 14(c)(xxix) provides that the Issuer may, subject to certain conditions, enter into one or more supplemental trust deeds or make any other modification or waive any provision of any Transaction Document to change the applicable reference rate. See Condition 14(c) (*Modification and Waiver*); and
- (e) the administrator of a relevant benchmark will not have any involvement in the Collateral Debt Obligations or the Notes and may take any actions in respect of such benchmark without regard to the effect of such actions on the Collateral Debt Obligations or the Notes.

In general, any of the above or any other significant changes to EURIBOR or LIBOR or any other benchmark could have a material adverse effect on the value of, and the amount payable under (i) any Collateral Debt Obligations which pay interest linked to a EURIBOR or LIBOR rate or other benchmark (as applicable), and (ii) the Notes. No assurance may be provided that relevant changes will not be made to LIBOR or EURIBOR and/or that such benchmarks will continue to exist.

Investors should consider these recent developments when making their investment decision with respect to the Notes.

## 2.13 Financial Transaction Tax

In February 2013 the European Commission published a proposal for a Council Directive implementing enhanced cooperation for a financial transaction tax (“FTT”) requested by Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the “**Participating Member States**”). However, on 16 March 2016, Estonia completed the formalities required to cease participation in the enhanced cooperation on FTT.

Under the Commission Proposal, the proposed FTT would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State or the financial instrument in which the parties are dealing is issued in a Participating Member State. The FTT may apply to both transaction parties where one of these circumstances applies. The FTT may also apply to dealings in the Collateral to the extent the Collateral constitutes financial instruments within its scope, such as bonds. In such circumstances, it is not possible to

predict with certainty what effect the proposed FTT might have on the business of the Issuer, there will be no gross-up by any party to the transaction and amounts due to Noteholders may be adversely affected.

Certain aspects of the Commission Proposal are controversial and, while the Commission Proposal initially identified the date of introduction of the FTT across the Participating Member States as being 1 January 2014, this anticipated introduction date has been extended on several occasions due to disagreement among the Participating Member States regarding a number of key issues concerning the scope and application of the FTT.

On 10 October 2016, following a meeting of the Finance Ministers of the ten remaining Participating Member States, it was reported that an agreement in principle had been reached on certain key aspects of the FTT and that the EU Commission had consequently been asked to prepare draft FTT legislation on the basis of that agreement. However, the details of the FTT remain to be agreed. A written answer given by Pierre Moscovici in the European Parliament, speaking on behalf of the Commission on 28 April 2017, confirmed that negotiations between Participating Member States on the Commission's proposal are continuing with a number of key areas still open for discussion, although the Commission's intention was to assist Participating Member States reaching a compromise agreement during the course of 2017. Accordingly, the date of implementation of the FTT remains uncertain.

Additional Member States may also decide to participate in the FTT. Prospective holders of the Notes are advised to seek their own professional advice in relation to any FTT and its potential impact on their dealings in the Notes before investing.

## 2.14 Anti-Money Laundering, Anti-Terrorism, Anti-Corruption, Bribery and Similar Laws May Require Certain Actions or Disclosures

The Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “**USA PATRIOT Act**”), signed into law on and effective as of 26 October 2001, requires that financial institutions, a term that includes banks, broker-dealers and investment companies, establish and maintain compliance programs to guard against money laundering activities. The USA PATRIOT Act requires the U.S. Treasury to prescribe regulations in connection with anti-money laundering policies of financial institutions. The Financial Crimes Enforcement Network (“**FinCEN**”), an agency of the Treasury, has announced that it is likely that such regulations would require pooled investment vehicles such as the Issuer to enact anti-money laundering policies.

Many other jurisdictions have adopted wide-ranging anti-money laundering, economic and trade sanctions, and anti-corruption and anti-bribery laws, and regulations (collectively with the USA PATRIOT Act, the “**AML Requirements**”). Any of the Issuer, the Initial Purchaser, the Collateral Manager, the Trustee or the Agents could be requested or required to obtain certain assurances from prospective investors intending to purchase Notes and to retain such information or to disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is expected that the Issuer, the Initial Purchaser, the Collateral Manager, the Agents and the Trustee will comply with AML Requirements to which they are or may become subject and to interpret such AML Requirements broadly in favour of disclosure. In addition, it is expected that each of the Issuer, the Initial Purchaser, the Collateral Manager, the Agents and the Trustee intends to comply with applicable anti-money laundering and anti-terrorism, economic and trade sanctions, and anti-corruption or anti-bribery laws, and regulations of the United States and other countries, and will disclose any information required or requested by authorities in connection therewith. A Noteholder may also be obliged to provide information they may have previously identified or regarded as confidential to satisfy the Issuer AML Requirements.

## 2.15 CRA

Regulation (EU) 462/2013 of the European Parliament and of the European Council amending Regulation EC 1060/2009 on credit rating agencies (“**CRA3**”) came into force on 20 June 2013. Article 8(c) of CRA3 has introduced a requirement that where an issuer or a related third party intends to solicit a credit rating of a structured finance instruments, it shall obtain two independent ratings for such instruments. Article 8(d) of CRA3 has introduced a requirement that where an issuer or a related third party intends to appoint at least two credit rating agencies to rate the same instrument, the issuer

or a related third party shall consider appointing at least one rating agency having less than a 10 per cent. market share among agencies capable of rating that instrument. The Issuer intends to have two rating agencies appointed, but does not make any representation as to market share of either agency, and any consequences for the Issuer, related third parties and investors if an agency does not have a less than 10 per cent. market share are not specified. Investors should consult their legal advisers as to the applicability of CRA3 and any consequence of non-compliance in respect of their investment in the Notes.

## 2.16 Action Plan on Base Erosion and Profit Shifting

On 5 October 2015, the Organisation for Economic Co-operation and Development (“**OECD**”) published final reports, analyses and sets of recommendations for all of the fifteen actions it identified as part of its Action Plan, which G20 finance ministers then endorsed during a meeting on 8 October 2015 in Lima, Peru (the “**Final Report**”). The Final Report was endorsed by G20 Leaders during their annual summit on 15-16 November 2015 in Antalya, Turkey. The OECD published final reports, analyses and sets of recommendations for all of the fifteen actions it identified as part of its Action Plan on Base Erosion and Profit Sharing (“**BEPS**”), G20 finance ministers then endorsed during a meeting on 8 October 2015 in Lima, Peru (the “**Final Report**”). The Final Report was endorsed by G20 Leaders during their annual summit on 15-16 November 2015 in Antalya, Turkey.

### *Action 4*

In the Final Report relating to Action 4, the OECD recommends as a best practice that countries introduce a general limitation on tax deductions for net interest and economically equivalent payments under which, broadly speaking, a company would be denied those deductions to the extent they exceeded a particular percentage of the company’s EBITDA ranging from 10 to 30 per cent.

The OECD recommends that, as a minimum, countries would apply this restriction to companies that form part of domestic and multinational groups only, or to companies that form part of multinational groups. However, the OECD acknowledges that countries may also apply such restriction more broadly to include companies in a domestic group and standalone companies which are not part of a domestic group.

However, the restriction recommended would only apply to tax deductions for net interest and economically equivalent payments. As a result, since the Issuer will generally fund interest payments it makes under the Notes from interest payments to which it is entitled under Collateral Debt Obligations (that is, such that Issuer pays limited or no net interest), the restriction may be of limited relevance to the Issuer even if Ireland chose to apply such a restriction to companies such as the Issuer.

### *Action 6*

On 24 November 2016, the OECD published the text and explanatory statement of the “Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting” (“**MLI**”). The MLI is to be applied alongside existing tax treaties (rather than amending them directly), modifying the application of those existing treaties in order to implement BEPS measures.

The focus of Action 6 is the prevention of treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances.

The Final Report recommends, as a minimum, that countries should include in their tax treaties: (i) an express statement that the common intention of each contracting state which is party to such treaties is to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance; and one, or both, of (ii) a “limitation-on-benefits” (“**LOB**”) rule; and (iii) a “principal purposes test” (“**PPT**”) rule. The MLI entered into force in Ireland and the UK on 1 May 2019 and 1 October 2018 respectively. The date from which provisions of the MLI have effect in relation to a double tax treaty depends on several factors including the type of tax which the relevant treaty article relates to. In most cases, since the Issuer is not relying, for Irish tax purposes, on the provisions of an Irish double tax treaty, the MLI should have little Irish tax effect on it. The Issuer’s ability to rely on Ireland’s double tax treaties to reduce or eliminate taxes in other jurisdictions may be affected. The ability to rely on many of Ireland’s double tax treaties with other jurisdictions may now be subject to a PPT. The PPT would deny treaty benefits where it is reasonable to conclude, having

regard to all of the relevant facts and circumstances for this purpose, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it was established that granting that benefit in those circumstances would be in accordance with the object and purpose of the relevant provisions of the treaty. It is currently unclear how a PPT, if adopted, would be applied by either the tax authorities of those jurisdictions from which payments are made to the Issuer.

It is also possible that Ireland will negotiate other amendments to its double tax treaties on a bilateral basis in the future which may affect the ability of the Issuer to obtain the benefit of those treaties.

Provided that the Issuer carries on investment activities as opposed to a trade, the incorporation of a PPT in the United Kingdom-Ireland double tax treaty is not expected to affect the Issuer's exposure to United Kingdom corporation tax.

However, if the Issuer were to be trading, and if the United Kingdom-Ireland double tax treaty is amended to incorporate a PPT for Action 6 then there may be a risk that the Issuer could be treated as having a taxable permanent establishment in the United Kingdom.

If as a consequence of the application of Action 6 United Kingdom tax were imposed on the net income or profits of the Issuer, the amount of UK tax due would likely be significant on the basis that some or all of the interest which it pays on the Notes may not be deductible for United Kingdom tax purposes. If the UK imposed tax on the net income or profits of the Issuer, this could in certain circumstances constitute a Note Tax Event.

In the event that as a result of the application of Action 6 the Issuer were to be denied the benefit of a treaty entered into by Ireland and as a consequence payments of interest were made by an Obligor to the Issuer subject to a withholding or deduction for or on account of tax in respect of any payments of interest on the Collateral Debt Obligations, this may constitute a Collateral Tax Event.

Investors should note that other action points which form part of the OECD BEPS project may be implemented in a manner which affects the tax position of the Issuer.

#### *Implementation of the recommendations in the Final Report*

The MLI is to be applied alongside existing tax treaties (rather than amending them directly), modifying the application of those existing treaties in order to implement BEPS measures. Following Slovenia's ratification of the MLI on 22 March 2018, the MLI entered into force and had legal effect in Austria, the Isle of Man, Jersey and Poland (each of which have already ratified the MLI), as well as Slovenia from 1 July 2018. In accordance with the rules of the MLI, its contents may start to have effect for existing tax treaties, entered into with Austria, the Isle of Man, Jersey, Poland and Slovenia as from 1 January 2019.

For signatories who deposit their instrument of ratification, acceptance or approval with the OECD after 22 March 2018, the MLI comes into force at the start of the month which is three entire calendar months after such instrument of ratification, acceptance or approval is deposited with the OECD. The United Kingdom deposited its instrument of ratification with the OECD on 29 June 2018 and the MLI came into force in respect of the United Kingdom on 1 October 2018. Ireland deposited its instrument of ratification of the MLI with the OECD on 29 January 2019 and the MLI came into force in respect of Ireland on 1 May 2019.

The date from which provisions of the MLI have effect in relation to a double tax treaty depends on several factors including the type of tax which the relevant treaty article relates to. Upon ratifying the MLI, Ireland submitted its list of reservations and notifications under the MLI, in which it elected to adopt the PPT rule. The OECD's Frequently Asked Questions on the MLI dated June 2017 indicates that the PPT is expected to apply to all treaties covered by the MLI.

Upon ratifying the MLI, the United Kingdom deposited a final list of reservations and notifications to be made pursuant to it. Based on the information contained in these documents and the MLI, Action 6 will be implemented into the double tax treaty Ireland has entered into with the United Kingdom (as well as into the other double tax treaties Ireland has with other jurisdictions which have ratified the MLI) by the inclusion of a PPT after the MLI comes into force in Ireland.



Once in effect, this PPT would deny treaty benefits where it is reasonable to conclude, having regard to all of the relevant facts and circumstances for this purpose, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it was established that granting that benefit in those circumstances would be in accordance with the object and purpose of the relevant provisions of the treaty. It is currently unclear how a PPT, if adopted, would be applied by either the tax authorities of those jurisdictions from which payments are made to the Issuer or the United Kingdom in relation to the application of Article 5 and Article 8 of the UK-Ireland double tax treaty. It is also possible that Ireland will negotiate other bespoke amendments to its double tax treaties on a bilateral basis in the future which may affect the ability of the Issuer to obtain the benefit of those treaties.

Accordingly, at least some of the recommendations of the Final Reports on Action 6 may be applied to existing tax treaties in a relatively short time. However, the MLI generally allows participating countries to opt in or out of various measures which are not a BEPS “minimum standard”. It remains to be seen, therefore, precisely which options participating countries will choose and, as the Final Report on Action 6 observed, there are various reasons why countries may not implement the proposed amendments in an identical manner and/or to the same extent.

In particular it remains to be seen what specific changes will be made to all the double tax treaties on which the Issuer may rely (for example, in receiving interest from an overseas borrower at a potentially reduced rate of withholding tax under an applicable double tax treaty). A change in the application or interpretation of these double tax treaties (as a result of the adoption of the recommendations of the Final Report by way of the MLI or otherwise) might result in the Issuer being treated as having a taxable permanent establishment outside of Ireland (see the risk factor entitled “*UK Taxation treatment of the Issuer*” below for further information in relation to the circumstances in which the Issuer could be treated as having a UK permanent establishment for UK tax purposes), in denying the Issuer the benefit of Ireland’s network of double tax treaties or in other tax consequences for the Issuer. In each case, this could have a material adverse effect on the Issuer’s business, tax and financial position.

## 2.17 EU Anti-Tax Avoidance Directives

As part of its anti-tax avoidance package the EU Commission published a draft Anti-Tax Avoidance Directive on 28 January 2016, which was formally adopted by the EC Council on 12 July 2016 in Council Directive (EU) 2016/1164 (the “**Anti-Tax Avoidance Directive 1**”). The Anti-Tax Avoidance Directive 1 must be implemented by each Member State by 2019, subject to derogations for Member States which have equivalent measures in their domestic law.

Amongst the measures contained in the Anti-Tax Avoidance Directive 1 is an interest deductibility limitation rule similar to the recommendation contained in the BEPS Action 4 proposals. The Irish Minister for Finance had stated that Ireland would not introduce these rules until 2024. However, the Irish Department of Finance has more recently stated that Ireland will continue to engage with the European Commission in this regard and commenced work to examine options to bring forward the process of transposition from the original planned deadline of end of 2023. The Irish Department of Finance have stated that it is anticipated that transposition could advance, at the earliest, to Finance Bill 2019, which could lead to the provisions becoming effective during 2019 or from 1 January 2020.

The Anti-Tax Avoidance Directive 1 provides that interest costs in excess of the higher of (a) EUR 3,000,000 or (b) 30% of an entity’s earnings before interest, tax, depreciation and amortisation will not be deductible in the year in which they are incurred but would remain available for carry forward. However, the restriction on interest deductibility would only be in respect of the amount by which the borrowing costs exceed “interest revenues and other equivalent taxable revenues from financial assets”. Accordingly, as the Issuer will generally fund interest payments it makes under the Notes from interest payments to which it is entitled under Collateral Debt Obligations (that is such that the Issuer pays limited or no net interest), the restriction may be of limited relevance to the Issuer even if the Anti-Tax Avoidance Directive 1 were implemented as originally published. There is also a carve out in the Anti-Tax Avoidance Directive 1 for financial undertakings, although as currently drafted the Issuer would not be treated as a financial undertaking. The European Commission is also pursuing other initiatives, such as the introduction of a common corporate tax base, the impact of which, if implemented, is uncertain. On 21 February 2017, the Economic and Financial Affairs Council of the European Union agreed an amendment to the Anti-Tax Avoidance Directive 1 to provide for minimum standards for counteracting hybrid mismatches involving EU Member States and third countries (“**Anti-Tax**

**Avoidance Directive 2**”). Anti-Tax Avoidance Directive 2 requires EU Member States to either delay deduction of payments, expenses or losses or include payments as taxable income, in case of hybrid mismatches. Anti-Tax Avoidance Directive 2 needs to be implemented in the EU Member States’ national laws and regulations by 31 December 2019 and will have to apply as of 1 January 2020, except for the provision on reverse hybrid mismatches for which implementation can be postponed to 31 December 2021, and will apply as of 1 January 2022.

The Anti-Tax Avoidance Directive 1 already included measures to implement the recommendations of a number of BEPS action items, including Action 2 on hybrid mismatch arrangements. The hybrid mismatch provisions of the Anti-Tax Avoidance Directive 1 were limited in scope and only addressed mismatch arrangements arising between EU member states. It was therefore agreed that there should be a subsequent directive to amend the Anti-Tax Avoidance Directive 1 to address other areas of concern identified, including introducing measures to address hybrid mismatch arrangements with third countries and expand the range of mismatches targeted. The Anti-Tax Avoidance Directive 2 significantly extends the rules on hybrid mismatches. A hybrid mismatch arrangement is a cross-border arrangement that generally uses a hybrid entity or hybrid instrument and results in a mismatch in the tax treatment of a payment across jurisdictions.

The Anti-Tax Avoidance Directive 2 covers hybrid mismatches arising between (i) associated enterprises, (ii) head offices and permanent establishments and (iii) permanent establishments of the same entity. The forms of hybrid mismatch that are most likely to be relevant to an entity such as the Issuer relate to financial instrument mismatches and hybrid entity mismatches.

In very broad terms, if a hybrid mismatch results from differences in the characterisation of a financial instrument, the EU member state where the payment is sourced from shall deny the deduction, unless the non-EU member state has already done so. Financial instrument is very broadly defined to include any instrument that gives rise to a financing or equity returned that is taxed under the rules for taxing debt, equity or derivatives under the law of either jurisdiction involved. The rules in relation to financial instrument mismatches could impact financing arrangements such as preferred or convertible equity certificates (PECs or CPECs), but also debt instruments which are "stapled" with an equity instrument or which are treated as debt in one jurisdiction and as equity in another jurisdiction.

The new rules also deal with so-called hybrid entities where an entity or arrangements is regarded as a taxable entity in one jurisdiction and whose income or expenditure is treated as income or expenditure of one or more persons in another jurisdiction. These provisions could impact entities which "check the box" for US tax purposes and are treated as transparent.

To the extent the Issuer is deemed to be associated with any of its Noteholders, these rules may impact the Issuer once fully implemented. Associated for these purposes includes direct and indirect participation in terms of voting rights or capital ownership of 25% or more or an entitlement to receive 25 % or more (50% in certain circumstances) of the profits of that entity as well as entities that are part of the same consolidated group for financial accounting purposes or enterprises that have a significant influence in the management of the taxpayer.

## 2.18 Taxation Implications of Contributions

A Noteholder may, in certain circumstances, provide the Issuer with cash by way of a Contribution in accordance with Condition 2(m) (*Contributions*). Noteholders may become subject to taxation in relation to the making of a Contribution. Noteholders are responsible for any and all taxation liabilities that may be applicable in such circumstances. Noteholders should consult their own tax advisers as to the tax treatment to them of making a Contribution in accordance with Condition 2(m) (*Contributions*).

## 2.19 Diverted Profits Tax

The Finance Act 2015 introduced a new tax in the United Kingdom called the “diverted profits tax” (“**DPT**”) which is charged at 25 per cent. of any “taxable diverted profits”. The tax had effect from 1 April 2015 and may apply in circumstances including where arrangements are designed to ensure that a non-UK resident company does not carry on a trade in the United Kingdom through a permanent establishment, the non-resident company supplies goods, services or other property in the course of that

non-resident company's trade and it is reasonable to assume that arrangements are in place the main purpose or one of the main purposes of which is to avoid United Kingdom corporation tax.

The basis upon which HM Revenue & Customs will apply the diverted profits tax in practice remains uncertain although it should be noted that there are specific exemptions for United Kingdom investment managers who enter into transactions on behalf of certain overseas persons and in respect of which the investment manager exemption (section 1146 Corporation Tax Act 2010) would apply and a general exemption where the activities of the non-UK resident company in the United Kingdom are carried out by an agent of independent status which is not connected to such non-UK resident company.

In the event that the Collateral Manager were assessed to DPT, it would in certain circumstances be entitled to an indemnity from the Issuer. Any payments to be made by the Issuer under this indemnity will be paid as Administrative Expenses in accordance with the Priorities of Payment (as applicable). It should be noted that HM Revenue & Customs would be entitled to seek to assess the Issuer to any diverted profits tax due directly rather than through the Collateral Manager as its UK tax representative. Should the Issuer be assessed directly on this basis, the Issuer will be liable to pay such amounts in accordance with the Priorities of Payment (as applicable).

If DPT were to be imposed upon the Issuer or upon the Collateral Manager (in its capacity as UK tax representative of the Issuer), then in certain circumstances the Notes may be redeemed (in whole but not in part) at the option of each of the Controlling Class or the Subordinated Noteholders in each case acting by Extraordinary Resolution. See Condition 7(g) (*Redemption following Note Tax Event*).

## 2.20 Imposition of unanticipated Taxes on Issuer

The Issuer has been advised that under current Irish law, the Collateral Management Fees should be exempt from value added tax in Ireland as consideration paid for collective portfolio management services provided to a "qualifying company" for the purposes of Section 110 of the Irish Taxes Consolidation Act, 1997, as amended (the "TCA"). This is based upon Article 135(1)(g) of Council Directive 2006/112/EC on the Common System of Value Added Tax (the "**Directive**"), which provides that EU member states shall exempt the management of "special investment funds" as defined by EU member states. The Value-Added Tax Consolidation Act 2010 of Ireland, in the provisions implementing Article 135(1)(g) of the Directive, specifically lists, in the categories of undertakings to whom supplies of management services are exempt from VAT, undertakings which are "qualifying companies" for the purposes of Section 110 of the TCA. The Issuer has been advised that it will be such a "qualifying company", therefore management services supplied to it are exempt from value added tax in Ireland under current law. On 9 December 2015 the European Court of Justice handed down its judgment in the case of *Staatssecretaris van Financiën v Fiscale Eenheid X NV* cs Case C-595/13 which concerned Dutch law on value added tax, in particular the Dutch interpretation of the term "special investment fund" under the Directive, and could suggest that the exemption had been enacted by some EU member states more broadly than is permitted by the Directive. The Issuer is not, however, aware of any proposal to amend Irish domestic law to remove the exemption from value added tax on Collateral Management Fees for entities such as the Issuer.

### **Deductibility Restrictions**

There may be restrictions on the deductibility of interest or funding expenses paid by a qualifying company within the meaning of Section 110 of the TCA (such as the Issuer) where that company holds or manages certain loans, securities, or other interests which derive their value from Irish land. From 19 October 2017, these rules are extended to qualifying companies which hold units in an Irish Real Estate Fund or shares that derive their value from, or the greater part of their value from, directly or indirectly land in Ireland.

Further detail on these provisions is set out in the Irish taxation section of this Offering Circular. If the Issuer holds or manages any of the relevant assets and is not able to benefit from any of the exceptions contained in the legislation, additional Irish tax may be payable by the Issuer.

## 2.21 The Common Reporting Standard

The common reporting standard framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase international tax transparency. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD and this includes the Common Reporting Standard (the “**CRS**”). The goal of the CRS is to provide for the annual automatic exchange between governments of financial account information reported to them by local reporting financial institutions (as defined) (“**FIs**”) relating to account holders who are tax resident in other participating jurisdictions.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation (“**DAC II**”) implements the CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year (or from 2018 in the case of Austria).

Ireland is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of the CRS while the Finance Act 2014 of Ireland and the Finance Act 2015 of Ireland contain measures necessary to implement the CRS internationally and across the European Union, respectively. The Returns of Certain Information by Reporting Financial Institutions Regulations 2015 of Ireland (the “**Regulations**”) giving effect to the CRS from 1 January 2016 came into operation on 31 December 2015.

Over 95 jurisdictions have committed to exchanging information under the CRS and a group of 50 countries, including Ireland and all EU Members States (known as the “**Early Adopter Group**”) committed to the early adoption of the CRS from 1 January 2016. The Early Adopter Group activated their exchange relationships under the CRS and commenced the exchange of data in September 2017. In November 2017, a further 53 jurisdictions committed to activating their exchange relationships by September 2018.

Ireland has provided for the implementation of CRS through Section 891F of the TCA and the enactment of the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the “**CRS Regulations**”). The Irish Revenue Commissioners have indicated that Irish Financial Institutions will be obliged to make a single return in respect of CRS and DAC II. CRS applies in Ireland from 1 January 2016. The Issuer is expected to constitute a Financial Institution for CRS purposes.

For the purposes of complying with its obligations under CRS and DAC II, an Irish FI (such as the Issuer) shall be entitled to require Noteholders to provide any information regarding their and, in certain circumstances, their controlling persons’ tax status, identity or residence in order to satisfy any reporting requirements which the Issuer may have as a result of CRS and DAC II. Noteholders will be deemed, by their holding of the Notes, to have authorised the automatic disclosure of such information by the Issuer (or any nominated service provider) to the Irish Revenue Commissioners. The information will be provided to the Irish Revenue Commissioners who will exchange the information with the tax authorities of other participating jurisdictions, as applicable. To the extent that the Notes are held within a recognised Clearing System, the Issuer should have no reportable accounts in a tax year. Provided the Issuer complies with these obligations, it should be deemed compliant for CRS and DAC II purposes. Failure by the Issuer to comply with its CRS and DAC II obligations may result in it being deemed to be non-compliant in respect of its CRS obligations and monetary penalties may be imposed pursuant to the implementing legislation. Failure by an Irish FI to comply with its CRS and DAC II obligations may result in the Issuer being deemed to be non-compliant in respect of its CRS obligations and monetary penalties may be imposed on a non-compliant FI under Irish legislation.

The Issuer (or any nominated service provider) will agree that information (including the identity of any Noteholder) supplied for the purposes of CRS and DAC II compliance is intended for the Issuer’s (or any nominated service provider’s) use for the purposes of satisfying CRS and DAC II requirements and the Issuer (or any nominated service provider) will agree, to the extent permitted by applicable law, that it will take reasonable steps to treat such information in a confidential manner, except that the Issuer may disclose such information (i) to its officers, directors, agents and advisors, (ii) to the extent reasonably necessary or advisable in connection with tax matters, including achieving CRS and DAC II

compliance, (iii) to any person with the consent of the applicable Noteholder, or (iv) as otherwise required by law or court order or on the advice of its advisors. Further information in relation to CRS can be found on the Automatic Exchange of Information webpage on [www.revenue.ie](http://www.revenue.ie).

## 2.22 Regulated Banking Activity

While non-bank lending is currently being promoted within the EU, in many jurisdictions, especially in continental Europe, engaging in lending activities “in” certain jurisdictions particularly via the original extension of credit granting a loan and in some cases including purchases of receivables, discounting of invoices, guarantee transactions or otherwise (collectively, “**Regulated Banking Activities**”) is generally considered a regulated financial activity and, accordingly, must be conducted in compliance with applicable local banking laws (or the AIFMD, in the case of European long-term investment funds). Although a number of jurisdictions have consulted and published guidance on non-bank lending, in many such jurisdictions, there is comparatively little statutory, regulatory or interpretive guidance issued by the competent authorities or other authoritative guidance as to what constitutes the conduct of Regulated Banking Activities in such jurisdictions.

Collateral Debt Obligations subject to these local law requirements may restrict the Issuer’s ability to purchase the relevant Collateral Debt Obligation or may require it to obtain exposure via a Participation. Moreover, these regulatory considerations may differ depending on the country in which each Obligor is located or domiciled, on the type of Obligor and other considerations. Therefore, at the time when Collateral Debt Obligations are acquired by the Issuer, there can be no assurance that, as a result of the application of regulatory law, rule or regulation or interpretation thereof by the relevant governmental body or agency, or change in such application or interpretation thereof by such governmental body or agency, payments on the Collateral Debt Obligations might not in the future be adversely affected as a result of such application of regulatory law or that the Issuer might become subject to proceedings or action by the relevant governmental body or agency, which if determined adversely to the Issuer, may adversely affect its ability to make payments in respect of the Notes.

## 2.23 EU Bank Recovery and Resolution Directive

The EU Bank Recovery and Resolution Directive (2014/59/EU) (collectively with secondary and implementing EU rules, and national implementing legislation, the “**BRRD**”) equips national authorities in Member States (the “**Resolution Authorities**”) with tools and powers for preparatory and preventive measures, early supervisory intervention and resolution of credit institutions and significant investment firms (collectively, “**relevant institutions**”). If a relevant institution enters into an arrangement with the Issuer and is deemed likely to fail in the circumstances identified in the BRRD, the relevant Resolution Authority may employ such tools and powers in order to intervene in the relevant institution’s failure (including in the case of derivatives transactions, powers to close-out such transactions or suspend any rights to close-out such transactions). In particular, liabilities of relevant institutions arising out of the Transaction Documents or Underlying Instruments (for example, liabilities arising under Participations or provisions in Underlying Instruments requiring lenders to share amounts) not otherwise subject to an exception, could be subject to the exercise of “bail-in” powers of the relevant Resolution Authorities. It should be noted that certain secured liabilities of relevant institutions are excepted. If the relevant Resolution Authority decides to “bail-in” the liabilities of a relevant institution, then subject to certain exceptions set out in the BRRD, the liabilities of such relevant institution could, among other things, be reduced, converted or extinguished in full. As a result, the Issuer and ultimately, the Noteholders may not be able to recover any liabilities owed by such an entity to the Issuer. In addition, a relevant Resolution Authority may exercise its discretions in a manner that produces different outcomes amongst institutions resolved in different EU Member States. It should also be noted that similar powers and provisions are being considered in the context of financial institutions of other jurisdictions.

The European Commission adopted a set of draft regulatory technical standards in respect of the valuation of derivatives for the purposes of the BRRD on 23 May 2016. They were published in the Official Journal on 8 July 2016 and entered into force on 28 July 2016 and provide, among other things, that the relevant Resolution Authorities will have the power to terminate swap agreements (as part of the bail-in process) and to value the position thereunder. This will therefore limit any control the Issuer or the Trustee may have in respect of the valuation process, which may be detrimental to the Issuer and consequently, the Noteholders.

Resolution Authorities also have the right to amend certain agreements, under applicable laws, regulations and guidance (“**Stay Regulations**”), to ensure stays or overrides of certain termination rights. Such special resolution regimes (“**SRRs**”) vary from jurisdiction to jurisdiction, including differences in their respective implementation dates. In the UK, the Prudential Regulation Authority (“**PRA**”) has implemented rules (Appendix 1 to the PRA’s policy statement 25/15) which requires relevant institutions to ensure that the discretion of the PRA to temporarily suspend termination and security interests under the relevant SRR is respected by counterparties. Any applicable Stay Regulations may result in the Issuer not being able to immediately enforce liabilities owed by relevant institutions that are subject to “stays” under SRRs.

The resolution mechanisms under the BRRD correspond closely to those available to the Single Resolution Board (the “**SRB**”) and the European Commission under the single resolution mechanism provided for in Regulation (EU) No 806/2014 (the “**SRM Regulation**”). The SRM Regulation applies to participating Member States (including Member States outside the Euro zone that voluntarily participate through a close co-operation agreement). In such jurisdictions, the SRB will take on many of the functions that would otherwise be assigned to national Resolution Authorities by the BRRD. If a Member State outside the Euro zone (such as the UK) has chosen not to participate in the bank single supervisory mechanism, relevant institutions established in such Member State will not be subject to the SRM Regulation, but to the application of the BRRD by the Resolution Authorities. It is possible, on the specific facts of a case, that resolution plans and resolution decisions made by the SRB may differ from the resolution schemes that would have been applied by the Resolution Authorities. Therefore, the way in which a relevant institution is resolved and ultimately, the effect of any such resolution on the Issuer and the Noteholders may vary depending on the authority applying the resolution framework.

## 2.24 Centre of Main Interests

The Issuer has its registered office in Ireland. Under Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (the “**Recast EU Insolvency Regulation**”), the Issuer’s centre of main interest (“**COMI**”) is presumed to be the place of its registered office (i.e. Ireland) in the absence of proof to the contrary and provided that the Issuer did not move its registered office within the 3 months prior to a request to open insolvency proceedings.

As the Issuer’s COMI is presumed to be Ireland, any main insolvency proceedings in respect of the Issuer would fall within the jurisdiction of the courts of Ireland. As to what might constitute “proof to the contrary” regarding the location of a company’s COMI, the key decision is that in *Re Eurofood IFSC Ltd* ([2004] 4 IR 370 (Irish High Court); [2006] IESC 41 (Irish Supreme Court); [2006] Ch 508; ECJ Case C-341/04 (European Court of Justice)), given in respect of the equivalent provision in the previous EU Insolvency Regulation (Regulation (EC) No. 1346/2000). In that case, on a reference from the Irish Supreme Court, the European Court of Justice concluded that “factors which are both objective and ascertainable by third parties” would be needed to demonstrate that a company’s actual situation is different from that which the location of its registered office is deemed to reflect. For instance, if a company with its registered office in Ireland does not carry on any business in Ireland, that could rebut the presumption that the company’s COMI is in Ireland. However, if a company with its registered office in Ireland does carry on business in Ireland, the fact that its economic choices are controlled by a parent undertaking in another jurisdiction would not, of itself, be sufficient to rebut the presumption.

As the Issuer has its registered office in Ireland, has Irish directors, is registered for tax in Ireland and has retained an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut the presumption that its COMI is located in Ireland, although this would ultimately be a matter for the relevant court to decide based on the circumstances existing at the time when it was asked to make that decision. If the Issuer’s COMI was found to be in another EU jurisdiction and not in Ireland, main insolvency proceedings would be opened in that jurisdiction instead.

## 3. RELATING TO THE NOTES

### 3.1 The Notes will have limited liquidity and are subject to substantial transfer restrictions

Currently, no market exists for the Notes. Each of the Initial Purchaser and the Arranger may make a market for the Notes but is not under any obligation to do so, and any such market-making may be

discontinued at any time without notice. The Notes are illiquid investments. There can be no assurance that any secondary market for any of the Notes will develop, or if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or will continue for the life of the Notes. Over the past few years, notes issued in securitisation transactions have experienced historically high volatility and significant fluctuations in market value. Additionally, some potential buyers of such notes now view securitisation products as an inappropriate investment, thereby reducing the number of potential buyers and/or potentially affecting liquidity in the secondary market. Noteholders must be prepared to hold their Notes for an indefinite period of time or until the Maturity Date. The Notes will not be registered under the Securities Act or any state securities laws, and the Issuer has no plans, and is under no obligation, to register the Notes under the Securities Act. As a result, the Notes are subject to certain transfer restrictions and can only be transferred to certain transferees as described herein under “*Transfer Restrictions*”. As described herein, the Issuer may, in the future, impose additional restrictions to comply with changes in applicable law. Such restrictions on the transfer of the Notes may further limit their liquidity.

In addition, CM Non-Voting Notes may not be exchanged at any time into CM Voting Notes or CM Non-Voting Exchangeable Notes and there are restrictions as to the circumstances in which CM Non-Voting Exchangeable Notes may be exchanged for CM Voting Notes. Such restrictions on exchange may limit their liquidity.

### 3.2 Optional Redemption and Market Volatility

The market value of the Collateral Debt Obligations may fluctuate, with, among other things, changes in prevailing interest rates, foreign exchange rates, general economic conditions, the conditions of financial markets (particularly the markets for senior and mezzanine loans and bonds and high yield bonds), European and international political events, events in the home countries of the issuers of the Collateral Debt Obligations or the countries in which their assets and operations are based, developments or trends in any particular industry and the financial condition of such issuers. The secondary market for senior and mezzanine loans and high yield bonds is still limited. A decrease in the market value of the Portfolio would adversely affect the amount of proceeds which could be realised upon liquidation of the Portfolio and ultimately the ability of the Issuer to redeem the Notes.

A form of liquidity for the Subordinated Notes is the optional redemption provision set out in Condition 7(b)(i) (*Optional Redemption in Whole - Subordinated Noteholders*). There can be no assurance, however, that such optional redemption provision will be capable of being exercised in accordance with the conditions set out in Condition 7(b) (*Optional Redemption*) which may require the consent of the Collateral Manager and in some cases require a determination that the amount realisable from the Portfolio in such circumstances is greater than the aggregate of all amounts which would be due and payable on redemption of the Rated Notes and to the other creditors of the Issuer pursuant to Condition 11(b) (*Enforcement*) which rank in priority to payments in respect of the Subordinated Notes in accordance with the Priorities of Payments.

### 3.3 The Notes are subject to Optional Redemption in Whole or in Part by Class

The Rated Notes may be redeemed in whole from Sale Proceeds and/or Refinancing Proceeds (A) after the Non-Call Period, on any Payment Date (or with the Collateral Manager’s consent on any Business Day) at the direction of the Subordinated Noteholders acting by way of Ordinary Resolution, or (B) following the occurrence of a Collateral Tax Event, on any Business Day falling after such occurrence at the direction of the Subordinated Noteholders acting by way of Ordinary Resolution.

In addition, the Rated Notes may be redeemed in part by entire Class from Refinancing Proceeds at the applicable Redemption Prices, from any Refinancing Proceeds on any Payment Date (or with the Collateral Manager’s consent on any Business Day) falling on or after expiry of the Non-Call Period at the written direction of the Subordinated Noteholders acting by way of Ordinary Resolution. Any such redemption shall be of an entire Class or Classes of Notes subject to a number of conditions. See Condition 7(b) (*Optional Redemption*).

As described in Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*), Refinancing Proceeds may be used in connection with either a redemption in whole of the Rated Notes or a redemption in part of the Rated Notes by Class (and Partial Redemption Interest Proceeds may be used in connection with a redemption in part of the Rated Notes by Class). In the

case of a Refinancing upon a redemption of the Rated Notes in whole but not in part, such Refinancing will only be effective if among other things, all Principal Proceeds, all Refinancing Proceeds, all Sale Proceeds, if any, from the sale of Collateral Debt Obligations and Eligible Investments received in accordance with the procedures set forth in the Trust Deed, and all other available funds will be at least sufficient to pay any Refinancing Costs and all amounts due and payable in respect of all Classes of Notes (including without limitation Deferred Interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes) save for the Subordinated Notes and all amounts payable in priority thereto pursuant to the Priorities of Payments (subject to any election to receive less than 100 per cent. of Redemption Price) on such Redemption Date when applied in accordance with the Post-Acceleration Priority of Payments.

In the case of a Refinancing upon a redemption of the Rated Notes in part by Class, such Refinancing will only be effective if certain conditions are satisfied, including but not limited to: (i) any redemption of a Class of Notes is a redemption of the entire Class which is subject to the redemption and (ii) the sum of (A) the Refinancing Proceeds and (B) the Partial Redemption Interest Proceeds will be at least sufficient to pay the aggregate Redemption Prices of the entire Class or Classes of Rated Notes subject to the Optional Redemption in full and all accrued and unpaid Trustee Fees and Expenses and Administrative Expenses in connection with the Refinancing in full. See Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*). In the future, Retention Requirements may mean that it is more onerous to effect any Refinancing or, prevent any Refinancing.

The Trust Deed provides that the holders of the Subordinated Notes will not have any cause of action against any of the Issuer, the Collateral Manager, the Collateral Administrator, the Initial Purchaser, the Arranger, the Agents or the Trustee for any failure to obtain a Refinancing. The Conditions of the Notes permit the Issuer and oblige the Trustee, without the consent of any of the Noteholders, to concur in the making of such changes to the Transaction Documents as shall be necessary to facilitate the Issuer to effect a Refinancing in part. No assurance can be given that any such amendments to the Transaction Documents or the terms of any Refinancing will not adversely affect the holders of any Class or Classes of Notes not subject to redemption (or, in the case of the Subordinated Notes, the holders of the Subordinated Notes who do not direct such redemption).

Following the occurrence of a Note Tax Event the Notes shall also be redeemed on any Business Day in whole but not in part at the written direction of (x) the Controlling Class (acting by way of an Extraordinary Resolution) or (y) the Subordinated Noteholders (acting by way of an Ordinary Resolution). The Subordinated Notes may be redeemed at their Redemption Price, in whole but not in part, on any Business Day on or after the redemption or repayment in full of the Rated Notes, at the written direction of either of (x) the Subordinated Noteholders (acting by way of Ordinary Resolution) or (y) the Collateral Manager.

Remedies pursued by the Controlling Class could be adverse to the interests of holders of Notes that are subordinated to the Controlling Class and the Controlling Class will have no obligation to consider any possible effects on such interests.

The Collateral Manager may also cause the Issuer to redeem the Rated Notes in whole from Sale Proceeds on any Payment Date falling on or after the expiry of the Non-Call Period, if the Aggregate Collateral Balance is less than 20.0 per cent. of the Target Par Amount.

If an early redemption occurs, the holders of the Notes will be repaid prior to the Maturity Date. Where the Notes are to be redeemed by liquidation, there can be no assurance that the Sale Proceeds realised and other available funds would permit any distribution on the Subordinated Notes after all required payments are made to the holders of the Rated Notes. In addition, an Optional Redemption could require the Collateral Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realised value of the Collateral Debt Obligations sold.

Where the Rated Notes are redeemable at the discretion of a transaction party or a particular Class of Noteholders, there is no obligation to consider the interests of any other party or Class of Noteholders when exercising such discretion. Furthermore, where one or more Classes of Rated Notes are redeemed through a Refinancing, Noteholders should be aware that any such redemption would occur outside of the Note Payment Sequence and the Priorities of Payments. In addition Noteholders of a Class of Rated Notes that are redeemed through a Refinancing should be aware that the Applicable Margin of any new notes will be equal to or lower than the Applicable Margin of such Rated Notes immediately prior to



such Refinancing.

3.4 The Notes are subject to Special Redemption at the option of the Collateral Manager

The Notes will be subject to redemption in part by the Issuer on any Payment Date during the Reinvestment Period if the Collateral Manager in its sole discretion certifies to the Trustee that it has been unable, for a period of at least 20 consecutive Business Days, to identify additional Collateral Debt Obligations that are deemed appropriate by the Collateral Manager in its sole discretion and which would meet the Eligibility Criteria and whose acquisition by the Issuer would be in compliance with, to the extent applicable, the Reinvestment Criteria in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Principal Account to be invested in additional Collateral Debt Obligations. On the Special Redemption Date, the Special Redemption Amount will be applied in accordance with the Priorities of Payments. Additionally, a Special Redemption may apply in respect of Interest Proceeds if the Collateral Manager determines that it is unable to identify additional suitable Collateral Debt Obligations for reinvestment. The application of funds in that manner could result in an elimination, deferral or reduction of amounts available to make payments with respect to the Subordinated Notes.

3.5 The Trust Deed requires mandatory redemption of the Rated Notes for failure to satisfy Coverage Tests and if an Effective Date Rating Event occurs

*Redemption of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes*

Certain mandatory redemption arrangements may result in an elimination, deferral or reduction in the interest payments or principal repayments made to the Class C Noteholders, to the Class D Noteholders, to the Class E Noteholders, to the Class F Noteholders, to the Class M-2 Subordinated Noteholders or the level of the residual returns to the Subordinated Noteholders, as provided in more detail below.

*Mandatory Redemption following breach of the Coverage Tests*

If either of the Class A/B Coverage Tests is not satisfied on any Determination Date on and after the Effective Date (in the case of the Class A/B Par Value Test) or on and after the Determination Date immediately preceding the second Payment Date (in the case of the Class A/B Interest Coverage Test), Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class X Notes, Class A Notes and the Class B Notes in accordance with the Note Payment Sequence on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Tests are satisfied if recalculated following such redemption, provided that the Class A/B Coverage Tests shall be deemed to be satisfied if the Class X Notes, Class A Notes and the Class B Notes have been redeemed in full.

If either of the Class C Coverage Tests is not satisfied on any Determination Date on and after the Effective Date (in the case of the Class C Par Value Test) or on and after the Determination Date immediately preceding the second Payment Date (in the case of the Class C Interest Coverage Test), Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class X Notes, Class A Notes, the Class B Notes and the Class C Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption, provided that the Class C Coverage Tests shall be deemed to be satisfied if the Class X Notes, Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full.

If either of the Class D Coverage Tests is not satisfied on any Determination Date on and after the Effective Date (in the case of the Class D Par Value Test) or on and after the Determination Date immediately preceding the second Payment Date (in the case of the Class D Interest Coverage Test), Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption, provided that the Class D Coverage Tests shall be

deemed to be satisfied if the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full.

If the Class E Par Value Test is not satisfied on any Determination Date on and after the Effective Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Rated Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until the Class E Par Value Test is satisfied if recalculated following such redemption, provided that the Class E Par Value Test shall be deemed to be satisfied if the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes have been redeemed in full.

If, on any Payment Date after the Effective Date only, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) of the Interest Proceeds Priority of Payments, the Class E Par Value Ratio is less than 107.11 per cent., Interest Proceeds shall be paid to the Principal Account (i) as Principal Proceeds to purchase additional Collateral Debt Obligations, provided that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Collateral Manager and the Retention Holder as the Collateral Administrator deems necessary), cause (or would not be likely to cause) an EU Retention Deficiency, or (ii) in redemption of the Notes in accordance with the Note Payment Sequence.

- 3.6 None of the Initial Purchaser or the Arranger will have any ongoing responsibility for the Collateral Debt Obligations or other assets comprised in the Portfolio or the actions of the Collateral Manager or the Issuer

None of the Initial Purchaser or the Arranger will have any obligation to monitor the performance of the Collateral Debt Obligations or any other assets comprised in the Portfolio or the actions of the Collateral Manager or the Issuer and will have no authority to advise the Collateral Manager or the Issuer or to direct their actions, which will be solely the responsibility of the Collateral Manager and/or the Issuer, as the case may be. If the Initial Purchaser or the Arranger acts as a Hedge Counterparty or owns Notes, it will have no responsibility to consider the interests of any other Noteholders in actions it takes in such capacity. While the Initial Purchaser may own a portion of certain Classes of Rated Notes on the Issue Date and may own Notes at any time, it has no obligation to make any investment in any Notes and may sell at any time any Notes it does purchase. See also paragraph “*Relating to certain conflicts of interest – The Issuer will be subject to various conflicts of interest involving the Initial Purchaser and its Affiliates*” below.

- 3.7 The Notes are not guaranteed by the Issuer, the Arranger, the Initial Purchaser, the Collateral Manager, the Agents, the Directors, any Hedge Counterparty or the Trustee

None of the Issuer, the Arranger, the Initial Purchaser, the Collateral Manager, the Agents, the Directors, any Hedge Counterparty, the Trustee or any Affiliate thereof makes any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) to any Noteholder of ownership of the Notes, and no Noteholder may rely on any such party for a determination of expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) to any investor of ownership of the Notes. Each Noteholder will be required to represent (or, in the case of certain non-certificated Notes, deemed to represent) to the Issuer and the Initial Purchaser, among other things, that it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisers regarding investment in the Notes as it has deemed necessary and that the investment by it is within its powers and authority, is permissible under applicable laws governing such purchase, has been duly authorised by it and complies with applicable securities laws and other laws.

- 3.8 Book-entry holders are not considered Noteholders under the Trust Deed and may delay receipt of payments on the Notes

Holders of beneficial interests in any Notes held in global form will not be considered holders of such Notes under the Trust Deed. After payment of any interest, principal or other amount to the applicable Clearing System, the Issuer will have no responsibility or liability for the payment of such amount by the applicable Clearing System or to any holder of a beneficial interest in a Note. The applicable Clearing System or its nominee will be the sole holder for any Notes held in global form, and therefore

each person owning a beneficial interest in a Note held in global form must rely on the procedures of such Clearing System (and if such Person is not a participant in the applicable Clearing System on the procedures of the participant through which such Person holds such interest) with respect to the exercise of any rights of a Noteholder under the Trust Deed. Noteholders owning a book-entry Note may experience some delay in their receipt of distributions of interest and principal on such Note since distributions are required to be forwarded by the Principal Paying Agent to the applicable Clearing System, and the applicable Clearing System will be required to credit such distributions to the accounts of its participants which thereafter will be required to credit them to the accounts of the applicable Noteholders, either directly or indirectly through indirect participants. See “*Form of the Notes*”.

### 3.9 The Subordinated Notes

When the holders of the Subordinated Notes are entitled to take or direct any action they may do so in their sole discretion without regard for the interests of the holders of any other Class of Notes. Distributions to holders of the Subordinated Notes will be made solely from distributions on the Portfolio after all other payments have been made pursuant to the Priorities of Payments described herein. There can be no assurance that the distributions on the Portfolio will be sufficient to make distributions to holders of the Subordinated Notes after making payments that rank senior to payments on the Subordinated Notes. The Issuer’s ability to make distributions to the holders of the Subordinated Notes will be limited by the Conditions of the Notes and the Trust Deed. If distributions on the Portfolio are insufficient to make distributions on the Subordinated Notes, no other assets will be available for any such distributions.

### 3.10 Yield considerations on the Subordinated Notes

The yield to each holder of the Subordinated Notes will be a function of the purchase price paid by such holder for its Subordinated Notes and the timing and amount of distributions made in respect of the Subordinated Notes during the term of the transaction. Each prospective investor in the Subordinated Notes should make its own evaluation of the yield that it expects to receive on the Subordinated Notes. Prospective investors should be aware that the timing and amount of distributions will be affected by, among other things, the performance of the Portfolio. Each prospective investor should consider the risk that a Note Event of Default and other adverse performance will result in a lower yield on the Subordinated Notes than that anticipated by such investor. In addition, if any Coverage Test or the Interest Diversion Test fails, amounts that would otherwise be distributed to the holders of the Subordinated Notes on any Payment Date may be paid to other investors (or reinvested, as applicable) in accordance with the Priorities of Payments. Each prospective investor should consider that any such adverse developments could result in its failure to recover fully its initial investment in the Subordinated Notes.

### 3.11 The Reinvestment Period may terminate early

The Reinvestment Period may terminate early if any of the following occur: (a) acceleration of the Notes following a Note Event of Default, (b) the Collateral Manager certifies to the Issuer that it is unable to invest in additional Collateral Debt Obligations in accordance with the Collateral Management Agreement. Early termination of the Reinvestment Period could adversely affect returns to the Subordinated Noteholders and may also cause the holders of Rated Notes to receive principal payments earlier than anticipated.

### 3.12 The Collateral Manager May Reinvest After the End of the Reinvestment Period

After the end of the Reinvestment Period, the Collateral Manager may continue to reinvest Unscheduled Principal Proceeds received in respect of Collateral Debt Obligations and the Sale Proceeds from the sale of Credit Impaired Obligations and Credit Improved Obligations, subject to certain conditions set forth in the Collateral Management Agreement. See “*Reinvestment of Collateral Debt Obligations - Following the Expiry of the Reinvestment Period*” below. Reinvestment of Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Impaired Obligations will likely have the effect of extending the Weighted Average Life of the Collateral Debt Obligations and the average lives of the Notes.

### 3.13 Certain Actions May Prevent the Failure of Coverage Tests and a Note Event of Default

Investors should note that, pursuant to the Transaction Documents and subject to certain conditions specified therein:

- (a) the Issuer may issue additional Notes and apply the net proceeds to acquire Collateral Debt Obligations or (in the case of a further issuance of Subordinated Notes) apply such net proceeds as Interest Proceeds or to another Permitted Use (see Condition 17 (*Additional Issuance*));
- (b) the Collateral Manager may, pursuant to the Priorities of Payments, apply funds by either deferring, designating for reinvestment in Collateral Debt Obligations or the purchase of Notes pursuant to Condition 7(k) (*Purchase of Rated Notes*) or irrevocably waiving all or a portion of the Collateral Management Fees that would otherwise have been payable to it (see the Priorities of Payments); and/or
- (c) the Collateral Manager may accept a Contribution from a Noteholder, either by way of a cash contribution by such Noteholder or, in the case of a Subordinated Noteholder, a designated portion of Interest Proceeds or Principal Proceeds that would otherwise be distributed on the Notes of such Subordinated Noteholder, in each case to be applied to a Permitted Use (see Condition 2(m) (*Contributions*)).

Any such action could result in satisfaction of a Coverage Test that would otherwise be failing and therefore potentially decrease the occurrence of principal prepayments of the highest ranking Class of Notes. Likewise, any such action could prevent a Note Events of Default which would otherwise have occurred and therefore potentially result in the Notes continuing to be outstanding in circumstances where the Controlling Class may otherwise have had the right to direct the Trustee to accelerate the Notes. Consequentially, the average life of the Notes may be longer than it would otherwise be (see “*Average Life and Prepayment Considerations*” below).

### 3.14 Additional Issuances of Notes

At any time, subject to certain conditions, the Issuer may issue additional Notes, either proportionately across all Classes (other than the Class X Notes) or just of Subordinated Notes. If the conditions for such additional issuance pursuant to Condition 17 (*Additional Issuance*) are met and the consent of the Collateral Manager has been obtained, such additional Notes may be issued without the consent of the Noteholders (save for the Subordinated Noteholders acting by way of Ordinary Resolution, the Retention Holder and, in the case of the issuance of additional Class A Notes, the Class A Noteholders acting by way of Ordinary Resolution). There can be no assurance as to whether such additional issuance of Notes will affect the secondary market price or liquidity of the Notes. The Collateral Manager may have reasons to withhold its consent to an additional issuance of Notes even if such additional issuance would be in the best interest of the Issuer or the Noteholders generally.

In respect of an issuance of additional Notes, the holders of the relevant Class of Notes in respect of which additional Notes are issued shall be afforded the opportunity to purchase additional Notes of the relevant Class in an amount not to exceed the percentage of the relevant Class of Notes each holder held immediately prior to the issuance of such additional Notes. To the extent that an existing Noteholder determines not to purchase such additional Notes, or purchases only a portion of its entitlement thereof, the proportion of the Notes held by such holder may be diluted following such additional issuance of Notes. Further, this requirement does not apply to any additional issuance of Subordinated Notes if such issuance is required in order to prevent or cure an EU Retention Deficiency for any reason. Accordingly, the proportion of Subordinated Notes held by a Subordinated Noteholder may be diluted following an additional issuance of Subordinated Notes. See Condition 17 (*Additional Issuance*).

### 3.15 Limited recourse obligations

The Notes are limited recourse obligations of the Issuer. Therefore, amounts due on the Notes are payable solely from the Collateral Debt Obligations and all other Collateral secured by the Issuer for the benefit of the Noteholders and other Secured Parties pursuant to the Priorities of Payments. None of the Trustee, the Agents, the Collateral Manager, the Arranger, the Initial Purchaser or any of their respective Affiliates or the Issuer’s Affiliates or any other Person or entity will be obliged to make payments on the Notes of any Class. Consequently, Noteholders must rely solely on distributions on

the Collateral Debt Obligations and, after a Note Event of Default, proceeds from the liquidation of the Collateral for payments on the Notes. If distributions on such Collateral Debt Obligations are insufficient to make payments on the Notes, no other assets of the Issuer (including the Issuer Profit Account and its rights under the Corporate Services Agreement) and in particular, no assets of the Collateral Manager, the Noteholders, the Arranger, the Initial Purchaser, the Trustee, the Agents or any Affiliates of any of the foregoing will be available for payment of the deficiency and all obligations of the Issuer and any claims against the Issuer in respect of the Notes will be extinguished and will not revive. Any such shortfall will be borne (as amongst the Noteholders) by (a) *firstly*, the Subordinated Noteholders; (b) *secondly*, the Class F Noteholders; (c) *thirdly*, the Class E Noteholders; (d) *fourthly*, the Class D Noteholders; (e) *fifthly*, the Class C Noteholders, (f) *sixthly*, the Class B Noteholders; and (g) *seventhly*, the Class X Noteholders and the Class A Noteholders, in each case in accordance with the Priorities of Payments.

In addition, at any time while the Notes are Outstanding, none of the Noteholders nor the Trustee nor any other Secured Party (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of any bankruptcy, reorganisation, arrangement, insolvency, winding up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes, the Trust Deed or otherwise owed to the Noteholders, save for lodging a claim in the liquidation of the Issuer which is initiated by another party (which is not an Affiliate of such party) or taking proceedings to obtain a declaration as to the obligations of the Issuer nor shall any of them have a claim arising in respect of the share capital of the Issuer.

### 3.16 Failure of a Court to Enforce Non-Petition Obligations will Adversely Affect Noteholders

Each Noteholder will agree, and each beneficial owner of Notes will be deemed to agree, pursuant to the Trust Deed, that it will be subject to non-petition covenants. If such provision failed to be enforceable under applicable bankruptcy laws, and a winding-up (or similar) position was presented in respect of the Issuer, then the presentation of such a petition could (subject to certain Conditions) result in one or more payments on the Notes made during the period prior to such presentation being deemed to be preferential transfers subject to avoidance by the bankruptcy trustee or similar official exercising authority with respect to the Issuer's bankruptcy estate. It could also result in the bankruptcy court, trustee or receiver liquidating the assets of the Issuer without regard to any votes or directions required for such liquidation pursuant to the Trust Deed and could result in any payments under the Notes made during the period prior to such presentation being deemed to be a fraudulent or improper disposition of the Issuer's assets.

### 3.17 The subordination of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes will affect their right to payment; failure of a court to enforce non-petition obligations will adversely affect the Noteholders

Except as described below, the Class B Notes are fully subordinated to the Class X Notes, and the Class A Notes; the Class C Notes are fully subordinated to the Class X Notes, the Class A Notes and the Class B Notes; the Class D Notes are fully subordinated to the Class X Notes, the Class A Notes, the Class B Notes and the Class C Notes; the Class E Notes are fully subordinated to the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; the Class F Notes are fully subordinated to the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes; and the Subordinated Notes are fully subordinated to the Rated Notes.

The payment of principal and interest on any other Classes of Notes may not be made until all payments of principal and interest due and payable on any Classes of Notes ranking in priority thereto pursuant to the Priorities of Payments have been made in full. Payments on the Subordinated Notes will be made by the Issuer to the extent of available funds and no payments thereon will be made until the payment of certain fees and expenses have been made and until interest on the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class M-2 Subordinated Notes has been paid and, subject always to the right of the Collateral Manager on behalf of the Issuer to transfer amounts which would have been payable on the Subordinated Notes to the Collateral Enhancement Account to be applied in the acquisition or exercise of rights under Collateral Enhancement Debt Obligations and the requirement to transfer amounts to the Principal Account to be applied in the acquisition of Collateral Debt Obligations to the extent

necessary to cause such threshold to be met, following such acquisition or to redeem the Rated Notes, in the event that the Interest Diversion Test is not satisfied on and after the Effective Date. Investors should note that, pursuant to the Liquidity Facility Agreement, the Issuer may obtain Liquidity Drawings for the purpose of payment of any shortfall in the amount available to pay amounts due and payable pursuant to the Priorities of Payment, subject to the conditions set out therein (see “*Description of the Liquidity Facility Agreement*”). As such, Liquidity Drawings may be obtained to pay amounts payable pursuant to the Priorities of Payments which rank lower than one or more Classes of Notes, including in payment of Collateral Management Fees or distributions to the Subordinated Noteholders. Any such Liquidity Drawing will be repayable by the Issuer senior to payments on the Notes and, as a result, any such Liquidity Drawing would have the effect of increasing the leverage inherent in the holding of any Class of Notes payment on which would rank senior to the relevant payment funded by such Liquidity Drawing.

Non payment of any Interest Amount due and payable in respect of the Class X Notes, the Class A Notes or the Class B Notes on any Payment Date will constitute a Note Event of Default (where such non payment continues for a period of at least five Business Days or seven Business Days in the case of an administrative error or omission). Failure on the part of the Issuer to pay Interest Amounts due and payable on the Class C Notes, Class D Notes, Class E Notes or Class F Notes pursuant to Condition 6 (*Interest*) and the Priorities of Payments will not constitute a Note Event of Default until the Maturity Date or any earlier date when such Notes are redeemed in full, *unless* following a Frequency Switch Event only: following redemption in full of the Class X Notes, the Class A Notes and the Class B Notes, the Issuer fails to pay any Interest Amounts in respect of the Class C Notes when the same becomes due and payable; following redemption in full of the Class C Notes, the Issuer fails to pay any Interest Amounts in respect of the Class D Notes when the same becomes due and payable; following redemption in full of the Class D Notes, the Issuer fails to pay any Interest Amounts in respect of the Class E Notes when the same becomes due and payable; and following redemption in full of the Class E Notes, the Issuer fails to pay any Interest Amounts in respect of the Class F Notes when the same becomes due and payable, (in each case where such non payment continues for a period of at least five Business Days or seven Business Days in the case of an administrative error or omission). In such circumstances, the Controlling Class, acting by way of an Ordinary Resolution, may request the Trustee to accelerate the Notes pursuant to Condition 10 (*Events of Default*).

In the event of any redemption in full or acceleration of the Class X Notes, Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes will also be subject to automatic redemption and/or acceleration and the Collateral will, in each case, be liquidated. Liquidation of the Collateral at such time or remedies pursued by the Trustee upon enforcement of the security over the Collateral could be adverse to the interests of the Class X Noteholders, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders or the Subordinated Noteholders, as the case may be. To the extent that any losses are incurred by the Issuer in respect of any Collateral, such losses will be borne first by the Subordinated Noteholders, then by the Class F Noteholders, then by the Class E Noteholders, then by the Class D Noteholders, then by the Class C Noteholders, then by the Class B Noteholders and finally, by the Class X Noteholders and the Class A Noteholders. Remedies pursued on behalf of the Class X Noteholders and the Class A Noteholders could be adverse to the interests of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class B Noteholders could be adverse to the interests of the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class C Noteholders could be adverse to the interests of the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class D Noteholders could be adverse to the interests of the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class E Noteholders could be adverse to the interests of the Class F Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class F Noteholders could be adverse to the interests of the Subordinated Noteholders.

The Trust Deed provides that in the event of any conflict of interest among or between the Class X Noteholders, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders, the interests of the Controlling Class will prevail. If the holders of the Controlling Class do not have an interest in the outcome of the conflict, the Trustee shall give priority to the interests of: (i) the Class X

Noteholders and the Class A Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders; (ii) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders; (iii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders; (iv) the Class D Noteholders over the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders; (v) the Class E Noteholders over the Class F Noteholders and the Subordinated Noteholders and (vi) the Class F Noteholders over the Subordinated Noteholders. In the event that the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Controlling Class (or another Class is given priority as described in this paragraph), the Trustee shall give priority to the group which holds the greater aggregate Principal Amount Outstanding of the Notes Outstanding of such Class. The Trust Deed provides further that the Trustee will act upon the directions of the holders of the Controlling Class (or other Class given priority as described in this paragraph) in such circumstances, and shall not be obliged to consider the interests of the holders of any other Class of Notes. See Condition 14(e) (*Entitlement of the Trustee and conflicts of interest*).

### 3.18 Calculation of Rate of Interest

If the relevant EURIBOR screen rate does not appear, or the relevant page is unavailable, in the manner described in Condition 6(e)(i) (*Floating Rate of Interest*) there can be no guarantee that the Issuer will be able to select four Reference Banks to provide quotations, in order to determine any Floating Rate of Interest in respect of the Notes. Certain financial institutions that have historically acted as Reference Banks have indicated that they will not currently provide quotations and there can be no assurance that they will agree to do so in the future. No Reference Banks have been selected as at the date of this Offering Circular.

If a EURIBOR screen rate does not appear, or the relevant page is unavailable, and the Issuer is unable to select Reference Banks to provide quotations in the manner described in Condition 6(e)(i)(B) (*Floating Rate of Interest*), the relevant Rate of Interest in respect of such Payment Date shall be determined, pursuant to Condition 6(e)(i)(C) (*Floating Rate of Interest*), as the Rate of Interest in effect as at the immediately preceding Accrual Period that was determined by reference to a EURIBOR screen rate or through quotations provided by four Reference Banks provided that, in respect of any Accrual Period during which a Frequency Switch Event occurs, the relevant Rate of Interest shall be calculated using the offered rate for six month Euro deposits using the rate available as at the previous Interest Determination Date. To the extent interest amounts in respect of the Notes are determined by reference to a previously calculated rate, Noteholders may be adversely affected. In such circumstances, neither the Calculation Agent nor the Trustee shall have any obligation to determine the Rate of Interest on any other basis.

### 3.19 Amount and timing of payments

To the extent that interest payments on the Class C Notes, the Class D Notes or the Class E Notes are not made on a relevant Payment Date, such unpaid interest amounts will be deferred and the amount thereof added to the principal amount Outstanding of the Class C Notes, the Class D Notes or the Class E Notes as the case may be, and earn interest at the interest rate applicable to such Notes. Any failure to pay scheduled interest on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class M-2 Subordinated Notes or to pay residual interest and principal on the Subordinated Notes at any time, due to there being insufficient funds available to pay such interest in accordance with the applicable Priority of Payments, will not be a Note Event of Default.

Payments of interest and principal on the Subordinated Notes will only be made to the extent that there are Interest Proceeds and Principal Proceeds available for such purpose in accordance with the Priorities of Payments. No interest or principal may therefore be payable on the Subordinated Notes for an unlimited period of time, to maturity or at all.

Investment in the Notes of any Class involves a degree of risk arising from fluctuations in the amount and timing of receipt of the principal and interest on the Collateral Debt Obligations by or on behalf of the Issuer and the amounts of the claims of creditors of the Issuer ranking in priority to the holders of each Class of the Notes. In particular, prospective purchasers of such Notes should be aware that the amount and timing of payment of the principal and interest on the Collateral Debt Obligations will

depend upon the detailed terms of the documentation relating to each of the Collateral Debt Obligations and on whether or not any Obligor thereunder defaults in its obligations.

3.20 Projections, forecasts and estimates are forward-looking statements and are inherently uncertain

Estimates of the average lives of the Notes, together with any projections, forecasts and estimates provided to prospective purchasers of the Notes, are forward-looking statements. Projections are necessarily speculative in nature, and it should be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, actual results will vary from the projections, and such variations may be material. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates, exchange rates and default and recovery rates; market, financial or legal uncertainties; the timing of acquisitions of Collateral Debt Obligations; differences in the actual allocation of Collateral Debt Obligations among asset categories from those assumed; mismatches between the time of accrual and receipt of Interest Proceeds from the Collateral Debt Obligations. None of the Issuer, the Collateral Manager, the Trustee, the Arranger, the Initial Purchaser, the Collateral Administrator or any other party to this transaction or any of their respective Affiliates has any obligation to update or otherwise revise any projections, forecasts or estimates, including any revisions to reflect changes in economic conditions or other circumstances arising after the date of this Offering Circular or to reflect the occurrence of unanticipated events.

3.21 Non-compliance with restrictions on ownership of the Notes and the Investment Company Act could adversely affect the Issuer

The Issuer has not registered with the United States Securities and Exchange Commission (the “SEC”) as an investment company pursuant to the Investment Company Act, in reliance on an exemption under Section 3(c)(7) of the Investment Company Act for investment companies (a) whose outstanding securities are beneficially owned only by “qualified purchasers” (within the meaning given to such term in the Investment Company Act and the regulations of the SEC thereunder) with respect to the Issuer and certain transferees thereof identified in Rule 3c-5 and Rule 3c-6 under the Investment Company Act and (b) which do not make a public offering of their securities in the United States.

No opinion or no-action position has been requested of the SEC with respect to the status of the Issuer as an investment company under the Investment Company Act.

If the SEC or a court of competent jurisdiction were to find that the Issuer is required, but in violation of the Investment Company Act had failed, to register as an “investment company”, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Issuer could sue the Issuer and seek recovery of any damages caused by the violation; and (iii) any contract to which the Issuer is party that is made in violation of the Investment Company Act or whose performance involves such violation could be declared unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. In addition, the Issuer or any of the Collateral becoming required to register as an “investment company” under the Investment Company Act will constitute a Note Event of Default if such requirement continues for 45 days. Should the Issuer be subjected to any or all of the foregoing, the Issuer would be materially and adversely affected.

Each initial purchaser of an interest in a Rule 144A Note and each transferee of an interest in a Rule 144A Note will be deemed to represent at the time of purchase that, amongst other things, the purchaser is a QIB/QP.

The Trust Deed provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer at any time determines that any holder of an interest in a Rule 144A Note (1) is a U.S. Person and (2) is not a QIB/QP (any such person, a “**Non-Permitted Holder**”), the Issuer shall, promptly after determination that such person is a Non-Permitted Holder by the Issuer or a Transfer Agent (and notice by such Transfer Agent to the Issuer, if such Transfer Agent makes the determination) send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its interest to a person that is not a Non-Permitted Holder within 30 calendar days of the date of such notice. If such Non-Permitted Holder fails to effect the transfer required within such 30-day period:



- (a) upon direction from the Issuer or the Collateral Manager on its behalf, a Transfer Agent, on behalf of and at the expense of the Issuer, shall cause such beneficial interest to be transferred in a sale (conducted by such Transfer Agent) to a person or entity that certifies to such Transfer Agent and the Issuer, in connection with such transfer, that such person or entity either is not a U.S. Person or is a QIB/QP; and
- (b) pending such transfer, no further payments will be made in respect of such beneficial interest.

3.22 Financial information provided to Noteholders in the Monthly Report and the Payment Date Report will be unaudited

The Issuer will, or will procure that, certain information will be made available to Noteholders (and other participants in the transaction) pursuant to the Monthly Reports and the Payment Date Reports (see “*Description of the Reports*”). Noteholders may access these reports by way of a unique password obtained from the Collateral Administrator (or as may otherwise be permitted by the Collateral Manager). In preparing and furnishing these reports, the Issuer will rely conclusively on the accuracy and completeness of the information or data regarding the Collateral Debt Obligations that has been provided to it by the Collateral Administrator (which will rely conclusively, in turn, on the accuracy and completeness of certain information provided to it by the Collateral Manager), and the Issuer will not verify, recompute, reconcile or recalculate any such information or data. Neither such information nor any other financial information furnished to Noteholders will be audited and reported upon, and an opinion will not be expressed, by an independent public accountant.

3.23 Actions of any Rating Agency can adversely affect the market value or liquidity of the Notes

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by any Rating Agency at any time. Credit ratings represent a rating agency’s opinion regarding the credit quality of an asset but are not a guarantee of such quality. There is no assurance that a rating accorded to any of the Rated Notes will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a Rating Agency if, in its judgement, circumstances in the future so warrant. If a rating initially assigned to any of the Rated Notes is subsequently lowered for any reason, no person or entity is required to provide any additional support or credit enhancement with respect to any such Rated Notes and the market value of such Rated Notes is likely to be adversely affected.

Prospective investors in the Notes should be aware that as a result of the recent economic events, Rating Agencies have undertaken extensive reviews of their rating methodology and criteria used to rate notes issued as part of CLO transactions. This could impact on the ratings assigned to the Notes after the Issue Date and potentially result in the downgrade or withdrawal thereof following the Issue Date.

The Rating Agencies may change their published ratings criteria or methodologies for securities such as the Rated Notes at any time in the future. Further, the Rating Agencies may retroactively apply any such new standards to the ratings of the Rated Notes. Any such action could result in a substantial lowering (or even withdrawal) of any rating assigned to any Rated Note, despite the fact that such Rated Note might still be performing fully to the specifications set out for such Rated Note in this Offering Circular and the Transaction Documents. The rating assigned to any Rated Note may also be lowered following the occurrence of an event or circumstance despite the fact that the related Rating Agency previously provided confirmation that such occurrence would not result in the rating of such Rated Note being lowered. Additionally, any Rating Agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any Class of Rated Notes. If any rating initially assigned to any Rated Note is subsequently lowered or withdrawn for any reason, Noteholders may not be able to resell their Notes without a substantial discount. Any reduction or withdrawal to the ratings on any Class of Rated Notes may significantly reduce the liquidity of such Rated Notes and may adversely affect the Issuer’s ability to make certain changes to the composition of the Collateral Debt Obligations (including by restricting the ability of the Collateral Manager on behalf of the Issuer to undertake discretionary sales of Collateral Debt Obligations, or to reinvest Sale Proceeds and/or Unscheduled Principal Proceeds in Substitute Collateral Debt Obligations following the expiry of the Reinvestment Period, in each case due to the occurrence of a Restricted Trading Period following a downgrade or withdrawal of ratings in relation to certain of the Rated Notes. Please see “*The Portfolio*” and “*Ratings of the Notes*”).

In addition to the ratings assigned to the Rated Notes by the Rating Agencies, the Issuer will be utilising ratings assigned by rating agencies to Obligor of individual Collateral Debt Obligations. The Collateral Quality Tests, the Portfolio Profile Tests and the Coverage Tests are sensitive to variations in the ratings applicable to the underlying Collateral Debt Obligations. Generally, deteriorations in the business environment or increases in the business risks facing any particular Obligor may result in downgrade of its obligations, which may result in such obligation becoming a Credit Impaired Obligation, a Moody's Caa Obligation, a Fitch CCC Obligation (and therefore potentially subject to haircuts in the determination of the Par Value Tests and restriction in the Portfolio Profile Tests) or a Defaulted Obligation. The Collateral Management Agreement contains detailed provisions for determining the Moody's Rating and the Fitch Rating. In some instances, the Moody's Rating and the Fitch Rating will not be based on or derived from a public rating of the Obligor or the actual Collateral Debt Obligation or, in certain cases, on a confidential credit estimate determined separately by Moody's and Fitch. Such private ratings and confidential credit estimates are private and therefore not capable of being disclosed to Noteholders. In addition, some ratings will be derived by the Collateral Manager based on, among other things, Obligor group or affiliate ratings, comparable ratings provided by a different Rating Agency and, in certain circumstances, temporary ratings applied by the Collateral Manager. Furthermore, such derived ratings will not reflect detailed credit analysis of the particular Collateral Debt Obligation and may reflect a more or less conservative view of the actual credit risk of such Collateral Debt Obligation than any such fundamental credit analysis might, if conducted, warrant; and model-derived variations in such ratings may occur (and have consequential effects on the Collateral Quality Tests, the Portfolio Profile Tests and the Coverage Tests) without necessarily reflecting comparable variation in the actual credit quality of the Collateral Debt Obligation in question. Please see "*The Portfolio*" and "*Ratings of the Notes*".

There can be no assurance that rating agencies will continue to assign such ratings utilising the same methods and standards utilised today despite the fact that such Collateral Debt Obligation might still be performing fully to the specifications set out in its Underlying Instrument. Any change in such methods and standards could result in a significant rise in the number of Moody's Caa Obligations and Fitch CCC Obligations in the Portfolio, which could cause the Issuer to fail to satisfy the Par Value Tests on subsequent Determination Dates, which failure could lead to the early amortisation of some or all of one or more Classes of the Notes (or the requirement to reinvest Interest Proceeds in additional Collateral Debt Obligations as opposed to applying them in the payment on the Notes in accordance with the Priorities of Payments in the case of failure of the Interest Diversion Test). See Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*).

As at the date of this Offering Circular, each of the Rating Agencies is established in the European Union and is registered under CRA3. As such each Rating Agency is included in the list of credit rating agencies published by ESMA on its website in accordance with CRA3. ESMA may determine that one or both of the Rating Agencies no longer qualifies for registration under CRA3 and that determination may also have an adverse effect on the market prices and liquidity of the Rated Notes.

#### *Rating Agencies may refuse to give rating agency confirmations*

Historically, many actions by issuers of CLO notes (including but not limited to issuing additional securities and amending relevant agreements) have been conditioned on receipt of confirmation from the applicable rating agencies that such action would not cause the ratings on the applicable securities to be reduced or withdrawn. Recently, certain rating agencies have changed the manner and the circumstances under which they are willing to provide such confirmation and have indicated reluctance to provide confirmation in the future, regardless of the requirements of the Trust Deed and the other Transaction Documents. If the Transaction Documents require that written confirmation from a Rating Agency be obtained before certain actions may be taken and an applicable Rating Agency is unwilling to provide the required confirmation, it may be impossible to effect such action, which could result in losses being realised by the Issuer and, indirectly, by Noteholders.

If a Rating Agency announces or informs the Trustee, the Collateral Manager or the Issuer that confirmation from such Rating Agency is not required for a certain action or that its practice is to not give such confirmations for certain types of actions, the requirement for confirmation from such Rating Agency will not apply. Further, in connection with the Effective Date, if either Rating Agency has not yet confirmed or been deemed to have confirmed its initial ratings of the applicable Rated Notes, the applicable Rated Notes will be subject to redemption in part in an amount and in the manner described under Condition 7(e) (*Redemption upon Effective Date Rating Event*). There can be no assurance that a

Rating Agency will provide such rating confirmations upon request, regardless of the terms agreed to among transaction participants, or not subsequently withdraw or downgrade its ratings on one or more Classes of Rated Notes, which could materially adversely affect the value of liquidity of the Rated Notes.

*Requirements imposed on Rating Agencies could result in withdrawal of ratings if certain actions are not taken by the arranger*

On 2 June 2010, certain amendments to Rule 17g-5 under the Exchange Act promulgated by the SEC became effective. Amended Rule 17g-5 requires each rating agency providing a rating of a structured finance product such as this transaction paid for by the “arranger” (defined as the issuer, the underwriter or the sponsor) to obtain an undertaking from the arranger to (i) create a password protected website, (ii) post on that website all information provided to the rating agency in connection with the initial rating of any Class of Rated Notes and all information provided to the rating agency in connection with the surveillance of such rating, in each case, contemporaneous with the provision of such information to the applicable rating agency and (iii) provide access to such website to other rating agencies that have made certain certifications to the arranger regarding their use of the information. In this transaction, the “arranger” is the Issuer (and the Issuer has appointed the Information Agent under the Collateral Management Agreement to assist it in the performance of such obligations).

Each Rating Agency must be able to reasonably rely on the arranger’s certifications as described above. If the arranger does not comply with its undertakings to any Rating Agency with respect to this transaction (or the Information Agent fails to perform its duties under the Collateral Management Agreement), such Rating Agency may withdraw its ratings of the Rated Notes, as applicable. In such case, the withdrawal of ratings by any Rating Agency may adversely affect the price or transferability of the Rated Notes and may adversely affect any beneficial owner that relies on ratings of securities for regulatory or other compliance purposes.

Under Rule 17g-5, rating agencies providing the requisite certifications described above may issue unsolicited ratings of the Rated Notes which may be lower and, in some cases, significantly lower than the ratings provided by the Rating Agencies. The unsolicited ratings may be issued prior to, on or after the Issue Date and will not be reflected herein. Issuance of any unsolicited rating will not affect the issuance of the Notes. Such unsolicited ratings could have a material adverse effect on the price and liquidity of the Rated Notes and, for regulated entities, could adversely affect the value of the Rated Notes as a legal investment or the capital treatment of the Rated Notes. For the avoidance of doubt, no report of any independent accountants will be required to be provided to, or will otherwise be shared with, any Rating Agency and will not, under any circumstances, be posted to the website maintained for the purposes of compliance with Rule 17g-5.

The SEC may determine that one or both of the Rating Agencies no longer qualifies as a nationally recognised statistical rating organisation for the purposes of the federal securities laws and that determination may also have an adverse effect on the market prices and liquidity of the Rated Notes.

Actions of any Rating Agency can adversely affect the market value or liquidity of the Notes.

The SEC adopted Rule 15Ga-2 and Rule 17g-10 to the Exchange Act on 27 August 2014, which require certain filings or certifications to be made in connection with the performance of “due diligence services” for rated asset-backed securities on or after 15 June 2015. Under Rule 17g-10, a provider of third-party due diligence services must provide to each nationally recognised statistical rating organisation that is rating the applicable transaction, a written certification in a prescribed form (which obligation may be satisfied if the Issuer posts such certification in the required form to the Rule 17g-5 website referred to above, maintained in connection with the transaction).

It is presently unclear what, if any, services provided or to be provided by third parties to the Issuer in connection with the transaction described in this Offering Circular, would constitute “due diligence services” under Rule 17g-10, and consequently, no assurance can be given as to whether any certification will be posted by the Issuer or delivered by any applicable third party service provider to the Rating Agencies in circumstances where such certification is deemed to have been required under the rules described in the preceding paragraph.

If the Issuer or any third party that provides due diligence services to the Issuer does not comply with its obligations under Rule 17g-10, the Rating Agencies may withdraw (or fail to confirm) their ratings of the Notes. In such case, the price or transferability of the Notes (and any beneficial owner of Notes that relies on ratings of securities for regulatory or other compliance purposes) may be adversely affected.

### 3.24 Average Life and Prepayment Considerations

The Maturity Date of the Notes is the Payment Date falling on 26 August 2032 (subject to adjustment for non Business Days); however, the principal of the Notes of each Class is expected to be repaid in full prior to the Maturity Date. Average life refers to the average amount of time that will elapse from the date of delivery of a Note until each Euro of the principal of such Note will be paid to the investor. The average lives of the Notes will be determined by the amount and frequency of principal payments, which are dependent upon, among other things, the amount of payments received at or in advance of the scheduled maturity of the Collateral Debt Obligations (whether through sale, maturity, redemption, default or other liquidation or disposition). The actual average lives and actual maturities of the Notes will be affected by the financial condition of the obligors of the underlying Collateral Debt Obligations and the characteristics of such assets, including the existence and frequency of exercise of any optional or mandatory redemption features, the prevailing level of interest rates, the redemption price, any prepayment fees, the actual default rate, the actual level of recoveries on any Defaulted Obligations and the timing of defaults and recoveries, and the frequency of tender or exchange offers for such Collateral Debt Obligations. Collateral Debt Obligations may be subject to optional prepayment by the Obligor of such loans. Any disposition of a Collateral Debt Obligation may change the composition and characteristics of the remaining Portfolio and the rate of payment thereon and, accordingly, may affect the actual average lives of the Notes. The rate of and timing of future defaults and the amount and timing of any cash realisation from Defaulted Obligations also will affect the maturity and average lives of the Notes.

### 3.25 The Subordinated Notes are highly leveraged, which increases risks to investors in that Class

The Subordinated Notes represent a leveraged investment in the underlying Collateral Debt Obligations. Accordingly, it is expected that changes in the market value of the Subordinated Notes will be greater than changes in the market value of the underlying Collateral Debt Obligations, which themselves are subject to credit, liquidity, interest rate and other risks. Utilisation of leverage is a speculative investment technique and involves certain risks to investors and will generally magnify the Subordinated Noteholders' opportunities for gain and risk of loss. In certain scenarios, the Notes may not be paid in full, and the Subordinated Notes and one or more Classes of Rated Notes may be subject to a partial or a complete loss of invested capital. The Subordinated Notes represent the most junior securities in a leveraged capital structure. As a result, any deterioration in performance of the asset portfolio, including defaults and losses, a reduction of realised yield or other factors, will be borne first by holders of the Subordinated Notes, and then by the holders of the Rated Notes in reverse order of seniority.

In addition, the failure to meet certain Coverage Tests will result in cash flow that may have been otherwise available for distribution to the Subordinated Notes, to pay interest on one or more subordinate Classes of Rated Notes or for reinvestment in Collateral Debt Obligations being applied on the next Payment Date to make principal payments on the more senior classes of Rated Notes until such Coverage Tests have been satisfied. This feature will likely reduce the return on the Subordinated Notes and/or one or more subordinate Classes of Rated Notes and cause temporary or permanent suspension of distributions to the Subordinated Notes and/or one or more subordinate Classes of Rated Notes. See "*Mandatory Redemption of the Notes*" above.

Issuer expenses (including management fees) are generally based on a percentage of the total asset portfolio of the Issuer, including the assets obtained through the use of leverage. Given the leveraged capital structure of the Issuer, expenses attributable to the Subordinated Notes will be higher because such expenses will be based on total assets of the Issuer.

Following an acceleration of the Notes which has not been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*) or pursuant to an Optional Redemption in whole in accordance with Condition 7(b) (*Optional Redemption*) or 7(g) (*Redemption following Note Tax Event*), Interest Proceeds, Principal Proceeds and the net proceeds of enforcement of the security over the Collateral

(other than with respect to any Counterparty Downgrade Collateral, and/or Swap Tax Credits which are required to be paid or returned to a Hedge Counterparty outside the Priorities of Payments) shall be credited to the Payment Account and shall be allocated in accordance with the Post-Acceleration Priority of Payments pursuant to which the Rated Notes and certain other amounts owing by the Issuer will be paid in full before any allocation to the Subordinated Notes, and each Class of Notes (along with certain other amounts owing by the Issuer) will be paid in order of seniority until it is paid in full before any allocation is made to the next Class of Notes. If a Note Event of Default has occurred and is continuing, the holders of the Subordinated Notes will not have any creditors' rights against the Issuer and will not have the right to determine the remedies to be exercised under the Trust Deed. There is no guarantee that any funds will remain to make distributions to the holders of subordinated Classes of Notes following any liquidation of the Collateral and the application of the proceeds from the Collateral to pay senior Classes of Notes and the fees, expenses, and other liabilities payable by the Issuer.

### 3.26 The Portfolio may be insufficient to redeem the Notes following a Note Event of Default

It is anticipated that the proceeds received by the Issuer on the Issue Date from the issuance of the Notes, net of certain fees and expenses, will be less than the aggregate amount of Notes. Consequently, it is anticipated that on the Issue Date the Portfolio would be insufficient to redeem all of the Notes in full if a Note Event of Default under the Trust Deed occurs.

### 3.27 Withholding tax on the Notes

So long as the Notes remain listed on the Global Exchange Market of Euronext Dublin or another recognised stock exchange for the purposes of Section 64 of the TCA and the Notes are held in a "recognised clearing system" for the purposes of Section 64 of the TCA or interest on the Notes is paid by a paying agent that is not in Ireland, no withholding tax under current law is expected to be imposed in Ireland on payments of interest or principal on the Notes.

Although no withholding tax is currently imposed on payments of interest or principal on the Notes, there can be no assurance that the law will not change and pursuant to Condition 9 (*Taxation*) the Issuer shall withhold or deduct from any such payments any amounts on account of tax where so required by law (including FATCA) or any relevant taxing authority. The Issuer is not required to make any "gross up" payments in respect of any withholding tax applied in respect of the Notes.

If a Note Tax Event occurs pursuant to which any payment on the Notes of any Class becomes properly subject to any withholding tax or deduction on account of tax, the Notes may be redeemed in whole but not in part at the direction of the holders of the Subordinated Notes or the Controlling Class in each case, acting by way of Extraordinary Resolution, subject to certain conditions including a threshold test pursuant to which determination is made as to whether the anticipated proceeds of liquidation of the security over the Collateral would be sufficient to pay all amounts due and payable on the Rated Notes in such circumstances and in accordance with the Priorities of Payments.

### 3.28 Security

**Clearing Systems:** Collateral in the form of securities (if any) will be held by the Custodian on behalf of the Issuer pursuant to the Agency Agreement. The Custodian will hold such assets which can be cleared through Euroclear in an account with Euroclear (the "**Euroclear Account**") and will hold the other securities comprising the Portfolio which cannot be so cleared (i) through its accounts with Clearstream, Luxembourg and The Depository Trust Company ("**DTC**"), as appropriate and (ii) through its sub-custodians who will in turn hold such assets which are securities both directly and through any appropriate clearing system. Those assets held in clearing systems will not be held in special purpose accounts and will be fungible with other securities from the same issue held in the same accounts on behalf of the other customers of the Custodian. A first fixed charge over the Portfolio will be created under English law pursuant to the Trust Deed on the Issue Date which will, in relation to the Collateral Debt Obligations that are held through the Custodian, take effect as a security interest over (i) the beneficial interest of the Issuer in its share of the pool of securities fungible with the relevant Collateral Debt Obligations held in the accounts of the Custodian for the Issuer and (ii) the Issuer's ancillary contractual rights against the Custodian in accordance with the terms of the Agency Agreement (as defined in the Conditions) which may expose the Secured Parties to the risk of loss in the case of a shortfall of such securities in the event of insolvency of the Custodian or its sub-custodian.

In addition, custody and clearance risks may be associated with assets comprising the Portfolio which are securities that do not clear through DTC, Euroclear or Clearstream, Luxembourg. There is a risk, for example, that such securities could be counterfeit, or subject to a defect in title or claims to ownership by other parties, including custody liens imposed by standard custody terms at various stages in the chain of intermediary ownership of such assets.

Any risk of loss arising from any insufficiency or ineffectiveness of the security for the Notes or the custody and clearance risks which may be associated with assets comprising the Portfolio will be borne by the Noteholders without recourse to the Issuer, the Arranger, the Initial Purchaser, the Trustee, the Collateral Manager, the Agents, the Hedge Counterparties or any other party.

**Fixed Security:** Although the security constituted by the Trust Deed over the Collateral held from time to time, including the security over the Accounts, is expressed to take effect as a fixed charge, it may (as a result of, among other things, the substitutions of Collateral Debt Obligations or Eligible Investments contemplated by the Collateral Management Agreement and the payments to be made from the Accounts in accordance with the Conditions and the Trust Deed) take effect as a floating charge which, in particular, would rank after a subsequently created fixed charge. However, the Issuer has covenanted in the Trust Deed not to create any such subsequent security interests (other than those permitted under the Trust Deed) without the consent of the Trustee.

### 3.29 Resolutions, amendments and waivers

The Conditions and the Trust Deed contain detailed provisions governing modification of the Conditions and the Transaction Documents and the convening of meetings and passing of Resolutions by the Noteholders. Certain key risks relating to these provisions are summarised below.

Decisions may be taken by Noteholders by way of Ordinary Resolution or Extraordinary Resolution, in each case, either acting together or, to the extent specified in any applicable Transaction Document, as a Class of Noteholders acting independently. Such Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing. Meetings of the Noteholders may be convened by the Issuer, the Trustee or by one or more Noteholders holding not less than 10.0 per cent. of the aggregate Principal Amount Outstanding of the Notes of a particular Class, subject to certain conditions including minimum notice periods.

The Trustee may, in its discretion, determine that any proposed Ordinary Resolution or Extraordinary Resolution affects only the holders of one or more Classes of Notes, in which event the required quorum and minimum percentage voting requirements of such Ordinary Resolution or Extraordinary Resolution may be determined by reference only to the holders of that Class or Classes of Notes.

If a meeting of Noteholders is called to consider a Resolution, determination as to whether the requisite number of Notes has been voted in favour of such Resolution will be determined by reference to the percentage which the Notes voted in favour represent of the total amount of Notes voted in respect of such Resolution and not the aggregate Principal Amount Outstanding of all such Notes held or represented by any person or persons entitled to vote at such meeting. This means that a lower percentage of Noteholders may pass a Resolution which is put to a meeting of Noteholders than would be required for a Written Resolution in respect of the same matter.

There are, however, quorum provisions which provide that a minimum number of Noteholders representing a minimum amount of the aggregate Principal Amount Outstanding of the applicable Class or Classes of Notes be present at any meeting to consider an Extraordinary Resolution or an Ordinary Resolution. In the case of an Extraordinary Resolution, this is one or more persons holding or representing not less than 66⅔ per cent. of the aggregate Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable) and in the case of an Ordinary Resolution this is one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable). Such quorum provisions still, however, require considerably lower thresholds than would be required for a Written Resolution.

In addition, if a quorum requirement is not satisfied at any meeting, lower quorum thresholds will apply at any meeting previously adjourned for want of quorum as set out in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and in the Trust Deed.

Certain decisions, including the removal of the Collateral Manager, instructing the Trustee to accelerate the Notes and instructing the Trustee to sell the Collateral following the acceleration of the Notes require authorisation by way of the Noteholders of a Class or Classes (acting by way of Extraordinary Resolution).

Notes that are in the form of CM Non-Voting Notes or CM Non-Voting Exchangeable Notes (and any Notes held by the Collateral Manager or any Collateral Manager Related Person (other than in respect of a CM Replacement Resolution in respect of the appointment of a replacement Collateral Manager which is not Affiliated with the Collateral Manager where the appointment of a replacement Collateral Manager is not due to the Collateral Manager having been removed due to a Collateral Manager Event of Default in accordance with the Collateral Management Agreement and the Conditions)) will have no right to vote or be counted in any quorum or result of voting in connection with any CM Removal Resolution or CM Replacement Resolution. As a result, only such Notes that are in the form of CM Voting Notes (and, any Notes (other than CM Non-Voting Notes or CM Non-Voting Exchangeable Notes) held by the Collateral Manager or a Collateral Manager Related Person in respect of a CM Replacement Resolution only in respect of the appointment of a replacement Collateral Manager which is not Affiliated with the Collateral Manager and where the appointment of a replacement Collateral Manager was not due to the Collateral Manager having been removed due to a Collateral Manager Event of Default in accordance with the Collateral Management Agreement and the Conditions) may vote and be counted in any quorum or result of voting in respect of a CM Removal Resolution or a CM Replacement Resolution.

The Notes constituting the Controlling Class that are in the form of CM Non-Voting Exchangeable Notes or CM Non-Voting Note will have no right to vote in connection with and will not be counted for the purposes of determining a quorum or the result of voting on any CM Removal Resolution or any CM Replacement Resolution. As a result, for so long as the Class A Notes, Class B Notes, Class C Notes or Class D Notes constitute the Controlling Class, only Notes of such Class that are in the form of CM Voting Notes may vote and be counted in respect of a CM Removal Resolution or a CM Replacement Resolution. Notes in the form of CM Voting Notes may form a small percentage of the Controlling Class and/or be held by a concentrated group of Noteholders. Investors should be aware that such CM Voting Notes will be entitled to vote to pass a CM Removal Resolution or a CM Replacement Resolution and the remaining percentage of the Controlling Class (in the form of CM Non-Voting Exchangeable Notes and/or CM Non-Voting Notes) will be bound by such Resolution. Furthermore, investors should be aware that if the entirety of the Class A Notes which represents the most senior Class outstanding is held in the form of CM Non-Voting Exchangeable Notes and/or CM Non-Voting Notes, as the holders of such Class will not be entitled to vote in respect of a CM Removal Resolution or CM Replacement Resolution, such right shall pass to a more junior Class of Notes. Certain amendments and modifications may be made without the consent of Noteholders. See Condition 14(c) (*Modification and Waiver*). Such amendment or modification could have an adverse impact on certain Noteholders.

The Class X Notes and any Notes that are in the form of CM Non-Voting Exchangeable Notes or CM Non-Voting Notes will have no right to vote in connection with and will not be counted for the purposes of determining a quorum or the result of voting on any CM Removal Resolution or any CM Replacement Resolution.

Certain entrenched rights relating to the Terms and Conditions of the Notes including the currency thereof, Payment Dates applicable thereto, the Priorities of Payments, the provisions relating to quorums and the percentages of votes required for the passing of an Extraordinary Resolution cannot be amended or waived by way of Ordinary Resolution but require an Extraordinary Resolution. It should however be noted that certain amendments may still be effected and waivers may still be granted in respect of such provisions in circumstances where not all Noteholders agree with the terms thereof and any amendments or waivers once passed in accordance with the provisions of the Terms and Conditions of the Notes and the provisions of the Trust Deed will be binding on all such dissenting Noteholders.

Investors should note that, for the purposes of determining voting rights attributable to the Notes and the applicable quorum at any meeting of the Noteholders pursuant to Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Class B-1 Notes and the Class B-2 Notes together shall be deemed to constitute a single Class in respect of any voting rights specifically granted to them (including as the Controlling Class), except in relation to a Refinancing or for the purposes of

Extraordinary Resolutions, in which case they shall be treated as separate Classes. As a consequence, holders of such Notes shall in such circumstances act not separately, but together as a single Class for voting purposes, including in relation to amendments where the interests of such Noteholders may not be aligned.

Each Hedge Counterparty may also need to be notified and its consent required to the extent provided for in the applicable Hedge Agreement in respect of a modification, amendment or supplement to any provision of a Transaction Document. Any such consent, if withheld in accordance with the terms of the applicable Hedge Agreement, may prevent the Transaction Documents from being modified, amended or supplemented in a manner which may be beneficial to Noteholders or alternatively trigger an additional termination event under the applicable Hedge Agreement. Furthermore, the Collateral Manager will also need to be notified and its consent required to the extent that any material amendment is to be made to a provision of a Transaction Document. The Collateral Manager may have reasons to withhold its consent to a material amendment to a provision of a Transaction Document even if such material amendment would be in the best interest of the Issuer or the Noteholders generally.

In addition to the Trustee's right to agree to changes to the Transaction Documents to correct a manifest error, or to changes which, in its opinion, are not materially prejudicial to the interests of the Noteholders of any Class without the consent of the Noteholders, modifications may also be made and waivers granted in respect of certain other matters, which the Trustee is obliged to consent to without the consent of the Noteholders as set out in Condition 14(c) (*Modification and Waiver*).

Each Hedge Counterparty may also need to be notified and its consent required to the extent provided for in the applicable Hedge Agreement in respect of a modification, amendment or supplement to any provision of the Transaction Documents. Any such consent, if withheld, may prevent the modification of the Transaction Documents which may be beneficial to or in the best interests of the Noteholders.

### 3.30 Concentrated Ownership of One or More Classes of Notes

If at any time one or more investors that are affiliated hold a majority of any Class of Notes, it may be more difficult for other investors to take certain actions that require consent of any such Classes of Notes without their consent. For example, optional redemption and the removal of the Collateral Manager for cause and appointment are at the direction of Holders of specified percentages of Subordinated Notes and/or the Controlling Class (as applicable).

### 3.31 Enforcement rights following a Note Event of Default

If a Note Event of Default occurs and is continuing, the Trustee may, at its discretion, and shall, at the request of the Controlling Class acting by way of Ordinary Resolution (subject, in each case, to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer and the Collateral Manager that all the Notes are immediately due and repayable, provided that following a Note Event of Default described in paragraph (vi) or (vii) of Condition 10(a) (*Note Events of Default*) shall occur, such notice shall be deemed to have been given and all the Notes shall automatically become immediately due and repayable.

At any time after the Notes become due and repayable and the security under the Trust Deed becomes enforceable, the Trustee may, at its discretion, and shall, if so directed by the Controlling Class acting by way of Ordinary Resolution (subject, in each case, to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), take Enforcement Action (as defined in the Conditions) in respect of the security over the Collateral provided that no such Enforcement Action may be taken by the Trustee unless: (A) it determines that the anticipated proceeds realised from such Enforcement Action (after deducting any expenses properly incurred in connection therewith) would be sufficient to discharge in full all amounts due and payable in respect of all Classes of Notes other than the Subordinated Notes (including, without limitation, Deferred Interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes) and all amounts payable in priority thereto pursuant to the Post-Acceleration Priority of Payments; (B) otherwise, in the case of a Note Event of Default specified in sub paragraphs (i), (ii), or (iv) of Condition 10(a) (*Note Events of Default*) the Controlling Class acting by way of Ordinary Resolution (and no other Class of Notes) may direct the Trustee to take Enforcement Action without regard to any other Note Event of Default which has occurred prior to, contemporaneously or subsequent to such Note Event of Default; or (C) in the case of any other Note Event of Default, each Class of Rated Notes acting independently by way of Ordinary Resolution



may direct the Trustee to take Enforcement Action (subject to being indemnified and/or secured and/or prefunded to its satisfaction).

The requirements described above could result in the Controlling Class being unable to procure enforcement of the security over the Collateral in circumstances in which they desire such enforcement and may also result in enforcement of such security in circumstances where the proceeds of liquidation thereof would be insufficient to ensure payment in full of all amounts due and payable in respect of the Notes in accordance with the Priorities of Payments and/or at a time when enforcement thereof may be adverse to the interests to certain Classes of Notes and, in particular, the Subordinated Notes.

### 3.32 Certain ERISA considerations

Under a regulation of the U.S. Department of Labor, as modified by Section 3(42) of ERISA, if certain employee benefit plans or other retirement arrangements subject to the fiduciary responsibility provisions of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or entities whose underlying assets are treated as assets of such plans or arrangements (collectively, “**Plans**”) invest in a Class of Notes that is treated as equity under the regulation (which could include the Class E Notes, the Class F Notes or the Subordinated Notes), the assets of the Issuer could be considered to be assets of such Plans and certain of the transactions contemplated under such Notes could be considered “prohibited transactions” under Section 406 of ERISA and/or Section 4975 of the Code. See 3.33 “*Forced transfer*” and the section of this Offering Circular entitled “*Certain ERISA Considerations*” below.

### 3.33 Forced transfer

Each initial purchaser of an interest in a Rule 144A Note and each transferee of an interest in a Rule 144A Note will be required or deemed to represent at the time of purchase that, amongst other things, the purchaser is a QIB/QP. In addition, each Noteholder will be deemed or in some cases required to make certain representations in respect of ERISA, Section 4975 of the Code, Similar Law and/or Other Plan Law.

The Trust Deed provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines at any time that a holder of an interest in a Rule 144A Note is a U.S. person as defined under Regulation S under the Securities Act (a “**U.S. Person**”) and is not a QIB/QP (any such person, a “**Non-Permitted Holder**”) the Issuer shall promptly after determination that such person is a Non-Permitted Holder by the Issuer, send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its Notes outside the United States to a non-U.S. Person or within the United States to a U.S. Person that is a QIB/QP within 30 days of the date of such notice. If such Non-Permitted Holder fails to effect the transfer within such 30 day period, (a) upon direction from the Issuer or the Collateral Manager on its behalf, a Transfer Agent, on behalf of and at the expense of the Issuer, shall cause such Notes to be transferred in a sale to a person or entity that certifies to the Issuer and such Transfer Agent, in connection with such transfer, that such person or entity either is not a U.S. Person or is a QIB/QP and (b) pending such transfer, no further payments will be made in respect of such beneficial interest. In addition, the Trust Deed provides that if any Noteholder is determined by the Issuer to be a Non-Permitted ERISA Holder, such Non-Permitted ERISA Holder may be required by the Issuer to sell or otherwise transfer its Notes to an eligible purchaser (selected by the Issuer) within 10 days of receipt of notice from the Issuer to such Non-Permitted ERISA Holder requiring such sale or transfer, at a price to be agreed between the Issuer (exercising its sole discretion) and such eligible purchaser at the time of sale, subject to the Conditions and the transfer restrictions set out in the Trust Deed. None of the Issuer, the Trustee and the Registrar shall be liable to any Noteholder having an interest in the Notes sold or otherwise transferred as a result of any such sale or transfer. The Issuer shall be entitled to deduct from the sale or transfer price an amount equal to all the expenses and costs incurred and any loss suffered by the Issuer as a result of such forced transfer. The Non-Permitted ERISA Holder will receive the balance, if any.

A Noteholder may also be compelled by the Issuer to sell its Notes, or the Issuer may sell such Noteholder’s interest on behalf of such Noteholder pursuant to Condition 2(i) (*Forced sale pursuant to FATCA*). See “*U.S. tax risks – FATCA*” above.

### 3.34 U.S. tax risks

(a) Imposition of tax on Non-U.S. Holders

Subject to the discussion under “*FATCA*” below, distributions on the Notes to a Non-U.S. Holder (as defined in “*Tax Considerations – Certain U.S. Federal Income Tax Considerations*”) that provides appropriate tax certifications to the Issuer and gain recognised on the sale, exchange or retirement of the Notes by the Non-U.S. Holder will not be subject to U.S. federal income tax unless the payments or gain are effectively connected with a trade or business conducted by the Non-U.S. Holder in the United States or, in the case of gain, the Non-U.S. Holder is a non-resident alien individual who holds the Notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale and certain other conditions are satisfied. However, no assurance can be given that Non-U.S. Holders will not in the future be subject to tax imposed by the United States.

(b) U.S. trade or business

Although the Issuer intends to operate so as not to be subject to U.S. federal income tax on its net income, if the Issuer were to breach certain of its covenants and acquire certain assets (for example, a “United States real property interest” or an equity interest in an entity that is treated as a partnership for U.S. federal income tax purposes and that is itself engaged in a trade or business in the United States), including upon a foreclosure, or breach certain of its other covenants, the Issuer could be engaged in a U.S. trade or business for federal income tax purposes. Moreover, a breach of certain of these covenants may not give rise to a Note Event of Default and may not give rise to a claim against the Issuer or the Collateral Manager. A change in law or its interpretation also could result in the Issuer being treated as engaged in a trade or business in the United States for U.S. federal income tax purposes, or otherwise subject to U.S. federal income tax on a net income basis. If it is determined that the Issuer is engaged in a trade or business in the United States for U.S. federal income tax purposes, and the Issuer has taxable income that is effectively connected with such U.S. trade or business, the Issuer will be subject under the Code to the regular U.S. corporate income tax on its effectively connected taxable income, which may be imposed on a gross basis, and possibly to a 30 per cent. branch profits tax and state and local taxes as well. The imposition of such a tax liability could materially adversely affect the Issuer’s ability to make payments on the Notes.

(c) FATCA

Under FATCA, the Issuer may be subject to a 30 per cent. withholding tax on certain income. Additionally under existing U.S. Treasury Regulations, FATCA withholding on gross proceeds from the sale or other disposition of U.S. Collateral Debt Obligations was to take effect on 1 January 2019; however, recent proposed U.S. Treasury Regulations, which may currently be relied upon, would eliminate FATCA withholding on such types of payments. Under an intergovernmental agreement entered into between the United States and Ireland, the Issuer will not be subject to withholding under FATCA if it complies with Irish implementing regulations that require the Issuer to provide the name, address and taxpayer identification number of, and certain other information with respect to, certain holders of Notes to the Office of the Revenue Commissioners of Ireland, which would then provide this information to the IRS. The Issuer shall use reasonable best efforts to comply with the intergovernmental agreement and these regulations; however, there can be no assurance that the Issuer will be able to do so. Moreover, the intergovernmental agreement or the Irish implementing regulations could be amended to require the Issuer to withhold on “passthru” payments to holders that fail to provide certain information to the Issuer or are certain “foreign financial institutions” that do not comply with FATCA.

If a Noteholder fails to provide the Issuer or its agents with any correct, complete and accurate information or documentation that may be required for the Issuer to comply with FATCA and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to or for the benefit of the Issuer, or if the Noteholder’s ownership of any Notes would otherwise cause the Issuer to be subject to tax under FATCA, the Issuer is authorised to withhold amounts otherwise distributable to the Noteholder, to compel the Noteholder (other than the Retention Holder) to sell its Notes, and, if the Noteholder does not sell its Notes within 10 business days after notice from the Issuer, to sell the Noteholder’s Notes on behalf of the Noteholder.

- (d) Possible treatment of Class E Notes and Class F Notes as equity in the Issuer for U.S. federal income tax purposes.

The Issuer intends to treat the Class E Notes and the Class F Notes as indebtedness for U.S. federal, state and local income and franchise tax purposes and the Trust Deed requires Noteholders to treat the Class E Notes and the Class F Notes as indebtedness for U.S. federal, state and local income and franchise tax purposes. In general, the characterisation of an instrument for U.S. federal income tax purposes as debt or equity by its issuer as of the time of issuance is binding on a holder. An issuer's characterisation, however, is not binding on the IRS. In particular, there can be no assurance that the IRS would not contend and that a court would not ultimately hold, that the Rated Notes, particularly the Class E Notes, constitute equity of the Issuer. If the Class E Notes or Class F Notes are recharacterised as equity in the Issuer, gain on the sale of a Class E Note or Class F Note could be treated as ordinary income and subject to additional tax in the nature of interest, and certain interest on the Class E Notes and Class F Notes could be subject to the additional tax. U.S. Holders (as defined in "*Tax Considerations—Certain U.S. Federal Income Tax Considerations*") may be able to avoid these adverse consequences by filing a "protective qualified electing fund" election with respect to their Class E Notes and Class F Notes. See "*Tax Considerations—Certain U.S. Federal Income Tax Considerations—U.S. Federal Tax Treatment of U.S. Holders of Rated Notes—Possible Treatment of Class E Notes and Class F Notes as Equity for U.S. Federal Tax Purposes*"). U.S. Holders should consult their tax advisors regarding the implications to them if their Notes are treated as equity in the Issuer for U.S. federal income tax purposes.

- (e) The Issuer is expected to be treated as a passive foreign investment company and may be treated as a controlled foreign corporation

The Issuer is expected to be a passive foreign investment company for U.S. federal income tax purposes, which means that a U.S. Holder of Subordinated Notes (and any other Class of Notes treated as equity for U.S. federal income tax purposes) may be subject to adverse tax consequences, unless such holder elects to treat the Issuer as a qualified electing fund and to recognise currently its proportionate share of the Issuer's income whether or not distributed to such U.S. Holder. In addition, depending on the overall ownership of interests in the Issuer, a U.S. Holder of 10 per cent. or more of the Subordinated Notes may be treated as a U.S. shareholder in a controlled foreign corporation and required to recognise currently its proportionate share of the "subpart F income" of the Issuer, whether or not distributed to such U.S. Holder. A U.S. Holder that makes a qualified electing fund election, or that is required to include subpart F income in the event that the Issuer is treated as a controlled foreign corporation, may recognise income in amounts significantly greater than the payments received from the Issuer. Taxable income may exceed cash payments when, for example, the Issuer uses earnings to repay principal on the Notes or accrues income on the Collateral Debt Obligations prior to the receipt of cash or the Issuer discharges its debt at a discount. A U.S. Holder that makes a qualified electing fund election or that is required to recognise currently its proportionate share of the subpart F income of the Issuer will be required to include in the current income its pro rata share of such earnings, income or amounts whether or not the Issuer actually makes any payments to such Noteholder. The Issuer, or an agent acting on behalf of the Issuer, will cause, at the Issuer's expense, its independent accountants to supply U.S. Holders of the Subordinated Notes (and any other Class of Notes treated as equity for U.S. federal income tax purposes) at such holder's request with the information reasonably available to the Issuer that a U.S. Holder reasonably requests to satisfy filing requirements under the qualified electing fund election or the controlled foreign corporation rules.

- (f) U.S. federal income tax consequences of an investment in the Notes are uncertain

The U.S. federal income tax consequences of an investment in the Notes are uncertain, as to both the timing and character of any inclusion in income in respect of the Notes. Because of this uncertainty, prospective investors are urged to consult their tax advisers as to the tax consequences of an investment in a Note. For a more complete discussion of the U.S. federal income tax consequences of an investment in a Note, please see the summary under "*Tax Considerations – Certain U.S. Federal Income Tax Considerations*" below.

#### 4. RISKS RELATING TO THE ISSUER UNDER IRISH LAW

##### 4.1 Lack of operating history

The Issuer is a recently incorporated designated activity company with limited liability under Irish law that has no prior operating history or revenues upon which may be used to evaluate its likely performance and the performance of the Notes.

##### 4.2 Preferred creditors under Irish law and floating Charges

If the Issuer becomes subject to an insolvency proceeding and the Issuer has obligations to creditors that are treated under Irish law as creditors that are senior relative to the Noteholders and other Secured Parties, the Noteholders (and other Secured Parties) may suffer losses as a result of their subordinated status during such insolvency proceedings. In particular, under Irish law, upon an insolvency of an Irish company, such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which have been approved by the relevant Irish courts. (See "*Examinership*" below).

The holder of a fixed security over the book debts of an Irish incorporated company may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those which the holder received in payment of debts due to it by the company.

Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

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 any charge constituted by the Trust Deed may operate as a floating, rather than a fixed charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Depending upon the level of control actually exercised by the chargor, there is therefore a possibility that the fixed security over the relevant charged assets would be regarded by the Irish courts as a floating charge.

Floating charges have certain weaknesses, including the following:

- (a) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and the chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;

- (b) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up even if crystallised prior to the commencement of the winding-up;
- (c) they rank after certain insolvency remuneration expenses and liabilities;
- (d) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (e) they rank after fixed charges.

#### 4.3 Examinership

Examinership is a court procedure available under the Companies Act to facilitate the survival of Irish companies in financial difficulties. Where a company, which has its COMI in Ireland is, or is likely to be unable to pay its debts an examiner may be appointed on a petition to the relevant Irish court under Section 509 of the Companies Act.

The Issuer, the Directors, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets, the subject of a fixed charge. However, if such power is exercised the examiner must account to the holders of the fixed charge for the amount realised and discharge the amount due to the holders of the fixed charge out of the proceeds of the sale.

During the period of protection, the examiner will formulate proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the relevant Irish court when at least one class of creditors has voted in favour of the proposals and the relevant Irish court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class, the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the relevant Irish court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing down to the value of amounts due by the Issuer to the Noteholders.

If an examiner were appointed in respect of the Issuer, the primary risks to the Noteholders are as follows:

- (a) the potential for a compromise or scheme of arrangement being approved involving the writing down or rescheduling of the debt due by the Issuer to the Noteholders as secured by the Trust Deed;
- (b) the Trustee, acting for and on behalf of the Secured Parties, would not be able to enforce rights against the Issuer during the period of examinership;
- (c) the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- (d) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the relevant Irish court) will take priority over the monies and liabilities which from time to time are or may become due,

owing or payable by the Issuer to each of the Secured Parties under the Notes or the Transaction Documents.

#### 4.4 Irish taxation position of the Issuer

The Issuer has been advised that it should fall within the Irish regime for the taxation of qualifying companies as set out in Section 110 of the TCA (“**Section 110**”). As a result, it is anticipated that the Issuer should be subject to Irish corporation tax only on its profit calculated under generally accepted accounting practice, after deducting all of its revenue expenses (including interest payable to the Noteholders in respect of the Notes). If, for any reason, the Issuer is not or ceases to be such a ‘qualifying company’ for the purposes of Section 110, and is not entitled to deduct all its revenue expenses for Irish tax purposes, the Issuer could be obliged to account for Irish tax in respect of profits for Irish tax purposes, which are in excess of profit calculated under generally accepted accounting practice. This could result in material tax being payable in Ireland which has not been contemplated in the cash flows in respect of the Notes issued to the Noteholders. In such circumstances, the Irish tax treatment of both the Issuer and payments by the Issuer in respect of the Notes could be adversely affected. In turn, this may therefore affect the return which the Noteholders receive on the Notes.

### 5. RELATING TO THE COLLATERAL DEBT OBLIGATIONS

#### 5.1 The Portfolio

The decision by any prospective holder of Notes to invest in such Notes should be based, among other things (including, without limitation, the identity of the Collateral Manager), on the Eligibility Criteria (and Reinvestment Criteria, when applicable), as disclosed in this Offering Circular, which each Collateral Debt Obligation is required to satisfy upon the trade date relating thereto, and on the Portfolio Profile Tests, Collateral Quality Tests, Coverage Tests and Target Par Amount that the Portfolio is required to satisfy as at the Effective Date (other than in respect of the Interest Coverage Tests, which are required to be satisfied as at the Determination Date preceding the second Payment Date) and in each case thereafter. This Offering Circular does not contain any information regarding the individual Collateral Debt Obligations on which the Notes will be secured from time to time. Purchasers of any of the Notes will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Issuer and, accordingly, will be dependent upon the judgment and ability of the Collateral Manager in acquiring investments for purchase on behalf of the Issuer over time. No assurance can be given that the Issuer will be successful in obtaining suitable investments or that, if such investments are made, the objectives of the Issuer will be achieved.

None of the Issuer the Arranger or the Initial Purchaser, has made any investigation into the Obligors of the Collateral Debt Obligations. The value of the Portfolio may fluctuate from time to time (as a result of substitution or otherwise) and none of the Issuer, the Trustee, the Arranger, the Initial Purchaser, the Custodian, the Collateral Manager, the Collateral Administrator, the Liquidity Facility Provider, any other Agents, any Hedge Counterparty, or any of their Affiliates are under any obligation to maintain the value of the Collateral Debt Obligations at any particular level. None of the Issuer, the Trustee, the Arranger, the Initial Purchaser, the Custodian, the Collateral Manager, the Collateral Administrator, the Liquidity Facility Provider, the Agents, any Hedge Counterparty, or any of their Affiliates has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Collateral Debt Obligations from time to time.

Furthermore, pursuant to the Collateral Management Agreement, the Collateral Manager is required to carry out due diligence in accordance with the Standard of Care specified in the Collateral Management Agreement, to ensure the Eligibility Criteria will be satisfied prior to the entry by the Issuer (or the Collateral Manager (acting on behalf of the Issuer)) into a commitment to purchase an asset intended to constitute a Collateral Debt Obligation and that the Issuer will, upon the settlement of such purchase, become the legal and beneficial holder of such Collateral Debt Obligations in accordance with the terms of the relevant Underlying Instrument and all applicable laws. Noteholders are reliant on the Collateral Manager conducting such due diligence in a manner which ensures that the Collateral Debt Obligations are properly and effectively transferred and satisfy each of the Eligibility Criteria.

#### 5.2 Nature of Collateral; defaults

The Issuer will invest in a portfolio of Collateral Debt Obligations consisting at the time of acquisition of predominantly Senior Secured Loans, Senior Secured Bonds, Corporate Rescue Loans, Senior Unsecured Obligations, Second Lien Loans, High Yield Bonds and Mezzanine Obligations, as well as certain other investments, all of which will have greater credit and liquidity risk than investment grade sovereign or corporate bonds or loans. The Collateral is subject to credit, liquidity and interest rate risks.

The lower rating of below investment grade collateral reflects a greater possibility that adverse changes in the financial condition of an issuer or borrower or in general economic conditions or both may impair the ability of the relevant issuer or borrower, as the case may be, to make payments of principal or interest. Such investments may be speculative. See “*The Portfolio*” section of this Offering Circular.

An investment in the Notes of any Class involves a degree of risk arising from fluctuations in the amount and timing of receipt of the principal and interest on the Collateral Debt Obligations by or on behalf of the Issuer and the amounts of the claims of creditors of the Issuer ranking in priority to the holders of each Class of Notes. In particular, prospective purchasers of such Notes should be aware that the amount and timing of payment of the principal and interest on the Collateral Debt Obligations will depend upon the detailed terms of the documentation relating to each of the Collateral Debt Obligations and on whether or not any Obligor thereunder defaults in its obligations.

Due to the fact that the Subordinated Notes represent a leveraged investment in the underlying Collateral Debt Obligations, it is anticipated that changes in the market value of the Subordinated Notes will be greater than changes in the market value of the underlying Collateral Debt Obligations.

The offering of the Notes has been structured so that the Notes are assumed to be able to withstand certain assumed losses relating to defaults on the underlying Collateral Debt Obligations. See the “*Ratings of the Notes*” section of this Offering Circular. There is no assurance that actual losses will not exceed such assumed losses. If any losses exceed such assumed levels, payments on the Notes could be adversely affected by such defaults. To the extent that a default occurs with respect to any Collateral Debt Obligation securing the Notes and the Issuer sells or otherwise disposes of such Collateral Debt Obligation, it is likely that the proceeds of such sale or disposition will be less than the unpaid principal and interest thereon.

The financial markets periodically experience substantial fluctuations in prices for obligations of the types that may be Collateral Debt Obligations and limited liquidity for such obligations. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not occur, subsist or become more acute following the Issue Date. During periods of limited liquidity and higher price volatility, the ability of the Collateral Manager (on behalf of the Issuer) to acquire or dispose of Collateral Debt Obligations at a price and time that the Collateral Manager deems advantageous may be impaired. As a result, in periods of rising market prices, the Issuer may be unable to participate in price increases fully to the extent that it is either unable to dispose of Collateral Debt Obligations whose prices have risen or to acquire Collateral Debt Obligations whose prices are on the increase; the Collateral Manager’s inability to dispose fully and promptly of positions in declining markets will conversely cause the value of the Collateral to decline as the value of unsold positions is marked to lower prices. A decrease in the value of the Collateral Debt Obligations would also adversely affect the proceeds of sale that could be obtained upon the sale of the Collateral Debt Obligations and could ultimately affect the ability of the Issuer to pay in full or redeem the Notes. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such Collateral Debt Obligations at any time, or that the proceeds of any such sale or disposition would be sufficient to repay a corresponding par amount of principal of and interest on the Notes after, in each case, paying all amounts payable prior thereto pursuant to the Priorities of Payments. Moreover, there can be no assurance as to the amount or timing of any recoveries received in respect of Defaulted Obligations.

The composition of the collateral pool may be influenced by discussions that the Collateral Manager and/or, prior to the Issue Date, the Initial Purchaser and the Arranger may have with investors, and there is no assurance that (i) any investor would have agreed with any views regarding the initial proposed portfolio that are expressed by another investor in such discussions, (ii) the collateral pool was not, and will not be, influenced more heavily by the views of certain investors, particularly if that investor’s participation in the transaction is necessary for the transaction to occur, in which case the

Collateral Manager or the Initial Purchaser and the Arranger would not receive the benefits of its role in the transaction, and in order to preserve the possibility of future business opportunities between the Collateral Manager or the Initial Purchaser and the Arranger and such investors, (iii) those views, and any modifications made to the portfolio as a result of those discussions, will not adversely affect the performance of a holder's Notes, or (iv) the views of any particular investors that are expressed in such discussions will influence the composition of the collateral pool. The Collateral Manager will have sole authority to select, and sole responsibility for selecting, the Collateral Debt Obligations. Except for a right to object to certain purchases under the Warehouse Arrangements as described below, each of the Initial Purchaser and the Arranger has not and will not determine the composition of the collateral pool.

### 5.3 Acquisition and disposition of Collateral Debt Obligations

The Issuer anticipates that, by the Issue Date, it will have purchased or committed to purchase Collateral Debt Obligations, the Aggregate Principal Balance of which equals at least €280,000,000 (representing 70 per cent. of the Target Par Amount). The proceeds of the issue of the Notes remaining after payment of: (a) the acquisition costs for the Collateral Debt Obligations acquired by the Issuer on or prior to the Issue Date, including repayment of the Warehouse Arrangements; and (b) certain fees, costs and expenses incurred in connection with the issue of the Notes and anticipated to be payable by the Issuer following completion of the issue of the Notes will be deposited in the Interest Reserve Account and the Unused Proceeds Account on the Issue Date. The Collateral Manager acting on behalf of the Issuer, shall use all reasonable efforts to purchase Collateral Debt Obligations with an Aggregate Principal Balance equal to at least the Target Par Amount out of the Balance standing to the credit of the Unused Proceeds Account during the Initial Investment Period.

Under the Collateral Management Agreement and as described herein, the Collateral Manager may only, on behalf of the Issuer, dispose of a limited percentage of Collateral Debt Obligations in any period of 12 calendar months as well as any Collateral Debt Obligation that meets the definition of a Defaulted Obligation, an Exchanged Security and, subject to the satisfaction of certain conditions, a Credit Impaired Obligation or Credit Improved Obligation. Notwithstanding such restrictions and subject to the satisfaction of the conditions set forth in the Collateral Management Agreement, sales and purchases by the Collateral Manager of Collateral Debt Obligations could result in losses by the Issuer, which will be borne in the first instance by the holders of the Subordinated Notes and then by holders of the Rated Notes, beginning with the most junior Class.

In addition, circumstances may exist under which the Collateral Manager may believe that it is in the best interests of the Issuer to dispose of a Collateral Debt Obligation, but will not be permitted to do so under the terms of the Collateral Management Agreement.

The Issuer does not expect and is not required to satisfy the Collateral Quality Tests, Portfolio Profile Tests or the Coverage Tests prior to the Effective Date. The Collateral Manager may declare that the Initial Investment Period has ended and the Effective Date has occurred prior to 13 February 2020, subject to the Effective Date Determination Requirements being satisfied.

### 5.4 Below investment-grade Collateral Debt Obligations involve particular risks

The Collateral Debt Obligations will consist primarily of non-investment grade loans or interests in non-investment grade loans and bonds, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. It is anticipated that the Collateral Debt Obligations generally will be subject to greater risks than investment grade corporate obligations. These risks could be exacerbated to the extent that the Portfolio is concentrated in one or more particular types of Collateral Debt Obligations.

Prices of the Collateral Debt Obligations may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the Obligors of the Collateral Debt Obligations. The current uncertainty affecting the European economy and the economies of countries in which issuers of the Collateral Debt Obligations are domiciled and the possibility of increased volatility in financial markets could adversely affect the value and performance of the Collateral Debt Obligations. Additionally, loans and



interests in loans have significant liquidity and market value risks since they are not generally traded in organised exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customised, loans are not purchased or sold as easily as publicly traded securities. In addition, historically the trading volume in the loan market has been small relative to the debt securities market.

Leveraged loans have historically experienced greater default rates than has been the case for investment grade securities. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the Collateral Debt Obligations, and an increase in default levels could adversely affect payments on the Notes.

A non-investment grade loan, bond or other debt obligation or an interest in a non-investment grade obligation is generally considered speculative in nature and may become a Defaulted Obligation for a variety of reasons. Upon any Collateral Debt Obligation becoming a Defaulted Obligation, such Defaulted Obligation may become subject to either substantial work out negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such Defaulted Obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such Defaulted Obligation. The liquidity for Defaulted Obligations may be limited, and to the extent that Defaulted Obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery on any Defaulted Obligation will be at least equal to either the minimum recovery rate assumed by either Moody's or Fitch in rating the Rated Notes or any recovery rate used in connection with any analysis of the Notes that may have been prepared by the Initial Purchaser and the Arranger for or at the direction of Noteholders.

It is a requirement of the rating of the Rated Notes that Collateral Debt Obligations that are to constitute Restructured Obligations following a restructuring satisfy the Restructured Obligation Criteria on the applicable Restructuring Date. Such requirement may result in Collateral Debt Obligations ceasing to be Collateral Debt Obligations following a restructuring of the terms thereof.

#### 5.5 Credit ratings are not a guarantee of quality or performance

Credit ratings of Collateral Debt Obligations represent the rating agencies' opinions regarding their credit quality but are not a guarantee of such quality or performance. A credit rating is not a recommendation to buy, sell or hold Collateral Debt Obligations and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. If a credit rating assigned to any Collateral Debt Obligation is lowered for any reason, no party is obliged to provide any additional support or credit enhancement with respect to such Collateral Debt Obligation. Rating agencies attempt to evaluate the relative future creditworthiness of an obligation and do not address other risks, including but not limited to, liquidity risk, market value or price volatility; therefore, ratings do not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an Obligor's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of any Collateral Debt Obligation (as is also the case in respect of the Rated Notes) should be used only as a preliminary indicator of investment quality and should not be considered a completely reliable indicator of investment quality. Rating reductions or withdrawals may occur for any number of reasons and may affect numerous Collateral Debt Obligations at a single time or within a short period of time, with material adverse effects upon the Notes. It is possible that many credit ratings of Collateral Debt Obligations included in or similar to the Collateral Debt Obligations will be subject to significant or severe adjustments downward. See *"Relating to the Notes – Actions of any Rating Agency can adversely affect the market value or liquidity of the Notes"*.

#### 5.6 The Warehouse Arrangements

On behalf of the Issuer, the Collateral Manager has acquired, and will continue to enter into binding commitments to acquire, Collateral Debt Obligations prior to the Issue Date pursuant to a financing arrangement (the **"Warehouse Arrangements"**). The Warehouse Arrangements were provided by a senior lender (being an Affiliate of the Initial Purchaser) and a junior lender (being the Collateral Manager in its capacity as a subordinated loan noteholder and together with the senior lender, the

“**Warehouse Providers**”). Some of the Collateral Debt Obligations may have been acquired from the Warehouse Providers. The Warehouse Arrangements must be terminated in all respects on the Issue Date, and all amounts owing to the Warehouse Providers in connection with such arrangements must be repaid on or prior to the Issue Date, including from the proceeds of the issuance of the Notes.

Under the Warehouse Arrangements, prior to the Issue Date, the Warehouse Providers provided and will provide financing to the Issuer to allow its acquisition of assets (provided that the Warehouse Providers do not object to the purchase of any such asset). The objection (or failure to object) by a Warehouse Provider to the purchase of an asset as a Collateral Debt Obligation will be in its capacity as the financing party and should not be viewed as a determination by such Warehouse Provider as to whether a particular asset is an appropriate investment by the Issuer or whether it will satisfy the portfolio criteria applicable to the Issuer.

Pursuant to the Collateral Acquisition Agreements, the Issuer has entered into binding commitments to acquire all of the Collateral Debt Obligations (as defined below) that will be included in the Portfolio. The prices paid by the Issuer for the Initial Collateral Debt Obligations acquired pursuant to the Collateral Acquisition Agreements will be the respective prices set forth therein, which may be greater or less than the market value thereof on the Issue Date. Events occurring between the date of the Issuer first acquiring a Collateral Debt Obligation and on or prior to the Issue Date, including changes in prevailing interest rates, prepayments of principal, developments or trends in any particular industry, changes in the financial condition of the Obligor of Collateral Debt Obligations, the timing of purchases prior to the Issue Date and a number of other factors beyond the Issuer's control, including the condition of certain financial markets, limited secondary market for leveraged loans, general economic conditions and international political events, could adversely affect the market value of the Collateral Debt Obligations acquired prior to the Issue Date. In particular, purchasing assets at what may appear to be "undervalued" levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such risk. See also "*Events in the CLO and Leveraged Finance Markets*".

In addition, any interest or other amounts paid or accrued on such Collateral Debt Obligations during the period prior to the Issue Date will be paid to the Warehouse Providers on the Issue Date. Investors in the Notes will be assuming the risk of market value and credit quality changes in the Collateral Debt Obligations from the date such Collateral Debt Obligations are acquired during the period prior to the Issue Date but will not receive the benefit of (i) interest earned on the Collateral Debt Obligations and (ii) realised gains arising from market value changes, during such period provided that any risk in relation to any Collateral Debt Obligations which are ineligible collateral as at the Issue Date or which do not satisfy the Eligibility Criteria as at the Issue Date shall be borne by the Warehouse Providers.

## 5.7 The Target Par Amount

The Issuer will, prior to the Issue Date, enter into transactions to purchase Collateral Debt Obligations, the Aggregate Principal Balance of which equals at least €400,000,000 on the primary or secondary market for transfer to the Issuer on or before the Issue Date. The Issuer will use the proceeds of the issuance of the Notes to pay any amounts due and payable in respect of the purchase price of Collateral Debt Obligations acquired on or prior to the Issue Date. The requirement that the Eligibility Criteria be satisfied applies only at the time that any commitment to purchase is entered into *provided that* Issue Date Collateral Debt Obligations must satisfy the Eligibility Criteria as at the Issue Date. It is possible that the obligations (other than Issue Date Collateral Debt Obligations which settle on or prior to the Issue Date) may not satisfy such Eligibility Criteria on the later settlement of the acquisition thereof due to intervening events. Any failure by such obligation to satisfy the Eligibility Criteria at a later stage will not result in any requirement to sell it or take any other action.

As of the Effective Date, the Issuer is required to have acquired, or entered into binding commitments to acquire, Collateral Debt Obligations the Aggregate Principal Balance of which equals or exceeds the Target Par Amount (*provided that* for the purposes of determining such Aggregate Principal Balance, any repayments or prepayments of Collateral Debt Obligations subsequent to the Issue Date shall be disregarded and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation shall be the lower of its Moody's Collateral Value and its Fitch Collateral Value). If the Target Par Amount has not been reached on the Effective Date an Effective Date Rating Event may occur pursuant to the Conditions which may in certain circumstances lead to an early redemption of the Notes.

## 5.8 Considerations relating to the Initial Investment Period

During the Initial Investment Period, the Collateral Manager, acting on behalf of the Issuer, will seek to acquire additional Collateral Debt Obligations in order to satisfy each of the Coverage Tests (other than the Interest Coverage Tests, which are required to be satisfied as of the Determination Date falling prior to the second Payment Date), the Collateral Quality Tests, the Portfolio Profile Tests and the Target Par Amount requirement as at the Effective Date. See “*The Portfolio*” section of this Offering Circular. The ability to satisfy such tests and requirement will depend on a number of factors beyond the control of the Issuer and the Collateral Manager, including the availability of obligations that satisfy the Eligibility Criteria and other Portfolio related requirements in the primary and secondary loan markets, the condition of the financial markets, general economic conditions and international political events. Therefore, there can be no assurance that such tests and requirements will be met. In addition, the ability of the Issuer to enter into Asset Swap Transactions upon the acquisition of Non Euro Obligations will depend upon a number of factors outside the control of the Collateral Manager, including its ability to identify a suitable Asset Swap Counterparty with whom the Issuer may enter into Asset Swap Transactions. To the extent it is not possible to purchase such additional Collateral Debt Obligations, the level of income receivable by the Issuer on the Collateral, and therefore its ability to meet its interest payment obligations under the Notes, may be adversely affected. Such inability to invest may also shorten the weighted average lives of the Notes as it may lead to early redemption of the Notes. To the extent such additional Collateral Debt Obligations are not purchased, the level of income receivable by the Issuer on the Collateral and therefore its ability to meet its interest payment obligations under the Notes, together with the weighted average lives of the Notes, may be adversely affected. Any failure by the Collateral Manager (on behalf of the Issuer) to acquire such additional Collateral Debt Obligations and/or enter into required Asset Swap Transactions during such period could result in the non confirmation or downgrade or withdrawal by any Rating Agency of its Initial Rating of any Class of Notes. Such non confirmation, downgrade or withdrawal may result in the redemption of the Notes, shortening their weighted average life and reducing the leverage ratio of the Subordinated Notes to the other Classes of Notes which could adversely affect the level of returns to the holders of the Subordinated Notes. Any such redemption of the Notes may also adversely affect the risk profile of other Classes of Notes in addition to the Subordinated Notes to the extent that the amount of excess spread capable of being generated in the transaction reduces as the result of redemption of the most senior ranking Classes of Notes in accordance with the Note Payment Sequence which bear a lower rate of interest than the remaining Classes of Rated Notes.

Investors should note that, during the Initial Investment Period, the Collateral Manager may apply some or all amounts standing to the credit of the Interest Reserve Account to be applied for the purchase of additional Collateral Debt Obligations. Such application may affect the amounts which would otherwise have been payable to Noteholders and, in particular, may reduce amounts available for distribution to the Subordinated Noteholders.

## 5.9 Early redemption and prepayment risk

*Loan prepayments may affect the ability of the Issuer to invest and reinvest available funds in appropriate Collateral Debt Obligations*

Loans are generally prepayable in whole or in part at any time at the option of the Obligor thereof at par plus accrued and unpaid interest thereon. Prepayments on loans may be caused by a variety of factors which are often difficult to predict. Consequently, there exists a risk that loans purchased at a price greater than par may experience a capital loss as a result of such a prepayment. In addition, principal proceeds received upon such a prepayment are subject to reinvestment risk during the Reinvestment Period. Any inability of the Issuer to reinvest payments or other proceeds in Collateral Debt Obligations with comparable interest rates that satisfy the Eligibility Criteria or Reinvestment Criteria (as applicable) specified herein may adversely affect the timing and amount of payments and distributions received by the Noteholders and the yield to maturity of the Rated Notes and the distributions on the Subordinated Notes. There is no assurance that the Issuer will be able to reinvest proceeds in Collateral Debt Obligations with comparable interest rates at favourable prices that satisfy the Eligibility Criteria or in compliance with the Reinvestment Criteria (as applicable) or (if it is able to make such reinvestments) as to the length of any delays before such investments are made. The rate of prepayments, amortisation and defaults may be influenced by various factors including:

- changes in Obligor performance and requirements for capital;

- the level of interest rates;
- lack of credit being extended and/or the tightening of credit underwriting standards in the commercial lending industry; and
- the overall economic environment, including any fluctuations in the recovery from the current economic conditions.

The Issuer cannot predict the actual rate of prepayments, accelerated amortisation or defaults which will be experienced with respect to the Collateral Debt Obligations. As a result, the Notes may not be a suitable investment for any investor that requires a regular or predictable schedule of principal payments.

#### *Early redemption risk*

Bonds frequently have call or redemption features (with or without a premium or make whole) that permit the issuer to redeem such obligations prior to their final maturity date.

Repayments on bonds may be caused by a variety of factors which are difficult to predict. Accordingly, there exists a risk that bonds purchased at a price greater than par may experience a capital loss as a result of such repayment. In addition, Principal Proceeds received upon such a repayment are subject to reinvestment risk. Any inability of the Issuer to reinvest payments or other proceeds in Collateral Debt Obligations with comparable interest rates that satisfy the Eligibility Criteria and may be acquired in compliance with the Reinvestment Criteria may adversely affect the timing and amount of payments and distributions received by holders of the Notes and the yield to maturity of the Notes. There can be no assurance that the Issuer will be able to reinvest proceeds in Collateral Debt Obligations with comparable interest rates that satisfy the Eligibility Criteria or in compliance with the Reinvestment Criteria or (if it is able to make such reinvestments) as to the length of any delays before such investments are made.

### 5.10 Characteristics and risks relating to the Portfolio

#### *Characteristics of Senior Secured Loans, Senior Secured Bonds, High Yield Bonds and Mezzanine Obligations*

The Portfolio Profile Tests provide that on each Measurement Date (save as otherwise provided herein) either “at least” or “not more than” certain specified percentages of the Aggregate Collateral Balance shall consist of particular categories of Collateral Debt Obligations including Senior Secured Loans, Senior Secured Bonds, Corporate Rescue Loans, Second Lien Loans, Mezzanine Obligations, Senior Unsecured Obligations and High Yield Bonds.

Although any particular Senior Secured Loan, Senior Secured Bond, Mezzanine Obligation, High Yield Bond or Senior Unsecured Obligation may share many similar features with other loans and obligations of its type, the actual term of any Senior Secured Loan, Senior Secured Bond, Mezzanine Obligation, High Yield Bond or Senior Unsecured Obligation will have been a matter of negotiation and will be unique. Any such particular loan or security may contain non-standard terms and may provide less protection for creditors than may be expected generally, including in respect of covenants, events of default, security or guarantees.

Senior Secured Loans, Senior Secured Bonds, Mezzanine Obligations, High Yield Bonds and Senior Unsecured Obligations are of a type generally incurred by the Obligors thereunder in connection with highly leveraged transactions, often (although not exclusively) to finance internal growth, pay dividends or other distributions to the equity holders in the Obligor, or finance acquisitions, mergers, and/or share purchases. As a result of the additional debt incurred by the Obligor in the course of such a transaction, the Obligor’s creditworthiness is typically judged by the rating agencies to be below investment grade.

Senior Secured Loans, Senior Secured Bonds and Senior Unsecured Obligations are typically at the most senior level of the capital structure with Mezzanine Obligations being subordinated to any senior loans or to any other senior debt of the Obligor.

Mezzanine Obligations take the form of medium term loans or obligations of such type repayable shortly (perhaps six months or one year) after the senior loans or obligations of the Obligor thereunder are repaid. Because Mezzanine Obligations are only repayable after the senior debt (and interest payments may be blocked to protect the position of senior debt interest in certain circumstances), they will carry a higher rate of interest to reflect the greater risk of such an obligation not being repaid. Due to the greater risk associated with Mezzanine Obligations as a result of their subordination below senior loans of the Obligor, mezzanine lenders may be granted share options, warrants or higher cash paying instruments or payment in kind in the Obligor which can be exercised in certain circumstances, principally being immediately prior to the Obligor's shares being sold or floated in an initial public offering.

### **Cov-Lite Loans**

The Portfolio Profile Tests provide that not more than 30.0 per cent of the Aggregate Collateral Balance can consist of Cov-Lite Loans. The Issuer or the Collateral Manager acting on its behalf may purchase Collateral Debt Obligations which are Cov-Lite Loans. Cov-Lite Loans typically do not have Maintenance Covenants, they usually have incurrence covenants in the same manner as a High Yield Bond. Ownership of Cov-Lite Loans may expose the Issuer to greater risks, including with respect to liquidity, price volatility and ability to restructure obligations, than is the case with obligations that have Maintenance Covenants. In addition, the lack of Maintenance Covenants may make it more difficult to trigger a default in respect of such Collateral Debt Obligations. This makes it more likely that any default will only arise under a Cov-Lite Loan at a stage where the relevant Obligor is in a greater degree of financial distress. Such a delay may make any successful restructuring more difficult to achieve and/or result in a greater reduction in the value of the the Cov-Lite Loans as a consequence of any restructuring affected in such circumstances.

### **Security**

Senior Secured Loans and Senior Secured Bonds are often secured by specific collateral, including but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred shares of the Obligor and its subsidiaries and any applicable associated liens relating thereto. In continental Europe, security is often limited to shares in certain group companies, accounts receivable, bank account balances and intellectual property rights. Mezzanine Obligations may have the benefit of a second priority charge over such Collateral Debt Obligations. Senior Unsecured Obligations do not have the benefit of such security. High Yield Bonds are also generally unsecured.

Senior Secured Loans and Senior Secured Bonds usually have shorter terms than more junior obligations and often require mandatory prepayments from excess cash flows, asset dispositions and offerings of debt and/or equity securities.

### **Collective action clauses**

Senior Secured Bonds, Senior Unsecured Obligations (other than those in the form of loans) and High Yield Bonds typically contain bondholder collective action clauses permitting specified majorities of bondholders to approve matters which, in a typical senior loan, would require unanimous lender consent. The Obligor under a Senior Secured Bond, Senior Unsecured Obligation (other than in the form of loans) or High Yield Bond may therefore be able to amend the terms of the bond, including terms as to the amount and timing of payments, with the consent of a specified majority of bondholders, either voting by written resolution or as a majority of those attending and voting at a meeting, and the Issuer is unlikely to have a blocking minority position in respect of any such resolution. The Issuer may further be restricted by the Collateral Management Agreement from voting on certain matters, particularly extensions of maturity, which may be considered at a bondholder meeting. Consequently, material terms of a Senior Secured Bond, Senior Unsecured Obligation (other than in the form of a loan) or High Yield Bond may be varied without the consent of the Issuer.

### **Rate of interest**

Many Senior Secured Bonds and Senior Unsecured Obligations bear interest at a fixed rate. Risks associated with fixed rate obligations are discussed at paragraph 5.19 "*Risk Factors – Relating to the Collateral Debt Obligations – Interest rate risk*" below. The majority of Senior Secured Loans and

Mezzanine Obligations bear interest based on a floating rate index, for example EURIBOR, a certificate of deposit rate, a prime or base rate (each as defined in the applicable loan agreement) or other index, which may reset daily (as most prime or base rate indices do) or offer the borrower a choice of one, two, three, six, nine or 12 month interest and rate reset periods.

### **Loan fees**

The purchaser of an interest in a Senior Secured Loan, Mezzanine Obligation in the form of a loan or Senior Unsecured Obligation in the form of a loan may receive certain syndication or participation fees in connection with its purchase. Other fees payable in respect of a Senior Secured Loan, Mezzanine Obligation in the form of a loan or Senior Unsecured Obligation in the form of a loan, which are separate from interest payments on such loan, may include facility, commitment, amendment and prepayment fees.

### **Restrictive covenants**

Senior Secured Loans, Senior Secured Bonds, High Yield Bonds, Mezzanine Obligations and Senior Unsecured Obligations also generally provide for restrictive covenants designed to limit the activities of the Obligors thereunder in an effort to protect the rights of lenders or bondholders to receive timely payments of interest on, and repayment of, principal of the obligations. Such covenants may include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on total debt and other financial tests. A breach of covenant (after giving effect to any cure period) under a Senior Secured Loan, Mezzanine Obligation or Senior Unsecured Obligation which is not waived by the lending syndicate is normally an event of acceleration which allows the syndicate to demand immediate repayment in full of the outstanding loan. A breach of covenant (after giving effect to any cure period) under a Senior Secured Bond or a High Yield Bond which is not waived by the requisite majority of the holders thereof is normally an event of default which may trigger the acceleration of the bonds. However, although any particular Senior Secured Loan, Senior Secured Bond, Mezzanine Obligation, Senior Unsecured Obligation or High Yield Bond may share many similar features with other loans or bonds and obligations of its type, the actual terms of any Senior Secured Loan, Senior Secured Bond, Mezzanine Obligation, Senior Unsecured Obligation or High Yield Bond will have been a matter of negotiation and will be unique. Any such particular loan or bond may contain non-standard terms and may provide less protection for creditors than may be expected generally, including in respect of covenants, events of default, security or guarantees.

### **Limited liquidity, prepayment and default risk of Senior Secured Loans, Mezzanine Obligations and Senior Unsecured Obligations**

In order to induce banks and institutional investors to invest in Senior Secured Loans, Mezzanine Obligations in the form of loans or Senior Unsecured Obligations in the form of loans, and to obtain a favourable rate of interest, an Obligor under such an obligation often provides the investors therein with extensive information about its business, which is not generally available to the public. Because of the provision of confidential information, the unique and customised nature of the loan agreement including such Senior Secured Loan, Mezzanine Obligation or Senior Unsecured Obligation, and the private syndication of the loan, Senior Secured Loans, Mezzanine Obligations in the form of loans and Senior Unsecured Obligations in the form of loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to, for example, the high yield bond market. Historically, investors in or lenders under European Senior Secured Loans, Senior Secured Bonds, Mezzanine Obligations and Senior Unsecured Obligations have been predominantly commercial banks and investment banks. The range of investors for such obligations has broadened significantly to include money managers, insurance companies, arbitrageurs, bankruptcy investors and mutual funds seeking increased potential total returns and investment managers of trusts or special purpose companies issuing collateralised bond and loan obligations. As secondary market trading volumes increase, new loans are frequently adopting more standardised documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. This means that such Collateral Debt Obligations will be subject to greater disposal risk if such Collateral Debt Obligations are sold following enforcement of the security over the Collateral or otherwise. The European market for Mezzanine Obligations and Senior Unsecured Obligations is also generally less liquid than that for Senior Secured Loans, resulting in increased disposal risk for such obligations.

## **Limited liquidity, prepayment and default risk of Senior Secured Bonds and High Yield Bonds**

Senior Secured Bonds and High Yield Bonds are generally freely transferrable negotiable instruments (subject to standard selling and transfer restrictions to ensure compliance with applicable law, and subject to minimum denominations) and may be listed and admitted to trading on a regulated or an exchange regulated market; however there is currently no liquid market for them to any materially greater extent than there is for Senior Secured Loans. Additionally, as a consequence of the disclosure and transparency requirements associated with such listing, the information supplied by the Obligors to its debtholders (including the Issuer) may typically be less than would be provided on a Senior Secured Loan.

## **Increased risks for Mezzanine Obligations**

The fact that Mezzanine Obligations are generally subordinated to any senior loan or other senior debt and potentially other indebtedness of the relevant Obligor thereunder, may have a longer maturity than such other indebtedness and will generally only have a second ranking security interest over any security granted in respect thereof, increases the risk of non-payment thereunder of such Mezzanine Obligations in an enforcement.

Mezzanine Obligations may provide that all or part of the interest accruing thereon will not be paid on a current basis but will be deferred. Mezzanine Obligations also generally involve greater credit and liquidity risks than those associated with investment grade corporate obligations and Senior Secured Loans. They are often entered into in connection with leveraged acquisitions or recapitalisations in which the Obligors thereunder incur a substantially higher amount of indebtedness than the level at which they previously operated and, as referred to above, sit at a subordinated level in the capital structure of such companies.

## **Defaults and recoveries**

There is limited historical data available as to the levels of defaults and/or recoveries that may be experienced on Senior Secured Loans, Senior Secured Bonds, Mezzanine Obligations, Senior Unsecured Obligations and High Yield Bonds and no assurance can be given as to the levels of default and/or recoveries that may apply to any Senior Secured Loans, Senior Secured Bonds, Mezzanine Obligations, Senior Unsecured Obligations and High Yield Bonds purchased by the Issuer. As referred to above, although any particular Senior Secured Loan, Senior Secured Bond, Mezzanine Obligation, Senior Unsecured Obligation and High Yield Bond often will share many similar features with other loans and obligations of its type, the actual terms of any particular Senior Secured Loan, Senior Secured Bond, Mezzanine Obligation, Senior Unsecured Obligation and High Yield Bond will have been a matter of negotiation and will thus be unique. The types of protection afforded to creditors will therefore vary from investment to investment. Recoveries on Senior Secured Loans, Senior Secured Bonds, Mezzanine Obligations, Senior Unsecured Obligations and High Yield Bonds may also be affected by the different bankruptcy regimes applicable in different jurisdictions, the availability of comprehensive security packages in different jurisdictions and the enforceability of claims against the Obligors thereunder.

The effect of an economic downturn on default rates and the ability of finance providers to protect their investment in a default is uncertain. Furthermore, the holders of Senior Secured Loans, Senior Secured Bonds, Mezzanine Obligations, Senior Unsecured Obligations and High Yield Bonds are more diverse than ever before, including not only banks and specialist finance providers but also alternative investment managers, specialist debt and distressed debt investors and other financial institutions. The increasing diversification of the investor base has also been accompanied by an increase in the use of hedges, swaps and other derivative instruments to protect against or spread the economic risk of defaults. All of these developments may further increase the risk that historic recovery levels will not be realised. The returns on Senior Secured Loans, Senior Secured Bonds, Mezzanine Obligations, Senior Unsecured Obligations and High Yield Bonds therefore may not adequately reflect the risk of future defaults and the ultimate recovery rates.

A non-investment grade loan or debt obligation or an interest in a non-investment grade loan is generally considered speculative in nature and may become a Defaulted Obligation for a variety of reasons. Upon any Collateral Debt Obligation becoming a Defaulted Obligation, such Defaulted Obligation may become subject to either substantial work out negotiations or restructuring, which may

entail, among other things, a substantial change in the interest rate, a substantial write-down of principal, a conversion of some or all of the principal debt into equity, an extension of the maturity and a substantial change in the terms, conditions and covenants with respect to such Defaulted Obligation. Junior creditors may find that a restructuring leads to the total eradication of their debt whilst the borrower continues to service more senior tranches of debt on improved terms for the senior lenders. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in uncertainty with respect to the ultimate recovery on such Defaulted Obligation. Forum shopping for a favourable legal regime for a restructuring is not uncommon, English law schemes of arrangement having become a popular tool for European incorporated companies, even for borrowers with little connection to the UK. The liquidity for Defaulted Obligations may be limited, and to the extent that Defaulted Obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery on any Defaulted Obligation will be at least equal either to the minimum recovery rate assumed by the Rating Agencies in rating the Notes or any recovery rate used in the analysis of the Notes by investors in determining whether to purchase the Notes.

In some European jurisdictions (including the UK, as noted above), obligors or lenders may seek a “scheme of arrangement”. In such instance, a lender may be forced by a court to accept restructuring terms. Recoveries on Senior Secured Loans, Senior Secured Bonds, Mezzanine Obligations, Senior Unsecured Obligations and High Yield Bonds will also be affected by the different bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the Obligors thereunder.

### **Second Lien Loans**

The Portfolio Profile Tests provide that not more than 10.0 per cent. of the Aggregate Collateral Balance can consist of Second Lien Loans (together with Senior Unsecured Obligations, Mezzanine Obligations and/or High Yield Bonds in aggregate).

The Collateral Debt Obligations may include Second Lien Loans, each of which will be secured by collateral, but which is structurally or contractually subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the Obligors secured by all or a portion of the collateral securing such secured loan. Second Lien Loans are typically subject to intercreditor arrangements, the provisions of which may prohibit or restrict the ability of the holder of a Second Lien Loan to (i) exercise remedies against the collateral with respect to their second liens; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of the borrower. In addition, during a bankruptcy of the Obligor, the holder of a Second Lien Loan may be required to give advance consent to (a) any use of cash collateral approved by the first lien creditors; (b) sales of collateral approved by the first lien lenders and the bankruptcy court, so long as the second liens continue to attach to the sale proceeds; and (c) “debtor-in-possession” financings.

Liens arising by operation of law may take priority over the Issuer’s liens on an Obligor’s underlying collateral and may impair the Issuer’s recovery on a Collateral Debt Obligation if a default or foreclosure on that Collateral Debt Obligation occurs.

An example of a lien arising under law is a tax or other government lien on property of an Obligor. A tax lien may have priority over the Issuer’s lien on such collateral. To the extent that a lien having priority over the Issuer’s lien exists with respect to the collateral related to any Collateral Debt Obligation, the Issuer’s interest in the asset will be subordinate to such lien. If the creditor holding such lien exercises its remedies, it is possible that, after such creditor is repaid, sufficient cash proceeds from the underlying collateral will not be available to pay the outstanding principal amount of such Collateral Debt Obligation.

### **Characteristics and risks associated with investing in High Yield Bonds involves certain risks**

High Yield Bonds are generally unsecured, may be subordinated to other obligations of the applicable Obligor and generally involve greater credit, insolvency and liquidity risks than those typically associated with investment grade obligations and secured obligations. Depending upon market conditions, there may be a very limited market for High Yield Bonds. High Yield Bonds are often



issued in connection with leveraged acquisitions or recapitalisations in which the obligors thereunder incur a substantially higher amount of indebtedness than the level at which they had previously operated. The lower rating of High Yield Bonds reflects a greater possibility that adverse changes in the financial condition of the Obligor or general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings or disruptions in the financial markets) or both may impair the ability of the Obligor to make payments of principal and interest. Many issuers of High Yield Bonds are highly leveraged, and specific developments affecting such issuers, including reduced cash flow from operations or inability to refinance debt at maturity, may also adversely affect such issuers' ability to meet their debt service obligations. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the High Yield Bonds forming part of the Portfolio.

High Yield Bonds have historically experienced greater default rates than investment grade securities. Although several studies have been made of historical default rates in the U.S. high yield market, such studies do not necessarily provide a basis for drawing definitive conclusions with respect to default rates and, in any event, do not necessarily provide a basis for predicting future default rates in either the European or the U.S. high yield markets which may exceed the hypothetical default rates assumed by investors in determining whether to purchase the Notes or by the Rating Agencies in rating the Rated Notes.

European High Yield Bonds are generally subordinated structurally, as opposed to contractually, to senior secured debtholders. Structural subordination is when a high yield security investor lends to a holding company whose primary asset is ownership of a cash-generating operating company or companies. The debt investment of the high yield investor is serviced by passing the revenues and tangible assets from the operating companies upstream through the holding company (which typically has no revenue-generating capacity of its own) to the security holders. In the absence of upstream guarantees from operating or asset owning companies in the group, such a process leaves the High Yield Bond investors deeply subordinated to secured and unsecured creditors of the operating companies and means that investors therein will not necessarily have access to the same security package as the senior lenders (even on a second priority charge basis) or be able to participate directly in insolvency proceedings or pre-insolvency discussions relating to the operating companies within the group. This facet of the European high yield market differs from the U.S. high yield market, where structural subordination is markedly less prevalent.

In the case of High Yield Bonds issued by issuers with their principal place of business in Europe, structural subordination of High Yield Bonds, coupled with the relatively shallow depth of the European high yield market, leads European high yield defaults to realise lower average recoveries than their U.S. counterparts. Another factor affecting recovery rates for European High Yield Bonds is the bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the high yield bond issuer. It must be noted, however, that the overall probability of default (based on credit rating) remains similar for both U.S. and European credits; it is the severity of the effect of any default that differs between the two markets as a result of the aforementioned factors.

In addition to the characteristics described above, high yield securities frequently have call or redemption features that permit the issuer to redeem such obligations prior to their final maturity date. If such a call or redemption were exercised by an issuer during a period of declining interest rates, the Collateral Manager, acting on behalf of the Issuer, may only be able to replace such called obligation with a lower yielding obligation, thus decreasing the net investment income from the Collateral Debt Obligations.

The Collateral Manager may, in accordance with its portfolio management practices and subject to the Transaction Documents, agree on behalf of the Issuer to extend or defer the maturity, or adjust the outstanding balance of any underlying asset, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. Any amendment, waiver or modification of an underlying asset could postpone the expected maturity of the Notes and/or reduce the likelihood of timely and complete payment of interest on or principal of the Notes.

**Characteristics and risks associated with investing in Senior Unsecured Obligations involves certain risks**

Senior Unsecured Obligations of an applicable Obligor, may be subordinated to other obligations of the Obligor and generally have greater credit, insolvency and liquidity risk than is typically associated with investment grade obligations and secured obligations. Senior Unsecured Obligations will generally have lower rates of recovery than secured obligations following a default. Also, if the insolvency of an Obligor of any Senior Unsecured Obligations occurs, the holders of such Senior Unsecured Obligations will be considered general, unsecured creditors of the Obligor and will have fewer rights than secured creditors of the Obligor.

### **Corporate Rescue Loans**

Corporate Rescue Loans are made to companies that have experienced, or are experiencing, significant financial or business difficulties such that they have become subject to bankruptcy or other reorganisation and liquidation proceedings and thus involves additional risks. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Issuer will correctly evaluate the value of the assets securing the Corporate Rescue Loan or the prospects for a successful reorganisation or similar action and accordingly the Issuer could suffer significant losses on its investments in such Corporate Rescue Loan. In any reorganisation or liquidation case relating to a company in which the Issuer invests, the Issuer may lose its entire investment, may be required to accept cash or securities with a value less than the Issuer's original investment and/or may be required to accept payment over an extended period of time.

Distressed company and other asset-based investments require active monitoring and may, at times, require participation by the Issuer in business strategy or bankruptcy proceedings. To the extent that the Issuer becomes involved in such proceedings, the Issuer's more active participation in the affairs of the bankruptcy debtor could result in the imposition of restrictions limiting the Issuer's ability to liquidate its position in the debtor.

Although a Corporate Rescue Loan may be unsecured, where the Obligor is subject to U.S. insolvency law, it has a priority permitted by section 364(c) or section 364(d) under the United States Bankruptcy Code and at the time that it is acquired by the Issuer is required to be current with respect to scheduled payments of interest and principal (if any).

### **Voting restrictions on syndicated loans for minority holders**

The Issuer will generally purchase each underlying asset in the form of an assignment of, or participation interest in, a note or other obligation issued under a loan facility to which more than one lender is a party. These loan facilities are administered for the lenders by a lender or other agent acting as the lead administrator. The terms and conditions of these loan facilities may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement requires the consent of a majority or a super-majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders, and the Issuer may have a minority interest in such loan facilities. Consequently, the terms and conditions of a loan facility could be modified, amended or waived in a manner contrary to the preferences of the Issuer if the amendment, modification or waiver of such term or condition does not require the unanimous vote of the lenders and a sufficient number of the other lenders concur with such modification, amendment or waiver. There can be no assurance that any loan facility will maintain the terms and conditions to which the Issuer or a predecessor in interest to the Issuer originally agreed.

#### **5.11 Collateral Enhancement Debt Obligations**

All funds required in respect of the purchase price of any Collateral Enhancement Debt Obligations and all funds required in respect of the exercise price of any rights or options thereunder, may only be paid out of the Balance standing to the credit of the Collateral Enhancement Account at the relevant time as well as from Contributions by Noteholders in accordance with the Conditions. Such Balance shall be comprised of all sums deposited therein from time to time which will comprise amounts which the Collateral Manager, acting on behalf of the Issuer, determines shall be paid into the Collateral Enhancement Account pursuant to the Priorities of Payments rather than being paid to the Subordinated Noteholders.

To the extent that there are insufficient sums standing to the credit of the Collateral Enhancement Account from time to time to purchase or exercise rights under Collateral Enhancement Debt Obligations which the Collateral Manager determines on behalf of the Issuer should be purchased or exercised, the Collateral Manager may, at its discretion from time to time make a Collateral Manager Advance in order to fund such purchase or exercise to such account pursuant to the terms of the Collateral Management Agreement. All such Collateral Manager Advances shall be repaid (together with interest thereon) out of Interest Proceeds and Principal Proceeds on each Payment Date pursuant to the Priorities of Payments.

The Collateral Manager is under no obligation whatsoever to exercise its discretion (acting on behalf of the Issuer) to take any of the actions described above and there can be no assurance that the Balance standing to the credit of the Collateral Enhancement Account will be sufficient to fund the exercise of any right or option under any Collateral Enhancement Debt Obligation at any time. The ability of the Collateral Manager (acting on behalf of the Issuer) to exercise any rights or options under any Collateral Enhancement Debt Obligation will be partially dependent upon there being sufficient amounts standing to the credit of the Collateral Enhancement Account to pay the costs of any such exercise. If sufficient amounts are not so available, the Collateral Manager may, subject to the limits on the number and the minimum amount of Collateral Manager Advances, at its discretion, fund the payment of any shortfall by way of a Collateral Manager Advance. However, the Collateral Manager is under no obligation to make any Collateral Manager Advance. Failure to exercise any such right or option may result in a reduction of the returns to the Subordinated Noteholders (and, potentially, Noteholders of other Classes).

Collateral Enhancement Debt Obligations and any income or return generated thereby are not taken into account for the purposes of determining satisfaction of, or required to satisfy, any of the Coverage Tests, Portfolio Profile Tests or Collateral Quality Tests.

#### 5.12 Balloon obligations and bullet obligations present refinancing risk

The Collateral will primarily consist of Collateral Debt Obligations that are either balloon obligations or bullet obligations. Balloon obligations and bullet obligations involve a greater degree of risk than other types of transactions because they are structured to allow for either small (balloon) or no (bullet) principal payments over the term of the loan, requiring the Obligor to make a large final payment upon the maturity of the Collateral Debt Obligation. The ability of such Obligor to make this final payment upon the maturity of the Collateral Debt Obligation typically depends upon its ability either to refinance the Collateral Debt Obligation prior to maturity or to generate sufficient cash flow to repay the Collateral Debt Obligation at maturity. The ability of any Obligor to accomplish any of these goals will be affected by many factors, including the availability of financing at acceptable rates to such Obligor, the financial condition of such Obligor, the marketability of the collateral (if any) securing such Collateral Debt Obligation, the operating history of the related business, tax laws and the prevailing general economic conditions. Consequently, such Obligor may not have the ability to repay the Collateral Debt Obligation at maturity, and the Issuer could lose all or most of the principal of the Collateral Debt Obligation. Given their relative size and limited resources and access to capital, some Obligors may have difficulty in repaying or refinancing their balloon and bullet Collateral Debt Obligation on a timely basis or at all.

#### 5.13 Limited control of administration and amendment of Collateral Debt Obligations

As a holder of an interest in a syndicated loan, the Issuer will have limited consent and control rights and such rights may not be effective in view of the expected proportion of such obligations held by the Issuer. The Collateral Manager will exercise or enforce, or refrain from exercising or enforcing, any or all of the Issuer's rights in connection with the Collateral Debt Obligations or any related documents or will refuse amendments or waivers of the terms of any underlying asset and related documents in accordance with its Collateral management practices and the standard of care specified in the Collateral Management Agreement. The Noteholders will not have any right to compel the Collateral Manager to take or refrain from taking any actions other than in accordance with its portfolio management practices and the standard of care specified in the Collateral Management Agreement.

The Collateral Manager may, in accordance with its portfolio management practices and subject to the Trust Deed and the Collateral Management Agreement, agree on behalf of the Issuer to extend or defer the maturity, or adjust the outstanding balance of any underlying asset, or otherwise amend, modify or

waive the terms of any related loan agreement, including the payment terms thereunder. Any amendment, waiver or modification of an underlying asset could postpone the expected maturity of the Notes and/or reduce the likelihood of timely and complete payment of interest on or principal of the Notes.

#### 5.14 Participations, Novations and Assignments

The Collateral Manager, acting on behalf of the Issuer may acquire interests in Collateral Debt Obligations which are loans either directly (by way of novation or assignment) or indirectly (by way of participation). Interests in loans acquired directly by way of novation or assignment are referred to herein as “**Assignments**”. Interests in loans taken indirectly by way of participation are referred to herein as “**Participations**”. Each institution from which such an interest is taken by way of Participation or acquired by way of Assignment is referred to herein as a “**Selling Institution**”.

The purchaser of an Assignment typically succeeds to all the rights of the assigning Selling Institution and becomes entitled to the benefit of the loans and the other rights of the lender under the loan agreement. The Issuer, as an assignee, will generally have the right to receive directly from the borrower all payments of principal and interest to which it is entitled, *provided that* notice of such Assignment has been given to the borrower. As a purchaser of an Assignment, the Issuer typically will have the same voting rights as other lenders under the applicable loan agreement and will have the right to vote to waive enforcement of breaches of covenants. The Issuer will generally also have the same rights as other lenders to enforce compliance by the borrower with the terms of the loan agreement, to set off claims against the borrower and to have recourse to collateral supporting the loan. As a result, the Issuer will generally not bear the credit risk of the Selling Institution and the insolvency of the Selling Institution should have no effect on the ability of the Issuer to continue to receive payment of principal or interest from the borrower once the novation or assignment is complete. The Issuer will, however, assume the credit risk of the borrower. The purchaser of an Assignment also typically succeeds to and becomes entitled to the benefit of any other rights of the Selling Institution in respect of the loan agreement including the right to the benefit of any security granted in respect of the loan interest transferred. The loan agreement usually contains mechanisms for the transfer of the benefit of the loan and the security relating thereto. The efficacy of these mechanisms is rarely tested, if ever, and there is debate amongst counsel in continental jurisdictions over their effectiveness. With regard to some of the loan agreements, security will have been granted over assets in different jurisdictions. Some of the jurisdictions will require registrations, filings and/or other formalities to be carried out not only in relation to the transfer of the loan but, depending on the mechanism for transfer, also with respect to the transfer of the benefit of the security.

Participations by the Issuer in a Selling Institution’s portion of a loan typically result in a contractual relationship only with such Selling Institution and not with the borrower under such loan. The Issuer would, in such case, only be entitled to receive payments of principal and interest to the extent that the Selling Institution has received such payments from the borrower (and such payments may be co-mingled with other monies not related to such Participation). In purchasing Participations, the Issuer generally will have no right to enforce compliance by the borrower with the terms of the applicable loan agreement and the Issuer may not directly benefit from the collateral supporting the loan in respect of which it has purchased a Participation. As a result, the Issuer will assume the credit risk of both the borrower and the Selling Institution selling the Participation. If an insolvency of the Selling Institution selling a Participation occurs, the Issuer may be treated as a general creditor of the Selling Institution and may not benefit from any set off between the Selling Institution and the borrower and the Issuer may suffer a loss to the extent that the borrower sets off claims against the Selling Institution. The Issuer may purchase a Participation from a Selling Institution that does not itself retain any economic interest in the loan, and therefore, may have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower. When the Issuer holds a Participation in a loan it generally will not have the right to participate directly in any vote to waive enforcement of any covenants breached by a borrower. A Selling Institution voting in connection with a potential waiver of a restrictive covenant may have interests which are different from those of the Issuer and such Selling Institutions may not be required to consider the interest of the Issuer in connection with the exercise of its votes. Whilst the Issuer may have a right to elevate a Participation to a direct interest in the participated loan, such right may be limited by a number of factors.

In addition, Participations may be subject to the exercise of the “bail in” powers attributed to Resolution Authorities under the BRRD or similar resolution mechanisms provided for in the SRM regulation. See “*EU Bank Recovery and Resolution Directive*” above.

Additional risks are therefore associated with the purchase of Participations by the Issuer as opposed to Assignments. The Portfolio Profile Tests impose limits on the amount of Collateral Debt Obligations that may comprise Participations as a proportion of the Aggregate Collateral Balance.

#### 5.15 Voting Restrictions on Syndicated Loans for Minority Holders

The Issuer will generally purchase each underlying asset in the form of an assignment of, or participation interest in, a note or other obligation issued under a loan facility to which more than one lender is a party. These loan facilities are administered for the lenders by a lender or other agent acting as the lead administrator. The terms and conditions of these loan facilities may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement requires the consent of a majority or a super-majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders, and the Issuer may have a minority interest in such loan facilities. Consequently, the terms and conditions of an underlying asset issued or sold in connection with a loan facility could be modified, amended or waived in a manner contrary to the preferences of the Issuer if the amendment, modification or waiver of such term or condition does not require the unanimous vote of the lenders and a sufficient number of the other lenders concur with such modification, amendment or waiver. There can be no assurance that any Collateral Debt Obligation issued or sold in connection with any loan facility will maintain the terms and conditions to which the Issuer or a predecessor in interest to the Issuer originally agreed.

#### 5.16 Counterparty risk

Participations, the Liquidity Facility Agreement and Hedge Transactions involve the Issuer entering into contracts with counterparties. Pursuant to such contracts, the counterparties agree to make payments to the Issuer under certain circumstances as described therein. The Issuer will be exposed to the credit risk of the counterparty with respect of any such payments. Other than the Liquidity Facility Provider, each such counterparty is required to satisfy the applicable Rating Requirement upon entry into the applicable contract or instrument.

Such credit risk exposes the Issuer not just to insolvency risk but also potentially the risk of the effect of a special resolution regime where the counterparty is a regulated entity within the scope of such regime. A special resolution regime may consist of stabilisation options exercisable by the relevant competent supervisory authorities, including bail-in, and special insolvency procedures. In general terms, the purpose of the stabilisation options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Bail-in means that certain claims of creditors of the relevant entity are reduced, written down to zero and/or converted to equity. The exact scope of the stabilisation options depends on the particular special resolution regime that is applicable. Any such event in respect of a counterparty of the Issuer may result in a significant loss for the Issuer as a creditor of such counterparty.

If a Hedge Counterparty or its guarantor is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement, the terms of the applicable Hedge Agreement will generally provide for a termination event unless such Hedge Counterparty (within the applicable grace period) either transfers its obligations under the applicable Hedge Agreement to a replacement counterparty with the requisite ratings, obtains a guarantee of its obligations by a guarantor with the requisite ratings, collateralises its obligations in a manner satisfactory to the Rating Agencies or employs some other strategy as results in the rating of the Rated Notes being maintained at their then current level within the remedy period specified in the ratings criteria of the Rating Agencies. There can be no assurance that the applicable Hedge Counterparty will be able to transfer its obligations to a suitable replacement counterparty or exercise any of the other aforementioned remedies within the specified remedy period. Failure to do so may result in interest rate or currency mismatches, which could adversely affect the ability of the Issuer to make payments on the Notes as the Issuer may not receive payments it would otherwise be entitled to from such Hedge Counterparty to cover its interest rate risk exposure or currency risk exposure in respect of Non Euro Obligations for so long as the Issuer has not entered into a replacement Hedge Transaction (see “*Risk Factors – Relating to the*

*Collateral Debt Obligations - Interest Rate Risk*” and “*Risk Factors – Relating to the Collateral Debt Obligations - Currency Risk*” below). For further information, see “*Hedging Arrangements*” below.

Similarly, the Issuer will be exposed to the credit risk of the Account Bank and the Custodian to the extent of, respectively, all cash of the Issuer held in the Accounts and all Collateral of the Issuer held by the Custodian.

If the Account Bank or the Custodian is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement, the Issuer shall use its reasonable endeavours to procure the appointment of a replacement Account Bank or Custodian, as the case may be, with the applicable Rating Requirement and which is acceptable to the Trustee within 30 days of such withdrawal or downgrade.

#### 5.17 Concentration risk

The Issuer will invest in Collateral Debt Obligations consisting primarily of Senior Secured Loans, Senior Secured Bonds, Corporate Rescue Loans, Senior Unsecured Obligations, High Yield Bonds, Second Lien Loans and Mezzanine Obligations. Although no significant concentration with respect to any particular Obligor, industry or country is expected to exist at the Effective Date, the concentration of the Portfolio in any one Obligor would subject the Notes to a greater degree of risk with respect to defaults by such Obligor, and the concentration of the Portfolio in any one industry would subject the Notes to a greater degree of risk with respect to economic downturns relating to such industry. The Portfolio Profile Tests and Collateral Quality Tests attempt to mitigate any concentration risk in the Portfolio. See “*The Portfolio - Portfolio Profile Tests and Collateral Quality Tests*” section of this Offering Circular. Although the resulting diversification of Collateral may reduce the risk described above, the diversification requirements applicable to the Issuer may cause the Issuer to invest in obligors or industries that suffer more defaults than if the Issuer were not required to invest in a diversified portfolio.

#### 5.18 Credit risk

Risks applicable to Collateral Debt Obligations also include the possibility that earnings of the Obligor may be insufficient to meet its debt service obligations thereunder and the declining creditworthiness and potential for insolvency of the Obligor of such Collateral Debt Obligations during periods of rising interest rates and economic downturn. An economic downturn could severely disrupt the market for leveraged loans and adversely affect the value thereof and the ability of the obligor thereunder to repay principal and interest.

#### 5.19 Interest rate risk

Certain Classes of Notes will bear interest at a floating rate based on EURIBOR. It is possible that Collateral Debt Obligations (in particular Senior Secured Bonds and High Yield Bonds) may bear interest at fixed rates and there is no requirement that the amount or portion of Collateral Debt Obligations securing the Notes must bear interest on a particular basis, save for the Portfolio Profile Tests which requires that not more than 12.5 per cent. of the Aggregate Collateral Balance may comprise Fixed Rate Collateral Debt Obligations.

In addition, any payments of principal or interest received in respect of Collateral Debt Obligations and not otherwise reinvested during the Reinvestment Period in Substitute Collateral Debt Obligations will generally be invested in Eligible Investments until shortly before the next Payment Date. There is no requirement that such Eligible Investments bear interest on a particular basis, and the interest rates available for such Eligible Investments are inherently uncertain. As a result of these factors, it is expected that there will be a fixed/floating rate mismatch and/or a floating rate basis mismatch (including in the case of Collateral Debt Obligations or Eligible Investments which pay a floating rate based on a benchmark other than EURIBOR or LIBOR), maturity date mismatch and mismatch in timing of determination of the applicable floating rate benchmark, in each case between the Notes and the underlying Collateral Debt Obligations and Eligible Investments. Such mismatch may be material and may change from time to time as the composition of the related Collateral Debt Obligations and Eligible Investments change and as the liabilities of the Issuer accrue or are repaid. As a result of such mismatches, changes in the level of the EURIBOR or LIBOR could adversely affect the ability to make payments on the Notes. In addition, pursuant to the Collateral Management Agreement, the Collateral

Manager, acting on behalf of the Issuer, is authorised to enter into the Interest Rate Hedge Transactions in order to mitigate such interest rate mismatches from time to time, subject to receipt in each case of Rating Agency Confirmation in respect thereof (unless such Interest Rate Hedge Transaction is in a form in respect of which the Issuer (or the Collateral Manager on behalf of the Issuer) has previously received approval from each Rating Agency) and subject to certain regulatory considerations in relation to swaps, discussed in “*The Dodd Frank Act*”, “*Relating to the Notes - EMIR*” and “*Relating to the Notes - Commodity Pool Regulation*” above. In particular, the Issuer may enter into the Issue Date Interest Rate Hedge Transactions on or about the Issue Date in order to mitigate its exposure to increases in EURIBOR or LIBOR-based payments of interest payable by the Issuer under the Rated Notes as further described in “*Hedging Arrangements*”. However, the Issuer will depend on each Interest Rate Hedge Counterparty to perform its obligations under any Interest Rate Hedge Transaction to which it is a party and if any Interest Rate Hedge Counterparty defaults or becomes unable to perform due to insolvency or otherwise, the Issuer may not receive payments it would otherwise be entitled to from such Interest Rate Hedge Counterparty to cover its interest rate risk exposure. Furthermore, the terms of the Interest Rate Hedge Agreements may provide for the ability of the Interest Rate Hedge Counterparty to terminate such Interest Rate Hedge Agreement upon the occurrence of certain events, including related to certain regulatory matters. Any such termination in the case of an Interest Rate Hedge Transaction would result in the Issuer’s exposure to interest rate exposure increasing, and may result in the Issuer being required to pay a termination amount to the relevant Interest Rate Hedge Counterparty. See further “*Hedging Arrangements*” below.

Interest Amounts are due and payable in respect of the Rated Notes and the Class M-2 Subordinated Notes on a quarterly basis prior to the occurrence of a Frequency Switch Event and on a semi-annual basis following the occurrence of a Frequency Switch Event. If a significant number of Collateral Debt Obligations pay interest on a semi-annual or annual basis, there may be insufficient interest received to make quarterly interest payments on the Rated Notes and the Class M-2 Subordinated Notes (at all times prior to the occurrence of a Frequency Switch Event). In order to mitigate the effects of any such timing mis-match, prior to the occurrence of a Frequency Switch Event, the Issuer will be required to hold back a portion of the interest received on Collateral Debt Obligations which pay interest less than quarterly in order make quarterly payments of interest on the Notes (“**Interest Smoothing**”). There can be no assurance that Interest Smoothing shall be sufficient to mitigate any timing mismatch. In addition, to mitigate reset risk, a Frequency Switch Event shall occur if (amongst other things) sufficient Collateral Debt Obligations reset from quarterly to semi-annual pay, as more particularly described in the definition of “**Frequency Switch Event**”. There can be no assurance that Interest Smoothing and the occurrence of a Frequency Switch Event shall be sufficient to mitigate such timing and reset risks.

There can be no assurance that the Collateral Debt Obligations and Eligible Investments securing the Notes will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Rated Notes and the Class M-2 Subordinated Notes and that any particular levels of residual return will be generated on the Subordinated Notes or that the Issue Date Interest Rate Hedge Transactions (if any) would be sufficient to mitigate any interest rate risk.

Furthermore, the Issuer is exposed to interest rate risk by virtue of the Accounts. As interest rate levels fluctuate over time, the Issuer may be entitled to a lower rate of interest on some or all Accounts or, in some circumstances, may be required to pay a negative interest rate to the Account Bank and/or the Custodian, as applicable, (which would be payable as Administrative Expenses subject to the Priorities of Payments). Any such lower or negative rate of interest will reduce the funds available for the Issuer to make distributions in respect of the Notes.

On 5 June 2014, the European Central Bank announced that it would charge a negative rate of interest on bank deposits with the European Central Bank. To the extent the European Central Bank’s or other central bank’s deposit rate from time to time results in the Account Bank or the Custodian incurring negative deposit rates as a result of maintaining any accounts on the Issuer’s behalf, the Issuer will be required to reimburse the Account Bank or the Custodian in an amount equal to the chargeable interest incurred on such accounts as a result of such negative deposit rates. Prospective investors should note that given recent levels, and moves in respect of, deposit rates it appears likely the Issuer will be required to make such payments in reimbursement of the Account Bank or the Custodian. Any such payments shall be paid as Administrative Expenses, subject to and in accordance with the Priorities of Payments and may, accordingly, have a negative impact on the amounts available to the Issuer to apply as payments on the Notes.

To the extent that the European Central Bank's or other central bank's deposit rate from time to time results in obligors in respect of financial instruments held by the Issuer as Eligible Investments incurring negative deposit rates as a result of having issued such instruments and whilst such instruments remain outstanding, the Issuer (as holder of such instruments) may also be required to compensate the relevant obligors for such chargeable interest incurred in the form of a mandatory reduction in the principal amount outstanding of such instruments in accordance with their terms.

5.20 Rising interest rates may render some Obligor unable to pay interest on their Collateral Debt Obligations

Most of the Collateral Debt Obligations bear interest at floating interest rates. To the extent interest rates increase, periodic interest obligations owed by the related Obligor will also increase. As prevailing interest rates increase, some Obligor may not be able to make the increased interest payments on Collateral Debt Obligations or refinance their balloon and bullet Collateral Debt Obligations, resulting in payment defaults, Defaulted Obligations and an inability of the Issuer to make payment on some or all Classes of Notes. Conversely if interest rates decline, Obligor may refinance their Collateral Debt Obligations at lower interest rates which could shorten the average life of the Notes.

5.21 Certain risks relating to Hedge Agreements

The payments associated with any Hedge Agreements generally rank senior to payments on the Notes. Each of the Initial Purchaser, the Arranger and/or one or more of their Affiliates with acceptable credit support arrangements may act as counterparty with respect to all or some of the Hedge Agreements, which may create certain conflicts of interest. Moreover, if the insolvency of a Hedge Counterparty occurs, the Issuer will be treated as a general creditor of such Hedge Counterparty. Consequently, the Issuer will be subject to the credit risk of each Hedge Counterparty, as well as that of the related Collateral Debt Obligations.

The Hedge Agreements also pose risks upon their termination. A Hedge Counterparty may terminate the applicable Hedge Agreements upon the occurrence of certain events of default or termination events thereunder with respect to the Issuer (including, but not limited to, bankruptcy, if any withholding tax is imposed on payments thereunder by or to such Hedge Counterparty, a change in law making the performance of the obligations under such Hedge Agreement unlawful, or the determination to sell or liquidate the Collateral Debt Obligations upon the occurrence of a Note Event of Default under the Trust Deed), and in the case of such early termination of any Hedge Agreement (as further described in "*Hedging Arrangements*"), the Issuer may be required to make a payment to the related Hedge Counterparty. Any amounts that would be required to be paid by the Issuer to enter into replacement Hedge Agreements will reduce amounts available for payments to Noteholders. In either case, there can be no assurance that the remaining payments on the Collateral Debt Obligations would be sufficient to make payments of interest and principal on the Rated Notes and distributions with respect to the Subordinated Notes.

The Issuer may terminate a Hedge Agreement upon the occurrence of certain events of default or termination events thereunder with respect to the Hedge Counterparty (including, but not limited to, bankruptcy or the failure of the Hedge Counterparty to make payments to the Issuer under the applicable Hedge Agreement). Even if the Issuer is the terminating party, it may owe a termination payment to the Hedge Counterparty as described in the immediately preceding paragraph. If the Issuer terminated a Hedge Agreement upon the occurrence of a bankruptcy of the applicable Hedge Counterparty, there can be no assurance that termination amounts due and payable to the Hedge Counterparty from the Issuer would be subordinated to payments made to the Noteholders as required under the Priorities of Payments. Recent decisions in U.S. bankruptcy proceedings have held that subordination provisions similar to those set out in the Priorities of Payments are unenforceable with respect to a bankrupt Hedge Counterparty. In addition, upon the occurrence of a bankruptcy of a Hedge Counterparty, if the Issuer fails to terminate the applicable Hedge Agreement in a timely manner, such Hedge Agreement could be assumed by the bankruptcy estate of such Hedge Counterparty and the Issuer could be required to continue making payments to such Hedge Counterparty, even if such Hedge Counterparty failed to perform its obligations under the applicable Hedge Agreement prior to the assumption. In either case, amounts available for payments to Noteholders would be reduced and may be materially reduced. See also "*Flip clauses*" below, in particular in relation to the bankruptcy position under English law.



## 5.22 Currency risk and Asset Swap Transactions

The percentage of the Portfolio that is comprised of these types of obligations may increase or decrease over the life of the Notes within the limits set by the Portfolio Profile Tests. Although the Issuer intends to hedge against certain currency exposures pursuant to the Asset Swap Transactions it is not a requirement that all Non Euro Obligations must be Asset Swap Obligations and some may be Unhedged Collateral Debt Obligations. Accordingly, fluctuations in the Euro exchange rate for currencies in which Non Euro Obligations are denominated may lead to the proceeds of the Collateral Debt Obligations being insufficient to pay all amounts due to the respective Classes of Noteholders or may result in a decrease in value of the Collateral for the purposes of sale hereof upon enforcement of the security over it.

Notwithstanding that Non Euro Obligations may have an associated Asset Swap Transaction which will include currency protection provisions, losses may be incurred due to fluctuations in the Euro exchange rates and in the event of a default by the relevant Asset Swap Counterparty under any such Asset Swap Transaction. In addition, fluctuations in Euro exchange rates may result in a decrease in value of the Portfolio for the purposes of sale thereof upon enforcement of the security over it. Furthermore, the terms of the Asset Swap Agreements may provide for the ability of the Asset Swap Counterparty to terminate such Asset Swap Agreement upon the occurrence of certain events, including related to certain regulatory matters. Any such termination in the case of an Asset Swap Transaction would result in the Issuer being exposed to currency risk in respect of the related Non Euro Obligations for so long as the Issuer has not entered into a replacement Asset Swap Transaction and/or Asset Swap Agreement, and may result in the Issuer being required to pay a termination amount to the relevant Asset Swap Counterparty. See further “*Hedging Arrangements*” below.

In addition, it may be necessary for the Issuer to make substantial up-front payments in order to enter into currency hedging arrangements on the terms required by the Collateral Management Agreement, and the Issuer’s on-going payment obligations under the Asset Swap Transactions (including termination payments) may be significant. The payments associated with such hedging arrangements generally rank senior to payments on the Notes.

Defaults, prepayments, trading and other events increase the risk of a mismatch between the Asset Swap Transactions, the Non Euro Obligations and the Notes. This may cause losses. The Collateral Manager may be limited at the time of reinvestment in its choice of Collateral Debt Obligations because of the cost of the foreign exchange hedging and due to restrictions in the Collateral Management Agreement with respect to exercising such hedging. In addition, it may not be economically advantageous or feasible for the Issuer to exercise its hedging arrangements and such hedging arrangements may not be sufficient to protect the Issuer from fluctuations in exchange rates.

The Issuer will depend upon the Asset Swap Counterparty to perform its obligations under any hedges. If the Asset Swap Counterparty defaults or becomes unable to perform due to insolvency or otherwise, the Issuer may not receive payments it would otherwise be entitled to from the Asset Swap Counterparty to cover its foreign exchange exposure.

The Principal Balance of any non Euro Obligation shall be, to the extent the related Asset Swap Transaction terminates, subject to varying levels of haircuts in accordance with the definitions of “*Principal Balance*” set out in the Conditions.

## 5.23 Reinvestment risk/uninvested cash balances

To the extent the Collateral Manager maintains cash balances invested in short-term investments instead of higher yielding loans or bonds, portfolio income will be reduced which will result in reduced amounts available for payment on the Notes. In general, the larger the amount and the longer the time period during which cash balances remain uninvested the greater the adverse impact on portfolio income which will reduce amounts available for payment on the Notes, especially the Subordinated Notes. The extent to which cash balances remain uninvested will be subject to a variety of factors, including future market conditions and is difficult to predict.

During the Reinvestment Period, subject to compliance with certain criteria and limitations described herein, the Collateral Manager will have discretion to dispose of certain Collateral Debt Obligations and to reinvest the proceeds thereof in Substitute Collateral Debt Obligations in compliance with the

Reinvestment Criteria. In addition, during the Reinvestment Period, to the extent that any Collateral Debt Obligations prepay or mature prior to the Maturity Date, the Collateral Manager will seek, to invest the proceeds thereof in Substitute Collateral Debt Obligations, subject to the Reinvestment Criteria. The yield with respect to such Substitute Collateral Debt Obligations will depend, among other factors, on reinvestment rates available at the time, on the availability of investments which satisfy the Reinvestment Criteria and are acceptable to the Collateral Manager, and on market conditions related to high yield securities and bank loans in general. The need to satisfy such Reinvestment Criteria and identify acceptable investments may require the purchase of Collateral Debt Obligations with a lower yield than those replaced, with different characteristics than those replaced (including, but not limited to, coupon, maturity, call features and/or credit quality) or require that such funds be maintained in cash or Eligible Investments pending reinvestment in Substitute Collateral Debt Obligations, which will further reduce the yield on the Adjusted Aggregate Collateral Balance. Any decrease in the yield on the Adjusted Aggregate Collateral Balance will have the effect of reducing the amounts available to make distributions on the Notes which will adversely affect cash flows available to make payments on the Notes, especially the most junior Class or Classes of Notes. There can be no assurance that in the event Collateral Debt Obligations are sold, prepaid, or mature, yields on Collateral Debt Obligations that are eligible for purchase will be at the same levels as those replaced and there can be no assurance that the characteristics of any Substitute Collateral Debt Obligations purchased will be the same as those replaced and there can be no assurance as to the timing of the purchase of any Substitute Collateral Debt Obligations.

The timing of the initial investment of the net proceeds of issue of the Notes remaining after the payment of certain fees and expenses due and payable by the Issuer on the Issue Date and reinvestment of Sale Proceeds, Scheduled Principal Proceeds and Unscheduled Principal Proceeds, can affect the return to holders of, and cash flows available to make payments on, the Notes, especially the most junior Class or Classes of Notes. Loans and privately placed high yield securities are not as easily (or as quickly) purchased or sold as publicly traded securities for a variety of reasons, including confidentiality requirements with respect to Obligor information, the customised nature of loan agreements and private syndication. The reduced liquidity and lower volume of trading in loans, in addition to restrictions on investment represented by the Reinvestment Criteria, could result in periods of time during which the Issuer is not able to fully invest its cash in Collateral Debt Obligations. The longer the period between reinvestment of cash in Collateral Debt Obligations, the greater the adverse impact may be on the aggregate amount of the Interest Proceeds collected and distributed by the Issuer, including on the Notes, especially the most junior Class or Classes of Notes, thereby resulting in lower yields than could have been obtained if Principal Proceeds were immediately reinvested. In addition, loans are often prepayable by the borrowers thereof with no, or limited, penalty or premium. As a result, loans generally prepay more frequently than other corporate debt obligations of the issuers thereof. Senior loans usually have shorter terms than more junior obligations and often require mandatory repayments from excess cash flow, asset dispositions and offerings of debt and/or equity securities. The increased levels of prepayments and amortisation of loans increase the associated reinvestment risk on the Collateral Debt Obligations which risk will first be borne by holders of the Subordinated Notes and then by holders of the Rated Notes, beginning with the most junior Class.

In addition, the amount of Collateral Debt Obligations owned by the Issuer on the Issue Date, the timing of purchases of additional Collateral Debt Obligations on and after the Issue Date and the scheduled interest payment dates of those Collateral Debt Obligations may have a material impact on collections of Interest Proceeds during the first Due Period, which could affect interest payments on the Rated Notes and the payment of residual distributions to the Subordinated Notes on the first Payment Date.

#### 5.24 Ratings on Collateral Debt Obligations

The Collateral Quality Tests, the Portfolio Profile Tests, the Coverage Tests and the Interest Diversion Test are sensitive to variations in the ratings applicable to the underlying Collateral Debt Obligations. Generally, deteriorations in the business environment or increases in the business risks facing any particular Obligor may result in downgrade of its obligations, which may result in such obligation becoming a Credit Impaired Obligation, a Fitch CCC Obligation, a Moody's Caa Obligation or a Defaulted Obligation (and therefore potentially subject to haircuts in the determination of the Par Value Tests and the Interest Diversion Test and restriction in the Portfolio Profile Tests). The Collateral Management Agreement contains detailed provisions for determining the Fitch Rating and the Moody's Rating. In some instances, the Fitch Rating and the Moody's Rating will not be based on or

derived from a public rating of the Obligor or the actual Collateral Debt Obligation but may be based on either a private rating of the Obligor or Collateral Debt Obligation or, in certain cases, a confidential credit estimate determined separately by Fitch and Moody's. Such private ratings and confidential credit estimates are private and therefore not capable of being disclosed to Noteholders. In addition, some ratings will be derived by the Collateral Manager based on, among other things, Obligor group or affiliate ratings, comparable ratings provided by a different rating agency and, in certain circumstances, temporary ratings applied by the Collateral Manager. The Portfolio Profile Tests contain limitations on the proportions of the Aggregate Collateral Balance that may be made up of Collateral Debt Obligations where the Fitch Rating or the Moody's Rating is derived from the rating of another rating agency and vice versa. Furthermore, such derived ratings will not reflect detailed credit analysis of the particular Collateral Debt Obligation and may reflect a more or less conservative view of the actual credit risk of such Collateral Debt Obligation than any such fundamental credit analysis might, if conducted, warrant; and model-derived variations in such ratings may occur (and have consequential effects on the Collateral Quality Tests, the Portfolio Profile Tests and the Coverage Tests) without necessarily reflecting comparable variation in the actual credit quality of the Collateral Debt Obligation in question. Please see "*Ratings of the Notes*" and "*The Portfolio*".

There can be no assurance that rating agencies will continue to assign such ratings utilising the same methods and standards utilised today despite the fact that such Collateral Debt Obligation might still be performing fully to the specifications set forth in its Underlying Instrument. Any change in such methods and standards could result in a significant rise in the number of Fitch CCC Obligations and Moody's Caa Obligations or Defaulted Obligations in the Portfolio, which could cause the Issuer to fail to satisfy (i) the Par Value Tests on subsequent Determination Dates, which failure could lead to the early amortisation of some or all of one or more Classes of the Notes or restrict the Issuer (or the Collateral Manager on its behalf from reinvesting in substitute Collateral Debt Obligations (see Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*)) or (ii) the Interest Diversion Test, which failure could cause a reduction in the amounts available for distribution to the Subordinated Noteholders.

#### 5.25 Insolvency Considerations relating to Collateral Debt Obligations

Collateral Debt Obligations may be subject to various laws enacted for the protection of creditors in the countries of the jurisdictions of incorporation of Obligors and, if different, in which the Obligors conduct business and in which they hold the assets, which may adversely affect such Obligors' abilities to make payment on a full or timely basis. These insolvency considerations will differ depending on the country in which each Obligor is located or domiciled and may differ depending on whether the Obligor is a non-sovereign or a sovereign entity. In particular, it should be noted that a number of continental European jurisdictions operate "debtor friendly" insolvency regimes which would result in delays in payments under Collateral Debt Obligations where obligations thereunder are subject to such regimes, in the event of the insolvency of the relevant Obligor.

The different insolvency regimes applicable in the different European jurisdictions result in a corresponding variability of recovery rates for different types of Collateral Debt Obligations entered into by Obligors in such jurisdictions. No reliable historical data is available.

#### 5.26 Lender liability considerations and equitable subordination can affect the Issuer's rights with respect to Collateral Debt Obligations

A number of judicial decisions have upheld judgments of borrowers against lending institutions on the basis of various evolving legal theories, collectively termed "lender liability". Generally, lender liability is founded on the premise that a lender has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing, or a similar duty owed to the borrower or has assumed an excessive degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of the Portfolio, the Issuer may be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the undercapitalisation of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a shareholder to dominate or

control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination”. Because of the nature of the Portfolio, the Portfolio may be subject to claims of equitable subordination.

Because Affiliates of, or Persons related to, the Collateral Manager may hold equity or other interests in Obligors of Collateral Debt Obligations, the Issuer could be exposed to claims for equitable subordination or lender liability or both based on such equity or other holdings.

The preceding discussion is based upon principles of United States federal and state laws. Insofar as Collateral Debt Obligations that are obligations of non-United States obligors are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws.

#### 5.27 Loan Repricing

Leveraged loans may experience volatility in the spread that is paid on such leveraged loans. Such spreads will vary based on a variety of factors, including, but not limited to, the level of supply and demand in the leveraged loan market, general economic conditions, levels of relative liquidity for leveraged loans, the actual and perceived level of credit risk in the leveraged loan market, regulatory changes, changes in credit ratings, and the methodology used by credit rating agencies in assigning credit ratings, and such other factors that may affect pricing in the leveraged loan market. Since leveraged loans may generally be prepaid at any time without penalty, the obligors of such leveraged loans would be expected to prepay or refinance such leveraged loans if alternative financing were available at a lower cost. For example, if the credit ratings of an obligor were upgraded, the obligor were recapitalised or if credit spreads were declining for leveraged loans, such obligor would likely seek to refinance at a lower credit spread. Declining credit spreads in the leveraged loan market and increasing rates of prepayments and refinancings will likely result in a reduction of portfolio yield and interest collection on the Collateral Debt Obligations, which would have an adverse effect on the amount available for distributions on Notes, beginning with the subordinated Notes as the most junior Classes.

#### 5.28 Changes in tax law; no gross up

At the time when they are acquired by the Issuer, the Eligibility Criteria require that payments in respect of the Collateral Debt Obligations will not be subject to withholding tax imposed by any jurisdiction (with the exception of U.S. withholding tax imposed on commitment fees, facility fees, and other similar fees) or, if and to the extent that any such withholding tax does apply, either: (i) such withholding can, upon the completion of the relevant procedural formalities, be eliminated or reclaimed by application being made under an applicable double tax treaty or otherwise; or (ii) the Obligor is required to make “gross up” payments to the Issuer that cover the full amount of any such withholding on an after tax basis. However, there can be no assurance that, as a result of any change in market practice, any applicable law, rule or regulation or interpretation thereof, the payments on the Collateral Debt Obligations (including payments by Selling Institutions in the case of Participations) will not in the future become subject to withholding tax or increased withholding rates in respect of which the relevant Obligor (or, in the case of Participations, the Selling Institution) is not obliged to make “gross up” payments to the Issuer. In such circumstances, the Issuer may be able, but will not be obliged, to take advantage of (a) a double taxation treaty between Ireland and the jurisdiction from which the relevant payment is made, (b) the current applicable law in the jurisdiction of the Obligor, or (c) the fact that the Issuer has taken a Participation in such Collateral Debt Obligations from a Selling Institution which is able to pay interest payable under such Participation gross without withholding or deduction of tax. If the Issuer receives any interest payments on any Collateral Debt Obligation net of any applicable withholding tax, the Coverage Tests and Collateral Quality Tests will be determined by reference to such net receipts. Such tax (if no corresponding gross up payment is received) would also reduce the amounts available to make payments on the Notes. There can be no assurance that remaining payments on the Collateral Debt Obligations would be sufficient to make timely payments of interest and principal on the Notes of each Class and the other amounts payable in respect of the Notes on the Maturity Date. If interest payments in respect of Collateral Debt Obligations to the Issuer become subject to withholding tax, this may also trigger a Collateral Tax Event and result in an

optional redemption of the Notes in accordance with Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders*).

#### 5.29 UK taxation treatment of the Issuer

In the context of the activities to be carried on or under the Transaction Documents, the Issuer will be subject to UK corporation tax if it is (i) tax resident in the UK or (ii) carries on a trade in the UK through a permanent establishment.

The Issuer will not be treated as being tax resident in the UK provided that the central management and control of the Issuer is not in the UK. The Directors intend to conduct the affairs of the Issuer in such a manner so that it does not become resident in the UK for taxation purposes.

The Issuer would generally be regarded as having a permanent establishment in the UK if it has a fixed place of business in the UK through which its business is wholly or partially carried on or it has an agent in the UK who has and habitually exercises authority in the UK to do business on the Issuer's behalf. The Issuer does not intend to have a place of business in the UK. The Collateral Manager will, however, have and is expected to exercise authority to do business on behalf of the Issuer.

The Issuer should not be subject to UK corporation tax in consequence of the activities which the Collateral Manager carries out on its behalf provided that the Issuer's activities are regarded as investment activities rather than trading activities.

The Issuer will not be subject to UK corporation tax in respect of the agency of the Collateral Manager if the agency is deemed not to be a permanent establishment in the UK under Article 5(6) of the UK-Ireland double-tax treaty ("**UK-Ireland Treaty**") (however see the section "*Action Plan on Base Erosion and Profit Shifting*" above). This exemption will apply if the Collateral Manager, in the performance of its duties pursuant to the Collateral Management Agreement, is regarded as an independent agent acting in the ordinary course of its business for the purpose of the UK-Ireland Treaty.

Should the Collateral Manager be assessed to UK tax on behalf of the Issuer, it may have the benefit of an indemnity from the Issuer. Any payment to be made by the Issuer under this indemnity will be paid as Administrative Expenses of the Issuer. Administrative Expenses are payable by the Issuer on any Payment Date under paragraphs (C) and (Z) of the Interest Proceeds Priority of Payments, paragraphs (A) and (R) of the Principal Proceeds Priority of Payments or paragraphs (C) and (Y) of the Post-Acceleration Priority of Payments, as applicable. It should be noted that UK tax legislation makes it possible for H.M. Revenue & Customs to seek to assess the Issuer to UK tax directly rather than through the Collateral Manager as its UK representative. Should the Issuer be assessed on this basis, the Issuer will be liable to pay UK tax on its UK taxable profit attributable to its UK activities. The Issuer would also be liable to pay UK tax on its UK taxable profits if it were treated as being tax resident in the UK. Imposition of such tax by the UK tax authorities may also give rise to a Note Tax Event and an Optional Redemption subject to and in accordance with the Conditions.

#### 5.30 The Collateral Manager

The Collateral Manager is given authority in the Collateral Management Agreement to act as Collateral Manager to the Issuer in respect of the Portfolio pursuant to and in accordance with the parameters and criteria set out in the Collateral Management Agreement. See "*The Portfolio*" and "*The Collateral Manager*" sections of this Offering Circular. The powers and duties of the Collateral Manager in relation to the Portfolio include effecting, on behalf of the Issuer, in accordance with the provisions of the Collateral Management Agreement: (a) the acquisition of Collateral Debt Obligations during the Reinvestment Period; (b) the sale of Collateral Debt Obligations during the Reinvestment Period (subject to certain limits) and, at any time, upon the occurrence of certain events (including a Collateral Debt Obligation becoming a Defaulted Obligation, a Credit Improved Obligation or a Credit Impaired Obligation); and (c) the participation in restructuring and work-outs of Collateral Debt Obligations on behalf of the Issuer. See "*The Portfolio*" section of this Offering Circular. Any analysis by the Collateral Manager (on behalf of the Issuer) of Obligors under Collateral Debt Obligations which it is purchasing (on behalf of the Issuer) or which are held in the Portfolio from time to time will, in respect of Collateral Debt Obligations which are publicly listed bonds, be limited to a review of readily available public information and in respect of Collateral Debt Obligations which are bonds which are

not publicly listed, any analysis by the Collateral Manager (on behalf of the Issuer) will be in accordance with standard review procedures for such type of bonds and, in respect of Collateral Debt Obligations which are Assignments or Participations of senior and mezzanine loans and in relation to which the Collateral Manager has non public information, such analysis will include due diligence of the kind common in relation to senior and mezzanine loans of such kind.

In addition, the Collateral Management Agreement places significant restrictions on the Collateral Manager's ability to buy and sell Collateral Debt Obligations on behalf of the Issuer, and the Collateral Manager is required to comply with the restrictions contained in the Collateral Management Agreement. Accordingly, during certain periods or in certain specified circumstances, the Collateral Manager may be unable to buy or sell Collateral Debt Obligations on behalf of the Issuer or to take other actions which it might consider in the best interest of the Issuer and the Noteholders, as a result of the restrictions set forth in the Collateral Management Agreement.

Pursuant to the Collateral Management Agreement, the Collateral Manager will not be liable for any losses or damages resulting from the performance of its duties in accordance with the standard of care under the Collateral Management Agreement, except by reason of acts or omissions constituting bad faith, fraud, wilful misconduct, wilful breach, gross negligence (as such concept is interpreted by the New York courts) or reckless disregard in the performance of its obligations thereunder and provided that nothing shall relieve the Collateral Manager from contractual liability under the Collateral Management Agreement if the Collateral Manager fails to perform its duties in accordance with the standard of care specified therein. Investors should note that, for such purpose and notwithstanding that the Notes and the Transaction Documents are governed by English law, the interpretation of "gross negligence" will be made as such concept is interpreted by the New York courts. The concept of "gross negligence" may be interpreted by a New York court as implying a significantly lower standard than negligence on the part of the Collateral Manager than ordinary negligence under English law requiring conduct akin to intentional wrongdoing or reckless indifference. As a result, the Collateral Manager may have no liability for its actions or inactions under the Collateral Management Agreement where it would otherwise have been liable for failing to reach the required standard of care if a mere ordinary negligence standard were applied or if the New York courts were not designated as the courts to interpret the concept of "gross negligence" under the Collateral Management Agreement.

The Issuer is a newly formed entity and has no operating history or performance record of its own, other than in respect of the Warehouse Arrangements. The actual performance of the Issuer will depend on numerous factors which are difficult to predict and may be beyond the control of the Collateral Manager. The nature of, and risks associated with, the Issuer's future investments may differ substantially from those investments and strategies undertaken historically by the Collateral Manager and such persons. There can be no assurance that the Issuer's investments will perform as well as the past investments of any such persons or entities.

The performance of other collateralised debt obligation vehicles ("**CLO Vehicles**") or other similar investment funds ("**Other Funds**") managed or advised by the Collateral Manager or any Affiliates of the Collateral Manager should not be relied upon as an indication or prediction of the performance of the Issuer. Such other CLO Vehicles and Other Funds may have significantly different characteristics, including but not limited to their structures, composition of the collateral pool, investment objectives, leverage, financing costs, fees and expenses, management personnel and other terms when compared to the Issuer and may have been formed and managed under significantly different market conditions than those which apply to the Issuer and its Portfolio.

The Issuer will be highly dependent on the financial and managerial experience of certain individuals associated with the Collateral Manager in analysing, selecting and managing the Collateral Debt Obligations. There can be no assurance that such key personnel currently associated with the Collateral Manager or any of its Affiliates will remain in such position throughout the life of the transaction. The loss of one or more of such individuals could have a material adverse effect on the performance of the Issuer.

In addition, the Collateral Manager may resign or be removed in certain circumstances as described herein under "*Description of the Collateral Management Agreement*". There can be no assurance that any successor manager would have the same level of skill in performing the obligations of the Collateral Manager, in which event payments on the Notes could be reduced or delayed.

The Collateral Manager is not required to devote all of its time to the performance of the Collateral Management Agreement and will continue to advise and manage other investment funds in the future.

The Collateral Manager's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorised persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Collateral Manager may have implemented various measures to manage risks relating to these types of events, the failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Collateral Manager's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data. Such a failure could impede the ability of the Collateral Manager to perform its duties under the Transaction Documents.

5.31 No Initial Purchaser or Arranger Role Post-Closing

Each of the Initial Purchaser and the Arranger takes no responsibility for, and have no obligations in respect of, the Issuer and will have no obligation to monitor the performance of the Portfolio or the actions of the Collateral Manager or the Issuer and no authority to advise the Collateral Manager or the Issuer or to direct their actions, which will be solely the responsibility of the Collateral Manager and the Issuer. If the Initial Purchaser or the Arranger or any of their Affiliates act as counterparty to any hedge, swap or derivative transaction entered into by the Issuer (to the extent permitted under the Trust Deed) or own Notes, they will have no responsibility to consider the interests of any other owner of Notes with respect to actions they take or refrain from taking in such capacity.

5.32 Noteholders will receive limited disclosure about the Collateral Debt Obligations

None of the Issuer or the Collateral Manager will provide the Noteholders or the Trustee with financial or other information (which may include material non-public information) it receives pursuant to the Collateral Debt Obligations and related documents unless required to do so pursuant to the Trust Deed or the Collateral Management Agreement. The Collateral Manager also will not disclose to any of these parties the contents of any notice it receives pursuant to the Collateral Debt Obligations or related documents unless required to do so pursuant to the Trust Deed or the Collateral Management Agreement. In particular, the Collateral Manager will not have any obligation to keep any of these parties informed as to matters arising in relation to any Collateral Debt Obligations, except as may be required in connection with the regular reports prepared by the Issuer (or the Collateral Administrator on behalf of the Issuer) in accordance with the Trust Deed.

The Noteholders and the Trustee will not have any right to inspect any records relating to the Collateral Debt Obligations, and the Collateral Manager will not be obligated to disclose any further information or evidence regarding the existence or terms of, or the identity of any Obligor on, any Collateral Debt Obligations, unless (i) specifically required by the Collateral Management Agreement or (ii) following its receipt of a written request from the Trustee, the Collateral Manager in its sole discretion determines that the disclosure of such further information or evidence regarding the existence or terms of, or the identity of any Obligor on, any Collateral Debt Obligation to the Trustee would not be prohibited by applicable law or the Underlying Instruments relating to such Collateral Debt Obligation, in which case the Collateral Manager will disclose such further information or evidence to the Trustee; *provided that* (a) the Trustee will not disclose such further information or evidence to any third party except (i) to the extent disclosure may be required by law or any governmental or regulatory authority and (ii) to the extent that the Trustee, in its sole discretion, may determine that such disclosure is consistent with its obligations under the Trust Deed. Furthermore, the Collateral Manager may, with respect to any information that it elects to disclose, demand that persons receiving such information execute confidentiality agreements before being provided with the information.

5.33 The Issuer may not be able to acquire Collateral Debt Obligations that satisfy the Eligibility Criteria or the Reinvestment Criteria, as applicable

The Collateral Manager is permitted to purchase Collateral Debt Obligations after the Issue Date as described herein, in accordance with the Eligibility Criteria or the Reinvestment Criteria, as applicable. The ability of the Collateral Manager (on behalf of the Issuer) to acquire Collateral Debt Obligations that satisfy the Eligibility Criteria or the Reinvestment Criteria, as applicable, at the projected prices, ratings, rates of interest and any other applicable characteristics will be subject to market conditions

and availability of such Collateral Debt Obligations. Any inability of the Collateral Manager (on behalf of the Issuer) to acquire Collateral Debt Obligations that satisfy the Eligibility Criteria or the Reinvestment Criteria, as applicable, specified herein may adversely affect the timing and amount of payments received by the Noteholders and the yield to maturity of the Rated Notes and the distributions on the Subordinated Notes. There is no assurance that the Collateral Manager on behalf of the Issuer will be able to acquire Collateral Debt Obligations that satisfy the Eligibility Criteria or the Reinvestment Criteria, as applicable.

#### 5.34 Liquidity Facility Risk

The Liquidity Facility is available for the period from (and including) the Issue Date to (but excluding) the earliest of (a) the Business Day that is immediately preceding the date that is four years from the Issue Date, subject to renewal for one or two additional one year periods in accordance with the Liquidity Facility Agreement; (b) the date on which the Liquidity Facility is cancelled in its entirety in accordance with its provisions; and (c) the date on which the Rated Notes are redeemed in full, or in each case, if such day is not a Business Day, the Business Day immediately prior to such day (the **“Liquidity Facility Commitment Period”**). The Liquidity Facility Commitment Period is therefore expected to be considerably shorter than the term of the Notes. If there is any shortfall in any amounts due and payable by the Issuer under, and in accordance with, the Interest Proceeds Priority of Payments on any Payment Date following the expiry of the Liquidity Facility Commitment Period, the Issuer will not be able to obtain Liquidity Drawings for the purpose of payment of such shortfall.

#### 5.35 Valuation Information; Limited Information

None of the Initial Purchaser, the Arranger, the Collateral Manager or any other transaction party will be required to provide periodic pricing or valuation information to investors. Investors will receive limited information with regard to the Collateral Debt Obligations and none of the transaction parties (including the Issuer, Trustee, or Collateral Manager) will be required to provide any information other than what is required in the Trust Deed or the Collateral Management Agreement. Furthermore, if any information is provided to the Noteholders (including required reports under the Trust Deed), such information may not be audited. Finally, the Collateral Manager may be in possession of material, non-public information with regard to the Collateral Debt Obligations and will not be required to disclose such information to the Noteholders.

#### 5.36 Trading Gains

Pursuant to the Conditions, all or part of any Above Par Trading Gains which would have been deposited into the Principal Account and designated for reinvestment or used to redeem the Notes in accordance with the Principal Proceeds Priority of Payments shall (if the deposit of Trading Gains into the Principal Account would, in the sole discretion of the Collateral Manager, cause an EU Retention Deficiency) instead be deposited into the Interest Account in an amount sufficient in order to ensure that no EU Retention Deficiency occurs, provided that Above Par Trading Gains may only be paid into the Interest Account if, after giving effect to such payment, the Aggregate Collateral Balance is greater than or equal to the Reinvestment Target Par Amount. In addition, the Collateral Manager may, subject to certain conditions, direct that any Trading Gains which would otherwise have been deposited into the Principal Account and designated for reinvestment or used to redeem the Notes be instead deposited into the Interest Account. Such Trading Gains will then be distributed as Interest Proceeds in accordance with the Priorities of Payments. As a result, such Trading Gains may not be available to be reinvested in Collateral Debt Obligations and therefore the Aggregate Principal Balance of Collateral Debt Obligations securing the Notes may be less than what would have otherwise been the case if such amounts had been reinvested in Collateral Debt Obligations.

#### 6. Relating to certain conflicts of interest

In general, the transaction described in this Offering Circular will involve various potential and actual conflicts of interest.

Various potential and actual conflicts of interest may arise from the overall investment activity of the Collateral Manager, its clients and its Affiliates, the Rating Agencies, the Initial Purchaser, the Arranger and their respective Affiliates. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.



## 6.1 Certain Conflicts of Interest Relating to the Collateral Manager

CVC provides investment advisory and sub-advisory services to investment vehicles, including collateralised loan obligations and collateral debt obligations, other collective investment vehicles, and separately managed accounts for institutional investors on a discretionary and non-discretionary basis. The clients of CVC pursue primarily U.S. and European leveraged and performing credit strategies (such as broadly syndicated bank loans, secured and leveraged loans, floating rate loans, second lien loans, corporate and high yield bonds, convertible bonds), alternative credit strategies (such as mezzanine debt, structured products, and illiquid credit), special situations (such as stressed and distressed credit, equity and preferred securities, reorg equity), and mid-market lending (privately negotiated loans to mid-market companies). In the pursuit of these strategies, CVC utilises currency forwards and other derivative instruments on behalf of its clients.

Various potential and actual conflicts of interest may arise from the overall investment activities of CVC (including, without limitation, the Collateral Manager, CVC Credit Partners Group Limited and CVC Credit Partners Investment Management Limited) and its directors, officers and employees or those of any CVC Fund (all such persons collectively, “**Collateral Manager Related Persons**”). CVC is a global alternative asset manager and, as such, may have multiple advisory management, transactional, financial and other interests that may conflict with those of the Issuer and its Noteholders. CVC may in the future engage in further activities that may result in additional conflicts of interest not addressed below.

Noteholders should note that the Collateral Management Agreement may contain provisions that, subject to applicable law, reduce or eliminate the duties, including fiduciary and other duties, to the Issuer to which the Collateral Manager and its Affiliates would otherwise be subject, provisions that waive or consent to conduct on the part of the Collateral Manager and its Affiliates that might not otherwise be permitted pursuant to such duties, and provisions that limit the remedies of the Issuer with respect to breaches of such duties. If any matter arises that the Collateral Manager determines in its good faith judgment constitutes an actual conflict of interest, the Collateral Manager may take such actions as it determines in good faith may be necessary or appropriate to ameliorate the conflict. Where the Collateral Manager’s arrangements to identify, prevent and manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Collateral Manager’s clients will be prevented, the Collateral Manager shall clearly disclose to the relevant client the general nature and/or sources of conflicts of interest and the steps taken to mitigate those risks before undertaking business on behalf of the client.

There can be no assurance that the Collateral Manager will resolve all conflicts of interest in a manner that is favourable to the Issuer. By acquiring Notes, Noteholders will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

### *Broad and Wide-Ranging Activities*

As a global alternative asset manager, CVC engages in a broad spectrum of activities, including financial advisory and/or management services, investment management, sponsoring and managing private and public investment funds, advising CLOs and other activities. In the ordinary course of its business, CVC engages in activities where its interests or the interests of its clients may conflict with the interests of the Issuer and its Noteholders.

Conflicts of interest that arise between the Issuer, on the one hand, and CVC, any member of CVC, any existing or future affiliated fund or any Other Client, on the other hand, generally will be discussed and resolved on a case-by-case basis by senior management of CVC and representatives of the Collateral Manager, who may be the same individuals. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. Investors should be aware that conflicts will not necessarily be resolved in favour of the Issuer’s interests.

### *Other Investment Vehicles and Advisory and/or Management Relationships*

CVC (including without limitation the Collateral Manager, CVC Credit Partners Group Limited and CVC Credit Partners Investment Management Limited) currently advise and/or manage certain investment vehicles, pooled investment funds and managed account arrangements, and expect in the

future to continue to advise and/or manage, various other investment vehicles, pooled investment funds and managed account arrangements (collectively, “**Other Clients**”), including Other Clients with similar or identical investment objectives, strategies and policies to those of the Issuer, and it is anticipated that such Other Clients may make investments which are similar or identical to the Issuer’s investments and which may create a potential conflict of interest for CVC. Other Clients, whether now existing or created in the future, could compete with the Issuer for the purchase and sale of investment opportunities.

Collateral Manager Related Persons may engage in transactions or investments or cause or advise Other Clients to engage in transactions or investments which may differ from or be identical to the transactions or investments engaged in by the Collateral Manager for the Issuer without notifying Noteholders. Such advice or transactions may be effected at prices or rates that are more or less favourable than the prices or rates applying to transactions effected for the Issuer and may affect the prices and availability of Collateral Debt Obligations in which the Issuer invests or seeks to invest. To the extent permitted by law, the Collateral Manager is permitted to aggregate orders for the Issuer’s account with orders for Other Clients. For example, and without limitation, CVC Capital Partners is primarily engaged in advising and managing private equity funds that currently acquire controlling or significant minority interests in European, Asian and North American companies by investing primarily in equity and equity linked securities. While these investments are generally not suitable for the Issuer, certain conflicts of interest may arise in situations in which investment vehicles advised or managed by the Collateral Manager, CVC Credit Partners and/or CVC Capital Partners have made investments in different parts of the capital structure of the same company. No assurances can be made that any conflicts will be resolved in favour of the Issuer’s interests.

CVC has adopted a conflicts mitigation policy (the “**Conflicts Policy**”), designed to help CVC identify and mitigate any potential conflicts of interest which may arise from investment or other activities. CVC has established a conflicts committee (the “**Conflicts Committee**”) comprised of members of its operating committee, its general counsel and its chief compliance officer. The Conflicts Committee is responsible for the review and approval of the Conflicts Policy and other conflicts policies and procedures as well as conflicts disclosure. The Conflicts Committee is also responsible for the review of new potential and existing material conflicts of interest. The Conflicts Committee may escalate matters to a committee of independent persons (the “**External Conflicts Committee**”) established to conduct reviews on behalf of and to provide guidance to CVC with respect to situations where there is the potential for (or an appearance or perception of) a material conflict of interest. There can be no assurance that CVC will resolve any conflict in a manner that is favourable to all clients or to any particular client such as the Issuer.

Any decision to purchase a primary credit investment or the initial purchase of a secondary credit investment in a CVC Capital Portfolio Company is reviewed by the Conflicts Committee. If such purchase would result in CVC holding in aggregate across all its clients 10% or more of the relevant investment tranche or class the investment will be referred to the External Conflicts Committee. Material corporate actions, e.g. amendments, re-leveraging, covenant waivers, or any restructuring, of a CVC Capital Portfolio Company are reviewed by CVC’s chief compliance officer, and if considered necessary, the Conflicts Committee. Corporate actions relating to CVC Capital Portfolio Companies in which CVC debt holding represents more than 10% of the relevant voting class are automatically be referred to the External Conflicts Committee, after having been reviewed by the relevant investment committee and the Conflicts Committee. If CVC Clients provide financing to portfolio companies of the private equity funds managed by CVC, the CVC Clients will typically participate on arm's length terms no more favourable than the terms on which other similarly situated lenders.

The Collateral Manager and/or CVC may engage in transactions or investments or cause or advise Other Clients to engage in transactions or investments which may differ from or be identical to the transactions or investments engaged in by the Collateral Manager for the Issuer’s account without notifying the Issuer or the Noteholders. Such advice or transactions may be effected at prices or rates that are more or less favourable than the prices or rates applying to transactions effected for the Issuer and may affect the prices and availability of assets in which the Issuer invests or seeks to invest. The Collateral Manager and the Collateral Manager Related Persons do not have any obligation to engage in any transaction or investment for the Issuer’s account or to recommend any transaction to the Issuer which the Collateral Manager or the Collateral Manager Related Persons may engage in for their own

accounts or the account of any Other Clients except as otherwise required by applicable law. To the extent permitted by law, the Collateral Manager and the Collateral Manager Related Persons are permitted to bunch or aggregate orders for the Issuer's account with orders for Other Clients.

CVC may purchase, sell or take other actions with respect to an investment for its own accounts or those of Other Clients, or suggest that such Other Clients make such purchase, sale or other actions prior to executing such actions for the Issuer in respect of such investment, and such actions by CVC may result in more or less favourable terms in connection with any subsequent action taken by or on behalf of the Issuer. Additionally CVC may vote and make any other determinations with respect to the investments held for its own accounts or those of its Other Clients in its sole discretion without regard to the manner in which it votes or makes any other determinations on behalf of the Issuer with respect to such investments, and such votes or determinations taken for CVC's own accounts or those of its Other Clients may conflict with those votes or determinations taken on behalf of the Issuer. The Collateral Manager is under no obligation to disclose such votes or determinations to Noteholders.

*Investments in which the Collateral Manager, the Collateral Manager Related Persons and CVC have a Different Interest*

CVC may invest in a broad range of securities and instruments throughout the corporate capital structure. Accordingly, the Collateral Manager, through Collateral Debt Obligations, may invest in different parts of the capital structure of a company or other issuer in which CVC or Other Clients invest. Therefore, if Other Clients were to purchase debt or other instruments at a different level than the Issuer's Collateral Debt Obligations, CVC may, in certain instances, face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, such Other Client and the Issuer.

For example, with respect to the Issuer's investments in certain companies, Other Clients may invest in equity and/or different classes of debt issued by the same companies and/or one of CVC Capital Partners' private equity funds may own some or all of the equity securities of such companies. For example, and without limitation, to the extent an investment vehicle advised or managed by CVC Capital Partners may own all or a majority of the outstanding equity securities of a company in which the Issuer invests, such funds may have the ability to elect all of the members of the board of directors of such company and thereby control its policies and operations, including the appointment of management, future issuances of common stock or other securities, the payments of dividends, if any, on its common stock, the incurrence of debt by it, amendments to its certificate of incorporation and bylaws and entering into extraordinary transactions, and such funds' interests may not in all cases be aligned with the Issuer's, which could create actual or potential conflicts of interest or the appearance of such conflicts.

Further, if Other Clients were to purchase debt or other instruments issued by a company at a different level in the company's capital structure than the Issuer's investments, CVC may, in certain instances, face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, such Other Client and the Issuer (e.g., with respect to the terms of such debt or other instruments, the enforcement of covenants, the terms of recapitalisations, exercise of rights, pursuit of remedies, etc.).

Other Clients could have an interest in pursuing an acquisition that would increase indebtedness, divestiture of revenue-generating assets or other transaction that could enhance the value of the private equity investment, even though the proposed transaction would subject the Issuer's debt investments to additional or increased risk. In addition, to the extent that one of the Other Clients is actually or effectively the controlling shareholder, it may be able to determine the outcome of all matters requiring stockholder approval and will be able to cause or prevent a change of control of such company or a change in the composition of its board of directors and could preclude any unsolicited acquisition of that company regardless as to whether it is in the interests of the Issuer. So long as the Other Client continues to own a significant amount of the voting power of a company in which the Issuer invests, even if such amount is less than 50%, it may continue to influence strongly, or effectively control, that company's decisions. As a result, the CVC Fund's interests with respect to the management, investment decisions or operations of those companies may at times be in direct conflict with those of the Other Clients.

In addition, where the Issuer, CVC and/or the Other Clients invest in different parts of the capital structure of a company, their respective interests may diverge significantly in the case of financial distress of the company. For example, if additional financing is necessary as a result of financial or

other difficulties, it may not be in the best interests of the Issuer to provide such additional financing. If CVC or Other Clients were to lose their respective investments as a result of such difficulties, the ability of the Collateral Manager to recommend actions in the best interests of the Issuer might be impaired. In addition, it is possible that in a bankruptcy proceeding the Issuer's interest may be subordinated or otherwise adversely affected by virtue of the Collateral Managers, the Collateral Manager Related Persons' and/or CVC's or the Other Client's involvement and actions relating to their investment. Moreover, there can be no assurance that the term of or the return on the Issuer's investment will be equivalent to or better than the term of or the returns obtained by the other affiliates or the Other Clients participating in the transaction. This may result in a loss or substantial dilution of the Issuer's investment, while CVC and/or an Other Client recovers all or part of amounts due to it.

A further example of where the Issuer, CVC and/or the Other Clients may have divergent interests where they are invested in different parts of the capital structure of a company is where such an entity is holding senior loans or debt securities of a company and may therefore want to pursue actions to protect its own rights as a creditor that are detrimental to the rights of an Other Client, CVC or the CVC Fund, that holds more junior securities issued by the same company.

The Collateral Manager's ability to implement the Issuer's strategies effectively may be limited to the extent that contractual obligations entered into in respect of the activities of CVC impose restrictions on the Issuer engaging in transactions that the Collateral Manager may be interested in otherwise pursuing.

Due to the various conflicts described herein, actions may be taken by CVC and/or on behalf of Other Clients that are adverse to the Issuer.

While the possibility of conflicts in such circumstances can never be fully mitigated, prior to making any new investment in a company on behalf of a client, CVC Credit Partners will consider whether the interests of other clients invested in the capital structure of the company may impair its ability to act in the best interest of the client in question. When CVC Credit Partners is required to take action with respect to a security or loan investment held by a client, it is CVC Credit Partners' policy to act in the best interest of the holder of the investment with respect to which action is being taken, even though such actions may be to the detriment of others invested in the company's capital structure.

#### *Allocation of Opportunities; Non Exclusivity*

No Collateral Manager Related Person is required to accord exclusivity or priority to the Issuer in the event of limited investment opportunities. Where there is a limited supply of an available opportunity, a Collateral Manager Related Person will allocate investment opportunities (including any related co-investment opportunities) in any manner deemed appropriate as determined in its sole discretion, taking into account considerations which may include, among other things, investment objectives, investment strategies, restrictions or other considerations deemed relevant by a Collateral Manager Related Persons. However, CVC cannot assure, and assumes no responsibility for, equality among all of their and their Affiliates' accounts and clients and, as a result, investment opportunities that fall within the Issuer's objective and/or strategy may be allocated in whole or in part, away from the Issuer.

CVC now and/or in the future advises or manages Other Clients having objectives similar to or the same as, in whole or in part, to those of the Issuer.

#### *Cross Transactions and Principal Transactions*

Cross transactions are transactions in which one client of CVC sells securities or other instruments to another client otherwise than through an unrelated broker-dealer. Cross transactions present potential conflicts of interest. One client could be advantaged to the detriment of another client in the event that the securities being exchanged are not priced in a manner that reflects their fair value.

The Collateral Management Agreement permits the Collateral Manager, in its discretion, to engage on behalf of the Issuer in (a) cross transactions between the Issuer and another client of the Collateral Manager or the Collateral Manager Related Persons provided it has reasonable grounds to believe that any such cross transaction is justified from the perspective of the Issuer and is consistent with the Issuer's investment policies and (b) agency cross transactions effected through a broker-dealer affiliated with the Collateral Manager, in each case upon the terms and subject to the conditions set out

in the Collateral Management Agreement.

Principal transactions are transactions in which a client of CVC that is deemed to be more than 25% owned by CVC or certain affiliated entities buys securities or other instruments from, or sells securities or other instruments to, otherwise than through an unrelated broker-dealer. The Collateral Management Agreement also permits the Collateral Manager to engage on behalf of the Issuer in principal transactions, subject to procedures developed by the Collateral Manager to address conflicts of interest. Any cross transaction or principal transaction will be effected in accordance with CVC's cross transaction and principal transaction policies and procedures which are designed to ensure that the transaction is in the best interest of each involved client, is consistent with CVC's duty to seek best execution, and is executed at a fair price as determined in accordance with the pricing protocols provided for in CVC's policies and procedures.

The Collateral Manager's current procedures regarding principal transactions require that it obtain, prior to effecting any principal transaction, the consent of the board of directors of the Issuer to such principal transaction. Those procedures require that the Collateral Manager disclose to the board of directors of the Issuer (i) the capacity in which it is acting; (ii) that the transaction is a purchase or sale for no consideration other than cash payment against prompt delivery of the Collateral Debt Obligation for which market quotations are readily available; (iii) that the transaction is effected at the independent current market price determined as follows (x) if the transaction is an interest in a bank loan traded in a dealer market, at the next price reported at the close of such market by an independent pricing service so long as the reliability of the prices provided by the pricing service have been found to be indicative of market value; and (y) for all other transactions, the average of at least two current independent bids determined on the basis of reasonable inquiry; (iv) that the transaction is consistent with the investment policies of the Issuer; and (v) that no brokerage commission or fee (except for customary transfer fees or other remuneration) will be paid in connection with the transaction.

Neither the Collateral Manager nor any Collateral Manager Related Person will be liable to the Issuer, the Trustee, the Noteholders or any other Person for any loss incurred as a result of the actions taken by or recommended by the Collateral Manager under the Collateral Management Agreement, except by reason of acts or omissions constituting bad faith, fraud, wilful misconduct, wilful breach, gross negligence (as such concept is interpreted by the New York courts) or reckless disregard in the performance of its obligations thereunder. Subject to the above mentioned standard of conduct, the Collateral Manager, its shareholders, directors, officers, partners, members, managers, attorneys, advisers, agents, employees and each Collateral Manager Related Person will be entitled to indemnification by the Issuer for any losses or liabilities, including legal or other expenses, relating to the issuance of the Notes, the transactions contemplated thereby or the performance of the Collateral Manager's obligations under the Collateral Management Agreement, which will be payable in accordance with the Priorities of Payments and not arising as a result of breach arising from the bad faith, fraud, wilful misconduct, wilful breach, gross negligence (as such concept is interpreted by the New York courts) (or in the case of any pecuniary sanctions to which the Collateral Manager may become liable pursuant to Article 32 of the Securitisation Regulation, negligence) or reckless disregard of the Collateral Manager.

#### *Conflicts of Personnel and/or Directors*

Although the professional personnel and/or directors of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems necessary, CVC Credit Partners' investment professionals will continue to work on other projects, including the Other Clients, and conflicts of interest may arise in allocating time, services or functions among such interested parties and the Issuer.

The Collateral Manager may have discussions with investors from time to time. The views expressed in such discussions may influence the composition of the portfolio, and there can be no assurance that (i) a holder would agree with any views expressed by other investors in such discussions, (ii) the views expressed by some investors will not be more influential than those of others, or (iii) modifications made to the portfolio as a result of such discussions will not adversely affect the performance of a holder's Notes. The Collateral Manager will have sole authority to select, and sole responsibility for selecting, the Collateral Debt Obligations.

#### *Conflicts of Service Providers*

Certain advisers and other service providers, (including, without limitation, accountants, developers, property managers, administrators, depositaries, custodians, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisers and agents) to the Issuer (including the Affiliates, directors, shareholders, agents, delegates, contractors, officers and employees of such advisers and other service providers) may also provide goods or services to or have business, personal, political, financial or other relationships with Collateral Manager Related Persons, CVC or other service providers. Such advisers and service providers may be investors in the Issuer or Other Clients, the Collateral Manager, or their Affiliates. These service providers and their affiliates, directors, shareholders, agents, delegates, contractors, officers and employees may contract, otherwise be interested in or enter into any custodial, financial, banking, advising or brokerage, placement agency or other arrangement or transaction with the Issuer, the Collateral Manager or any Noteholder. These relationships may influence the Collateral Manager in deciding whether to select or recommend such a service provider to perform services for the Issuer (the cost of which generally will be borne directly or indirectly by the Issuer). Similarly, these service providers and their affiliates, directors, shareholders, agents, delegates, contractors, officers and employees may engage in competitive activities and may earn fees from or receive or provide other consideration from such persons or entities, and may provide different advice or services, take different action, or hold or deal in different loans for any other client or account, including their own accounts, from the advice or services they provide, action they take, or loans they hold or deal for the Issuer. In certain circumstances, advisers and service providers, or their affiliates, directors, shareholders, agents, delegates, contractors, officers and employees, may charge different rates or have different arrangements for services provided to a Collateral Manager Related Person or CVC as compared to services provided to the Issuer, which may result in more favourable rates or arrangements than those payable by the Issuer.

#### *Confidential Information*

In connection with its other business activities and Other Clients, the Collateral Manager and Affiliates may come into possession of confidential, material non public information with respect to a borrower (including, without limitation, due to its prior transactions with the borrower, through its participation in an official or unofficial steering committee or through third-party information sources) or another issuer, which may limit their ability to engage in potential transactions on behalf of the Issuer in certain circumstances. Should this occur, the Collateral Manager may also be restricted from providing all or a portion of their services to the Issuer until such time as the information becomes public or is no longer deemed confidential and/or material. Additionally, there may be circumstances in which one or more of certain individuals associated with the Collateral Manager will be precluded from providing services related to the Issuer's activities because of certain confidential information available to such individuals, the Collateral Manager or Affiliates. In addition, the Issuer may not have access to material non public information in the possession of a Collateral Manager Related Persons which might be relevant to an investment decision to be made by the Issuer, and the Issuer may initiate a transaction to buy or sell a Collateral Debt Obligations which, if such information had been known to it, may not have been undertaken.

#### *Policies and Procedures of CVC*

Policies and procedures implemented by CVC from time to time (including as may be implemented in the future) to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the synergies across CVC's areas of operation or expertise that the Collateral Manager expects to draw on for purposes of pursuing and evaluating attractive investment opportunities for the Issuer. Because CVC has other activities beyond the Issuer, it is subject to a number of actual and potential conflicts of interest, additional regulatory considerations and more legal and contractual restrictions than that to which it would otherwise be subject if it focused only on the Issuer. CVC has established an information barrier to isolate the material, non public information of each of CVC Capital Partners and CVC Credit Partners except as expressly provided in the information barrier procedures and subject to appropriate procedural safeguards. The purpose of this information barrier is, among other things, to confine any material, non public information obtained by personnel on one side of the barrier so that the investment activities of the businesses on the other side of the barrier are not restricted as a result of the material non public information being imputed to the personnel on the other side of the barrier. As a result of this information barrier, personnel of the Collateral Manager may not be able to use, act on or otherwise be aware of information that is known by or in the possession of the personnel of CVC Capital Partners (and vice-versa). Collaboration between CVC Credit Partners personnel and CVC Capital Partners personnel may therefore be limited,

this in turn may reduce potential synergies. At the same time, there are no information barriers between or among the various investment teams within CVC Credit Partners, or between the Collateral Manager and its Affiliates. The Collateral Manager and its Affiliates operate a shared restricted list to which all of their respective clients are subject. Consequently, CVC Credit Partners may not be able to buy or sell a particular security or other instrument on behalf of its clients because one or more personnel of an Affiliate of the Collateral Manager possesses material, non public information concerning the instrument's issuer or the market for the issuer's securities or other instruments. Similarly, in such circumstances, CVC Credit Partners may not be able to dispose of a security or other instrument owned by a client, even in a declining market, until the information becomes publicly available or immaterial and the trading in the issuer's securities or instruments is no longer restricted.

In addition, CVC may in the future establish or modify other information barriers between one division of CVC, on the one hand, and the rest of CVC on the other. Additionally, the terms of confidentiality or other agreements with or related to companies in which CVC has or has considered making an investment or which is otherwise an advisory client of CVC may restrict or otherwise limit the ability of the Issuer to make investments in or otherwise engage in businesses or activities competitive with such companies. CVC may enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although may be intended to provide greater opportunities for the Issuer, may require the Issuer to share such opportunities or otherwise limit the amount of an opportunity the Issuer can otherwise take.

#### *Possible Future Activities*

CVC may expand the range of services that it provides over time. Except as provided herein, CVC will not be restricted in the scope of its business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. CVC has, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by the Issuer. These clients may themselves represent appropriate investment opportunities for the Issuer or may compete with the Issuer for investment opportunities.

#### *Additional Potential Conflicts*

The officers, directors, members, managers and employees of CVC or may trade in loans and securities for their own accounts, subject to restrictions and reporting requirements as may be required by law and internal policies or otherwise determined from time to time by CVC. CVC may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the Issuer. Without limiting the generality of the foregoing, CVC may act as the investment adviser or investment manager for others, may manage funds or capital for others, may have, make and maintain investments in their own name or through other entities, and may serve as officers, directors, consultants, partners or stockholders of one or more investment funds, partnerships, securities firms, advisory firms or management firms.

#### *Rebates*

The Collateral Manager may, in its sole discretion, agree with one or more Noteholders to rebate a portion of its Collateral Management Fees. If any such agreement is made, the Collateral Manager will not be obliged to enter into similar agreements with or to notify other Noteholders. Such rebates may affect the incentives of the Collateral Manager in managing the Collateral Debt Obligations and may also affect the actions of the relevant Noteholders in taking any actions it may be permitted to take in respect of the Notes, including votes concerning amendments.

On the Issue Date, the Collateral Manager will be reimbursed by the Issuer for certain of its expenses incurred in connection with the offering of the Notes and the negotiation and documentation of the Transaction Documents, including the Collateral Management Agreement (including legal fees and expenses).

#### *Interest in the Notes*

The Collateral Manager will act as the "originator" for the purposes of the EU Retention and

Transparency Requirements and will be required to satisfy the Originator Requirement (which will be satisfied if, on the Issue Date, the Aggregate Principal Balance of all Collateral Debt Obligations that have been acquired by the Issuer from the Collateral Manager, divided by the Target Par Amount, is greater than or equal to five per cent.). The Collateral Manager, acting in its capacity as the Retention Holder, shall undertake to hold Class M-1 Subordinated Notes constituting the Retention Notes, and the Collateral Manager and/or Collateral Manager Related Persons may purchase other Notes on or after the Issue Date. Any Notes (including any Class of Rated Notes and Subordinated Notes) held by or on behalf of the Collateral Manager or any of its respective Affiliates shall have no voting rights with respect to, and shall not be counted for the purpose of determining a quorum and the results of, voting on any CM Removal Resolution or CM Replacement Resolution.

Subject to the foregoing, there will be no restriction on the ability of Collateral Manager Related Persons to purchase Notes (either upon initial issuance or through secondary transfers) and to exercise any voting rights to which such Notes are entitled (except that Notes held by the Collateral Manager, certain of its Affiliates and their respective employees shall be disregarded with respect to voting rights under certain circumstances as described in the Trust Deed and the Collateral Management Agreement). The interests of Collateral Manager Related Persons and other investors in the Notes may not be aligned and may create conflicts of interest between the Collateral Manager and other investors in the Notes. Moreover, such ownership of Notes by Collateral Manager Related Persons, the Subordinated Collateral Management Fee and the opportunity to earn an Incentive Collateral Management Fee could provide an incentive for the Collateral Manager to seek to acquire Collateral Debt Obligations on behalf of the Issuer at a lower price or to otherwise make riskier investments than would otherwise be the case.

6.2 The Issuer will be subject to certain conflicts of interest involving the Rating Agencies

Moody's and Fitch have been engaged by the Issuer to provide their ratings on the Rated Notes. Either Rating Agency may have a conflict of interest where, as is the case with the ratings of the Rated Notes (with the exception of unsolicited ratings), the issuer of a security pays the fee charged by the Rating Agency for its rating services.

6.3 The Issuer will be subject to various conflicts of interest involving the Initial Purchaser and its Affiliates

Each of the Initial Purchaser and its Affiliates (the "**BAML Parties**") will play various roles in relation to the offering, including the roles described below.

The BAML Parties have been involved (together with the Collateral Manager) in the formulation of the Portfolio Profile Tests, Coverage Tests, Collateral Quality Tests, the Priorities of Payments and other criteria in and provisions of the Trust Deed and the Collateral Management Agreement. These may have been influenced by discussions that the Initial Purchaser may have had with investors and there is no assurance that investors would agree with the views of one another or that the resulting modifications will not adversely affect the performance of the Notes or any particular Class of Notes. An Affiliate of the Initial Purchaser was also a Warehouse Provider under the Warehouse Arrangements. See further "*The Warehouse Arrangements*" above.

The Initial Purchaser will purchase the Notes (other than the Retention Notes and the Class M-2 Subordinated Notes) from the Issuer on the Issue Date and resell them in individually negotiated transactions at varying prices, which may result in a higher or lower fee being paid to the Initial Purchaser in respect of those Rated Notes.

The Initial Purchaser may assist clients and counterparties in transactions related to the Notes (including assisting clients in future purchases and sales of the Notes and hedging transactions). The Initial Purchaser expects to earn fees and other revenues from these transactions. The BAML Parties may retain a certain proportion of the Notes in their portfolios with an intention to hold to maturity or to trade. The holding or any sale of the Notes by these parties may adversely affect the liquidity of the Notes and may also affect the prices of the Notes in the primary or secondary market. The BAML Parties are part of a global investment banking and securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of



customers in the ordinary course of their business. The financial services that the BAML Parties may provide also include financing and, as such, the BAML Parties may have and/or may provide financing to Collateral Manager Related Persons and/or their respective Affiliates. In addition, the BAML Parties may derive fees and other revenues from the arrangement and provision of such financings. In the case of any such financing, the BAML Parties may have received security over assets of a Collateral Manager Related Person and/or their respective Affiliates resulting in the BAML Parties having enforcement rights and remedies. The BAML Parties may have positions in and may have placed or underwritten certain of the Collateral Debt Obligations (or other obligations of the Obligors of Collateral Debt Obligations) when they were originally issued and may have provided or may be providing investment banking services and other services to Obligors of certain Collateral Debt Obligations. In addition, the BAML Parties and their clients may invest in debt obligations and securities that are senior to, or have interests different from or adverse to, Collateral Debt Obligations. Each of the BAML Parties will act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the Noteholders or any other party. Moreover, the Issuer may invest in loans of Obligors Affiliated with the BAML Parties or in which one or more BAML Parties hold an equity, participation or other interest. The purchase, holding or sale of such Collateral Debt Obligations by the Issuer may increase the profitability of the BAML Parties' own investments in such Obligors.

It is expected that, from time to time, the Collateral Manager may purchase or sell Collateral Debt Obligations through, from or to the BAML Parties (including a portion of the Collateral Debt Obligations to be purchased on or prior to the Issue Date). One or more BAML Parties may also act as the selling institution with respect to participation interests and/or as a counterparty under a Hedge Agreement. The BAML Parties may act as placement agent and/or initial purchaser and/or arranger and/or or investment manager in other transactions involving issues of collateralised debt obligations or other investment funds with assets similar to those of the Issuer, which may have an adverse effect on the availability of collateral for the Issuer and/or on the price of the Notes. The BAML Parties do not disclose specific trading positions or their hedging strategies, including whether they are in long or short positions in any Notes or obligations referred to in this Offering Circular except where required in accordance with the applicable law. Nonetheless, in the ordinary course of business, BAML Parties and employees or customers of the BAML Parties may actively trade in and/or otherwise hold long or short positions in the Notes, Collateral Debt Obligations, Collateral Enhancement Debt Obligations, Exchanged Securities and Eligible Investments or enter into transactions similar to or referencing the Notes, Collateral Debt Obligations, Collateral Enhancement Debt Obligations, Exchanged Securities and Eligible Investments or the Obligors thereof for their own accounts and for the accounts of their customers. If a BAML Party becomes an owner of any of the Notes, through market-making activity or otherwise, any actions that it takes in its capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the same Class or other Classes of the Notes. To the extent a BAML Party makes a market in the Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Notes. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Notes. The price at which a BAML Party may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes and significantly lower than the price at which it may be willing to sell the Notes.

By purchasing a Note, each investor will be deemed to have acknowledged the existence of the conflicts of interest inherent to this transaction, including as described herein, and to have waived any claim with respect to any liability arising from the existence thereof.

- 6.4 By purchasing a Note, each investor will be deemed to have acknowledged the existence of the conflicts of interest inherent to this transaction and the roles played by the transaction parties, including as described herein, and to have waived any claim with respect to any liability arising from the existence thereof.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes (the “Conditions”) which (subject to amendment and completion) will be endorsed or attached on each Global Certificate and each Note in definitive form (if applicable) and (subject to the provisions thereof) will apply to each such Note.*

The issue of €1,500,000 Class X Senior Secured Floating Rate Notes due 2032 (the “**Class X Notes**”), €246,000,000 Class A Senior Secured Floating Rate Notes due 2032 (the “**Class A Notes**”), €22,500,000 Class B-1 Senior Secured Floating Rate Notes due 2032 (the “**Class B-1 Notes**”), €18,000,000 Class B-2 Senior Secured Fixed Rate Notes due 2032 (the “**Class B-2 Notes**”), and together with the Class B-1 Notes, the “**Class B Notes**”), €24,000,000 Class C Senior Secured Deferrable Floating Rate Notes due 2032 (the “**Class C Notes**”), €27,000,000 Class D Senior Secured Deferrable Floating Rate Notes due 2032 (the “**Class D Notes**”), the €22,500,000 Class E Senior Secured Deferrable Floating Rate Notes due 2032 (the “**Class E Notes**”), €9,000,000 Class F Senior Secured Deferrable Floating Rate Notes due 2032 (the “**Class F Notes**” and together with the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the “**Rated Notes**”), €36,855,000 Class M-1 Subordinated Notes due 2032 (the “**Class M-1 Subordinated Notes**”), €1,000,000 Class M-2 Subordinated Notes due 2032 (the “**Class M-2 Subordinated Notes**” and, together with the Class M-1 Subordinated Notes, the “**Subordinated Notes**” and together with the Rated Notes, the “**Notes**”) of CVC Cordatus Loan Fund XV Designated Activity Company (the “**Issuer**”) was authorised by resolution of the board of directors of the Issuer dated on or about 26 August 2019. The Notes are constituted and secured by a trust deed (together with any other security document entered into in respect of the Notes, the “**Trust Deed**”) to be dated on or about the Issue Date between (amongst others) the Issuer and BNY Mellon Corporate Trustee Services Limited in its capacity as trustee for the Noteholders and as security trustee for the Secured Parties (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed).

These terms and conditions of the Notes (the “**Conditions of the Notes**” or the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes the forms of the certificates representing the Notes). The following agreements have been entered into in relation to the Notes: (a) an agency agreement to be dated on or about the Issue Date (the “**Agency Agreement**”) between, amongst others, the Issuer, The Bank of New York Mellon SA/NV, Luxembourg as registrar and transfer agent (the “**Registrar**” and “**Transfer Agent**”, which terms shall include any successor or substitute registrar or transfer agent, respectively, appointed pursuant to the terms of the Agency Agreement), The Bank of New York Mellon SA/NV, Dublin Branch as collateral administrator (the “**Collateral Administrator**” which term shall include any successor or substitute collateral administrator, appointed pursuant to the terms of the Collateral Management Agreement) and as information agent (the “**Information Agent**”) which term shall include any successor or substitute information agent appointed pursuant to the terms of the Collateral Management Agreement, The Bank of New York Mellon, London Branch as principal paying agent, account bank, calculation agent and custodian (respectively, “**Principal Paying Agent**”, “**Account Bank**”, “**Calculation Agent**” and “**Custodian**” and, which terms shall include any successor or substitute principal paying agent, account bank, calculation agent or custodian, respectively, appointed pursuant to the terms of the Agency Agreement or the Collateral Management Agreement, as the case may be) and the Trustee; (b) a collateral management agreement to be dated on or about the Issue Date (the “**Collateral Management Agreement**”) between CVC Credit Partners European CLO Management LLP as collateral manager in respect of the Portfolio (the “**Collateral Manager**”, which term shall include any successor collateral manager appointed pursuant to the terms of the Collateral Management Agreement), the Issuer, the Collateral Administrator, the Information Agent, the Custodian and the Trustee; (c) a corporate services agreement between the Issuer and Maples Fiduciary Services (Ireland) Limited as corporate services provider dated 2 May 2019 (the “**Corporate Services Agreement**”); (d) a Subscription Agreement dated on or about the Issue Date (the “**Subscription Agreement**”) between the Issuer and Merrill Lynch International as initial purchaser (the “**Initial Purchaser**”); and (e) a liquidity facility agreement dated on or about the Issue Date (the “**Liquidity Facility Agreement**”) between the Issuer, the Trustee, the Collateral Administrator and The Bank of New York Mellon as the Liquidity Facility Provider. Copies of the Trust Deed, the Agency Agreement, the Collateral Management Agreement and the Liquidity Facility Agreement are available for inspection during usual business hours at the principal office of the Issuer (presently at 32 Molesworth Street, Dublin 2, Ireland) and at the specified office of the Principal Paying Agent for the time being. The holders of each Class of Notes are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Trust Deed, and are deemed to have notice of all the provisions of the Agency Agreement, the Collateral Management Agreement and the Liquidity Facility Agreement applicable to them.

## 1. Definitions

**“Above Par Trading Gains”** means, in respect of any Collateral Debt Obligation that has been sold for a sale price exceeding par, an amount equal to the portion of any Trading Gains that exceeds the par amount of the relevant Collateral Debt Obligation.

**“Acceleration Notice”** has the meaning given to it in Condition 10(b) (*Acceleration*).

**“Accounts”** means the Principal Account, the Interest Account, the Unused Proceeds Account, the Payment Account, the Expense Reserve Account, the Collateral Enhancement Account, each Counterparty Downgrade Collateral Account, the Contributions Account, the Custody Account, each Hedge Termination Account, each Non-Euro Hedge Account, the Unfunded Revolver Reserve Account, the Interest Smoothing Account and the Interest Reserve Account.

**“Accrual Period”** means, in respect of each Class of Notes, the period from and including the Issue Date (or in the case of a Class that is subject to Refinancing, the Business Day upon which the Refinancing occurs) to, but excluding, the first Payment Date (or in the case of a Class that is subject to Refinancing, the first Payment Date following the Refinancing) and each successive period from and including each Payment Date to, but excluding, the following Payment Date or if earlier, the Business Day upon which the relevant Class is subject to a Refinancing, **provided** that for the purposes of determining the Accrual Periods in respect of the Fixed Rate Notes, any adjustments of the Payment Dates for Business Days shall be disregarded notwithstanding that the Payment Dates in respect of the related Accrual Periods for payment purposes shall be subject to adjustment for Business Days in accordance with the Conditions.

**“Accrued Collateral Debt Obligation Interest”** means, in respect of any Payment Date, an amount equal to the aggregate of all accrued unpaid interest under the Collateral Debt Obligations, (excluding capitalised interest in respect of PIK Obligations, Purchased Accrued Interest, interest on any Defaulted Obligations or Fitch CCC Obligations and unpaid interest under Mezzanine Obligations deferred in accordance with the terms of such Mezzanine Obligations), which is not payable to the Issuer on or prior to the Determination Date in respect of such Payment Date by the Obligors under the relevant Collateral Debt Obligations.

**“Adjusted Aggregate Collateral Balance”** means, as of any date of determination:

- (i) the Aggregate Principal Balance of the Collateral Debt Obligations (other than Defaulted Obligations, Discount Obligations and Deferring Securities); plus
- (ii) without duplication, the amounts on deposit in the Principal Account and the Unused Proceeds Account (to the extent such amounts represent Principal Proceeds) (including Eligible Investments therein which represent Principal Proceeds); plus
- (iii) in relation to a Deferring Security or a Defaulted Obligation the lesser of (x) its Moody’s Collateral Value and (y) its Fitch Collateral Value; **provided** that, in the case of a Defaulted Obligation, the value determined under this paragraph (iii) of a Defaulted Obligation that has been a Defaulted Obligation for more than three years after the date on which it became a Defaulted Obligation and continues to be a Defaulted Obligation on such date shall be zero; plus
- (iv) the aggregate, for each Discount Obligation, of the product of the (x) purchase price (expressed as a percentage of par and excluding accrued interest) and (y) Principal Balance of such Discount Obligation; minus
- (v) the Excess CCC/Caa Adjustment Amount;

**provided that:**

- (A) with respect to any Collateral Debt Obligation that satisfies more than one of the definitions of Defaulted Obligation, Discount Obligation, Deferring Security and/or that falls into the Excess CCC/Caa Adjustment Amount, such Collateral Debt Obligation shall, for the purposes of this definition, be treated as belonging to the category of Collateral Debt Obligations which results in the lowest Adjusted Aggregate Collateral Balance on any date of determination; and

- (B) in respect of paragraph (ii) above, any non-Euro amounts received will be converted into Euro (x) in the case of each Non-Euro Obligation which is subject to an Asset Swap Transaction, at the Applicable Exchange Rate for the related Hedge Transaction and (y) in the case of each Non-Euro Obligation which is not subject to an Asset Swap Transaction, at the Spot Rate.

**“Administrative Expenses”** means amounts due and payable by the Issuer in the following order of priority including, except as expressly set out otherwise below, any VAT thereon (and to the extent such amounts relate to costs and expenses of a person other than the Issuer, such VAT should be limited to irrecoverable VAT) (whether payable to that party or the relevant tax authority):

- (i) on a *pro rata* and *pari passu* basis, to the Agents (other than each Reporting Delegate) pursuant to the Agency Agreement or, in the case of the Information Agent and the Collateral Administrator, the Collateral Management Agreement (including by way of indemnity and, to the extent that interest is chargeable on any Account, to the payment of any additional fee by the Issuer to the Account Bank and/or the Custodian, as applicable, in accordance with the Agency Agreement and in an amount equal to the interest payable);
- (ii) (a) the Corporate Services Provider pursuant to the Corporate Services Agreement; and (b) any third party reporting entity appointed by the Issuer in connection with the reporting obligations under Article 7 of the Securitisation Regulation;
- (iii) each Reporting Delegate pursuant to any Reporting Delegation Agreement (including by way of indemnity);
- (iv) on a *pro rata* and *pari passu* basis:
  - (A) to any Rating Agency which may from time to time be requested to assign (i) a rating to each of the Rated Notes, or (ii) a confidential credit estimate to any of the Collateral Debt Obligations, for fees and expenses (including surveillance fees) in connection with any such rating or confidential credit estimate including, in each case, the ongoing monitoring thereof and any other amounts due and payable to any Rating Agency under the terms of the Issuer’s engagement with such Rating Agency;
  - (B) to the independent certified public auditors, agents and counsel of the Issuer;
  - (C) to the Collateral Manager pursuant to the Collateral Management Agreement (including indemnities provided for therein), but excluding any Collateral Management Fees or any VAT payable thereon and excluding any amounts in respect of Collateral Manager Advances;
  - (D) to any other Person in respect of any governmental fee or charge (for the avoidance of doubt excluding any taxes) or any statutory indemnity;
  - (E) to Euronext Dublin, or such other stock exchange or exchanges upon which any of the Notes are listed from time to time;
  - (F) on a *pro rata* basis to any other Person in respect of any other fees or expenses contemplated in the Conditions and in the Transaction Documents or any other documents delivered pursuant to or in connection with the issue and sale of the Notes (other than the Liquidity Facility Provider), including, without limitation, an amount up to €25,000 per annum in respect of fees and expenses incurred by the Issuer (in its sole and absolute discretion) in assisting in the preparation, provision or validation of data for purposes of Noteholder tax jurisdictions;
  - (G) to the payment on a *pro rata* basis of any fees, expenses or indemnity payments in relation to the restructuring of a Collateral Debt Obligation, including but not limited to a steering committee relating thereto;
  - (H) on a *pro rata* basis to any Selling Institution pursuant to any Participation Agreement after the date of entry into any Participation (excluding, for avoidance of doubt, any payments on account of any Unfunded Amounts);

- (I) to the Initial Purchaser pursuant to the Subscription Agreement (including indemnities provided for therein);
  - (J) any reasonably anticipated winding up costs of the Issuer; and
  - (K) to the Liquidity Facility Provider other than for those amounts payable pursuant to Clause 6 (*Repayment*), Clause 8 (*Interest*) and Clause 17 (*Fees*) of the Liquidity Facility Agreement;
- (v) on a *pro rata* and *pari passu* basis:
- (A) on a *pro rata* basis to any other Person (including the Collateral Manager) in connection with satisfying the requirements of Rule 17g-5, EMIR, CRA3, the Securitisation Regulation, AIFMD or the Dodd-Frank Act;
  - (B) on a *pro rata* basis to any other Person (including the Collateral Manager) in connection with satisfying the EU Retention and Transparency Requirements including any costs or fees related to additional due diligence or reporting requirements;
  - (C) costs of the Issuer to comply with FATCA and/or the CRS;
  - (D) on a *pro rata* basis any pecuniary sanctions arising under Article 32 of the Securitisation Regulation or any national laws or regulations supplementing or implementing the Securitisation Regulation in relation to a failure by the Issuer to meet the requirements of Article 7 of the Securitisation Regulation; and
  - (E) reasonable fees, costs and expenses of the Issuer and the Collateral Manager including reasonable attorney's fees of compliance by the Issuer and the Collateral Manager with the CEA (including rules and regulations promulgated thereunder) and fees related to the administration of the Portfolio including administrators and trustees;
- (vi) any Refinancing Costs (to the extent not already covered in paragraphs (i) to (iv) above and to the extent not already paid as Trustee Fees and Expenses); and
- (vii) on a *pro rata* basis payment of any indemnities (to the extent not already covered in paragraphs (i) to (v) above, and to the extent not already paid as Trustee Fees and Expenses) payable to any Person as contemplated in these Conditions or the Transaction Documents,

**provided** that (x) the Collateral Manager may direct the payment of any Rating Agency fees set out in (iii)(A) other than in the order required by paragraph (iii) if the Collateral Manager or Issuer has been advised by a Rating Agency that non-payment of its fees will immediately result in the withdrawal of any ratings on any Class of Rated Notes; and (y) the Collateral Manager may, in its reasonable judgement, determine a payment other than in the order required by paragraph (iii) above is required to ensure the delivery of certain accounting services and reports.

**“Affiliate” or “Affiliated”** means with respect to a Person:

- (i) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person; or
- (ii) any other Person who is a director, officer or employee:
  - (A) of such Person;
  - (B) of any subsidiary or parent company of such Person; or
  - (C) any Person described in paragraph (i) above.

For the purposes of this definition, control of a Person shall mean the power, direct or indirect, (x) to vote more than 50 per cent. of the securities having ordinary voting power for the election of directors

of such Person, or (y) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

For the avoidance of doubt, “Affiliate” or “Affiliated” in relation to the Issuer and the Collateral Manager shall not include portfolio companies in which funds managed or advised by Affiliates of the Collateral Manager hold an interest.

“Agent” means each of the Registrar, the Principal Paying Agent, each Transfer Agent, each Paying Agent, the Calculation Agent, the Account Bank, the Collateral Administrator, the Information Agent, each Reporting Delegate and the Custodian and each of their permitted successors or assigns appointed as agents of the Issuer pursuant to the Agency Agreement, any Reporting Delegation Agreement or the Collateral Management Agreement, as the case may be, and “Agents” shall be construed accordingly.

“Aggregate Collateral Balance” means, as at any Measurement Date, the amount equal to the aggregate of the following amounts, as at such Measurement Date:

- (i) the Aggregate Principal Balance of all Collateral Debt Obligations, save that for the purpose of calculating the Aggregate Principal Balance for the purposes of:
  - (A) the Portfolio Profile Tests, the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value,
  - (B) the Collateral Quality Tests, the Principal Balance of each Defaulted Obligation shall be excluded;
  - (C) determining whether a Note Event of Default has occurred in accordance with Condition 10(a)(iv) (*Collateral Debt Obligations*), the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value; and
- (ii) the Balances standing to the credit of the Principal Account and the Unused Proceeds Account and any Eligible Investments which represent Principal Proceeds (excluding, for the avoidance of doubt, any interest accrued on Eligible Investments);
- (iii) solely for the purposes of calculating the Aggregate Collateral Balance for the purposes of determining compliance with the EU Retention and Transparency Requirements, including whether an EU Retention Deficiency has occurred, the Principal Balance of any Exchanged Security or any other obligation which does not constitute a Collateral Debt Obligation shall be:
  - (A) in the case of a debt obligation or security, the principal amount outstanding of such obligation; and
  - (B) in the case of any equity security, the nominal value thereof in the reasonable determination of the Collateral Manager having regard to the EU Retention and Transparency Requirements,

For the avoidance of doubt, for the purposes of calculating the Aggregate Collateral Balance for the purposes of determining compliance with the EU Retention and Transparency Requirements or in determining whether an EU Retention Deficiency has occurred, the Principal Balance of any Collateral Debt Obligation shall be its Principal Balance (where applicable, converted into Euro at the Applicable Exchange Rate or the applicable Spot Rate) without any adjustments for purchase price or the application of haircuts or other adjustments.

“Aggregate Principal Balance” means the aggregate of the Principal Balances of all the Collateral Debt Obligations and when used with respect to some portion of the Collateral Debt Obligations, means the aggregate of such portion of the Principal Balances of such Collateral Debt Obligations, in each case, as at the date of determination.

“Aggregate Risk Adjusted Par Amount” means, as of any date of determination, the amount specified in the table below corresponding to the number of quarters since the Issue Date (listed sequentially, commencing on the Issue Date) that have elapsed as at such date of determination:

Number of quarters following the Issue Date	Aggregate Risk Adjusted Par Amount (in Euro)
0	400,000,000
2	398,793,333
3	398,181,850
4	397,571,305
5	396,981,574
6	396,379,485
7	395,771,703
8	395,164,853
9	394,565,520
10	393,967,096
11	393,363,013
12	392,759,856
13	392,170,716
14	391,575,924
15	390,975,508
16	390,376,012
17	389,790,448
18	389,199,266
19	388,602,494
20	388,006,636
21	387,424,626
22	386,837,032
23	386,243,882
24	385,651,642
25	385,066,737
26	384,482,719
27	383,893,179
28	383,304,542
29	382,729,586
30	382,149,112
31	381,563,150
32	380,978,087
33	380,406,620
34	379,829,670
35	379,247,264
36	378,665,752
37	378,097,753
38	377,524,305
39	376,945,434
40	376,367,451
41	375,796,627
42	375,226,669
43	374,651,322
44	374,076,856
45	373,515,741
46	372,949,242
47	372,377,387
48	371,806,408
49	371,248,698
50	370,685,638
51	370,117,253
52	369,549,740

“AIFMD” means the EU Directive 2011/61/EU on Alternative Investment Fund Managers (as amended from time to time and as implemented by Member States of the European Union) together with any implemented or

delegated regulation, technical standards and guidance related thereto as may be amended, replaced or supplemented from time to time.

**“Annual Obligations”** means Collateral Debt Obligations which in accordance with their terms, at the relevant date of measurement, pay interest less frequently than semi-annually.

**“Applicable Exchange Rate”** means, in relation to any Non-Euro Obligation that is subject to an Asset Swap Transaction, the exchange rate set forth in the relevant Hedge Transaction, and in any other case, the Spot Rate.

**“Applicable Margin”** has the meaning given thereto in Condition 6 (*Interest*).

**“Appointee”** means any attorney, manager, agent, delegate or other person properly appointed by the Trustee in accordance with the terms of the Trust Deed to discharge any of its functions or to advise in relation thereto.

**“Arranger”** means Merrill Lynch International.

**“Asset Swap Agreement”** means a 1992 ISDA Master Agreement (Multicurrency-Cross-Border) or a 2002 ISDA Master Agreement (or such other ISDA pro forma Master Agreement as may be published by ISDA from time to time), together with the schedule and confirmations relating thereto including any guarantee thereof and any credit support annex entered into pursuant to the terms thereof, each as amended or supplemented from time to time, and entered into by the Issuer with an Asset Swap Counterparty which shall govern one or more Asset Swap Transactions entered into by the Issuer and such Asset Swap Counterparty (including any Replacement Asset Swap Transaction) under which the Issuer swaps cash flows receivable on such Asset Swap Obligations for Euro denominated cash flows from each Asset Swap Counterparty.

**“Asset Swap Counterparty”** means any financial institution with which the Issuer enters into an Asset Swap Agreement, or any permitted assignee or successor thereof, under the terms of the related Asset Swap Agreement and, in each case, which satisfies, at the time of entry into the Asset Swap Transaction, the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement).

**“Asset Swap Counterparty Principal Exchange Amount”** means each initial, interim and final exchange amount (whether expressed as such or otherwise) scheduled to be paid by the Asset Swap Counterparty to the Issuer under an Asset Swap Transaction and excluding any Scheduled Periodic Asset Swap Counterparty Payments but including any amounts described as termination payments in the relevant Asset Swap Agreement which relate to payments to be made as a result of the relevant Asset Swap Obligation being sold or becoming subject to a credit event or debt restructuring.

**“Asset Swap Issuer Principal Exchange Amount”** means each initial, interim and final exchange amount (whether expressed as such or otherwise) scheduled to be paid to the Asset Swap Counterparty by the Issuer under an Asset Swap Transaction and excluding any Scheduled Periodic Asset Swap Issuer Payments but including any amounts described as termination payments in the relevant Asset Swap Agreement which relate to payments to be made as a result of the relevant Asset Swap Obligation being sold or becoming subject to a credit event or debt restructuring.

**“Asset Swap Obligation”** means any Collateral Debt Obligation which is denominated in a Qualifying Currency other than Euro and which (i) is, or will no later than the settlement date thereof, become the subject of an Asset Swap Transaction or (ii)(a) is denominated in a Qualifying Unhedged Obligation Currency, (b) was previously an Unhedged Collateral Debt Obligation and (c) is subject to an Asset Swap Transaction (entered into not later than 90 calendar days of the settlement of the purchase by the Issuer of such Collateral Debt Obligation).

**“Asset Swap Replacement Payment”** means any amount payable by the Issuer to a replacement Asset Swap Counterparty upon entry into a Replacement Asset Swap Transaction which is replacing an Asset Swap Transaction which was terminated.

**“Asset Swap Replacement Receipt”** means any amount payable to the Issuer by a replacement Asset Swap Counterparty upon entry into a Replacement Asset Swap Transaction which is replacing an Asset Swap Transaction which was terminated.

**“Asset Swap Termination Payment”** means the amount payable to an Asset Swap Counterparty by the Issuer upon termination or modification of an Asset Swap Transaction excluding, for purposes other than payment by



the Issuer, any due and unpaid scheduled amounts payable thereunder and any Asset Swap Issuer Principal Exchange Amounts.

**“Asset Swap Termination Receipt”** means the amount payable by an Asset Swap Counterparty to the Issuer upon termination or modification of an Asset Swap Transaction excluding, for purposes other than payment to the applicable Account to which the Issuer shall credit such amounts, the portion thereof representing any due and unpaid scheduled amounts payable thereunder and any Asset Swap Counterparty Principal Exchange Amounts.

**“Asset Swap Transaction”** means each asset swap transaction entered into under an Asset Swap Agreement.

**“Assignment”** means an interest in a loan that is acquired directly by way of novation or assignment.

**“Authorised Denomination”** means, in respect of any Note, the Minimum Denomination thereof and any denomination equal to a multiple of the Authorised Integral Amount in excess of the Minimum Denomination thereof.

**“Authorised Integral Amount”** means for each Class of Notes, €1,000.

**“Authorised Officer”** means with respect to the Issuer, any director of the Issuer or other person as notified in writing by or on behalf of the Issuer to the Trustee who is authorised to act for the Issuer in matters relating to, and binding upon, the Issuer.

**“Available Commitment”** means, at any time, the Commitment less any amounts previously drawn by the Issuer under the Liquidity Facility Agreement (taking into account any Liquidity Drawings scheduled to be repaid on or prior to the proposed Drawdown Date and subject to the Collateral Administrator confirming that there will be sufficient amounts available in the Interest Account to make repayment of such Liquidity Drawings in full on the Payment Date following the Drawdown Date).

**“Balance”** means on any date, with respect to any cash or Eligible Investments standing to the credit of an Account (or any subaccount thereof), the aggregate of the:

- (i) current balance of cash, demand deposits, time deposits, certificates of deposits, government guaranteed funds and other investment funds;
- (ii) outstanding principal amount of interest bearing corporate and government obligations and money market accounts and repurchase obligations; and
- (iii) purchase price, up to an amount not exceeding the face amount, of non interest bearing government and corporate obligations, commercial paper and certificates of deposit,

provided that (x) to the extent that the Hedge Agreement Eligibility Criteria have been satisfied and an Asset Swap Agreement is in place, amounts standing to the credit of the Non-Euro Hedge Account shall be converted into Euro at the Applicable Exchange Rate, (y) to the extent that no Asset Swap Agreement is in place, any balance which is denominated in a currency other than Euro shall be converted into Euro at the Spot Rate and (z) in the event that a default as to payment of principal and/or interest has occurred and is continuing (disregarding any grace periods provided for pursuant to the terms thereof) in respect of any Eligible Investment or any material obligation of the obligor thereunder which is senior or equal in right of payment to such Eligible Investment such Eligible Investment shall have a value equal to the lesser of its Moody's Collateral Value and its Fitch Collateral Value (determined as if such Eligible Investment were a Collateral Debt Obligation).

**“Base Rate Modifier”** means a modifier applied to a reference or base rate in order to cause such rate to be comparable to three-month LIBOR or EURIBOR (as applicable), which modifier is recognized or acknowledged as being the industry standard by the Loan Market Association or any successor organisation thereto (the **“LMA”**), the Loan Syndications and Trading Association or any successor organizations thereto or any successor organisation thereto (the **“LSTA”**) or the U.S. Federal Reserve Alternative Reference Rates Committee or any successor organizations thereto or any successor organisation thereto (the **“ARRC”**) and which modifier may include an addition or subtraction to such unadjusted rate.

**“Benefit Plan Investor”** means:

- (i) an employee benefit plan (as defined in Section 3(3) of ERISA), subject to the provisions of part 4 of Subtitle B of Title I of ERISA;
- (ii) a plan to which Section 4975 of the Code applies; or
- (iii) any entity whose underlying assets include plan assets by reason of such an employee benefit plan or plan's investment in such entity.

**“Bivariate Risk Table”** has the meaning given to it in the Collateral Management Agreement.

**“Bridge Loan”** shall mean any Collateral Debt Obligation that: (i) is incurred in connection with a merger, acquisition, consolidation, sale of all or substantially all of the assets of a person, restructuring or similar transaction; (ii) by its terms, is required to be repaid within one year of the incurrence thereof with proceeds from additional borrowings or other refinancings; and (iii) prior to its purchase by the Issuer, has a Moody's Rating and a Fitch Rating.

**“Business Day”** means (save to the extent otherwise defined) a day:

- (i) on which TARGET2 is open for settlement of payments in Euro;
- (ii) on which commercial banks and foreign exchange markets settle payments in London and New York (other than a Saturday or a Sunday); or
- (iii) for the purposes of the definition of Presentation Date, in relation to any place, on which commercial banks and foreign exchange markets settle payments in that place.

**“CCC/Caa Excess”** means an amount equal to the greater of:

- (i) the excess of the aggregate Principal Balance of all Moody's Caa Obligations over an amount equal to 7.5 per cent. of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be its Moody's Collateral Value); and
- (ii) the excess of the aggregate Principal Balance of all Fitch CCC Obligations over an amount equal to 7.5 per cent. of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be its Fitch Collateral Value),

in each case as determined as at such date of determination, **provided** that:

- (A) in determining which of the Moody's Caa Obligations shall be included under part (i) above, the Moody's Caa Obligations with the lowest Market Value (expressed as a percentage of the Principal Balance of such Collateral Debt Obligations as of the relevant date of determination) shall be deemed to constitute the excess of the aggregate Principal Balance of all Moody's Caa Obligations; and
- (B) in determining which of the Fitch CCC Obligations shall be included under part (ii) above, the Fitch CCC Obligations with the lowest Market Value (expressed as a percentage of the Principal Balance of such Collateral Debt Obligations as of the relevant date of determination) shall be deemed to constitute the excess of the aggregate Principal Balance of all Fitch CCC Obligations.

**“CEA”** means the United States Commodity Exchange Act of 1936, as amended.

**“CFTC”** means the Commodity Futures Trading Commission and any replacement or successor thereto.

**“Class A CM Non-Voting Exchangeable Notes”** means the Class A Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class A CM Non-Voting Notes”** means the Class A Notes in the form of CM Non-Voting Notes.

**“Class A CM Voting Notes”** means the Class A Notes in the form of CM Voting Notes.

**“Class A Noteholders”** means the holders of any Class A Notes from time to time.

**“Class A/B Coverage Tests”** means the Class A/B Interest Coverage Test and the Class A/B Par Value Test.

**“Class A/B Interest Coverage Ratio”** means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the sum of (x) the scheduled Interest Amounts due on the Class X Notes, the Class A Notes and the Class B Notes on the following Payment Date, (y) any Class X Principal Amortisation Amount due on the following Payment Date, and (z) any Unpaid Class X Principal Amortisation Amount as of such date. For the purposes of calculating the Class A/B Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected Interest Amounts payable on the Class X Notes, the Class A Notes and the Class B Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

**“Class A/B Interest Coverage Test”** means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date and which will be satisfied on such Measurement Date if the Class A/B Interest Coverage Ratio is at least equal to 120.00 per cent.

**“Class A/B Par Value Ratio”** means, as of any Measurement Date on and after the Effective Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Adjusted Aggregate Collateral Balance by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes and the Class B Notes.

**“Class A/B Par Value Test”** means the test which will apply as of any Measurement Date on and after the Effective Date and which will be satisfied on such Measurement Date if the Class A/B Par Value Ratio is at least equal to 130.62 per cent.

**“Class B Noteholders”** means the holders of any Class B-1 Notes and/or Class B-2 Notes from time to time.

**“Class B-1 Noteholders”** means the holders of any Class B-1 Notes from time to time.

**“Class B-1 CM Non-Voting Exchangeable Notes”** means the Class B-1 Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class B-1 CM Non-Voting Notes”** means the Class B-1 Notes in the form of CM Non-Voting Notes.

**“Class B-1 CM Voting Notes”** means the Class B-1 Notes in the form of CM Voting Notes.

**“Class B-2 Noteholders”** means the holders of any Class B-2 Notes from time to time.

**“Class B-2 CM Non-Voting Exchangeable Notes”** means the Class B-2 Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class B-2 CM Non-Voting Notes”** means the Class B-2 Notes in the form of CM Non-Voting Notes.

**“Class B-2 CM Voting Notes”** means the Class B-2 Notes in the form of CM Voting Notes.

**“Class C Coverage Tests”** means the Class C Interest Coverage Test and the Class C Par Value Test.

**“Class C Interest Coverage Ratio”** means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the sum of (x) the scheduled Interest Amounts due on the Class X Notes, the Class A Notes, the Class B Notes and the Class C Notes (excluding Deferred Interest but including any interest on Deferred Interest), (y) any Class X Principal Amortisation Amount due on the next following Payment Date, and (z) any Unpaid Class X Principal Amortisation Amount as of such date. For the purposes of calculating the Class C Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected Interest Amounts payable on the Class X Notes, the Class A Notes, the Class B Notes and the Class C Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

**“Class C Interest Coverage Test”** means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date and which will be satisfied on such Measurement Date if the Class C Interest Coverage Ratio is at least equal to 110.00 per cent.

**“Class C Noteholders”** means the holders of any Class C Notes from time to time.

**“Class C CM Non-Voting Exchangeable Notes”** means the Class C Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class C CM Non-Voting Notes”** means the Class C Notes in the form of CM Non-Voting Notes.

**“Class C CM Voting Notes”** means the Class C Notes in the form of CM Voting Notes.

**“Class C Par Value Ratio”** means, as of any Measurement Date on and after the Effective Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Adjusted Aggregate Collateral Balance by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes and the Class C Notes.

**“Class C Par Value Test”** means the test which will apply as of any Measurement Date on and after the Effective Date and which will be satisfied on such Measurement Date if the Class C Par Value Ratio is at least equal to 121.82 per cent.

**“Class C CM Non-Voting Exchangeable Notes”** means the Class C Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class C CM Non-Voting Notes”** means the Class C Notes in the form of CM Non-Voting Notes.

**“Class C CM Voting Notes”** means the Class C Notes in the form of CM Voting Notes.

**“Class D Coverage Tests”** means the Class D Interest Coverage Test and the Class D Par Value Test.

**“Class D Interest Coverage Ratio”** means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the sum of (x) the scheduled Interest Amounts due on the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (excluding Deferred Interest but including any interest on Deferred Interest), (y) any Class X Principal Amortisation Amount due on the next following Payment Date, and (z) any Unpaid Class X Principal Amortisation Amount as of such date. For the purposes of calculating the Class D Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected Interest Amounts payable on the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

**“Class D Interest Coverage Test”** means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date and which will be satisfied on such Measurement Date if the Class D Interest Coverage Ratio is at least equal to 105.00 per cent.

**“Class D Noteholders”** means the holders of any Class D Notes from time to time.

**“Class D CM Non-Voting Exchangeable Notes”** means the Class D Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class D CM Non-Voting Notes”** means the Class D Notes in the form of CM Non-Voting Notes.

**“Class D CM Voting Notes”** means the Class D Notes in the form of CM Voting Notes.

**“Class D Par Value Ratio”** means, as of any Measurement Date on and after the Effective Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Adjusted Aggregate Collateral Balance by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, Class C Notes and the Class D Notes.

**“Class D Par Value Test”** means the test which will apply as of any Measurement Date on and after the Effective Date and which will be satisfied on such Measurement Date if the Class D Par Value Ratio is at least equal to 112.52 per cent.

**“Class D CM Non-Voting Exchangeable Notes”** means the Class D Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class D CM Non-Voting Notes”** means the Class D Notes in the form of CM Non-Voting Notes.

**“Class D CM Voting Notes”** means the Class D Notes in the form of CM Voting Notes.

**“Class E Noteholders”** means the holders of any Class E Notes from time to time.

**“Class E Par Value Ratio”** means, as of any Measurement Date on and after the Effective Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Adjusted Aggregate Collateral Balance by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

**“Class E Par Value Test”** means the test which will apply as of any Measurement Date on and after the Effective Date and which will be satisfied on such Measurement Date if the Class E Par Value Ratio is at least equal to 106.61 per cent.

**“Class F Noteholders”** means the holders of any Class F Notes from time to time.

**“Class M-1 Subordinated Noteholders”** means the holders of any Class M-1 Subordinated Notes from time to time.

**“Class M-2 Subordinated Noteholders”** means the holders of any Class M-2 Subordinated Notes from time to time.

**“Class of Notes”** means each of the Classes of Notes being:

- (i) the Class X Notes;
- (ii) the Class A Notes;
- (iii) the Class B-1 Notes;
- (iv) the Class B-2 Notes;
- (v) the Class C Notes;
- (vi) the Class D Notes;
- (vii) the Class E Notes;
- (viii) the Class F Notes;
- (ix) the Class M-1 Subordinated Notes; and
- (x) the Class M-2 Subordinated Notes,

and **“Class of Noteholders”** and **“Class”** shall be construed accordingly, **provided** that:

- (i) notwithstanding that the CM Voting Notes, CM Non-Voting Exchangeable Notes and the CM Non-Voting Notes of a single Class are in the same Class, they shall not be treated as a single Class in respect of any consent, direction, objection, approval, vote or determination of quorum under the Trust Deed in connection with any CM Removal Resolution or CM Replacement Resolution and, instead, the CM Voting Notes shall be treated as the relevant Class solely for such purpose;
- (ii) notwithstanding that the Class B-1 Notes and the Class B-2 Notes are separate Classes, they shall be treated as a single Class for the purposes of any consent, direction, objection, approval, vote or determination of quorum under the Trust Deed, except as expressly provided in the Trust Deed, with each holder of Class B-1 Notes and Class B-2 Notes voting based on the aggregate Principal Amount Outstanding of Class B Notes held by such holder (other than in relation to a Refinancing or for the purposes of Extraordinary Resolutions, in which case each of the Class B-1 Notes and the Class B-2 Notes shall constitute separate Classes); and

- (iii) notwithstanding that the Class M-1 Subordinated Notes and the Class M-2 Subordinated Notes are separate Classes, they shall be treated as a single Class for the purposes of any consent, direction, objection, approval, vote or determination of quorum under the Trust Deed, except as expressly provided in the Trust Deed, with each holder of Class M-1 Subordinated Notes and Class M-2 Subordinated Notes voting based on the aggregate Principal Amount Outstanding of Subordinated Notes held by such holder and provided further that the Class M-1 Subordinated Notes and the Class M-2 Subordinated Notes shall be treated as separate Classes for purposes of ERISA.

**“Class X Noteholders”** means the holders of any Class X Notes from time to time.

**“Class X Principal Amortisation Amount”** means, for each Payment Date beginning on (and including) the second Payment Date immediately following the Issue Date, the lesser of:

- (a) the Principal Amount Outstanding of the Class X Notes; and
- (b)
  - (i) in respect of each such Payment Date prior to the occurrence of a Frequency Switch Event, €187,500; and
  - (ii) in respect of each such Payment Date following the occurrence of a Frequency Switch Event, €375,000.

**“Clearing System Business Day”** means a day on which Euroclear and Clearstream, Luxembourg are open for business.

**“Clearstream, Luxembourg”** means Clearstream Banking, S.A.

**“CM Non-Voting Exchangeable Notes”** means Notes which:

- (i) do not carry a right to vote in respect of or be counted for the purposes of determining a quorum and the result of voting on a CM Removal Resolution or a CM Replacement Resolution but which do carry a right to vote on and be so counted in respect of all other matters in respect of which the CM Voting Notes have a right to vote and be so counted;
- (ii) are exchangeable into:
  - (A) CM Non-Voting Notes at any time; or
  - (B) CM Voting Notes only in connection with the transfer of such Notes to an entity that is not an Affiliate of the transferor.

**“CM Non-Voting Notes”** means Notes which:

- (i) do not carry a right to vote in respect of or be counted for the purposes of determining a quorum and the result of voting on a CM Removal Resolution or a CM Replacement Resolution but which do carry a right to vote on and be so counted in respect of all other matters in respect of which the CM Voting Notes have a right to vote and be so counted; and
- (ii) are not exchangeable into CM Voting Notes or CM Non-Voting Exchangeable Notes at any time.

**“CM Voting Notes”** means Notes which:

- (i) carry a right to vote, in respect of and be counted for the purposes of determining a quorum and the result of voting on a CM Removal Resolution or a CM Replacement Resolution and all other matters as to which Noteholders are entitled to vote; and
- (ii) are exchangeable into CM Non-Voting Exchangeable Notes or CM Non-Voting Notes at any time.

**“CM Removal Resolution”** means any Resolution, vote, written direction or consent of the Noteholders in relation to the removal of the Collateral Manager in accordance with the Collateral Management Agreement

following the occurrence of a Collateral Manager Event of Default (other than pursuant to paragraph (vii) of the definition thereof).

**“CM Replacement Resolution”** means any Resolution, vote, written direction or consent of the Noteholders in relation to the appointment of a successor Collateral Manager or any assignment or delegation by the Collateral Manager of its rights or obligations, in each case, in accordance with the Collateral Management Agreement.

**“Collateral”** means the property, assets and rights described in Condition 4(a) (*Security*) which are charged and assigned to the Trustee from time to time for the benefit of the Secured Parties pursuant to the Trust Deed.

**“Collateral Acquisition Agreements”** means each of the agreements entered into by the Issuer in relation to the purchase by the Issuer of Collateral Debt Obligations from time to time.

**“Collateral Debt Obligation”** means any debt obligation or debt security purchased by or on behalf of the Issuer from time to time (or, if the context so requires, to be purchased by or on behalf of the Issuer) and which the Collateral Manager determines in accordance with the Collateral Management Agreement satisfies the Eligibility Criteria at the time that any binding commitment to purchase is entered into by or on behalf of the Issuer save for an Issue Date Collateral Debt Obligation which must only satisfy the Eligibility Criteria on the Issue Date. References to Collateral Debt Obligations shall not include Collateral Enhancement Debt Obligations, Eligible Investments or Exchanged Securities. Obligations which are to constitute Collateral Debt Obligations in respect of which the Issuer has entered into a binding commitment to purchase but which have not yet settled shall be included as Collateral Debt Obligations in the calculation of the Portfolio Profile Tests, the Collateral Quality Tests, the Coverage Tests, the Interest Diversion Test and all other tests and criteria applicable to the Portfolio at any time as if such purchase had been completed; and Collateral Debt Obligations in respect of which the Issuer has entered into a binding commitment to sell but in respect of which such sale has not yet settled, shall be excluded from being Collateral Debt Obligations in the calculation of the Portfolio Profile Tests, the Collateral Quality Tests, the Coverage Tests, the Interest Diversion Test and all other tests and criteria applicable to the Portfolio at any time as if such sale had been completed. The failure of any obligation to satisfy the Eligibility Criteria at any time after the Issuer or the Collateral Manager on behalf of the Issuer has entered into a binding agreement to purchase it, shall not cause such obligation to cease to constitute a Collateral Debt Obligation unless it is an Issue Date Collateral Debt Obligation which does not satisfy the Eligibility Criteria on the Issue Date. A Collateral Debt Obligation which has been restructured (whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an extension of its maturity) or by way of substitution of new obligations and/or change of Obligor) shall only constitute a Collateral Debt Obligation for the purpose of the calculation of the Portfolio Profile Tests, Collateral Quality Tests, Coverage Tests and all other tests and criteria applicable to the Portfolio if it satisfies the Restructured Obligation Criteria on the appropriate Restructuring Date.

**“Collateral Debt Obligation Stated Maturity”** means, with respect to any Collateral Debt Obligation or Eligible Investment, the date specified in such obligation as the fixed date on which the final payment or repayment of principal of such obligation is due and payable.

**“Collateral Enhancement Account”** means the account described as such in the name of the Issuer held with the Account Bank and whose books and records are held in the United Kingdom and in any event outside Ireland.

**“Collateral Enhancement Amount”** means, with respect to any Payment Date during the Reinvestment Period, the amount of Interest Proceeds retained in the Collateral Enhancement Account on the Payment Date in accordance with the Interest Proceeds Priority of Payments, at the sole discretion of the Collateral Manager which amounts shall not exceed €2,500,000 in the aggregate for any Payment Date or an aggregate amount for all applicable Payment Dates of €15,000,000.

**“Collateral Enhancement Debt Obligation”** means any warrant or equity security, excluding Exchanged Securities, but including without limitation, warrants relating to Mezzanine Obligations and any equity security received upon conversion or exchange of, or exercise of an option under, or otherwise in respect of a Collateral Debt Obligation; or any warrant or equity security purchased as part of a unit with a Collateral Debt Obligation (but in all cases, excluding, for the avoidance of doubt, the Collateral Debt Obligation), in each case, the acquisition of which will not result in the imposition of any present or future, actual or contingent liabilities or obligations on the Issuer other than those which may arise at its option.

**“Collateral Enhancement Debt Obligation Proceeds”** means all Distributions and Sale Proceeds received in respect of any Collateral Enhancement Debt Obligation.

**“Collateral Management Fee”** means each of the Senior Collateral Management Fee, the Subordinated Collateral Management Fee and the Incentive Collateral Management Fee.

**“Collateral Manager Advance”** means any amount advanced by the Collateral Manager to the Issuer:

- (i) for the purchase or exercise of a Collateral Enhancement Debt Obligation, to the extent there are insufficient funds available in the Collateral Enhancement Account, in its sole discretion; and
- (ii) as a contribution to Interest Proceeds or Principal Proceeds, to be applied in accordance with the applicable Priorities of Payments,

which shall bear interest in accordance with the Collateral Management Agreement at a rate as agreed between the Issuer and the Collateral Manager from time to time, and notified by the Collateral Manager to the Collateral Administrator as soon as reasonably practicable, **provided** that such rate of interest shall not exceed a rate of EURIBOR plus 2.0 per cent.

**“Collateral Manager Related Person”** means, collectively, CVC Credit Partners Group Limited and CVC Credit Partners Investment Management Limited or any director, officer or employee of a CVC Fund.

**“Collateral Quality Tests”** means the Collateral Quality Tests set out in the Collateral Management Agreement being each of the following:

- (i) so long as any Notes rated by Moody’s are Outstanding:
  - (A) the Moody’s Minimum Diversity Test;
  - (B) the Moody’s Minimum Weighted Average Recovery Rate Test; and
  - (C) the Moody’s Maximum Weighted Average Rating Factor Test;
- (ii) so long as any Notes rated by Fitch are Outstanding:
  - (A) the Fitch Maximum Weighted Average Rating Factor Test;
  - (B) the Fitch Minimum Weighted Average Recovery Rate Test; and
  - (C) the Maximum Obligor Concentration Test; and
- (iii) so long as any Rated Notes are Outstanding:
  - (A) the Weighted Average Life Test; and
  - (B) the Minimum Weighted Average Spread Test,

each as defined in the Collateral Management Agreement.

**“Collateral Tax Event”** means at any time as a result of the introduction of a new, or any change in, any home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final), interest, discount or premium payments due from the Obligors of any Collateral Debt Obligations (or from Selling Institutions in the case of Participations) in relation to any Due Period to the Issuer becoming properly subject to the imposition of home jurisdiction or foreign direct taxation or withholding tax (other than where such withholding tax is compensated for by a “gross up” provision in the terms of the Collateral Debt Obligation or such requirement to withhold is eliminated or compensated in full pursuant to a double taxation treaty or otherwise so that the Issuer as holder thereof (either directly or indirectly through a Participation) is held completely harmless from the full amount of such withholding tax on an after tax basis) so that the aggregate amount of such withholding tax (after taking into account the benefit of any partial gross-up and any reduction of or compensation for the withholding) on all Collateral Debt Obligations in relation to such Due Period is equal to or in excess of 6.0 per cent. of the aggregate interest, discount or premium payments due (for the avoidance of doubt, excluding any additional



interest arising as a result of the operation of any gross up provision) on all Collateral Debt Obligations in relation to such Due Period.

“**Commitment**” means an amount equal to €2,000,000, subject to reduction or cancellation in accordance with the terms of the Liquidity Facility Agreement.

“**Commitment Amount**” means, with respect to any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, the maximum aggregate outstanding principal amount (whether at the time funded or unfunded) of advances or other extensions of credit at any one time outstanding that the Issuer could be required to make to the Obligor under the Underlying Instruments relating thereto or to a funding bank in connection with any ancillary facilities related thereto.

“**Contribution**” has the meaning specified in the Conditions 2(m) (*Contributions*).

“**Contributions Account**” means the account described as such in the name of the Issuer held with the Account Bank and whose books and records are held in the United Kingdom and in any event outside Ireland.

“**Contributor**” has the meaning specified in Condition 2(m) (*Contributions*).

“**Controlling Class**” means:

- (i) the Class A Notes; or
- (ii) (A) following redemption and payment in full of the Class A Notes; or  
(B) prior to the redemption and payment in full of the Class A Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of the Class A Notes is held in the form of CM Non-Voting Exchangeable Notes and/or CM Non-Voting Notes,  
the Class B Notes; or
- (iii) (A) following redemption and payment in full of the Class A Notes and the Class B Notes; or  
(B) prior to the redemption and payment in full of the Class A Notes and the Class B Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of each of the Class A Notes and the Class B Notes is held in the form of CM Non-Voting Exchangeable Notes and/or CM Non-Voting Notes,  
the Class C Notes; or
- (iv) (A) following redemption and payment in full of the Class A Notes, the Class B Notes and the Class C Notes; or  
(B) prior to the redemption and payment in full of the Class A Notes, the Class B Notes and the Class C Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes and the Class C Notes is held in the form of CM Non-Voting Exchangeable Notes and/or CM Non-Voting Notes,  
the Class D Notes; or
- (v) (A) following redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; or  
(B) prior to the redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the

Class C Notes and the Class D Notes is held in the form of CM Non-Voting Exchangeable Notes and/or CM Non-Voting Notes,

the Class E Notes; or

- (vi) following redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the Class F Notes; or
- (vii) following redemption and payment in full of all of the Rated Notes, the Subordinated Notes,

**provided that:**

- (a) solely in connection with a CM Removal Resolution or a CM Replacement Resolution, no Notes held in the form of CM Non-Voting Exchangeable Notes and/or CM Non-Voting Notes shall (A) constitute or form part of the Controlling Class, (B) be entitled to vote in respect of such CM Removal Resolution or CM Replacement Resolution or (C) be counted for the purposes of determining a quorum or the result of voting in respect of such CM Removal Resolution or CM Replacement Resolution; and
- (b) solely with respect to any vote (or written direction or consent) in connection with a CM Removal Resolution or a CM Replacement Resolution, no Notes held by or on behalf of the Collateral Manager or any of its respective Affiliates shall (A) be entitled to vote in respect of such vote (or written direction or consent) or (B) be counted for the purposes of determining a quorum or the result of voting in respect of such vote (or written direction or consent).

**“Controlling Person”** means a person (other than a Benefit Plan Investor) with discretionary authority or control over the assets of the entity or who provides investment advice for a fee with respect to such assets (such as the Collateral Manager), and their respective Affiliates.

**“Corporate Rescue Loan”** means, as determined by the Collateral Manager, any interest in a loan or financing facility that is acquired directly by way of assignment, novation or indirectly by way of sub-participation, which is paying interest (and, if applicable, principal) on a current basis, has a Moody’s Rating of not lower than “Caa3” and either:

- (i) is an obligation of a debtor in possession as described in § 1107 of the United States Bankruptcy Code or a trustee (if appointment of such trustee has been ordered pursuant to § 1104 of the United States Bankruptcy Code) (a **“Debtor”**) organised under the laws of the United States or any State therein, the terms of which have been approved by an order of the United States Bankruptcy Court, the United States District Court, or any other court of competent jurisdiction, the enforceability of which order is not subject to any pending contested matter or proceeding (as such terms are defined in the Federal Rules of Bankruptcy Procedure) and which order provides that (x) such Corporate Rescue Loan is secured by liens on the Debtor’s otherwise unencumbered assets pursuant to § 364(c)(2) of the United States Bankruptcy Code; or (y) such Corporate Rescue Loan is secured by liens of equal or senior priority on property of the Debtor’s estate that is otherwise subject to a lien pursuant to § 364(d) of the United States Bankruptcy Code; or (z) such Corporate Rescue Loan is secured by junior liens on the Debtor’s encumbered assets and such Corporate Rescue Loan is fully secured based upon a current valuation or appraisal report; or (zz) if the Corporate Rescue Loan or any portion thereof is unsecured, the repayment of such Corporate Rescue Loan retains priority over all other administrative expenses pursuant to § 364(c)(1) of the United States Bankruptcy Code; or
- (ii) is a credit facility or other advance made available to a company or group not organised under laws of the United States or any State therein in a restructuring or insolvency process which constitutes the most senior secured obligations of the entity which is the Obligor thereof, **provided** such Obligor is not organised under the laws of the United States or any State therein and either (x) ranks *pari passu* in all respects with the other senior secured debt of the Obligor, **provided** that such facility is entitled to recover proceeds of enforcement of security shared with the other senior secured indebtedness (for example bonds) of the Obligor and its subsidiaries in priority to all such other senior secured indebtedness, or (y) achieves priority over other senior secured obligations of the Obligor otherwise than through the grant of

security, such as pursuant to the operation of applicable insolvency legislation (including as an expense of the restructuring or insolvency process) or other applicable law,

*provided that* if, at any time, a Collateral Debt Obligation that would otherwise be a Corporate Rescue Loan in accordance with the provisions above:

- (A) has a Moody's Rating of not less than "Caa1" or a Fitch Rating of not less than "CCC+"; and
- (B) either:
  - (1) the relevant Obligor is no longer a Debtor as described in paragraph (i) above; or
  - (2) the restructuring or insolvency process referred to in paragraph (ii) above pursuant to which such Collateral Debt Obligation was made available is complete and no further restructuring or insolvency process is outstanding in respect of the relevant Obligor,

such Collateral Debt Obligation shall not be a Corporate Rescue Loan.

**"Corporate Services Provider"** means Maples Fiduciary Services (Ireland) Limited.

**"Counterparty Downgrade Collateral"** means any cash and/or securities delivered to the Issuer as collateral for the obligations of a Hedge Counterparty under a Hedge Transaction.

**"Counterparty Downgrade Collateral Account"** means one or more accounts of the Issuer held with the Custodian and whose books and records are held in the United Kingdom and in any event outside Ireland, into which all Counterparty Downgrade Collateral received from a Hedge Counterparty is to be deposited. A separate Counterparty Downgrade Collateral Account shall be opened in respect of each Hedge Counterparty as and when required.

**"Counterparty Downgrade Collateral Account Surplus"** has the meaning given thereto in Condition 3(j)(v)(B)(3) (*Counterparty Downgrade Collateral Accounts*).

**"Coverage Test"** means each of the Class A/B Par Value Test, the Class A/B Interest Coverage Test, the Class C Par Value Test, the Class C Interest Coverage Test, the Class D Par Value Test, the Class D Interest Coverage Test and the Class E Par Value Test.

**"Cov-Lite Loan"** means a Collateral Debt Obligation that is an interest in a loan that in the reasonable judgment of the Collateral Manager (a) does not contain any financial covenants; or (b) requires the Obligor to comply with an Incurrence Covenant, but does not require the Obligor to comply with a Maintenance Covenant; **provided** that for all purposes such a Collateral Debt Obligation which either contains a cross default or cross acceleration provision to or is *pari passu* with, another loan of the Obligor that requires the Obligor to comply with a Maintenance Covenant will be deemed not to be a Cov-Lite Loan where such compliance is required either (i) at all times during the life of such other obligation or (ii) only when such other obligation is funded upon the occurrence of a particular specified event.

**"CRA3"** means Regulation EC 1060/2009 (as amended) on credit rating agencies.

**"Credit Impaired Obligation"** means any Collateral Debt Obligation that, in the Collateral Manager's reasonable judgment, has a significant risk of declining in credit quality or price; **provided** that at any time during a Restricted Trading Period, a Collateral Debt Obligation will qualify as a Credit Impaired Obligation for purposes of sales of Collateral Debt Obligations only if: (i) such Collateral Debt Obligation has been downgraded by any Rating Agency at least one rating sub-category or has been placed and remains on a watch list for possible downgrade or on negative outlook by the Rating Agency since it was acquired by the Issuer; (ii) at least one of the Credit Impaired Obligation Criteria is satisfied with respect to such Collateral Debt Obligation; or (iii) the Controlling Class acting by way of Ordinary Resolution votes to treat such Collateral Debt Obligation as a Credit Impaired Obligation.

**"Credit Impaired Obligation Criteria"** means the criteria that will be met on any date of determination in respect of a Collateral Debt Obligation if any of the following apply to such Collateral Debt Obligation, as determined by the Collateral Manager in its discretion:

- (i) if such Collateral Debt Obligation is a loan obligation or floating rate note, the price of such Collateral Debt Obligation has changed during the period from the date on which the Issuer entered into a binding commitment to purchase such Collateral Debt Obligation to the proposed date the Issuer intends to enter into a binding commitment to sell such Collateral Debt Obligation by a percentage which is (i) in the case of Senior Secured Loans or Senior Secured Bonds, either at least 0.25 per cent. more negative or at least 0.25 per cent. less positive and (ii) in the case of Senior Unsecured Obligations, Second Lien Loans or Mezzanine Obligations, either at least 0.50 per cent. more negative or at least 0.50 per cent. less positive, in each case, than the percentage change in the average price of an Eligible Loan Index;
- (ii) if such Collateral Debt Obligation is a Fixed Rate Collateral Debt Obligation which is a bond or security, the price of such obligation has changed since the date the Issuer or the Collateral Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation by a percentage either at least 1.00 per cent. more negative or at least 1.00 per cent. less positive, as the case may be, than the percentage change in the Eligible Bond Index over the same period, as determined by the Collateral Manager;
- (iii) if such Collateral Debt Obligation is a Fixed Rate Collateral Debt Obligation which is a bond or security, the price of such Collateral Debt Obligation has decreased by at least 1.00 per cent. of the price paid by the Issuer for such Collateral Debt Obligation;
- (iv) if such Collateral Debt Obligation is a loan obligation or a floating rate note, the spread over the applicable reference rate for such Collateral Debt Obligation has been increased in accordance with the underlying Collateral Debt Obligation since the date the Issuer or the Collateral Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation by (1) 0.25 per cent. or more (in the case of a loan obligation with a spread (prior to such increase) less than or equal to 2.00 per cent.), (2) 0.375 per cent. or more (in the case of a loan obligation with a spread (prior to such increase) greater than 2.00 per cent. but less than or equal to 4.00 per cent.) or (3) 0.50 per cent. or more (in the case of a loan obligation with a spread (prior to such increase) greater than 4.00 per cent.), due to a deterioration in the Obligor's financial ratios or financial results;
- (v) if such Collateral Debt Obligation has a projected cash flow interest coverage ratio (earnings before interest and taxes divided by cash interest expense as estimated by the Collateral Manager) of the Obligor of such Collateral Debt Obligation of less than 1.00 or that is expected to be less than 0.85 times the current year's projected cash flow interest coverage ratio;
- (vi) if such Collateral Debt Obligation has been downgraded by any rating agency by at least one rating sub-category or has been placed on a watch list for possible downgrade or on negative outlook by any rating agency since the time that the Issuer (or the Collateral Manager acting on behalf of the Issuer) entered into a binding commitment to purchase such Collateral Debt Obligation;
- (vii) if such Collateral Debt Obligation is a loan or bond, the Market Value (expressed as a percentage of par) of such Collateral Debt Obligation has decreased by at least 0.25 per cent. of the price paid by the Issuer for such Collateral Debt Obligation;
- (viii) if such Collateral Debt Obligation is a loan or a bond, the proceeds received with respect to its disposition (excluding such proceeds that constitute Interest Proceeds) of such loan or bond would be less than 99.75 per cent. of its purchase price; or
- (ix) the Obligor of such Collateral Debt Obligation has shown deteriorated financial results since the published financial reports first produced since the time that the Issuer (or the Collateral Manager acting on behalf of the Issuer) entered into a binding commitment to purchase such Collateral Debt Obligation, such deterioration being evidenced by, among other things, an increase by 0.50 times in leverage or a decrease by 5.00 per cent. in EBITDA.

**“Credit Improved Obligation”** means any Collateral Debt Obligation which, in the Collateral Manager's reasonable judgment, has significantly improved in credit quality after it was acquired by the Issuer **provided**

that at any time during a Restricted Trading Period, a Collateral Debt Obligation will qualify as a Credit Improved Obligation only if: (i) it has been upgraded by any Rating Agency at least one rating sub category or has been placed and remains on a watch list for possible upgrade or on positive outlook by the Rating Agency since it was acquired by the Issuer; (ii) at least one of the Credit Improved Obligation Criteria is satisfied with respect to such Collateral Debt Obligation; or (iii) the Controlling Class acting by way of Ordinary Resolution votes to treat such Collateral Debt Obligation as a Credit Improved Obligation.

**“Credit Improved Obligation Criteria”** means the criteria that will be met on any date of determination in respect of a Collateral Debt Obligation if any of the following apply to such Collateral Debt Obligation, as determined by the Collateral Manager in its discretion:

- (i) if such Collateral Debt Obligation is a loan obligation, a bond or security, the Sale Proceeds (excluding Sale Proceeds that constitute Interest Proceeds) of such loan obligation, bond or security would be at least, (i) if owned by the Issuer for 20 Business Days or more 100.25 per cent. of the purchase price paid by the Issuer at the time of its acquisition and (ii) if owned by the Issuer for less than 20 Business Days 100.5 per cent. of the purchase price paid by the Issuer at the time of its acquisition;
- (ii) if such Collateral Debt Obligation is a loan obligation, or floating rate note, the price of such loan obligation has changed during the period from the date on which the Issuer or the Collateral Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation to the proposed sale date by a percentage either at least 0.25 per cent. more positive, or 0.25 per cent. less negative, as the case may be, than the percentage change in the average price of the applicable Eligible Loan Index over the same period;
- (iii) if such Collateral Debt Obligation is a Fixed Rate Collateral Debt Obligation which is a bond or security, the price of such obligation has changed since the date the Issuer or the Collateral Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation by a percentage either at least 1.00 per cent. more positive or at least 1.00 per cent. less negative than the percentage change in the Eligible Bond Index over the same period, as determined by the Collateral Manager;
- (iv) if such Collateral Debt Obligation is a loan obligation, the spread over the applicable reference rate for such Collateral Debt Obligation has been decreased in accordance with the underlying Collateral Debt Obligation since the date the Issuer or the Collateral Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation by (1) 0.25 per cent. or more (in the case of a loan obligation with a spread (prior to such decrease) less than or equal to 2.00 per cent.), (2) 0.375 per cent. or more (in the case of a loan obligation with a spread (prior to such decrease) greater than 2.00 per cent. but less than or equal to 4.00 per cent.) or (3) 0.50 per cent. or more (in the case of a loan obligation with a spread (prior to such decrease) greater than 4.00 per cent.) due, in each case, to an improvement in the Obligor’s financial ratios or financial results;
- (v) it has a projected cash flow interest coverage ratio (earnings before interest and taxes divided by cash interest expense as estimated by the Collateral Manager) of the Obligor of such Collateral Debt Obligation that is expected to be more than 1.15 times the current year’s projected cash flow interest coverage ratio;
- (vi) it has been upgraded by any rating agency by at least one rating sub-category or has been placed on a watch list for possible upgrade or on positive outlook by any rating agency since the time that the Issuer (or the Collateral Manager acting on behalf of the Issuer) entered into a binding commitment to purchase such Collateral Debt Obligation;
- (vii) the Obligor of such Collateral Debt Obligation has shown improved financial results since the published financial reports first produced the date the Issuer (or the Collateral Manager acting on behalf of the Issuer) entered into a binding commitment to purchase such Collateral Debt Obligation;
- (viii) the Obligor of such Collateral Debt Obligation since the date the Issuer (or the Collateral Manager acting on behalf of the Issuer) entered into a binding commitment to purchase such

Collateral Debt Obligation has raised significant equity capital or has raised other capital that has improved the liquidity or credit standing of such Obligor;

- (ix) the EBITDA of the Obligor of such Collateral Debt Obligation has increased by at least 5 per cent. since the date the Issuer (or the Collateral Manager acting on behalf of the Issuer) entered into a binding commitment to purchase such Collateral Debt Obligation; or
- (x) the Obligor of such Collateral Debt Obligation has, since the date the Issuer (or the Collateral Manager acting on behalf of the Issuer) entered into a binding commitment to purchase such Collateral Debt Obligation, reduced its leverage by at least 0.5 times.

“**CRR**” means Regulation (EU) No. 575/2013 as may be effective from time to time together with any amendments of any successor or replacement provisions included in any European Union directive or regulation.

“**CRS**” means the Standard for Automatic Exchange of Financial Account Information approved on 15 July 2014 by the Council of the OECD, also known as the Common Reporting Standard, and any bilateral or multilateral competent authority agreements, intergovernmental agreements and treaties, laws, regulations, official guidance or other instrument facilitating the implementation thereof and any law implementing it including Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation.

“**Current Pay Obligation**” means any Collateral Debt Obligation (other than a Corporate Rescue Loan) that would otherwise be treated as a Defaulted Obligation but as to which no payments are due and payable that are unpaid and:

- (i) the Collateral Manager believes, in its reasonable judgment, the Obligor of such Collateral Debt Obligation will continue to make scheduled payments of interest thereon in cash and will pay the principal thereof in cash by maturity or as otherwise contractually due;
- (ii) if the Obligor is subject to a bankruptcy or insolvency proceedings, a bankruptcy court has authorised the payment of interest and principal payments when due thereunder;
- (iii) the Collateral Debt Obligation has a Market Value of at least 80 per cent. of its outstanding principal amount; and
- (iv) the Collateral Debt Obligation has either:
  - (A) a Moody’s Rating of “B3” or higher;
  - (B) a Moody’s Rating of at least “Caal” and a Market Value of (x) in the case of an Unhedged Collateral Debt Obligation, at least 80 per cent. of its Unhedged Principal Balance, and (y) in the case of all other such Collateral Debt Obligations, at least 80 per cent. of its current Principal Balance; or
  - (C) a Moody’s Rating of at least “Caa2” and a Market Value of (x) in the case of an Unhedged Collateral Debt Obligation, at least 85 per cent. of its Unhedged Principal Balance, and (y) in the case of all other such Collateral Debt Obligations, at least 85 per cent. of its current Principal Balance,

**provided** that, (x) if the Moody’s Rating falls below the rating specified in (A), (y) if the Moody’s Rating or the Market Value falls below the rating or market value specified in (B), or (z) if the Moody’s Rating or the Market Value falls below the rating or market value specified in (C), as the case may be, such Collateral Debt Obligation shall be treated as Defaulted Obligation until such time as it becomes a Current Pay Obligation (by virtue of paragraphs (a), (b) and (c) above being satisfied).

“**Custody Account**” means the custody account or accounts held in the United Kingdom and whose books and records are held in any event outside Ireland established on the books of the Custodian in accordance with the provisions of the Agency Agreement, which term shall include each securities account relating to each such Custody Account (if any).

“**CVC**” means CVC Capital Partners together with CVC Credit Partners.

**“CVC Capital Partners”** means (a) CVC Capital Partners SICAV-FIS S.A., and CVC Capital Partners Advisory Group Holdings Foundation and each of their respective direct and indirect subsidiaries and their respective Affiliates but excluding (i) any funds managed and/or advised by any of the foregoing and (ii) any of the portfolio investments of any fund referenced in (i) above.

**“CVC Capital Portfolio Company”** means a company in which one or more CVC Funds (i) has board representation; (ii) holds more than 25 per cent. of the share capital or (iii) has an economic interest in excess of €100,000,000.

**“CVC Credit Partners”** means CVC Credit Partners L.P. and its Affiliates and each of their respective successors and permitted assigns.

**“CVC Fund”** means any pooled investment vehicle or separate managed account arrangement managed or advised by any member of CVC.

**“Defaulted Deferring Mezzanine Obligation”** means a Mezzanine Obligation which by its contractual terms provides for the deferral of interest and is a Defaulted Obligation.

**“Defaulted Hedge Termination Payment”** means any amount payable by the Issuer to a Hedge Counterparty upon termination of any Hedge Transaction, including any due and unpaid scheduled amounts thereunder in respect of which the Hedge Counterparty was either (x) the “Defaulting Party” (as defined in the applicable Hedge Agreement) or (y) the sole “Affected Party” (as such term is defined in the applicable Hedge Agreement) in respect of any termination event, howsoever described, resulting from a rating downgrade of the Hedge Counterparty and/or its failure or inability to take any specified action in relation to such rating downgrade within any specified period within the applicable Hedge Agreement, or in respect of a termination event that is a “Tax Event Upon Merger” (as defined in the applicable Hedge Agreement).

**“Defaulted Mezzanine Excess Amounts”** means the lesser of:

- (i) the greater of (x) zero and (y) the aggregate of all amounts paid into the Principal Account in respect of each Mezzanine Obligation for so long as it is a Defaulted Deferring Mezzanine Obligation, minus the sum of the principal amount of such Mezzanine Obligation outstanding immediately prior to receipt of such amounts plus any Purchased Accrued Interest relating thereto; and
- (ii) all deferred interest paid in respect of each such Mezzanine Obligation for so long as it is a Defaulted Deferring Mezzanine Obligation minus any Purchased Accrued Interest relating thereto.

**“Defaulted Obligation”** means a Collateral Debt Obligation as determined by the Collateral Manager:

- (i) in respect of which there has occurred and is continuing a default with respect to the payment of interest or principal, disregarding any grace periods, waiver or forbearance applicable thereto **provided** that in the case of any Collateral Debt Obligation in respect of which the Collateral Manager has confirmed to the Trustee in writing that, to the knowledge of the Collateral Manager, such default has resulted from non-credit related causes, such Collateral Debt Obligation shall not constitute a “Defaulted Obligation” for the lesser of five Business Days, seven calendar days or any grace period applicable thereto, in each case which default entitles the holders thereof, with notice or passage of time or both, to accelerate the maturity of all or a portion of the principal amount of such obligation, but only until such default has been cured;
- (ii) in respect of which any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the Obligor of such Collateral Debt Obligation (**provided** that a Collateral Debt Obligation shall not constitute a Defaulted Obligation under this paragraph (ii) if it is a Current Pay Obligation);
- (iii) in respect of which the Collateral Manager knows the Obligor thereunder is in default as to payment of principal and/or interest on another obligation, save for obligations constituting trade debts which the applicable Obligor is disputing in good faith, (and such default has not been cured), but only if both such other obligation and the Collateral Debt Obligation are full recourse, unsecured obligations, the other obligation is senior to, or *pari passu* with, the

Collateral Debt Obligation in right of payment and the holders of such obligation have accelerated the maturity of all or a portion of such obligation;

- (iv) which (i) has an Moody's Rating of "Ca", "C" or below or (ii) has a Fitch Rating of "CC" or below or, in each case, had such rating immediately prior to the withdrawal of its rating by Fitch or Moody's, as applicable;
- (v) which the Collateral Manager, acting on behalf of the Issuer, determines in its reasonable judgment should be treated as a Defaulted Obligation;
- (vi) which would be treated as a Current Pay Obligation except that such Collateral Debt Obligation would result in the Aggregate Collateral Balance of all Collateral Debt Obligations which constitute Current Pay Obligations exceeding 2.50 per cent. of the Aggregate Collateral Balance (excluding Defaulted Obligations);
- (vii) in respect of a Collateral Debt Obligation that is a Participation:
  - (A) the Selling Institution has defaulted in respect of any of its payment obligations under the terms of such Participation;
  - (B) the obligation which is the subject of such Participation would constitute a Defaulted Obligation if the Issuer had a direct interest therein; or
  - (C) the Selling Institution has (x) a Moody's Rating of "Ca" or "C" or below or had such Moody's Rating immediately prior to its withdrawal by Moody's or (y) a Fitch Rating of "CC" or below or, in either case, had such rating prior to its withdrawal of its Moody's Rating or Fitch Rating, as applicable; or
- (viii) if the Obligor thereof offers holders of such Collateral Debt Obligation a new security, obligation or package of securities or obligations that amount to a diminished financial obligation (such as preferred or common stock, or debt with a lower coupon or amount) of such Obligor and in the reasonable judgement of the Collateral Manager, such offer has the apparent purpose of helping the Obligor avoid default; provided, however, such obligation will cease to be a Defaulted Obligation under this paragraph if such new obligation is (x) a Restructured Obligation; and (y) such Restructured Obligation does not otherwise constitute a Defaulted Obligation pursuant to any other paragraph of the definition hereof;

**provided** that: (w) a Collateral Debt Obligation which is a Corporate Rescue Loan shall constitute a Defaulted Obligation if such Corporate Rescue Loan satisfies this definition of "Defaulted Obligation" other than paragraph (ii) thereof; (x) if more than 5.00 per cent. of the Aggregate Collateral Balance constitutes Corporate Rescue Loans, or if more than 2.00 per cent. of the Aggregate Collateral Balance constitutes Corporate Rescue Loans from a single Obligor, in determining which of the Corporate Rescue Loans are to be treated as Defaulted Obligations under this proviso; the Corporate Rescue Loans with the lowest Market Value shall be deemed to constitute the relevant excess; (y) save in the case of paragraph (vi) above, a Collateral Debt Obligation which is a Current Pay Obligation shall not constitute a Defaulted Obligation (**provided further** that, in determining which of the Current Pay Obligations are to be treated as Defaulted Obligations under this proviso; the Current Pay Obligations with the lowest Market Value shall be deemed to constitute the excess); and (z) any Collateral Debt Obligation shall cease to be a Defaulted Obligation on the date such obligation no longer satisfies this definition of "Defaulted Obligation".

**"Defaulted Obligation Excess Amounts"** means in respect of a Defaulted Obligation, the greater of (i) zero and (ii) the aggregate of all amounts paid into the Principal Account in respect of such Defaulted Obligation for so long as it is a Defaulted Obligation, minus the sum of (a) the Principal Balance of such Defaulted Obligation outstanding immediately prior to receipt of such amounts and (b) any Purchased Accrued Interest in respect of such Defaulted Obligation.

**"Deferred Interest"** has the meaning given thereto in Condition 6(c)(i) (*Deferred Interest*).

**"Deferred Senior Collateral Management Amounts"** has the meaning given thereto in Condition 3(c)(i) (*Application of Interest Proceeds*).



**“Deferred Subordinated Collateral Management Amounts”** has the meaning given thereto in Condition 3(c)(i) (*Application of Interest Proceeds*).

**“Deferring Security”** and collectively **“Deferring Securities”** means a PIK Obligation that is deferring the payment of the current cash interest due thereon and has been so deferring the payment of such interest due thereon:

- (i) with respect to Collateral Debt Obligations that have a Moody’s Rating of at least “Baa3” or a Fitch Rating of at least “BBB-”, for the shorter of two consecutive accrual periods or one year; and
- (ii) with respect to Collateral Debt Obligations that have a Moody’s Rating of “Ba1” or below or a Fitch Rating of “BB+” or below, for the shorter of one accrual period or six consecutive months,

which deferred capitalised interest has not, as of the date of determination, been paid in cash.

**“Definitive Certificate”** means a certificate representing one or more Notes in definitive, fully registered, form.

**“Delayed Drawdown Collateral Debt Obligation”** means a Collateral Debt Obligation that: (a) requires the Issuer to make one or more future advances to the borrower under the Underlying Instruments relating thereto; (b) specifies a maximum amount that can be borrowed; and (c) does not permit the re-borrowing of any amount previously repaid; but any such Collateral Debt Obligation will be a Delayed Drawdown Collateral Debt Obligation only until all commitments to make advances to the borrower expire or are terminated or reduced to zero.

**“Delegate”** means any sub-custodian, delegate, nominee, and administrative or other service provider selected and used by the Custodian in connection with carrying out its obligations under the Agency Agreement whether or not such person would be deemed an agent under principles of any applicable law.

**“Designated Base Rate”** means either (i) the quarterly rate (and, if applicable, the methodology for calculating such rate) formally proposed, recommended or recognised as an industry standard rate (whether by letter, protocol, publication of standard terms or otherwise) by LMA, the LSTA or the ARRC as a replacement rate for LIBOR or EURIBOR (as applicable) or (ii) the successor quarterly rate for LIBOR or EURIBOR (as applicable) being used in at least 50 per cent of (x) the quarterly Floating Rate Collateral Debt Obligations included in the Portfolio or (y) the floating rate securities issued in the new-issue collateralised loan obligation market in the prior three months that bear interest based on a reference rate other than EURIBOR, in each case as determined by the Collateral Manager in its sole discretion and as applicable, may include a Base Rate Modifier (if any) recognized by the aforementioned authorities.

**“Determination Date”** means the last Business Day of each Due Period, or in the event of any redemption of the Notes, following the occurrence of a Note Event of Default, five Business Days prior to the applicable Redemption Date.

**“Discount Obligation”** means any Collateral Debt Obligation that is not a Swapped Non-Discount Obligation and that the Collateral Manager determines:

- (i) in the case of any Floating Rate Collateral Debt Obligations, is acquired by the Issuer for a purchase price that is lower than the lesser of (1) (x) in the case of an Unhedged Collateral Debt Obligation, 80 per cent. of its Unhedged Principal Balance, and (y) in the case of all other such Collateral Debt Obligations, 80 per cent. of the Principal Balance of such Collateral Debt Obligation (or, if such interest has a Moody’s rating below “B3”, such interest is acquired by the Issuer for a purchase price of less than 85 per cent. of its Principal Balance) and (2) the price of the Eligible Loan Index as of the relevant date of determination; **provided** that such Collateral Debt Obligation shall cease to be a Discount Obligation at such time as the Market Value of such Collateral Debt Obligation, as determined for any period of 30 consecutive days since the acquisition by the Issuer of such Collateral Debt Obligation equals or exceeds (x) in the case of an Unhedged Collateral Debt Obligation, 90 per cent. of its Unhedged Principal Balance, and (y) in the case of all other such Collateral Debt Obligations, 90 per cent. of the Principal Balance of such Collateral Debt Obligation; or

- (ii) in the case of any Fixed Rate Collateral Debt Obligation, is acquired by the Issuer for a purchase price of that is lower than the lesser of (1) (x) in the case of an Unhedged Collateral Debt Obligation, 75 per cent. of its Unhedged Principal Balance, and (y) in the case of all other such Collateral Debt Obligations, 75 per cent. of the Principal Balance of such Collateral Debt Obligation (or, if such interest has a Moody's rating below "B3", such interest is acquired by the Issuer for a purchase price of less than 80 per cent. of its Principal Balance) and (2) the price corresponding to a yield that is 2 per cent. higher than the yield of the Eligible Bond Index; **provided** that such Collateral Debt Obligation shall cease to be a Discount Obligation at such time as the Market Value of such Collateral Debt Obligation, as determined for any period of 30 consecutive days since the acquisition by the Issuer of such Collateral Debt Obligation, equals or exceeds either (a) (x) in the case of an Unhedged Collateral Debt Obligation, 85 per cent. of its Unhedged Principal Balance, and (y) in the case of all other such Collateral Debt Obligations, 85 per cent. of the Principal Balance of such Collateral Debt Obligation or (b) the price corresponding to a yield on such Collateral Debt Obligation that is less than or equal to the yield of the Eligible Bond Index,

**provided that:**

- (A) where the Principal Balance of a Collateral Debt Obligation is partially composed of a Discount Obligation, any sale, repayment or prepayment in respect of such Collateral Debt Obligation will be applied pro rata to (x) the discounted portion of such Collateral Debt Obligation and (y) the non-discounted portion of such Collateral Debt Obligation; and
- (B) if such interest is a Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, the purchase price of such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation for such purpose shall include an amount equal to the Unfunded Amount of such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation which is required to be deposited in the Unfunded Revolver Reserve Account.

**"Distribution"** means any payment of principal or interest or any dividend or premium or other amount (including any proceeds of sale) or asset paid or delivered on or in respect of any Collateral Debt Obligation, any Collateral Enhancement Debt Obligation, any Eligible Investment or any Exchanged Security, as applicable.

**"Dodd-Frank Act"** means the Dodd-Frank Wall Street Reform and Consumer Protection Act including any related regulation as may be amended, supplemented or replaced from time to time.

**"Domicile"** or **"Domiciled"** means with respect to any Obligor with respect to a Collateral Debt Obligation:

- (i) except as provided in paragraph (ii) below, its country of organisation or incorporation; or
- (ii) the jurisdiction and the country in which, in the Collateral Manager's reasonable judgment, a substantial portion of such Obligor's operations are located or from which the main portion of its revenue is derived, in each case directly or through subsidiaries (which shall be any jurisdiction and country known at the time of designation by the Collateral Manager to be the source of the majority of revenues, if any, of such Obligor).

**"Drawdown Date"** has the meaning given thereto in the Liquidity Facility Agreement.

**"Due Period"** means, with respect to any Payment Date, the period commencing on and including the day immediately following the eighth Business Day prior to the preceding Payment Date (or on the Issue Date, in the case of the Due Period relating to the first Payment Date) and ending on and including the eighth Business Day prior to such Payment Date (or, in the case of the Due Period applicable to the Payment Date which is the Redemption Date of the Notes in full, ending on and including the Business Day preceding such Payment Date).

**"EBA"** means the European Banking Authority (including any successor or replacement agency or authority).

**"Effective Date"** means the earlier of:

- (i) the date designated for such purpose by the Collateral Manager by written notice to the Trustee, the Issuer, the Rating Agencies and the Collateral Administrator pursuant to the

Collateral Management Agreement, subject to the Effective Date Determination Requirements having been satisfied; and

- (ii) 13 February 2020 (or, if such day is not a Business Day, the next following Business Day).

**“Effective Date Determination Requirements”** means, as at the Effective Date, (A) each of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests (save for the Interest Coverage Tests) being satisfied on such date, (B) the Issuer having acquired or having entered into binding commitments to acquire Collateral Debt Obligations the Aggregate Principal Balance of which equals or exceeds the Target Par Amount by such date (*provided that*, for the purposes of determining the Aggregate Principal Balance as provided above, any repayments or prepayments of any Collateral Debt Obligations subsequent to the Issue Date not subsequently reinvested shall be disregarded and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its (i) Moody’s Collateral Value and (ii) Fitch Collateral Value) and (C) the Aggregate Collateral Balance being equal to or exceeding the Reinvestment Target Par Amount (provided that, for the purposes of determining the Aggregate Collateral Balance, the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its (x) Moody’s Collateral Value and (y) Fitch Collateral Value).

**“Effective Date Condition”** means a Condition satisfied if (a) the Issuer is provided with an accountants’ certificate recalculating and comparing each element of the Effective Date Report and confirming that the Effective Date Determination Requirements are satisfied and (b) the Rating Agencies are provided with the Effective Date Report.

**“Effective Date Rating Event”** means:

- (i) (A) the Effective Date Determination Requirements not having been satisfied as at the Effective Date (unless Rating Agency Confirmation is received in respect of such failure to satisfy the Effective Date Determination Requirements); and
- (B) either (X) the failure by the Collateral Manager (acting on behalf of the Issuer) to present a Rating Confirmation Plan to the Rating Agencies or, (Y) following request therefor from the Collateral Manager, Rating Agency Confirmation from the Rating Agencies has not been obtained for the Rating Confirmation Plan; or
- (ii) the Effective Date Condition not being satisfied and, following a request therefor from the Collateral Manager after the Effective Date, Rating Agency Confirmation from the Rating Agencies not having been received;

**provided** that any downgrade or withdrawal of any of the Initial Ratings of the Rated Notes which is not directly related to a request for confirmation thereof or which occurs after confirmation thereof by the Rating Agencies shall not constitute an Effective Date Rating Event.

**“Effective Date Report”** has the meaning given to it in the Collateral Management Agreement.

**“Effective Date Target Ratio”** means 111.11 per cent.

**“Eligibility Criteria”** means the Eligibility Criteria specified in the Collateral Management Agreement which are required to be satisfied in respect of each Collateral Debt Obligation acquired by the Collateral Manager (on behalf of the Issuer) at the time of entering into a binding commitment to acquire such obligation and, in the case of Issue Date Collateral Debt Obligations, the Issue Date.

**“Eligible Bond Index”** means the Markit iBoxx EUR High Yield Index, the Credit Suisse Western European High Yield Index (or any subsequent names given to these indices) as chosen by the Collateral Manager or any other international and comparable index proposed by the Collateral Manager and notified to the Trustee, the Collateral Administrator and each Rating Agency.

**“Eligible Investments”** means any investment denominated in Euro that is one or more of the following obligations or securities (other than obligations or securities which are zero coupon obligations or securities) and in the case of an obligation of a company incorporated or established in, or a sovereign issuer of, the United States, or otherwise bearing interest that arises, for U.S. federal income tax purposes, from sources within the United States, is in registered form for U.S. federal income tax purposes (or is not a “registration required obligation” as defined in Section 163(f) of the Code) at the time they are acquired including, without limitation,

any Eligible Investments for which the Custodian or the Collateral Manager or an Affiliate of any of them provides services:

- (i) direct obligations of, and obligations the timely payment of principal of and interest under which is fully and expressly guaranteed (such guarantee to comply with the current Fitch criteria on guarantees) by, a Qualifying Country or any agency or instrumentality of a Qualifying Country, the obligations of which are fully and expressly guaranteed by a Qualifying Country (**provided** such guarantee satisfies the then current Fitch guarantee criteria) which in each case has a rating of not less than the applicable Eligible Investment Minimum Rating;
- (ii) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any depository institution (including the Account Bank) or trust company incorporated under the laws of a Qualifying Country with, in each case, a maturity of no more than 90 days, or following the occurrence of a Frequency Switch Event, 180 days and subject to supervision and examination by governmental banking authorities so long as the commercial paper and/or the debt obligations of such depository institution or trust company (or, in the case of the principal depository institution in a holding company system, the commercial paper or debt obligations of such holding company) and the relevant issuing depository institution or trust company (or holding company, if applicable) at the time of such investment or contractual commitment have a rating of not less than the applicable Eligible Investment Minimum Rating;
- (iii) subject to receipt of Rating Agency Confirmation related thereto, unleveraged repurchase obligations with respect to:
  - (A) any obligation described in paragraph (i) above; or
  - (B) any other security issued or guaranteed by an agency or instrumentality of a Qualifying Country, in either case entered into with a depository institution or trust company (acting as principal) described in paragraph (ii) above or entered into with a corporation (acting as principal) whose debt obligations are rated not less than the applicable Eligible Investments Minimum Rating at the time of such investment (and such guarantee, if applicable, complies with the relevant Fitch criteria on guarantees);
- (iv) securities bearing interest or sold at a discount to the face amount thereof issued by any corporation incorporated under the laws of a Qualifying Country that have a credit rating of not less than the Eligible Investments Minimum Rating at the time of such investment or contractual commitment providing for such investment;
- (v) commercial paper or other short-term obligations having, at the time of such investment, a credit rating of not less than the applicable Eligible Investments Minimum Rating and that either are bearing interest or are sold at a discount to the face amount thereof and have a maturity of not more than 92 days, or following the occurrence of a Frequency Switch Event, 183 days from their date of issuance;
- (vi) offshore funds investing in the money markets rated, at all times, "AAAmf" by Fitch and "Aaa-mf" by Moody's **provided** that such fund issues shares, units or participations that may be lawfully acquired in Ireland; and
- (vii) any other investment similar to those described in paragraphs (i) to (viii) (inclusive) above:
  - (A) in respect of which Rating Agency Confirmation has been received as to its inclusion in the Portfolio as an Eligible Investment; and
  - (B) which has, in the case of an investment with a maturity of longer than 91 days, a long-term credit rating not less than the applicable Eligible Investment Minimum Rating,

and, in each case, such instrument or investment provides for payment of a predetermined fixed amount of principal on maturity that is not subject to change has a Collateral Debt Obligation Stated Maturity (giving effect to any applicable grace period) of no later than 365 days following the date of the Issuer's acquisition

thereof and either (A) has a Collateral Debt Obligation Stated Maturity (giving effect to any applicable grace period) no later than the Business Day immediately preceding the next following Payment Date or (B) is capable of being liquidated at par on demand without penalty, **provided, however**, that Eligible Investments shall not include any mortgage backed security, interest only security, security subject to withholding or similar taxes, or security purchased at a price in excess of 100 per cent. of par, security whose repayment is subject to substantial non credit related risk (as determined by the Collateral Manager in its discretion); **provided further** that only assets which are “qualifying assets” within the meaning of Section 110 of the TCA and which do not give rise to stamp duty, stamp duty reserve tax or other transfer duties or taxes (except to the extent that such stamp duty, stamp duty reserve tax or other transfer duties or taxes are taken into account in deciding whether to acquire the assets) may constitute Eligible Investments.

**“Eligible Investments Minimum Rating”** means:

- (i) for so long as any Notes rated by Moody’s are Outstanding:
  - (A) where such commercial paper or debt obligations do not have a short-term senior unsecured debt or issuer (as applicable) credit rating from Moody’s, a long-term senior unsecured debt or issuer (as applicable) credit rating of “Aaa” from Moody’s; or
  - (B) where such commercial paper or debt obligations have a short-term senior unsecured debt or issuer (as applicable) credit rating, such short-term rating is “P-1” from Moody’s and the long-term senior unsecured debt or issuer (as applicable) credit rating is at least “A1” from Moody’s;
- (ii) for so long as any Notes rated by Fitch are Outstanding:
  - (A) in the case of Eligible Investments with a maturity of more than 30 calendar days:
    - (1) a long-term senior unsecured debt or issuer (as applicable) credit rating of at least “AA-” from Fitch; or
    - (2) a short-term senior unsecured debt or issuer credit rating of at least “F1+” from Fitch; or
    - (3) such other ratings as confirmed by Fitch; and
  - (B) in the case of Eligible Investments with a maturity of 30 calendar days or less:
    - (1) a long-term senior unsecured debt or issuer (as applicable) credit rating of at least “A” from Fitch; or
    - (2) a short-term senior unsecured debt or issuer credit rating of at least “F1” from Fitch; or
    - (3) such other ratings as confirmed by Fitch.

**“Eligible Loan Index”** means the S&P European Leveraged Loan Index, the Credit Suisse Western European leveraged Loan Index or any other international and comparable index proposed by the Collateral Manager and notified to the Trustee, the Collateral Administrator and each Rating Agency.

**“EMIR”** means the European Market Infrastructure Regulation (Regulation (EU) No. 648/2012, including any implementing and/or delegated regulation (including the European Union (European Markets Infrastructure) Regulations 2014), technical standards and guidance related thereto as may be amended, re-enacted, replaced or supplemented from time to time.

**“EU Retention Deficiency”** means, as of any date of determination, an event which occurs if the Principal Amount Outstanding of the Class M-1 Subordinated Notes held by the Retention Holder is less than 5 per cent. of the greater of (i) the Aggregate Collateral Balance and (ii) the Target Par Amount, and the EU Retention and Transparency Requirements are not or would not be complied with as a result.

“**EU Retention Letter**” means the letter entered into between the Issuer, the Retention Holder, the Collateral Administrator, the Trustee, the Arranger and the Initial Purchaser dated on or about the Issue Date (as may be amended, supplemented or replaced in accordance with the EU Retention and Transparency Requirements) and notified in writing to the Trustee, the Collateral Administrator and the Issuer.

“**EU Retention and Transparency Requirements**” means Article 6, Article 7 and Article 9 of the Securitisation Regulation (as implemented by the Member States of the European Union), together with any other guidelines and technical standards published in relation thereto by the EBA, ESMA or contained in any European Commission delegated regulation as may be effective from time to time, in each case together with any amendments to those provisions or any successor or replacement provisions included in any European Union directive or regulation.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

“**ERISA Certificate**” means an ERISA certificate substantially in the form of Annex A (*Form of ERISA Certificate*) to the Offering Circular.

“**ESMA**” means the European Securities and Markets Authority or any replacement thereof or successor thereto.

“**EURIBOR**” means the rate determined in accordance with Condition 6(e) (*Interest on the Notes*).

“**Euro**”, “**Euros**”, “**euro**” and “**€**” means the lawful currency of the Member States of the European Union that have adopted and retain the single currency in accordance with the Treaty on the Functioning of the European Union, as amended from time to time; **provided** that if any member state or states ceases to have such single currency as its lawful currency (such member state(s) being the “Exiting State(s)”), the euro shall, for the avoidance of doubt, mean for all purposes the single currency adopted and retained as the lawful currency of the remaining member states and shall not include any successor currency introduced by the Exiting State(s).

“**Euroclear**” means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

“**Euro zone**” means the region comprised of Member States of the European Union that have adopted the single currency in accordance with the Treaty on the Functioning of the European Union, as amended.

“**Euronext Dublin**” means The Irish Stock Exchange plc trading as Euronext Dublin.

“**Excess CCC/Caa Adjustment Amount**” means, as of any date of determination, an amount equal to the greater of zero and an amount equal to:

- (i) the Aggregate Principal Balance of all Collateral Debt Obligations included in the CCC/Caa Excess; minus
- (ii) aggregate of, with respect to the Collateral Debt Obligations included in the CCC/Caa Excess, the product of (1) the Principal Balance of each such Collateral Debt Obligation and (2) the Market Value of each such Collateral Debt Obligation.

“**Excess Par Amount**” means an amount, as of any Determination Date, equal to (i) the Aggregate Collateral Balance on such Determination Date less (ii) the Reinvestment Target Par Amount; **provided**, that such amount may not be less than zero.

“**Excess Par Obligation**” means Collateral Debt Obligations selected in the sole discretion of the Collateral Manager (excluding Defaulted Obligations) which (either individually or together) have an Aggregate Principal Balance equal to the excess, if any, of the Aggregate Collateral Balance above the Reinvestment Target Par Amount, provided that the Aggregate Principal Balance of such Excess Par Obligations shall not exceed for the purposes of exclusion from the Collateral Quality Tests (other than the Moody’s Minimum Diversity Test), 1 per cent. For the purpose of calculating the Aggregate Principal Balance and the Aggregate Collateral Balance, the Principal Balance of each Defaulted Obligation shall be excluded *provided further that*, for the avoidance of doubt, for the purposes of the Collateral Quality Tests being tested on any Measurement Date, if any Collateral Debt Obligation is designated as an Excess Par Obligation, such Excess Par Obligation shall be excluded from all Collateral Quality Tests (other than the Moody’s Minimum Diversity Test), being tested on such Measurement Date.

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended.

**“Exchanged Security”** means any of: (a) an equity security which is not a Collateral Enhancement Debt Obligation and which is delivered to the Issuer upon acceptance of an Offer in respect of a Defaulted Obligation or received by the Issuer as a result of restructuring of the terms in effect as of the later of the Issue Date or date of issuance of the relevant Collateral Debt Obligation and (b) a Collateral Debt Obligation which has been restructured (whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an extension of its maturity) or by way of substitution of new obligations and/or change of Obligor) which does not satisfy the Restructured Obligation Criteria on the Restructuring Date.

**“Expense Reserve Account”** means the account described as such in the name of the Issuer held with the Account Bank and whose books and records are held in the United Kingdom and in any event outside Ireland.

**“Extraordinary Resolution”** means an extraordinary resolution as described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Trust Deed.

**“FATCA”** means:

- (i) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (the **“Code”**) or any associated regulations or other official guidance;
- (ii) any agreement pursuant to the implementation of any treaty law, regulation or other official guidance referred to in paragraph (i) above or paragraph (iii) below with the Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction; or
- (iii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law, regulation or other official guidance referred to in paragraph (i) above.

**“Fee Basis Amount”** means an amount equal to the weighted average Aggregate Collateral Balance during the related Due Period.

**“Fitch”** means Fitch Ratings Limited, and any successor or successors thereto.

**“Fitch CCC Obligations”** means all Collateral Debt Obligations, excluding Defaulted Obligations, with a Fitch Rating of “CCC+” or lower.

**“Fitch Collateral Value”** means, for each Defaulted Obligation as of the applicable Measurement Date, the lower of:

- (i) its prevailing Market Value; and
- (ii) the relevant Fitch Recovery Rate,

in each case, multiplied by its Principal Balance.

**“Fitch Maximum Weighted Average Rating Factor Test”** has the meaning given to it in the Collateral Management Agreement.

**“Fitch Minimum Weighted Average Recovery Rate Test”** has the meaning given to it in the Collateral Management Agreement.

**“Fitch Rating”** has the meaning given to it in the Collateral Management Agreement.

**“Fitch Recovery Rate”** means, in respect of any Collateral Debt Obligation the Fitch recovery rate determined in accordance with the Collateral Management Agreement.

**“Fitch Senior Secured Loan”** means a Collateral Debt Obligation (which may be a Revolving Obligation or a Delayed Drawdown Collateral Debt Obligation) that is a senior secured loan obligation as determined by the Collateral Manager in its reasonable judgment or a Participation therein, **provided** that:

- (i) it is secured by a valid and perfected security interest over (x) assets (including any intellectual property rights) of the Obligor and/or the Obligor's group thereof if and to the extent that the provision of security over assets is permissible under applicable law (save in the case of assets where the failure to take such security is consistent with reasonable secured lending practices), and otherwise (y) at least 80.00 per cent. of the equity interests in the shares of an entity owning, either directly or indirectly, such assets; and
- (ii) no other obligation of the Obligor has any higher priority security interest in such assets or shares referred to in paragraph (i) above **provided** that (x) a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to the Obligor may have a higher priority security interest in such assets or shares in the event of an enforcement in respect of such loan representing up to 15.0 per cent. of the Obligor's senior debt and (y) the limitation set forth in this paragraph (ii) shall not apply with respect to capitalised leases or similar obligations.

"**Fitch Tests Matrix**" has the meaning given to it in the Collateral Management Agreement.

"**Fixed Rate Collateral Debt Obligation**" means any Collateral Debt Obligation that bears a fixed rate of interest.

"**Fixed Rate Notes**" means the Class B-2 Notes.

"**Floating Rate Collateral Debt Obligation**" means any Collateral Debt Obligation that bears a floating rate of interest.

"**Floating Rate Notes**" means the Class X Notes, the Class A Notes, the Class B-1 Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

"**Floating Rate of Interest**" has the meaning given thereto in Condition 6(e)(i) (*Floating Rate of Interest*).

"**Frequency Switch Event**" shall occur if, on any Frequency Switch Measurement Date:

- (i) (A) the Aggregate Principal Balance (for which purpose the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value) of Collateral Debt Obligations that reset so as to become Semi-Annual Obligations or Annual Obligations in the previous Due Period (or where such Due Period is the first Due Period, in the last three months of such Due Period), is greater than or equal to 20.0 per cent. of the Aggregate Collateral Balance (for which purpose the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value); (B) the Class A/B Interest Coverage Ratio is less than 101.0 per cent. (and **provided** that for such purpose, paragraph (ii) and paragraph (vii) of the definition of Interest Coverage Amount shall be deemed to be equal to zero), as calculated by the Collateral Administrator in consultation with, and notified to, the Collateral Manager and notified to the Issuer; and (C) for so long as any of the Class X Notes, the Class A Notes or the Class B Notes remain Outstanding, the Class A/B Interest Coverage Ratio being greater than 101.0 per cent. (and provided for such purpose, (1) paragraphs (ii) and (vii) of the definition of Interest Coverage Amount shall be deemed to be equal to zero (2) accrued interest of Semi-Annual Obligations and Annual Obligations referred to in (i)(A) above shall be added to the numerator of the Class A/B Interest Coverage Ratio and (3) amounts standing to the credit of the Principal Account shall be added to the numerator of the Class A/B Interest Coverage Ratio); or
- (ii) the Collateral Manager declares in its sole discretion that a Frequency Switch Event shall have occurred **provided** that (A) such election may only be made by the Collateral Manager for the purposes of the liquidity of the Issuer and (B) such election may not be made if the Class A/B Interest Coverage Ratio is less than 101.0 per cent. (and **provided** that for such purpose, paragraph (ii) and paragraph (vii) of the definition of Interest Coverage Amount shall be deemed to be equal to zero), as calculated by the Collateral Administrator in consultation with, and notified to, the Collateral Manager and notified to the Issuer, and would have been less than such level if calculated on such basis if no Collateral Debt Obligations have been reset so as to become Semi-Annual Obligations or Annual Obligations in the previous Due Period (or where such Due Period is the first Due Period, in the last three months of such Due Period),



in each case notified in writing by the Collateral Manager to the Rating Agencies, the Calculation Agent, the Issuer (who shall notify the Noteholders in accordance with Condition 16 (*Notices*)), the Principal Paying Agent, the Trustee, the Transfer Agent and the Registrar, and, (with respect to the occurrence of a Frequency Switch Event pursuant to paragraph (ii) above), the Collateral Administrator. For the avoidance of doubt, no Frequency Switch Event shall be deemed to have occurred until the relevant notice to Noteholders has been given.

**“Frequency Switch Measurement Date”** means each Determination Date from (and including) the Determination Date immediately preceding the second Payment Date, **provided** that following the occurrence of a Frequency Switch Event, no further Frequency Switch Measurement Date shall occur.

**“Funded Amount”** means, with respect to any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation at any time, the aggregate principal amount of advances or other extensions of credit to the extent funded thereunder by the Issuer that are outstanding at such time.

**“Global Certificate”** means a certificate representing one or more Notes in global, fully registered form.

**“Global Exchange Market”** means the Global Exchange Market of Euronext Dublin.

**“Hedge Agreement”** means any Interest Rate Hedge Agreement and/or Asset Swap Agreement, as applicable.

**“Hedge Agreement Eligibility Criteria”** has the meaning given thereto in the Collateral Management Agreement.

**“Hedge Counterparty”** means any Interest Rate Hedge Counterparty or Asset Swap Counterparty, as applicable.

**“Hedge Replacement Payment”** means any Interest Rate Hedge Replacement Payment or Asset Swap Replacement Payment, as applicable.

**“Hedge Replacement Receipt”** means any Interest Rate Hedge Replacement Receipt or Asset Swap Replacement Receipt, as applicable.

**“Hedge Termination Account”** means the account described as such in the name of the Issuer held with the Account Bank and whose books and records are held in the United Kingdom and in any event outside Ireland.

**“Hedge Termination Payment”** means any Interest Rate Hedge Termination Payment or Asset Swap Termination Payment, as applicable.

**“Hedge Termination Receipt”** means any Interest Rate Hedge Termination Receipt or Asset Swap Termination Receipt, as applicable.

**“Hedge Transaction”** means any Interest Rate Hedge Transaction or Asset Swap Transaction, as applicable.

**“High Yield Bond”** means a debt security other than a Senior Secured Bond which, on acquisition by the Issuer, is either rated below investment grade by at least one internationally recognised credit rating agency (**provided** that, if such debt security is, at any time following acquisition by the Issuer, no longer rated by at least one internationally recognised credit rating agency as below investment grade it will not, as a result of such change in rating, fall outside this definition) or which is a high yielding debt security, in each case as determined by the Collateral Manager, excluding any debt security which is secured directly on, or represents the ownership of, a pool of consumer receivables, auto loans, auto leases, equipment leases, home or commercial mortgages, corporate debt or sovereign debt obligations or similar assets, including, without limitation, collateralised bond obligations, collateralised loan obligations or any similar security.

**“Incentive Collateral Management Fee”** means the fee payable to the Collateral Manager (exclusive of VAT) pursuant to the Collateral Management Agreement in an amount, as determined by the Collateral Administrator, equal to the amount specified at paragraph (DD) of the Interest Proceeds Priority of Payments, paragraph (T) of the Principal Proceeds Priority of Payments and paragraph (AA) of the Post-Acceleration Priority of Payments **provided** that such amount will only be payable to the Collateral Manager if the Incentive Collateral Management Fee IRR Threshold has been reached.

**“Incentive Collateral Management Fee IRR Threshold”** means the threshold which will have been reached on the relevant Payment Date if the Subordinated Notes Outstanding have received an annualised internal rate of return (computed using the “XIRR” function in Microsoft® Excel or an equivalent function in another software package and assuming for this purpose that all Subordinated Notes were purchased on the Issue Date at a price equal to the Subordinated Notes Initial Offer Price Percentage of the principal amount thereof) of at least 12.0 per cent. on the Principal Amount Outstanding of the Subordinated Notes as of the first day of the Due Period preceding such Payment Date (after giving effect to all payments in respect of the Subordinated Notes to be made on such Payment Date other than any Senior Class M-2 Interest Amounts or Subordinated Class M-2 Interest Amounts), **provided** that any additional issuances of the Subordinated Notes pursuant to Condition 17 (*Additional Issuance*) shall be included for the purpose of calculating the Incentive Collateral Management Fee IRR Threshold at their issue price and issue date and not the Subordinated Notes Initial Offer Price Percentage.

**“Incurrence Covenant”** means a covenant by any Obligor to comply with one or more financial covenants only upon the occurrence of certain actions of the Obligor, including a debt issuance, dividend payment, share purchase, merger, acquisition or divestiture.

**“Initial Drawdown”** means the aggregate amounts that the Issuer has drawn in accordance with the terms of the Liquidity Facility Agreement for the payment of any shortfall in the amount of Interest Proceeds available to pay amounts intended and permitted to be paid in accordance with paragraphs (A) through (DD) (inclusive), including, for the avoidance of doubt, to distribute to the Subordinated Noteholders pursuant to paragraph (DD) of the Interest Proceeds Priority of Payments (other than amounts payable to the Liquidity Facility Provider pursuant to paragraph (E) of the Interest Proceeds Priority of Payments on any Payment Date).

**“Initial Investment Period”** means the period from, and including, the Issue Date to, but excluding, the Effective Date.

**“Initial Purchaser”** means Merrill Lynch International.

**“Initial Ratings”** means in respect of any Class of Notes and any Rating Agency, the ratings assigned to such Class of Notes by such Rating Agency as at the Issue Date and **“Initial Rating”** means each such rating.

**“Interest Account”** means the account described as such in the name of the Issuer held with the Custodian and whose books and records are held in the United Kingdom and in any event outside Ireland.

**“Interest Amount”** means in respect of a Class of Notes:

- (i) in the case of the Floating Rate Notes, the amount calculated by the Calculation Agent in accordance with Condition 6(e)(ii) (*Determination of Floating Rate of Interest and Calculation of Interest Amount*);
- (ii) in the case of the Fixed Rate Notes, the amount calculated by the Calculation Agent in accordance with Condition 6(e)(iii) (*Calculation of Class B-2 Fixed Amounts*); and
- (iii) in the case of the Subordinated Notes, the Senior Class M-2 Interest Amounts and the Subordinated Class M-2 Interest Amounts calculated by the Collateral Administrator in accordance with Condition 6(e)(v) (*Interest Proceeds in respect of Subordinated Notes*).

**“Interest Coverage Amount”** means, on any particular Measurement Date:

- (i) the Balance standing to the credit of the Interest Account;  
plus
- (ii) the sum of all scheduled interest payments (including (X) any commitment fees due but not yet received in respect of any Revolving Obligations or Delayed Drawdown Collateral Debt Obligations, (Y) any amounts which the applicable Obligor has agreed or is required to pay by way of a gross-up in respect of amounts withheld at source or otherwise deducted in respect of taxes and (Z) any amounts which the Collateral Manager reasonably determines will be received within the same Due Period by way of recovery from an applicable tax authority under a double tax treaty) due but not yet received (in each case regardless of whether the applicable due date has yet occurred) in the Due Period in which such Measurement Date occurs on the Collateral Debt Obligations, the Eligible Investments and the Accounts (other

than the Counterparty Downgrade Collateral Account, but including interest on third party collateral accounts of the kind referred to in Condition 3(j)(ii)(J) (*Interest Account*)), but excluding:

- (A) accrued and unpaid interest on Defaulted Obligations (excluding Current Pay Obligations) unless such amounts constitute Defaulted Obligation Excess Amounts or Defaulted Mezzanine Excess Amounts;
- (B) interest on any Collateral Debt Obligation to the extent that such Collateral Debt Obligation does not provide for the scheduled payment of interest in cash;
- (C) any amounts, to the extent that such amounts if not paid, will not give rise to a default under the relevant Collateral Debt Obligation;
- (D) any amounts expected to be withheld at source or otherwise deducted in respect of taxes unless such withholding or deduction can be sheltered by application being made under the applicable double tax treaty or otherwise;
- (E) interest on any Collateral Debt Obligation which has not paid cash interest on a current basis in respect of the lesser of (A) twelve months and (B) the two most recent interest periods;
- (F) any scheduled interest payments as to which the Issuer or the Collateral Manager has actual knowledge that such payment will not be made;
- (G) any Purchased Accrued Interest; and
- (H) with respect to Mezzanine Obligations and PIK Obligations, any such interest capitalised pursuant to the terms thereof which is paid for on the date of acquisition of such Mezzanine Obligation or PIK Obligation,

**provided** that, in respect of a Non-Euro Obligation (1) that is an Asset Swap Obligation, this paragraph (ii) shall be deemed to refer to the related Scheduled Periodic Asset Swap Counterparty Payment, subject to the exclusions set out above and (2) that is an Unhedged Collateral Debt Obligation, the amount taken into account for the purpose of this paragraph (ii) shall be an amount equal to (X) if such Unhedged Collateral Debt Obligation has been an Unhedged Collateral Debt Obligation for less than 90 calendar days since the date of settlement thereof, and as long as the Rated Notes are rated by Moody's and/or Fitch, 50.0 per cent. of the scheduled interest payments referred to above due but not yet received in respect of such Unhedged Collateral Debt Obligation (subject to the exclusions set out above), converted into Euro at the then prevailing Applicable Exchange Rate, and (Y) otherwise zero, **provided** that in the case of below, if the Aggregate Collateral Balance (after giving effect to the purchase of any unsettled Unhedged Collateral Debt Obligation and calculating the principal balance thereof in accordance with the provisions of the Principal Balance for Unhedged Collateral Debt Obligations) is less than the Reinvestment Target Par Amount, such amount shall be deemed to be zero, and **provided further** that in the case of below, if the Unhedged Aggregate Principal Balance exceeds 2.5 per cent. of the Aggregate Collateral Balance, such amount shall be multiplied by 2.5 per cent. of the Aggregate Collateral Balance and divided by the Unhedged Aggregate Principal Balance:

- (iii) minus the amounts payable pursuant to paragraphs (A) through (G) of the Interest Proceeds Priority of Payments on the following Payment Date;
- (iv) minus any of the above amounts that would be payable into the Interest Smoothing Account on the Business Day after the Determination Date at the end of the Due Period in which such Measurement Date falls;
- (v) plus any amounts that would be payable from the Interest Reserve Account and the Interest Smoothing Account to the Interest Account in the Due Period in which such Measurement Date falls (without double counting any such amounts which have been already transferred to the Interest Account);

- (vi) plus any Scheduled Periodic Interest Rate Hedge Counterparty Payments payable to the Issuer under any Hedge Transaction but to the extent not already included in accordance with (i) above;
- (vii) plus any amounts which can be drawn under the Liquidity Facility Agreement after taking into account the amount currently outstanding that is not expected to be repaid under (iii) above; and
- (viii) minus any interest in respect of a PIK Obligation that has been deferred (but only to the extent such amount has not already been excluded in accordance with (ii) (B), (C), (E), (H), above).
- (ix) For the purposes of calculating any Interest Coverage Amount, the expected or scheduled interest income on Floating Rate Collateral Debt Obligations and Eligible Investments and the expected or scheduled interest payable on any Class of Notes and on any relevant Account shall be calculated using then current interest rates applicable thereto.

**“Interest Coverage Ratio”** means the Class A/B Interest Coverage Ratio, the Class C Interest Coverage Ratio and the Class D Interest Coverage Ratio (as applicable). For the purposes of calculating an Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the relevant Rated Notes will be calculated using the then current interest rates applicable thereto.

**“Interest Coverage Test”** means the Class A/B Interest Coverage Test, the Class C Interest Coverage Test and the Class D Interest Coverage Test (as applicable).

**“Interest Determination Date”** means the second Business Day prior to the commencement of each Accrual Period. For the avoidance of doubt, in respect of the Issue Date, the Calculation Agent will determine a straight line interpolation of the offered rate for 3 month and 6 month Euro deposits on the Issue Date but such offered rate shall be calculated as of the second Business Day prior to the Issue Date.

**“Interest Diversion Test”** means the test which will apply as of any Measurement Date on and after the Effective Date which will be satisfied on such Determination Date if the Class E Par Value Ratio is at least equal to 107.11 per cent.

**“Interest Proceeds”** means all amounts paid or payable into the Interest Account from time to time and, with respect to any Payment Date, means any Interest Proceeds received or receivable by the Issuer during the related Due Period to be disbursed pursuant to the Interest Proceeds Priority of Payments on such Payment Date, together with any other amounts to be disbursed out of the Payment Account as Interest Proceeds on such Payment Date pursuant to Condition 3(i) (*Accounts*) or Condition 11 (*Enforcement*). Any Initial Drawdowns or Subsequent Drawdowns paid into the Payment Account shall constitute Interest Proceeds.

**“Interest Proceeds Priority of Payments”** means the priority of payments in respect of Interest Proceeds set out in Condition 3(c)(i) (*Application of Interest Proceeds*).

**“Interest Rate Hedge Agreement”** means a 1992 ISDA Master Agreement (Multicurrency-Cross-Border) or a 2002 ISDA Master Agreement (or such other ISDA pro forma Master Agreement as may be published by ISDA from time to time), together with the schedule and confirmations relating thereto including any guarantee thereof and any credit support annex entered into pursuant to the terms thereof, each as amended or supplemented from time to time, and entered into by the Issuer with an Interest Rate Hedge Counterparty which shall govern one or more Interest Rate Hedge Transactions entered into by the Issuer and such Interest Rate Hedge Counterparty (including any Replacement Interest Rate Hedge Transaction).

**“Interest Rate Hedge Counterparty”** means each financial institution with which the Issuer enters into an Interest Rate Hedge Agreement or any permitted assignee or successor thereto under the terms of the related Interest Rate Hedge Agreement and in each case which satisfies, at the time of entry into the relevant Interest Rate Hedge Transaction, the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement).

**“Interest Rate Hedge Replacement Payment”** means any amount payable to an Interest Rate Hedge Counterparty by the Issuer upon entry into a Replacement Interest Rate Hedge Transaction which is replacing an Interest Rate Hedge Transaction which was terminated.

**“Interest Rate Hedge Replacement Receipt”** means any amount payable to the Issuer by an Interest Rate Hedge Counterparty upon entry into a Replacement Interest Rate Hedge Transaction which is replacing an Interest Rate Hedge Transaction which was terminated.

**“Interest Rate Hedge Termination Payment”** means the amount payable to an Interest Rate Hedge Counterparty by the Issuer upon termination or modification of an Interest Rate Hedge Transaction pursuant to the relevant Interest Rate Hedge Agreement excluding, for purposes other than payment by the Issuer, any due and unpaid scheduled amounts payable thereunder.

**“Interest Rate Hedge Termination Receipt”** means the amount payable by an Interest Rate Hedge Counterparty to the Issuer upon termination of an Interest Rate Hedge Transaction pursuant to the relevant Interest Rate Hedge Agreement, excluding, for purposes other than payment to the applicable Account to which the Issuer shall credit such amounts, the portion thereof representing any due and unpaid scheduled amounts payable thereunder.

**“Interest Rate Hedge Transaction”** means each interest rate protection transaction, which may be an interest rate swap transaction, an interest rate cap, an interest rate floor transaction, or an asset specific interest rate swap, including for the avoidance of doubt any Issue Date Interest Rate Hedge Transaction, in each case, entered into under an Interest Rate Hedge Agreement.

**“Interest Reserve Account”** means the account described as such in the name of the Issuer held with the Account Bank and whose books and records are held in the United Kingdom and in any event outside Ireland.

**“Interest Smoothing Account”** means the account described as such in the name of the Issuer held with the Account Bank and whose books and records are held in the United Kingdom and in any event outside Ireland.

**“Interest Smoothing Amount”** means, in respect of each Determination Date on or following the occurrence of a Frequency Switch Event, zero and, in respect of each other Determination Date and for so long as any Rated Notes are Outstanding, an amount equal to the sum of:

- (a) (i) 0.5; *multiplied by*
  - (ii) an amount equal to:
    - (A) the sum of all payments of interest received during the related Due Period in respect of each Semi-Annual Obligation; minus
    - (B) (the sum of all payments of interest scheduled to be received during the immediately following Due Period in respect of each Semi-Annual Obligation, plus
- (b) (i) 0.5; *multiplied by*
  - (ii) an amount equal to:
    - (A) the sum of all payments of interest received during the related Due Period in respect of each Annual Obligation; minus
    - (B) the sum of all payments of interest scheduled to be received during the immediately following Due Period in respect of each Annual Obligation,

**provided** that, in each case, excluding all interest and other amounts received in respect of any Defaulted Obligations; and (x) such amount may not be less than zero and (y) following redemption in full of the Rated Notes or if the Aggregate Principal Balance of the Semi-Annual Obligations and Annual Obligations is less than or equal to 5.0 per cent. of the Aggregate Collateral Balance (for such purpose, the Principal Balance of all Defaulted Obligations shall be their Fitch Collateral Value), such amount shall be deemed to be zero.

**“Intermediary Obligation”** means an interest in relation to a loan which is structured to be acquired indirectly by lenders therein at or prior to primary syndication thereof, including pursuant to a collateralised deposit or guarantee, a sub-participation or other arrangement which has the same commercial effect and in each case, in respect of any obligation of the lender to a “fronting bank” in respect of non-payment by the Obligor, is 100per cent. collateralised by such lenders.

**“Internal Revenue Service”** means the United States Internal Revenue Service or any successor thereto.

**“Investment Company Act”** means the United States Investment Company Act of 1940, as amended.

**“Irish STS Regulations”** means the European Union (General Framework for Securitisation and Specific Framework for Simple, Transparent and Standardised Securitisation) Regulations 2018, or the relevant provisions thereof as applicable.

**“ISDA”** means the International Swaps and Derivatives Association, Inc.

**“Issue Date”** means on or about 2 September 2019 (or such other date as may shortly follow such date as may be agreed between the Issuer and the Initial Purchaser and is notified in writing to the Trustee, the Collateral Administrator and the Noteholders in accordance with Condition 16 (*Notices*) and Euronext Dublin).

**“Issue Date Collateral Debt Obligation”** means an obligation for which the Issuer (or the Collateral Manager, acting on behalf of the Issuer) has entered into a binding commitment to purchase on or prior to the Issue Date.

**“Issue Date Interest Rate Hedge Transactions”** means the Interest Rate Hedge Transactions, (if any) entered into by the Issuer on or about the Issue Date.

**“Issuer Profit Account”** means the account in the name of the Issuer wherein the Issuer Profit Amount is retained.

**“Issuer Profit Amount”** means the payment on each Payment Date of €250, or, following the occurrence of a Frequency Switch Event, of €500, subject always to an aggregate maximum amount of €1,000 per annum, to the Issuer as a fee for entering into the transaction.

**“Liquidity Drawing”** means a loan made or to be made under the Liquidity Facility Agreement or deemed to be made under the Liquidity Facility Agreement including any Initial Drawdown and/or any Subsequent Drawdown.

**“Liquidity Facility”** means the liquidity facility granted by the Liquidity Facility Provider to the Issuer pursuant to the Liquidity Facility Agreement.

**“Liquidity Facility Commitment Period”** means the period from (and including) the Issue Date to (but excluding) the Liquidity Facility Commitment Period End Date.

**“Liquidity Facility Commitment Period End Date”** means the earliest of:

- (i) the Business Day that is immediately preceding the date that is four years from the Issue Date, unless the Liquidity Facility Commitment Period is renewed for one or two additional one year periods in accordance with the Liquidity Facility Agreement;
- (ii) the date on which the Liquidity Facility is cancelled in its entirety in accordance with its terms; and
- (iii) the date on which the Rated Notes are redeemed in full,

or, in each case, if such day is not a Business Day, the Business Day immediately prior to such day.

**“Liquidity Facility Provider”** means The Bank of New York Mellon in its capacity as the liquidity facility provider under the Liquidity Facility Agreement or such other person who may from time to time act as the liquidity facility provider under the Liquidity Facility Agreement.

**“Liquidity Payment”** means all interest and principal amounts and commitment fees due and payable by the Issuer to the Liquidity Facility Provider under the Liquidity Facility Agreement.

**“Maintenance Covenant”** means, as of any date of determination, a covenant by any Obligor to comply with one or more financial covenants during each reporting period applicable to the related loan, whether or not any action by, or event relating to, such Obligor occurs after such date of determination.

**“Mandatory Redemption”** means a redemption of the Notes pursuant to and in accordance with Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*).

“**Margin Stock**” has the meaning given to it in the Collateral Management Agreement.

“**Market Value**” means, on any date of determination and as provided by the Collateral Manager to the Collateral Administrator (in each case, expressed as a percentage of par):

- (i) the bid price determined by an independent recognised pricing service; or
- (ii) **provided** if the bid price determined in paragraph (i) above is, in the reasonable business judgement of the Collateral Manager inaccurate or if such independent recognised pricing service is not available, the mean of the bid prices (excluding accrued interest) determined by three independent broker-dealers active in the trading of such Collateral Debt Obligations; or
- (iii) if three such broker-dealer prices are not available, the lower of the bid side prices (excluding accrued interest) determined by two such broker-dealers; or
- (iv) if two such broker-dealer prices are not available, the bid side price (excluding accrued interest) determined by one independent broker-dealer (unless, in each case, the fair market value thereof determined by the Collateral Manager pursuant to paragraph (v) below would be lower); or
- (v) if the determinations of such broker-dealers or independent recognised pricing service are not available, then the lower of:
  - (A) the higher of:
    - (1) the lower of: (x) the Moody’s Recovery Rate of such Collateral Debt Obligation and (y) the Fitch Recovery Rate of such Collateral Debt Obligation; and
    - (2) 70 per cent.; and
  - (B) the fair market value thereof determined by the Collateral Manager on a best efforts basis (x) in a manner consistent with reasonable and customary market practice, (y) in a manner consistent with any determination the Collateral Manager applies with respect to any other similar obligation managed by the Collateral Manager, and (z) using the same fair market value as is assigned by the Collateral Manager to such Collateral Debt Obligation for all other purposes, in each case, as notified to the Collateral Administrator on the date of determination thereof, **provided** that if the Collateral Manager is not subject to MiFID II (or other comparable regulation), where the Market Value is determined by the Collateral Manager in accordance with this paragraph (v)(B), such Market Value shall only be valid for 30 days; and
- (vi) if the Market Value of an asset is not determined in accordance with paragraphs (i), (ii), (iii), (iv) or (v) above, then the Market Value will be deemed to be zero until such determination is made in accordance with paragraphs (i), (ii), (iii), (iv) or (v) above and if any Market Value determined in accordance with paragraph (v)(B) above, is no longer valid and the Market Value cannot be ascertained by broker-dealers or an independent recognised pricing service then the Market Value shall be deemed to be zero,

**provided however** that:

- (i) the purposes of this definition, “independent” shall mean: (A) that each pricing service and broker-dealer from whom a bid price is sought is independent from each of the other pricing service and broker-dealers from whom a bid price is sought and (B) each pricing service and broker dealer is not an Affiliate of the Collateral Manager and is not a CVC Capital Portfolio Company in which one or more funds managed or advised by the Collateral Manager or an Affiliate thereof holds an interest;
- (ii) where the Collateral Debt Obligation is a Non-Euro Obligation, the market value of the applicable Non-Euro Obligation shall be determined as provided above, multiplied by the Applicable Exchange Rate; and

- (iii) in respect of Discount Obligations and Swapped Non-Discount Obligations, the Market Value calculated in accordance with (vi) above shall only be valid for 30 days, after which time if the Market Value cannot be ascertained by a third party the Market Value shall be deemed to be zero.

**“Maturity Amendment”** means with respect to any Collateral Debt Obligation, any waiver, modification, amendment or variance that would extend the Collateral Debt Obligation Stated Maturity of such Collateral Debt Obligation (whether by way of amendment and restatement of the existing facility or novation or substitution on substantially the same terms save for the maturity amendment). For the avoidance of doubt, a waiver, modification, amendment or variance that would extend the Collateral Debt Obligation Stated Maturity of the credit facility of which a Collateral Debt Obligation is part, but would not extend the Collateral Debt Obligation Stated Maturity of the Collateral Debt Obligation held by the Issuer, does not constitute a Maturity Amendment.

**“Maturity Date”** means 26 August 2032 or, if that day is not a Business Day, the next succeeding Business Day.

**“Maximum Obligor Concentration Test”** has the meaning given to such term in the Collateral Management Agreement.

**“Measurement Date”** means:

- (i) the Effective Date;
- (ii) for the purposes of determining satisfaction of the Reinvestment Criteria, any Business Day after the Effective Date on which such criteria are required to be determined;
- (iii) the date of acquisition of any additional Collateral Debt Obligation following the Effective Date;
- (iv) for the purposes of determining compliance with the EU Retention and Transparency Requirements or in determining whether an EU Retention Deficiency has occurred, any Business Day;
- (v) each Determination Date;
- (vi) the date as at which any Report is prepared; and
- (vii) following the Effective Date, with reasonable (and not less than five Business Days’) written notice to the Issuer and the Trustee, any Business Day requested by any Rating Agency then rating any Class of Notes Outstanding.

**“Mezzanine Obligation”** means a mezzanine loan obligation or other comparable debt obligation, including any such loan obligation with attached warrants and any such obligation which is evidenced by an issue of notes (other than High Yield Bonds), as determined by the Collateral Manager in its reasonable judgment, or a Participation therein.

**“MiFID II”** means Directive 2014/65/EU, as amended.

**“Minimum Denomination”** means:

- (i) in the case of the Regulation S Notes of each Class €100,000; and
- (ii) in the case of the Rule 144A Notes of each Class, €250,000.

**“Minimum Weighted Average Spread Test”** has the meaning given to it in the Collateral Management Agreement.

**“Monthly Report”** means any monthly report defined as such in the Collateral Management Agreement which is prepared by the Collateral Administrator (in consultation with the Collateral Manager) on behalf of the Issuer on such dates as are set forth in the Collateral Management Agreement and made available via (A) a website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Trustee, the Collateral Manager, the Arranger, the



Initial Purchaser, the Hedge Counterparties and the Liquidity Facility Provider and as further notified by the Issuer to Rating Agencies and the Noteholders) which shall be accessible to any person who certifies to the Collateral Administrator (such certification to be in the form set out in the Collateral Management Agreement or such other form as may be agreed between the Issuer, the Collateral Administrator and the Collateral Manager from time to time, such certificate may be given electronically and upon which certification the Collateral Administrator shall be entitled to rely absolutely and without enquiry or liability) that it is: (i) the Issuer, (ii) the Arranger, (iii) the Initial Purchaser, (iv) the Trustee, (v) a Hedge Counterparty, (vi) the Collateral Manager, (vii) the Liquidity Facility Provider, (viii) a Rating Agency, (ix) a Noteholder, (x) a potential investor in the Notes or (xi) a competent authority and/or (B) such other method of dissemination as is required by the Securitisation Regulation or a competent authority (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator).

**“Moody’s”** means Moody’s Investors Service Ltd and any successor or successors thereto.

**“Moody’s Caa Obligations”** means all Collateral Debt Obligations, excluding Defaulted Obligations, with a Moody’s Rating of “Caa1” or lower.

**“Moody’s Collateral Value”** means:

- (i) for each Defaulted Obligation and Deferring Security on or after the earlier to occur of (x) the date which falls 90 days after the Collateral Debt Obligation becomes a Defaulted Obligation or Deferring Security and (y) where a Determination Date falls in the 90 day period referred to in (x), the date which falls 30 days after the Collateral Debt Obligation becomes a Defaulted Obligation or Deferring Security, the lower of:

- (A) its prevailing Market Value; and
- (B) the relevant Moody’s Recovery Rate,

multiplied by its Principal Balance; or

- (ii) in the case of any other applicable Collateral Debt Obligation (including any Defaulted Obligation or Deferring Security not falling in paragraph (i) above), the relevant Moody’s Recovery Rate, or if the Moody’s Recovery Rate cannot be determined, the prevailing Market Value, in each case, multiplied by its Principal Balance.

**“Moody’s Maximum Weighted Average Rating Factor Test”** has the meaning given to it in the Collateral Management Agreement.

**“Moody’s Minimum Diversity Test”** has the meaning given to it in the Collateral Management Agreement.

**“Moody’s Minimum Weighted Average Recovery Rate Test”** has the meaning given to it in the Collateral Management Agreement.

**“New Risk Retention Rule”** means any such future credit risk retention law, rule or regulation in the United States that is applicable to the collateral manager and/or the transaction, as determined by the Collateral Manager.

**“Non-Broadly Syndicated Loans to Portfolio Companies”** means loans to Obligor which are CVC Capital Portfolio Companies, **provided** that a loan that is syndicated to an initial lender group of greater than five shall not be counted as a loan to an Obligor which is a CVC Capital Portfolio Company unless CVC Credit Partners in aggregate hold 20 per cent. or more of such loan.

**“Non-Call Period”** means the period from and including the Issue Date up to, but excluding, 26 August 2021 or, if such day is not a Business Day, then the next succeeding Business Day, unless it would fall in the following month, in which case it shall be the immediately preceding Business Day.

**“Non-Eligible Issue Date Collateral Debt Obligation”** means any Issue Date Collateral Debt Obligation which does not comply with the Eligibility Criteria on the Issue Date as determined by the Collateral Manager in accordance with the Collateral Management Agreement.

**“Non-Emerging Market Country”** means any of Austria, Belgium, Canada, the Channel Islands, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom or United States and any other country, which has a Moody’s local currency country risk ceiling of, at the time of acquisition of the relevant Collateral Debt Obligation, at least “Baa3” by Moody’s and the foreign currency country issuer rating of which is rated, at the time of acquisition of the relevant Collateral Debt Obligation, at least “BBB-” by Fitch (**provided** that Rating Agency Confirmation is received in respect of any such other country which is not in the Euro zone) or any other country in respect of which, at the time of acquisition of the relevant Collateral Debt Obligation, Rating Agency Confirmation is received.

**“Non-Euro Hedge Account”** means each currency account described as such in the name of the Issuer held with the Account Bank and whose books and records are held in the United Kingdom and in any event outside Ireland.

**“Non-Euro Obligation”** means any Collateral Debt Obligation, or part thereof, as applicable, denominated in a currency other than Euro.

**“Non-Recourse Obligation”** has the meaning given to it in the Collateral Management Agreement.

**“Note Event of Default”** means each of the events defined as such in Condition 10(a) (*Note Events of Default*).

**“Note Payment Sequence”** means the application of Interest Proceeds or Principal Proceeds, as applicable, in accordance with the relevant Priority of Payments in the following order:

- (i) firstly, to the redemption of the Class X Notes and the Class A Notes at the applicable Redemption Price in whole or in part until the Class X Notes and the Class A Notes have been fully redeemed;
- (ii) secondly, to the redemption of the Class B Notes (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class B Notes have been fully redeemed;
- (iii) thirdly, to the redemption of the Class C Notes including any Deferred Interest thereon (on a *pro rata* basis) at the applicable Redemption Price in whole or in part until the Class C Notes have been fully redeemed;
- (iv) fourthly, to the redemption of the Class D Notes including any Deferred Interest thereon (on a *pro rata* basis) at the applicable Redemption Price in whole or in part until the Class D Notes have been fully redeemed;
- (v) fifthly, to the redemption of the Class E Notes including any Deferred Interest thereon (on a *pro rata* basis) at the applicable Redemption Price in whole or in part until the Class E Notes have been fully redeemed; and
- (vi) sixthly, to the redemption of the Class F Notes including any Deferred Interest thereon (on a *pro rata* basis) at the applicable Redemption Price in whole or in part until the Class F Notes have been fully redeemed,

**provided** that, for the purposes of any redemption of the Notes in accordance with the Note Payment Sequence following breach of any Coverage Test, the Note Payment Sequence shall terminate immediately after the paragraph above that refers to the Class of Notes to which such Coverage Test relates.

**“Note Purchase Agreement”** means the purchase agreement relating to the Retention Notes and the Class M-2 Subordinated Notes dated as of the Issue Date between the Issuer, CVC Credit Partners Global CLO Management Limited and the Retention Holder.

**“Note Tax Event”** means, at any time:

- (i) the introduction of a new, or any change in, any home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final) which results in (or would on the next Payment Date

result in) any payment of principal or interest on the Notes and/or the Subordinated Notes becoming properly subject to any withholding tax other than:

- (A) a payment in respect of Deferred Interest becoming properly subject to any withholding or deduction for or on account of tax;
  - (B) withholding tax in respect of FATCA;
  - (C) withholding tax which arises by reason of the failure by the relevant Noteholder or beneficial owner to comply with any Transaction Document which sets out applicable procedures required to establish non-residence or other similar claim for exemption from such tax or to provide information concerning nationality, residency or connection with Ireland, the United States or other applicable taxing authority; or
  - (D) U.S. federal backup withholding tax;
- (ii) UK or U.S. federal, state or local or any other governmental tax authorities outside of Ireland impose net income, profits, diverted profits or similar tax upon the Issuer or the Issuer otherwise becomes liable to net income profits, diverted profits or similar tax outside Ireland, in an amount in excess of €1,000 per annum (other than any U.S. federal state or local income or franchise tax imposed solely with respect to an equity security or “United States real property interest” (as defined for U.S. federal income tax purposes) received in an Offer, so long as the Issuer disposes of such equity security or United States real property interest within 30 days after receipt thereof); or
  - (iii) the Issuer is liable to pay net income, profits, diverted profits or similar tax in Ireland (other than Irish corporate income tax in relation to the Issuer Profit Amount) in an amount in excess of €1,000 per annum.

“**Noteholders**” means the several persons in whose name the Notes are registered from time to time in accordance with and subject to their terms and the terms of the Trust Deed, and “holder” (in respect of the Notes) shall be construed accordingly.

“**Obligor**” means, in respect of a Collateral Debt Obligation, the borrower thereunder or issuer thereof or, in either case, the guarantor thereof (as determined by the Collateral Manager on behalf of the Issuer).

“**Offer**” means, with respect to any Collateral Debt Obligation, (a) any offer by the Obligor under such obligation or by any other Person made to all of the creditors of such Obligor in relation to such obligation to purchase or otherwise acquire such obligation (other than pursuant to any redemption in accordance with the terms of the related Underlying Instruments) or to convert or exchange such obligation into or for cash, securities or any other type of consideration or (b) any solicitation by the Obligor of such obligation or any other Person to amend, modify or waive any provision of such obligation or any related Underlying Instrument.

“**Offering Circular**” means the offering circular of the Issuer dated 29 August 2019 in respect of the Notes.

“**Ongoing Expense Excess Amount**” means, on any Payment Date, an amount equal to the amount by which, (i) the sum of the Senior Expenses Cap and the Balance of the Expense Reserve Account as of the immediately preceding Determination Date, exceeds (ii) the sum of (without duplication) (x) all amounts paid pursuant to paragraphs (B) and (C) of Condition 3(c)(i) (*Application of Interest Proceeds*) on such Payment Date plus (y) all Trustee Fees and Expenses and Administrative Expenses paid during the related Due Period.

“**Ongoing Expense Reserve Amount**” means, on any Payment Date, an amount equal to the lesser of (i) the Ongoing Expense Reserve Ceiling and (ii) the Ongoing Expense Excess Amount, each as at such Payment Date.

“**Ongoing Expense Reserve Ceiling**” means, on any Payment Date, the excess, if any, of €150,000 over the amount then on deposit in the Expense Reserve Account without giving effect to any deposit thereto on such Payment Date pursuant to paragraph (D) of Condition 3(c)(i) (*Application of Interest Proceeds*).

“**Optional Redemption**” means a redemption pursuant to and in accordance with Condition 7(b) (*Optional Redemption*).

**“Ordinary Resolution”** means an ordinary resolution as described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Trust Deed.

**“Other Plan Law”** means any federal, state, local or non-U.S. law or regulation that is similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code.

**“Outstanding”** means in relation to the Notes of a Class as of any date of determination, all of the Notes of such Class issued, as further defined in the Trust Deed.

**“Par Value Ratio”** means the Class A/B Par Value Ratio, the Class C Par Value Ratio, the Class D Par Value Ratio or the Class E Par Value Ratio (as applicable).

**“Par Value Test”** means the Class A/B Par Value Test, the Class C Par Value Test, the Class D Par Value Test or the Class E Par Value Test (as applicable).

**“Partial PIK Obligation”** means any Collateral Debt Obligation with respect to which under the related underlying instruments (i) a portion of the interest due thereon is required to be paid in cash on each payment date therefor and is not permitted to be deferred or capitalised (which portion will at least be equal to EURIBOR or the applicable index with respect to which interest on such Collateral Debt Obligation is calculated plus, in the case of any Restructured Obligation, 1.5 per cent. (or, in the case of a Fixed Rate Collateral Debt Obligation, at least equal to the forward swap rate for a designated maturity equal to the scheduled maturity of such Collateral Debt Obligation plus, in the case of any Restructured Obligation, 1.5 per cent.)) and (ii) the issuer thereof or obligor thereon may defer or capitalise the remaining portion of the interest due thereon.

**“Partial Redemption Date”** means each date specified for a partial redemption of the Rated Notes of one or more Classes pursuant to Condition 7(b)(ii) (*Optional Redemption in Part—Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders*) or, if such day is not a Business Day, the next following Business Day.

**“Partial Redemption Interest Proceeds”** means as of any Partial Redemption Date, Interest Proceeds in an amount equal to (x) the lesser of (a) the amount of accrued interest on the Class or Classes of Rated Notes being refinanced or redeemed and (b) the amount the Collateral Manager reasonably determines would have been available for distribution under the Interest Proceeds Priority of Payments for the payment of accrued interest on the Class or Classes of Rated Notes being refinanced or redeemed on the next subsequent Payment Date (or in the case of a Partial Redemption Date that is occurring on a Payment Date, on such date) if such Notes had not been refinanced or redeemed plus (y) if the Partial Redemption Date is not otherwise a Payment Date, an amount equal to the amount the Collateral Manager reasonably determines would have been available for distribution under the Interest Proceeds Priority of Payments for the payment of Trustee Fees and Expenses and Administrative Expenses in each case to the extent incurred in connection with the related Optional Redemption in part on the next subsequent Payment Date.

**“Partial Redemption Priority of Payments”** means the priority of payments in respect of Refinancing Proceeds and Partial Redemption Interest Proceeds set out in Condition 3(k) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*).

**“Participation”** means an interest in a Collateral Debt Obligation taken indirectly by the Issuer by way of sub-participation from a Selling Institution which shall include, for the purposes of the Bivariate Risk Table set forth in the Collateral Management Agreement, Intermediary Obligations.

**“Participation Agreement”** means an agreement between the Issuer and a Selling Institution in relation to the purchase by the Issuer of a Participation.

**“Paying Agent”** means each of the Principal Paying Agent and any additional or further paying agent appointed under the Agency Agreement.

**“Payment Account”** means the account described as such in the name of the Issuer held with the Account Bank and whose books and records are held in the United Kingdom and in any event outside Ireland.

**“Payment Date”** means:

- (a) 26 February, 26 May, 26 August and 26 November at any time prior to the occurrence of a Frequency Switch Event; and

- (b) 26 February and 26 August (where the Payment Date immediately prior to the occurrence of a Frequency Switch Event falls in either February or August) or 26 May and 26 November (where the Payment Date immediately prior to the occurrence of a Frequency Switch Event falls in either May or November), following the occurrence of a Frequency Switch Event,

in each year commencing on 26 February 2020, up to and including the Maturity Date and any Redemption Date in respect of the redemption of each Class of Rated Notes in whole, **provided** that if any Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a Business Day (unless it would thereby fall in the following month, in which case it shall be brought forward to the immediately preceding Business Day).

**“Payment Date Report”** means the report defined as such in the Collateral Management Agreement which is prepared by the Collateral Administrator (in consultation with the Collateral Manager) on behalf of the Issuer and made available via (A) a website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Trustee, the Collateral Manager, the Arranger, the Initial Purchaser, the Hedge Counterparties and the Liquidity Facility Provider and as further notified by the Issuer to the Rating Agencies and the Noteholders) which shall be accessible to any person who certifies to the Collateral Administrator (such certification to be in the form set out in the Collateral Management Agreement or such other form as may be agreed between the Issuer, the Collateral Administrator and the Collateral Manager from time to time, such certificate may be given electronically and upon which certification the Collateral Administrator shall be entitled to rely absolutely and without enquiry or liability) that it is: (i) the Issuer, (ii) the Arranger, (iii) the Initial Purchaser, (iv) the Trustee, (v) a Hedge Counterparty, (vi) the Collateral Manager, (vii) the Liquidity Facility Provider, (viii) a Rating Agency, (ix) a Noteholder, (x) a potential investor in the Notes or (xi) a competent authority and/or (B) such other method of dissemination as is required by the Securitisation Regulation or a competent authority (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator).

**“Permitted Use”** means, with respect to: (a) any Contribution received into the Contributions Account; or (b) proceeds from the issue of additional Subordinated Notes in accordance with Condition 17 (*Additional Issuance*), any of the following uses: (i) the transfer of the applicable portion of such amount to the Interest Account for application as Interest Proceeds; (ii) the transfer of the application portion of such amount to the Principal Account for application as Principal Proceeds; (iii) the repurchase of Rated Notes of any Class in accordance with Condition 7(k) (*Purchase of Rated Notes*) (in each case, subject to applicable law); and (iv) subject to the limitations in the Transaction Documents with respect to Margin Stock, the purchase of one or more Collateral Enhancement Debt Obligations, in each case subject to the limitations set forth in the Transaction Documents.

**“Person”** means an individual, corporation (including a business trust), partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

**“PIK Obligation”** means any Collateral Debt Obligation (other than a Partial PIK Obligation) which is a security (or other debt obligation), the terms of which permit the deferral of the payment of interest thereon, including without limitation by way of capitalising interest thereon **provided** that, for the avoidance of doubt, Mezzanine Obligations shall not constitute PIK Obligations.

**“Portfolio”** means the Collateral Debt Obligations, Collateral Enhancement Debt Obligations, Exchanged Securities, Eligible Investments and other similar obligations or securities held by or on behalf of the Issuer from time to time.

**“Portfolio Profile Tests”** means the Portfolio Profile Tests each as defined in the Collateral Management Agreement.

**“Post-Acceleration Priority of Payments”** means the priority of payments set out in Condition 11 (*Enforcement*).

**“Presentation Date”** means a day which (subject to Condition 12 (*Prescription*)):

- (i) is a Business Day;

- (ii) is or falls after the relevant due date or, if the due date is not or was not a Business Day in the place of presentation, is or falls after the next following Business Day which is a Business Day in the place of presentation; and
- (iii) is a Business Day in which the account specified by the payee is open.

**“Principal Account”** means the account described as such in the name of the Issuer held with the Custodian and whose books and records are held in the United Kingdom and in any event outside Ireland.

**“Principal Amount Outstanding”** means in relation to any Class of Notes and at any time, the aggregate principal amount outstanding under such Class of Notes at that time, which, in the case of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class M-2 Subordinated Notes, shall include Deferred Interest which has been capitalised pursuant to Condition 6(c) (*Deferral of Interest*) save that Deferred Interest shall not be included for the purposes of determining voting rights or the right to give directions or instructions attributable to the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class M-2 Subordinated Notes, as applicable, and the applicable quorum at any meeting of the Noteholders pursuant to Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

**“Principal Balance”** means, with respect to any Collateral Debt Obligation, Eligible Investment, Collateral Enhancement Debt Obligation or Exchanged Security, as of any date of determination, the outstanding principal amount thereof (excluding any interest capitalised pursuant to the terms of such instrument other than, with respect to a Mezzanine Obligation and a PIK Obligation, any such interest capitalised pursuant to the terms thereof which is paid for on the date of acquisition of such Mezzanine Obligation or PIK Obligation), **provided however** that:

- (i) the Principal Balance of any Revolving Obligation and Delayed Drawdown Collateral Debt Obligation as of any date of determination, shall be the outstanding principal amount of such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, plus any undrawn commitments that have not been irrevocably cancelled with respect to such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation;
- (ii) the Principal Balance of each Exchanged Security and each Collateral Enhancement Debt Obligation, shall be deemed to be zero;
- (iii) the Principal Balance of any Non-Euro Obligation shall be:
  - (A) in the case of an Asset Swap Obligation, the Euro notional amount of the Asset Swap Transaction entered into in respect thereof; or
  - (B) in the case of an Unhedged Collateral Debt Obligation:
    - (1) if such Unhedged Collateral Debt Obligation is denominated in a Qualifying Unhedged Obligation Currency, from the applicable trade date until the date falling 90 calendar days following the settlement date thereof, the product of (a) 50 per cent. of the principal amount of such Unhedged Collateral Debt Obligation and (b) the Applicable Exchange Rate; and
    - (2) in respect of any other Unhedged Collateral Debt Obligation, zero;

**provided** that, in respect of paragraph (iii)(B)(1) above,

- (I) if the Unhedged Aggregate Principal Balance is greater than 2.5 per cent. of the Aggregate Collateral Balance, the Principal Balance of all Unhedged Collateral Debt Obligations calculated in accordance with (iii)(B)(1) above shall be multiplied by 2.5 per cent. of the Aggregate Collateral Balance and divided by the Unhedged Aggregate Principal Balance; and
- (II) the Principal Balance of each Unhedged Collateral Debt Obligation shall be deemed to be zero if (after giving effect to the purchase of any unsettled Unhedged Collateral Debt Obligation and calculating the principal balance thereof in accordance with the provisions of the Principal Balance for

Unhedged Collateral Debt Obligations) the Aggregate Collateral Balance is lower than the Reinvestment Target Par Amount;

- (iv) the Principal Balance of any cash shall be the amount of such cash, **provided** that if such cash amount is in a currency other than Euro, the cash amount shall be the amount in Euro calculated by reference to the Applicable Exchange Rate;
- (v) if in respect of any Corporate Rescue Loan either (A) (x) no Moody's Rating is available or (y) no credit estimate assigned to it by Moody's, in each case, within 90 days following the Issuer entering into a binding commitment to acquire such Corporate Rescue Loan, then the Principal Balance of such Corporate Rescue Loan shall be its Moody's Collateral Value unless and until a Moody's Rating or credit estimate is available or assigned by Moody's or (B) (x) no Fitch Rating is available or (y) no credit estimate assigned to it by Fitch, in each case, within 90 days following the Issuer entering into a binding commitment to acquire such Corporate Rescue Loan, then the Principal Balance of such Corporate Rescue Loan shall be zero unless and until a Fitch Issuer Credit Rating or credit estimate is available or assigned by Fitch, **provided** that if both paragraphs (A) and (B) apply then the Principal Balance of such Corporate Rescue Loan shall be the lower of the two; and
- (vi) solely for the purposes of calculation of the Excess Par Amount, the Principal Balance of any Defaulted Obligation shall be its Market Value.

**"Principal Proceeds"** means all amounts paid or payable into the Principal Account from time to time and, with respect to any Payment Date, means Principal Proceeds received or receivable by the Issuer during the related Due Period and any other amounts to be disbursed as Principal Proceeds on such Payment Date pursuant to Condition 3(c)(ii) (*Application of Principal Proceeds*) or Condition 11(b) (*Enforcement*).

**"Principal Proceeds Priority of Payments"** means the priority of payments in respect of Principal Proceeds set out in Condition 3(c)(ii) (*Application of Interest Proceeds*).

**"Priorities of Payments"** means:

- (i) save for (i) in connection with any optional redemption of the Notes in whole but not in part pursuant to Condition 7(b) (*Optional Redemption*), (ii) in connection with a redemption in whole pursuant to Condition 7(g) (*Redemption following Note Tax Event*) or (iii) following the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*), which, if such acceleration is by way of the delivery of an Acceleration Notice (actual or deemed), such Acceleration Notice has not subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*), in the case of Interest Proceeds, the Interest Proceeds Priority of Payments and in the case of Principal Proceeds, the Principal Proceeds Priority of Payments;
- (ii) in the event of any optional redemption of the Notes in whole but not in part pursuant to Condition 7(b) (*Optional Redemption*) or Condition 7(g) (*Redemption following Note Tax Event*)) or following the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*), which, if such acceleration is by way of the delivery of an Acceleration Notice (actual or deemed), such Acceleration Notice has not subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*), the Post-Acceleration Priority of Payments; and
- (iii) in connection with any optional redemption of the Notes in part but not in whole pursuant to Condition 7(b)(ii) (*Optional Redemption in Part—Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders*) and the Refinancing Proceeds and Partial Redemption Interest Proceeds in relation thereto, the Partial Redemption Priority of Payments.

**"Project Finance Loan"** means a loan obligation under which the obligor is obliged to make payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of payments) on revenues arising from infrastructure assets, including, without limitation:

- (i) the sale of products, such as electricity, water, gas or oil, generated by one or more infrastructure assets in the utility industry by a special purpose entity; and

- (ii) fees charged in respect of one or more highways, bridges, tunnels, pipelines or other infrastructure assets by a special purpose entity, and

in each case, the sole activity of such special purpose entity is the ownership and/or management of such asset or assets and the acquisition and/or development of such asset by the special purpose entity was effected primarily with the proceeds of debt financing made available to it on a limited recourse basis.

**“Purchased Accrued Interest”** means, with respect to any Due Period, all payments of interest and proceeds of sale received during such Due Period in relation to any Collateral Debt Obligation, in each case, to the extent that such amounts represent accrued and/or capitalised interest in respect of such Collateral Debt Obligation (including, in respect of a Mezzanine Obligation, any accrued interest which, as at the time of purchase, had been capitalised and added to the principal amount of such Mezzanine Obligation in accordance with its terms), which was either (a) purchased at the time of the acquisition thereof with Principal Proceeds and/or amounts paid out of the Unused Proceeds Account or (b) accrued prior to the Issue Date.

**“QIB”** means a Person who is a “qualified institutional buyer” as defined in Rule 144A.

**“QIB/QP”** means a Person who is both a QIB and a QP.

**“Qualified Purchaser”** and **“QP”** mean a Person who is a “qualified purchaser” as defined in Section 2(a)(51)(A) of the Investment Company Act.

**“Qualifying Country”** means each of Austria, Belgium, Bermuda, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, Ireland, Norway, Portugal, Spain, Sweden, Switzerland, the United States or the United Kingdom having a foreign currency issuer credit rating, at the time of acquisition of the relevant Eligible Investment, of at least “Aa3” by Moody’s and at least “BBB-” by Fitch or any other country which has been approved, at the time of acquisition of the relevant Eligible Investment, as a Qualifying Country by the Rating Agencies in writing.

**“Qualifying Currency”** means Euro, Sterling, U.S. Dollars, Czech Koruna, Danish Krone, Norwegian Krone, Swedish Krona, Canadian Dollars, Australian Dollars, New Zealand Dollars, Swiss Francs, Japanese Yen, Polish Zloty or any other currency in respect of which Rating Agency Confirmation has been received.

**“Qualifying Unhedged Obligation Currency”** means Sterling, U.S. Dollars, Danish Krone, Norwegian Krone, Swedish Krona, Swiss Francs.

**“Rated Notes”** means the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

**“Rating Agencies”** means Fitch and Moody’s, **provided** that if at any time Fitch and/or Moody’s ceases to provide rating services, **“Rating Agencies”** shall mean any other nationally recognised investment rating agency or rating agencies (as applicable) selected by the Issuer (a **“Replacement Rating Agency”**) and **“Rating Agency”** means any such rating agency. In the event that at any time a Rating Agency is replaced by a Replacement Rating Agency, references to rating categories of the original Rating Agency in these Conditions, the Trust Deed and the Collateral Management Agreement shall be deemed instead to be references to the equivalent categories of the relevant Replacement Rating Agency as of the most recent date on which such other rating agency published ratings for the type of security in respect of which such Replacement Rating Agency is used and all references herein to **“Rating Agencies”** shall be construed accordingly. Any rating agency shall cease to be a Rating Agency if, at any time, it ceases to assign a rating in respect of any Class of Rated Notes.

**“Rating Agency Confirmation”** means, with respect to any specified action, determination or appointment, receipt by the Issuer and/or the Trustee of written confirmation (which may take the form of a bulletin, press release, email or other written communication) by each Rating Agency which has, as at the relevant date assigned ratings to any Class of the Rated Notes that are Outstanding (or, if applicable, the Rating Agency specified in respect of any such action or determination, **provided** that such Rating Agency has, as at the relevant date assigned ratings to any Class of the Rated Notes) that such specified action, determination or appointment will not result in the reduction or withdrawal of any of the ratings currently assigned to the Rated Notes by such Rating Agency. Notwithstanding anything to the contrary in any Transaction Document and these Conditions, no Rating Agency Confirmation shall be required from a Rating Agency in respect of any action or determination if such Rating Agency has declined a request from the Trustee, the Collateral Manager or the Issuer to review the effect of such action, determination or appointment or if such Rating Agency announces or confirms in writing to the Trustee, the Collateral Manager or the Issuer that Rating Agency Confirmation from



such Rating Agency is not required, or that its practice is to not give such confirmations for such type of action, determination or appointment or such Rating Agency has ceased to engage in the business of providing ratings or has made a public statement to the effect that it will no longer review events or circumstances of the type requiring Rating Agency Confirmation under any Transaction Documents or these Conditions for purposes of evaluating whether to confirm the then-current ratings (or initial ratings) of obligations rated by such Rating Agency.

**“Rating Confirmation Plan”** means a plan provided by the Collateral Manager (acting on behalf of the Issuer) to the Rating Agencies setting forth the intended timing and manner of acquisition of additional Collateral Debt Obligations and/or any other intended action which will cause confirmation of the Initial Ratings, pursuant to and in accordance with the Collateral Management Agreement.

**“Rating Requirement”** means:

- (i) in the case of the Account Bank:
  - (A) a long-term issuer default rating of at least “A” by Fitch or a short-term issuer default rating of at least “F1” by Fitch;
  - (B) a long-term senior unsecured issuer credit rating of at least “A3” and a short-term issuer credit rating of at least “P-1” by Moody’s; and
- (ii) in the case of the Custodian or any Delegate:
  - (A) a long-term issuer default rating of at least “A” or a short-term issuer default rating of at least “F1” by Fitch; and
  - (B) a long-term senior unsecured issuer credit rating of at least “A3” by Moody’s; and
- (iii) in the case of the Principal Paying Agent, a long-term senior unsecured issuer credit rating of at least “Baa3” or a short-term issuer credit rating of at least “P-3” by Moody’s;
- (iv) in the case of any Hedge Counterparty, the ratings requirement(s) as set out in the relevant Hedge Agreement; and
- (v) in the case of a Selling Institution with regards to a Participation only, a counterparty which satisfies the ratings set out in the Bivariate Risk Table; or

in each case, (x) such other rating or ratings as may be agreed by the relevant Rating Agency as would maintain the then rating of the Rated Notes, and (y) if any of the requirements are not satisfied, by any of the parties referred to herein, Rating Agency Confirmation from the relevant Rating Agency is received in respect of such party.

**“Recast Insolvency Regulation”** means Regulation (EC) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast).

**“Receiver”** has the meaning given thereto in Condition 10(a)(vi) (*Insolvency Proceedings*).

**“Record Date”** means:

- (a) in respect of Notes represented by a Definitive Certificate, the fifteenth day before the relevant due date for payment of principal and interest in respect of such Note; and
- (b) in respect of Notes represented by a Global Certificate, the close of business on the Clearing System business day before the relevant due date for payment of principal and interest in respect of such Note.

**“Redemption Date”** means each date specified for a redemption of the Notes of a Class pursuant to Condition 7 (*Redemption and Purchase*) or, if such day is not a Business Day, the next following Business Day or the date on which the Notes of such Class are accelerated pursuant to Condition 10(a) (*Note Events of Default*).

**“Redemption Determination Date”** has the meaning given thereto in Condition 7(b)(vi) (*Optional Redemption in whole of all Classes of Notes effected through Liquidation only*).

**“Redemption Notice”** means a redemption notice in the form available from any of the Transfer Agents which has been duly completed by a Noteholder and which specifies, amongst other things, the applicable Redemption Date.

**“Redemption Price”** means, when used with respect to:

- (i) any Subordinated Note, such Subordinated Note’s *pro rata* share (calculated in accordance with paragraph (DD) of Condition 3(c)(i) (*Application of Interest Proceeds*), paragraph (T) of Condition 3(c)(ii) (*Application of Principal Proceeds*) and paragraph (AA) of the Post-Acceleration Priority of Payments of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover in such circumstances, remaining following application thereof in accordance with the Priorities of Payments together with, in the case of any Class M-2 Subordinated Note, any accrued and unpaid interest and any Deferred Interest in respect thereof to the relevant day of redemption; and
- (ii) any Class X Note, Class A Note, Class B-1 Note, Class B-2 Note, Class C Note, Class D Note, Class E Note or Class F Note, 100 per cent. of the Principal Amount Outstanding thereof (if any), together with any accrued and unpaid interest in respect thereof to the relevant day of redemption and in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, any Deferred Interest and any interest accrued thereon,

**provided** that, in each case, the Redemption Price for a Class may be such lower amount as may be elected by the holders of 100 per cent. of the aggregate Principal Amount Outstanding of such affected Class of Rated Notes. Such right shall be exercised by delivery by each holder of the relevant Class of Rated Notes of a written direction confirming such holder’s election to receive less than 100 per cent. of the Redemption Price that would otherwise be payable to it, together with evidence of their holding to the Issuer, the Trustee and the Collateral Manager no later than 25 days (or such shorter period of time as may be agreed by the Trustee and the Collateral Manager, in the case of the Collateral Manager, acting reasonably) prior to the relevant Redemption Date.

**“Redemption Threshold Amount”** means the aggregate of all amounts which would be due and payable on redemption of the Rated Notes on the scheduled Redemption Date pursuant to Condition 11(b) (*Enforcement*) which rank in priority to payments in respect of the Subordinated Notes in accordance with the Post-Acceleration Priority of Payments.

**“Reference Banks”** has the meaning given thereto in paragraph (B) of Condition 6(c)(i) (*Floating Rate of Interest*).

**“Refinancing”** has the meaning given to it in Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*).

**“Refinancing Costs”** means the fees, costs, charges and expenses incurred by or on behalf of the Issuer in respect of a Refinancing, **provided** that such fees, costs, charges and expenses have been incurred as a direct result of a Refinancing, as determined by the Collateral Manager.

**“Refinancing Proceeds”** means the cash proceeds from a Refinancing.

**“Register”** means the register of holders of the legal title to the Notes kept by the Registrar pursuant to the terms of the Agency Agreement.

**“Regulation S”** means Regulation S under the Securities Act.

**“Regulation S Notes”** means the Notes offered for sale to non-U.S. Persons in offshore transactions outside of the United States in reliance on Regulation S.

**“Reinvestment Criteria”** has the meaning given to it in the Collateral Management Agreement.

**“Reinvestment Period”** means the period from and including the Issue Date up to and including the earliest of: (i) 26 February 2024 or, if such day is not a Business Day, then the next succeeding Business Day, unless it would fall in the following month, in which case it shall be the immediately preceding Business Day; (ii) the date of the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*) (**provided** that, if such acceleration is by way of delivery of an Acceleration Notice (actual or deemed), such Acceleration Notice has not been rescinded or annulled in accordance with Condition 10(c) (*Curing of Default*); and (iii) the date on

which the Collateral Manager reasonably believes and certifies to the Issuer, the Collateral Administrator, the Rating Agencies and the Trustee that it can no longer reinvest in additional Collateral Debt Obligations in accordance with the Reinvestment Criteria.

**“Reinvestment Target Par Amount”** means, as of any date of determination, the Target Par Amount (or, solely for the purpose of the definition of Restricted Trading Period, the Aggregate Risk Adjusted Par Amount) minus: (i) the amount of any reduction in the Principal Amount Outstanding of the Notes (other than the Class X Notes and other than repayment of any Deferred Interest) and plus (ii) the Principal Amount Outstanding of any additional Notes issued pursuant to Condition 17 (*Additional Issuance*), or, if greater, the aggregate amount of Principal Proceeds that result from the issuance of such additional Notes.

**“Replacement Asset Swap Transaction”** means any Asset Swap Transaction entered into by the Issuer, or the Collateral Manager on its behalf, in accordance with the provisions of the Collateral Management Agreement upon termination of an existing Asset Swap Transaction on substantially the same terms as such terminated Asset Swap Transaction, that preserves for the Issuer the economic effect of the terminated Asset Swap Transaction, subject to such amendments thereto as may be agreed by the Collateral Manager, acting on behalf of the Issuer.

**“Replacement Interest Rate Hedge Transaction”** means any Interest Rate Hedge Transaction entered into by the Issuer, or the Collateral Manager on its behalf, in accordance with the provisions of the Collateral Management Agreement upon termination of an existing Interest Rate Hedge Transaction on substantially the same terms as such terminated Interest Rate Hedge Transaction, that preserves for the Issuer the economic effect of the terminated Interest Rate Hedge Transaction, subject to such amendments thereto as may be agreed by the Collateral Manager, acting on behalf of the Issuer.

**“Replacement Liquidity Facility”** means a replacement liquidity facility granted pursuant to a liquidity facility agreement in, or substantially in, the same form as the Liquidity Facility Agreement entered into at any time following the Liquidity Facility Commitment Period End Date between, amongst others, the Issuer, the Collateral Manager and a liquidity facility provider.

**“Report”** means each Monthly Report and Payment Date Report.

**“Reporting Delegate”** means a Hedge Counterparty or third party that undertakes to provide delegated reporting in connection with certain derivative transaction reporting obligations of the Issuer.

**“Reporting Delegation Agreement”** means an agreement in a form approved by the Rating Agencies for the delegation by the Issuer of certain derivative transaction reporting obligations to one or more Reporting Delegates.

**“Reset Amendment”** means any amendment to the Transaction Documents being effected contemporaneously with a Refinancing in whole pursuant to Condition 7(b)(i) (*Optional Redemption in Whole—Subordinated Noteholders*).

**“Resolution”** means any Ordinary Resolution or Extraordinary Resolution, as the context may require.

**“Restricted Trading Period”** means the period during which: (a) the Fitch Rating or the Moody’s Rating of the Class X Notes and the Class A Notes is withdrawn (and not reinstated) or is one or more sub-categories below its rating on the Issue Date; or (b) the Moody’s Rating of Class B Notes is withdrawn (and not reinstated) or is two or more sub-categories below its rating on the Issue Date; provided that in each case that such period shall not constitute a Restricted Trading Period if the relevant Class(es) of Notes are no longer Outstanding; provided that (1) such period will not be a Restricted Trading Period if (a) the sum of (i) the Aggregate Principal Balance of all Collateral Debt Obligations and (ii) amounts standing to the credit of the Principal Account (to the extent such amounts have not and will not be designated as Interest Proceeds to be credited to the Interest Account and including Eligible Investments therein but save for any interest accrued on Eligible Investments) is at least equal to the Reinvestment Target Par Amount, (b) each Collateral Quality Test is satisfied and (c) each of the Coverage Tests is satisfied; (2) such period will not be a Restricted Trading Period (so long as such Moody’s Rating or Fitch Rating, as applicable, has not been further downgraded, withdrawn or put on watch for potential downgrade) upon the direction of the Issuer with the consent of the Controlling Class acting by way of an Ordinary Resolution, which direction shall remain in effect until the earlier of (i) a further downgrade or withdrawal of such Moody’s Rating or Fitch Rating, as applicable, that, disregarding such direction, would cause the conditions set forth above to be true and (ii) a subsequent direction to the Issuer (with a copy to the

Trustee and the Collateral Administrator) by the Controlling Class acting by way of Ordinary Resolution declaring the beginning of a Restricted Trading Period; (3) such period will not be a Restricted Trading Period if the downgrade or withdrawal of such rating is as a result of a change in the relevant Rating Agency's structured finance rating criteria; and (4) no Restricted Trading Period will restrict any sale of a Collateral Debt Obligation entered into by the Issuer at a time when a Restricted Trading Period was not in effect, regardless of whether such sale has settled.

**"Restructured Obligation"** means a Collateral Debt Obligation which has been restructured (whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an extension of its maturity) or by way of substitution of new obligations and/or change of the Obligor) and which satisfies the Restructured Obligation Criteria as at its applicable Restructuring Date **provided** that the failure of a Restructured Obligation to satisfy the Restructured Obligation Criteria at any time after the applicable Restructuring Date shall not cause such obligation to cease to constitute a Restructured Obligation unless it is subsequently restructured again, in which case such obligation shall constitute a Restructured Obligation **provided** it satisfies the Restructured Obligation Criteria as at its subsequent Restructuring Date.

**"Restructured Obligation Criteria"** means the restructured obligation criteria specified in the Collateral Management Agreement which are required to be satisfied in respect of each Restructured Obligation at the applicable Restructuring Date.

**"Restructuring Date"** means the date a restructuring of a Collateral Debt Obligation becomes binding on the holders thereof provided if an obligation satisfies the Restructured Obligation Criteria at a later date, such later date shall be deemed to be the Restructuring Date for the purposes of determining whether such obligation shall constitute a Restructured Obligation.

**"Retention Holder"** means CVC Credit Partners European CLO Management LLP (Jersey Branch) in its capacity as retention holder and any successor, assign or transferee to the extent permitted under, the EU Retention Letter and the EU Retention and Transparency Requirements and notified in writing to the Trustee, the Collateral Administrator and the Issuer.

**"Retention Notes"** means the Class M-1 Subordinated Notes subscribed for by the Retention Holder on the Issue Date and comprising as at the Issue Date a Principal Amount Outstanding of Class M-1 Subordinated Notes equal to not less than five per cent. of the greater of (i) the Aggregate Collateral Balance and (ii) the Target Par Amount.

**"Revolving Obligation"** means any Collateral Debt Obligation (other than a Delayed Drawdown Collateral Debt Obligation) that is a loan (including, without limitation, revolving loans, funded and unfunded portions of revolving credit lines and letter of credit facilities, unfunded commitments under specific facilities and other similar loans and investments) that pursuant to the terms of its Underlying Instruments may require one or more future advances to be made to the borrower by the Issuer; but any such Collateral Debt Obligation will be a Revolving Obligation only until all commitments to make advances to the borrower expire or are terminated or reduced to zero.

**"Rule 144A"** means Rule 144A under the Securities Act.

**"Rule 144A Notes"** means Notes offered for sale within the United States or to U.S. Persons in reliance on Rule 144A.

**"Rule 17g-5"** means Rule 17g-5 under the Exchange Act as may be amended or replaced.

**"S&P"** means S&P Global Ratings Europe Limited and any successor or successors thereto.

**"S&P Rating"** has the meaning given to it in the Collateral Management Agreement.

**"Sale Proceeds"** means:

- (i) all proceeds received upon the sale of any Collateral Debt Obligation (save for any Asset Swap Obligation), including proceeds received upon the sale of any Unhedged Collateral Debt Obligation converted into Euro at the Applicable Exchange Rate, but excluding any sale proceeds representing accrued interest designated as Interest Proceeds, by the Collateral Manager **provided** that no such designation may be made in respect of: (1) Purchased Accrued Interest; or (2) any interest received in respect of any Mezzanine Obligation for so

long as it is a Defaulted Deferring Mezzanine Obligation other than Defaulted Mezzanine Excess Amounts; or (3) proceeds that represent deferred interest accrued in respect of any PIK Obligation; or (4) proceeds representing accrued interest received in respect of any Defaulted Obligation unless and until (x) such amounts represent Defaulted Obligation Excess Amounts and (y) any Purchased Accrued Interest in relation to such Defaulted Obligation has been paid, together with all proceeds received upon the sale of any Collateral Enhancement Debt Obligation or Exchanged Security;

- (ii) in the case of any Asset Swap Obligation, all amounts in Euro (or other currencies if applicable) payable to the Issuer by the applicable Asset Swap Counterparty in exchange for payment by the Issuer of the sale proceeds of any Collateral Debt Obligation as described in paragraph (i) above but amended to apply to such Asset Swap Obligation, under the related Asset Swap Transaction (after netting against any Asset Swap Termination Payment (determined without regard to the exclusions of unpaid amounts and Asset Swap Issuer Principal Exchange Amounts set forth in the definition thereof) payable by the Issuer in such circumstances); and
- (iii) in the case of any Collateral Enhancement Debt Obligation, all proceeds and any fees received upon the sale of such Collateral Enhancement Debt Obligation,

in each case net of any amounts expended by or payable by the Issuer or the Collateral Administrator (on behalf of the Issuer) in connection with sale, disposition or termination of such Collateral Debt Obligation.

**“Scheduled Periodic Asset Swap Counterparty Payment”** means, with respect to any Asset Swap Transaction, the periodic amounts in the nature of coupon (and not principal) scheduled to be paid to the Issuer by the applicable Asset Swap Counterparty pursuant to the terms of such Asset Swap Transaction, excluding any Asset Swap Termination Receipts, any Asset Swap Replacement Receipts and any Asset Swap Counterparty Principal Exchange Amounts.

**“Scheduled Periodic Asset Swap Issuer Payment”** means, with respect to any Asset Swap Transaction, the periodic amounts in the nature of coupon (and not principal) scheduled to be paid to the applicable Asset Swap Counterparty by the Issuer pursuant to the terms of such Asset Swap Transaction, excluding any Asset Swap Termination Payments, any Asset Swap Replacement Payments and any Asset Swap Issuer Principal Exchange Amounts.

**“Scheduled Periodic Interest Rate Hedge Counterparty Payment”** means, with respect to any Interest Rate Hedge Agreement, all amounts scheduled to be paid by the Interest Rate Hedge Counterparty to the Issuer pursuant to the terms of such Interest Rate Hedge Agreement, excluding any Interest Rate Hedge Termination Receipt.

**“Scheduled Periodic Interest Rate Hedge Issuer Payment”** means, with respect to any Interest Rate Hedge Agreement, all amounts scheduled to be paid by the Issuer to the applicable Interest Rate Hedge Counterparty pursuant to the terms of such Interest Rate Hedge Agreement, excluding any Interest Rate Hedge Termination Payment.

**“Scheduled Principal Proceeds”** means:

- (i) in the case of any Collateral Debt Obligation (other than Non-Euro Obligations with a related Asset Swap Transaction), scheduled principal repayments received by the Issuer (including scheduled amortisation, instalment or sinking fund payments);
- (ii) in the case of any Non-Euro Obligation with a related Asset Swap Transaction, scheduled final and interim payments in the nature of principal payable to the Issuer by the applicable Asset Swap Counterparty under the related Asset Swap Transaction; and
- (iii) in the case of any Hedge Agreements, any Hedge Replacement Receipts and Hedge Termination Payments transferred from the Hedge Termination Account into the Principal Account.

**“Second Lien Loan”** means an obligation (other than a Senior Secured Loan) with a junior contractual claim on tangible or intangible property (which property is subject to a prior lien (other than customary permitted liens,

such as, but not limited to, any tax liens)) to secure payment of a debt or the fulfilment of a contractual obligation.

**“Secured Party”** means each of the Class X Noteholders, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders, the Arranger, the Initial Purchaser, the Collateral Manager, the Trustee, any Receiver or other Appointee, the Agents, each Hedge Counterparty, each Reporting Delegate, the Corporate Services Provider and the Liquidity Facility Provider and **“Secured Parties”** means any two or more of them as the context so requires.

**“Secured Senior RCF Percentage”** means in relation to a Senior Secured Bond or a Senior Secured Loan, 20 per cent., or such higher percentage in respect of which Rating Agency Confirmation is obtained.

**“Securities Act”** means the United States Securities Act of 1933, as amended.

**“Securitisation Regulation”** means Regulation (EU) 2017/2401 amending the CRR and Regulation (EU) 2017/2402 relating to a European framework for simple, transparent and standardised securitisation including any implementing regulation, technical standards and official guidance related thereto, including the Irish STS Regulations, in each case, as amended, varied or substituted from time to time.

**“Selling Institution”** means an institution from whom (i) a Participation is taken and satisfies the applicable Rating Requirement; or (ii) an Assignment is acquired.

**“Semi-Annual Obligations”** means Collateral Debt Obligations which, at the relevant date of measurement, pay interest less frequently than quarterly but which are not Annual Obligations.

**“Senior Class M-2 Interest Amount”** means the amount calculated by the Calculation Agent in accordance with Condition 6(e)(v)(A) (*Interest Proceeds in respect of Subordinated Notes*).

**“Senior Collateral Management Fee”** means the fee payable to the Collateral Manager in arrear on each Payment Date in respect of each Due Period pursuant to the Collateral Management Agreement in an amount, as determined by the Collateral Administrator, equal to 0.177 per cent. per annum of the Fee Basis Amount in respect of the related Due Period (exclusive of any VAT) immediately preceding such Payment Date as determined by the Collateral Administrator (calculated on the basis of a 360-day year consisting of twelve 30-day months).

**“Senior Expenses Cap”** means, in respect of each Payment Date and the Due Period in respect of each Payment Date the sum of:

- (i) €300,000 per annum (pro-rated for the Due Period relating to such Payment Date on the basis of a 360 day year comprised of twelve 30-day months); and
- (ii) 0.025 per cent. per annum (pro-rated for the Due Period relating to such Payment Date on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the Aggregate Collateral Balance as at the Determination Date immediately preceding such Payment Date,

**provided however** that if the amount of Trustee Fees and Expenses and Administrative Expenses paid prior to the occurrence of a Frequency Switch Event on the three immediately preceding Payment Dates or, following the occurrence of a Frequency Switch Event, the immediately preceding Payment Date or during the related Due Period(s) (including the Due Period relating to the current Payment Date) is less than the stated Senior Expenses Cap, the amount of each such shortfall (if any) shall be added to the Senior Expenses Cap with respect to the then current Payment Date. For the avoidance of doubt, any such shortfall may not at any time result in an increase of the Senior Expenses Cap on a per annum basis.

**“Senior Loan”** means a Collateral Debt Obligation that is a Senior Secured Loan, a Senior Unsecured Obligation or a Second Lien Loan.

**“Senior Secured Bond”** means a Collateral Debt Obligation that is a senior secured debt security in the form of, or represented by, a bond, note, certificated debt security or other debt security (that is not a Senior Secured Loan) as determined by the Collateral Manager in its reasonable judgment, or a Participation therein, **provided** that:

- (i) it is secured by a valid and perfected security interest over (x) assets (including any intellectual property rights) of the Obligor and/or the Obligor's group thereof if and to the extent that the provision of security over assets is permissible under applicable law (save in the case of assets where the failure to take such security is consistent with reasonable secured lending practices), and otherwise (y) at least 80.00 per cent. of the equity interests in the shares of an entity owning, either directly or indirectly, such assets; and
- (ii) no other obligation of the Obligor has any higher priority security interest in such assets or shares referred to in paragraph (i) above **provided** that a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to such Obligor may have a higher priority security interest in such assets or shares in the event of an enforcement in respect of such loan representing up to the Secured Senior RCF Percentage of the Obligor's senior debt.

**"Senior Secured Loan"** means a Collateral Debt Obligation (which may be a Revolving Obligation or a Delayed Drawdown Collateral Debt Obligation) that is a senior secured loan obligation as determined by the Collateral Manager in its reasonable judgment or a Participation therein, **provided** that:

- (i) it is secured by a valid and perfected security interest over (x) assets (including any intellectual property rights) of the Obligor and/or the Obligor's group thereof if and to the extent that the provision of security over assets is permissible under applicable law (save in the case of assets where the failure to take such security is consistent with reasonable secured lending practices), and otherwise (y) at least 80.00 per cent. of the equity interests in the shares of an entity owning, either directly or indirectly, such assets; and
- (ii) no other obligation of the Obligor has any higher priority security interest in such assets or shares referred to in paragraph (i) above **provided** that (x) a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to the Obligor may have a higher priority security interest in such assets or shares in the event of an enforcement in respect of such loan representing up to the Secured Senior RCF Percentage of the Obligor's senior debt and (y) the limitation set forth in this paragraph (ii) shall not apply with respect to capitalised leases or similar obligations.

**"Senior Unsecured Obligation"** means a Collateral Debt Obligation that:

- (i) is a loan obligation senior to any unsecured, subordinated obligation of the Obligor as determined by the Collateral Manager in its reasonable judgment; and
- (ii) is not secured (x) by assets of the Obligor or guarantor thereof if and to the extent that the granting of security over assets is permissible under applicable law or (y) by 80.00 per cent. of the equity interests in the shares of an entity owning such fixed assets.

**"Similar Law"** means any federal, state, local, non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or any interest therein) by virtue of its interest and thereby subject the Issuer or the Collateral Manager (or other persons responsible for the investment and operation of the Issuer's assets) to any federal, state, local or non-U.S. or other law or regulation that is similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code.

**"Special Redemption"** has the meaning given to it in Condition 7(d) (*Special Redemption*).

**"Special Redemption Amount"** has the meaning given to it in Condition 7(d) (*Special Redemption*).

**"Special Redemption Date"** has the meaning given to it in Condition 7(d) (*Special Redemption*).

**"Spot Rate"** means with respect to any conversion of any currency into Euro or, as the case may be, of Euro into any other relevant currency, the relevant spot rate of exchange quoted by the Collateral Administrator in consultation and agreement with the Collateral Manager on the date of calculation.

**"Step-Down Coupon Security"** means a security: (i) which does not pay interest over a specified period of time ending on its maturity, but which does provide for the payment of interest before such specified period; or

(ii) the interest rate of which decreases over a specified period of time other than due to the decrease of the floating rate index applicable to such security.

**“Step-Up Coupon Security”** means a security: (i) which does not pay interest over a specified period of time ending prior to its maturity, but which does provide for the payment of interest after the expiration of such specified period; or (ii) the interest rate of which increases over a specified period of time other than due to the increase of the floating rate index applicable to such security.

**“Sterling”**, or **“GBP”** means pounds sterling, being the lawful currency of the United Kingdom.

**“Structured Finance Security”** means any debt security which is secured directly, or represents the ownership of, a pool of consumer receivables, auto loans, auto leases, equipment leases, home or commercial mortgages, corporate debt or sovereign debt obligations or similar assets, including, without limitation, collateralised bond obligations, collateralised loan obligations or any similar security.

**“Subordinated Class M-2 Interest Amount”** means the amount calculated by the Calculation Agent in accordance with Condition 6(e)(v)(B) (*Interest Proceeds in respect of Subordinated Notes*).

**“Subordinated Collateral Management Fee”** means the fee payable to the Collateral Manager in arrear on each Payment Date in respect of each Due Period pursuant to the Collateral Management Agreement in an amount, as determined by the Collateral Administrator, equal to 0.265 per cent. per annum of the Fee Basis Amount in respect of the related Due Period (exclusive of any VAT) immediately preceding such Payment Date as determined by the Collateral Administrator (calculated on the basis of a 360-day year consisting of twelve 30-day months).

**“Subordinated Noteholders”** means together, the Class M-1 Subordinated Noteholder and the Class M-2 Subordinated Noteholders, from time to time.

**“Subordinated Notes Initial Offer Price Percentage”** means 95.00 per cent.

**“Subordinated Obligation”** means a debt obligation that by its terms and conditions is subordinated to all nonsubordinated debt obligations of the relevant Obligor.

**“Subscription Agreement”** means the subscription agreement between the Issuer and the Initial Purchaser dated on or about the Issue Date.

**“Subsequent Drawdown”** means the amounts that the Issuer has drawn in accordance with the terms of the Liquidity Facility to refinance any Initial Drawdown or Subsequent Drawdown.

**“Substitute Collateral Debt Obligation”** means a Collateral Debt Obligation purchased in substitution for a whole or part of a previously held Collateral Debt Obligation pursuant to the terms of the Collateral Management Agreement and which satisfies the Eligibility Criteria and the purchase of which satisfies the Reinvestment Criteria.

**“Swap Tax Credit”** means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Hedge Counterparty to the Issuer or a reduced payment from the Issuer to the Hedge Counterparty pursuant to the relevant Hedge Agreement.

**“Swapped Non-Discount Obligation”** means any Collateral Debt Obligation that would otherwise be considered a Discount Obligation, but that is purchased with the Sale Proceeds of a Collateral Debt Obligation (the **“Original Obligation”**) that was not a Discount Obligation at the time of its purchase and which will not be considered a Discount Obligation so long as such purchased Collateral Debt Obligation:

- (i) is purchased or committed to be purchased within 20 Business Days of such sale of the Original Obligation;
- (ii) is purchased at a price (as a percentage of par) equal to or greater than the sale price of the Original Obligation; and
- (iii) is purchased at a price not less than 60 per cent. of (x) in the case of any Collateral Debt Obligation other than an Unhedged Collateral Debt Obligation, the Principal Balance thereof,



or (y) in the case of any Unhedged Collateral Debt Obligation, the Unhedged Principal Balance thereof,

**provided however that:**

- (A) to the extent the cumulative Aggregate Principal Balance of all Swapped Non-Discount Obligations held by the Issuer as at the relevant date of determination exceeds 10.0 per cent. of the Target Par Amount, such excess will not constitute Swapped Non-Discount Obligations (and for the avoidance of doubt, such excess will instead constitute Discount Obligations);
- (B) to the extent the cumulative aggregate Principal Balance of all Swapped Non-Discount Obligations acquired by the Issuer on or after the Issue Date (for the avoidance of doubt, whether or not each such Swapped Non-Discount Obligation is currently held by the Issuer) exceeds 15.0 per cent. of the Target Par Amount, such excess will constitute Discount Obligations;
- (C) in the case of a Collateral Debt Obligation that is an interest (including a Participation) in a Floating Rate Collateral Debt Obligation, such Collateral Debt Obligation will cease to be a Swapped Non-Discount Obligation at such time as the Market Value (expressed as a percentage of its Principal Balance) for such Collateral Debt Obligation on each day during any period of 30 consecutive days since the acquisition of such Collateral Debt Obligation equals or exceeds 90 per cent.;
- (D) in the case of any Collateral Debt Obligation that is not an interest in a Floating Rate Collateral Debt Obligation, such Collateral Debt Obligation will cease to be a Swapped Non-Discount Obligation at such time as the Market Value (expressed as a percentage of its Principal Balance) for such Collateral Debt Obligation on each day during any period of 30 consecutive days since the acquisition of such Collateral Debt Obligation equals or exceeds 85 per cent.; and
- (E) in determining which of the Swapped Non-Discount Obligations shall be included in the excess pursuant to sub-paragraph (A) above, Swapped Non-Discount Obligations in respect of which the Issuer entered into a binding commitment to purchase earlier in time shall be deemed to constitute the excess.

**“Synthetic Security”** means a security or swap transaction (other than a letter of credit or a Participation) on which payments of interest or principal reference an obligation or the credit performance of a reference obligation.

**“Target Par Amount”** means €400,000,000.

**“TARGET2”** means the Trans-European Automated Real-time Gross Settlement Express Transfer system (or, if such system ceases to be operative, such other system (if any) determined by the Trustee to be a suitable replacement).

**“TCA”** means the Taxes Consolidation Act 1997 of Ireland, as amended.

**“Third Party Indemnity Receipts”** has the meaning given to it in Condition 3(j)(xi) (*Expense Reserve Account*).

**“Trading Gains”** means, in respect of any Collateral Debt Obligation which is repaid, prepaid, redeemed or sold, any excess of the Principal Proceeds or Sale Proceeds received in respect thereof over the greater of (x) the product of the purchase price (expressed as a percentage) and the Principal Balance thereof, and (y), the Principal Balance thereof, net of (i) any expenses incurred in connection with any repayment, prepayment, redemption or sale thereof, and (ii) in the case of a sale of such Collateral Debt Obligation, any interest accrued but not paid thereon which has not been capitalised as principal and included in the sale price thereof.

**“Transaction Documents”** means the Trust Deed (including these Conditions), the Agency Agreement, the Subscription Agreement, the Collateral Management Agreement, any Hedge Agreements, the EU Retention Letter, the Collateral Acquisition Agreements, the Participation Agreements, the Corporate Services Agreement, the Liquidity Facility Agreement, the Note Purchase Agreement, the Warehouse Deed of Termination and

Release, any Reporting Delegation Agreement and any document supplemental thereto or issued in connection therewith.

**“Trustee Fees and Expenses”** means the costs, fees and expenses and all other liabilities (including by way of indemnity and including, without limitation, legal fees and expenses) and all other amounts payable to the Trustee or any Appointee or Receiver pursuant to the Trust Deed or any other Transaction Document from time to time plus any applicable VAT thereon payable under the Trust Deed or any other Transaction Document, including indemnity payments and any fees, costs, charges and expenses properly incurred by the Trustee in respect of any Refinancing.

**“Underlying Instrument”** means the agreements or instruments pursuant to which a Collateral Debt Obligation has been issued or created and each other agreement that governs the terms of, or secures the obligations represented by, such Collateral Debt Obligation or under which the holders or creditors under such Collateral Debt Obligation are the beneficiaries.

**“Unfunded Amount”** means, with respect to any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, the excess, if any, of (i) the Commitment Amount under such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, as the case may be, at such time over (ii) the Funded Amount thereof at such time.

**“Unfunded Revolver Reserve Account”** means the account described as such in the name of the Issuer held with the Account Bank and whose book and records are held in the United Kingdom and in any event outside Ireland.

**“Unhedged Aggregate Principal Balance”** means the sum of the principal amount, converted into Euros at the Spot Rate, of each Unhedged Collateral Debt Obligation which has been an Unhedged Collateral Debt Obligation for less than 90 calendar days since the settlement date thereof.

**“Unhedged Collateral Debt Obligation”** means a Non-Euro Obligation which is not an Asset Swap Obligation.

**“Unhedged Principal Balance”** means, in respect of an Unhedged Collateral Debt Obligation, its principal amount converted into Euros at the Spot Rate.

**“Unpaid Class X Principal Amortisation Amount”** means, for any Payment Date, the aggregate amount of all or any portion of the Class X Principal Amortisation Amount for any prior Payment Dates that were not paid on such prior Payment Dates.

**“Unsaleable Asset”** means any (a) (i) Defaulted Obligation, (ii) Exchanged Security, (iii) obligation received in connection with an Offer, (iv) or other security or debt obligation that is part of the Collateral in respect of which the Issuer has not received a payment in cash during the preceding 12 months or (b) asset, claim or other property identified by the Collateral Manager as having a market value of less than €1,000, if in the case of (a) or (b) the Collateral Manager certifies to the Trustee that it has made reasonable efforts to dispose of such obligation for at least 90 days and, in its commercially reasonable judgement, such obligation is not expected to be saleable for the foreseeable future.

**“Unscheduled Principal Proceeds”** means (a) with respect to any Collateral Debt Obligation (other than an Asset Swap Obligation), principal proceeds (in the case of any Unhedged Collateral Debt Obligations converted into Euro at the Applicable Exchange Rate) received by the Issuer prior to the Collateral Debt Obligation Stated Maturity thereof as a result of optional redemptions, prepayments (including any acceleration) or Offers (excluding any premiums or make whole amounts in excess of the principal amount of such Collateral Debt Obligation) and (b) in the case of any Asset Swap Obligation, the Asset Swap Counterparty Principal Exchange Amount payable in respect of the amounts referred to in (a) above pursuant to the related Asset Swap Transaction, together with (i) any related Asset Swap Termination Receipts but less any related Asset Swap Termination Payment (to the extent any are payable and in each case determined without regard to the exclusions of unpaid amounts and Asset Swap Counterparty Principal Exchange Amounts or (as applicable) Asset Swap Issuer Principal Exchange Amounts set forth in the definitions thereof) and only to the extent not required for application towards the cost of entry into a Replacement Asset Swap Transaction and (ii) any related Asset Swap Replacement Receipts but only to the extent not required for application towards any related Asset Swap Termination Payments.

**“Unused Proceeds Account”** means the account described as such in the name of the Issuer held with the Account Bank and whose books and records are held in the United Kingdom and in any event outside Ireland.

**“U.S. Dollars”,** or **“U.S.\$”**, means United States dollars, being the lawful currency of the United States of America.

**“U.S. Investment Restrictions”** means the restrictions set out in Schedule 11 to the Collateral Management Agreement.

**“U.S. Person”** means a **“U.S. person”** as such term is defined under Regulation S.

**“U.S. Retention Regulations”** means any New Risk Retention Rule together with the U.S. Retention Requirements.

**“U.S. Retention Requirements”** means the final rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act.

**“U.S. Treasury Regulations”** means regulations promulgated by the U.S. Treasury under the Code.

**“VAT”** means any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) and any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, each tax referred to above, or imposed elsewhere.

**“Warehouse Arrangements”** means the warehouse financing arrangement entered into by the Issuer prior to the Issue Date to, inter alia, finance the acquisition of the Collateral Debt Obligations prior to the Issue Date and related arrangements.

**“Warehouse Deed of Termination and Release”** means the warehouse deed of termination and release dated on or about the Issue Date relating to the termination of the Warehouse Arrangements.

**“Weighted Average Floating Spread”** has the meaning given to it in the Collateral Management Agreement.

**“Weighted Average Life”** has the meaning given to it in the Collateral Management Agreement.

**“Weighted Average Life Test”** has the meaning given to it in the Collateral Management Agreement.

**“Written Resolution”** means any Resolution of the Noteholders of the relevant Class in writing, as described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Trust Deed.

**“Zero Coupon Obligation”** means any Collateral Debt Obligation the terms of which provide for repayment of a stated principal amount at a stated maturity date but which do not provide for periodic payments of interest in cash at any time while such security is outstanding.

## **2. Form and Denomination, Title, Transfer and Exchange**

### **(a) Form and Denomination**

The Notes of each Class may be issued in global or definitive form and shall be in certificated, fully registered form, without interest coupons, talons and principal receipts attached, in each case, in the applicable Minimum Denomination and integral multiples of any Authorised Integral Amount in excess thereof. Each Definitive Certificate and each Global Certificate will be numbered serially with an identifying number which will be recorded in the Register which the Issuer shall procure to be kept by the Registrar. The Issuer shall procure that the Register shall at all times be kept and maintained outside the United Kingdom and that no copy of the Register shall be created, kept or maintained in the United Kingdom.

### **(b) Title to the Registered Notes**

Title to the Notes passes upon registration of transfers in the Register in accordance with the provisions of the Agency Agreement and the Trust Deed. Notes will be transferable only on the books of the Issuer and its agents. The registered holder of any Note will (except as otherwise required by law) be

treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

Any interest in any Note represented by a Global Certificate shall be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

(c) Transfer

A Note represented by a Definitive Certificate may be transferred in whole or in part in nominal amounts of the applicable Authorised Denomination only upon the surrender, at the specified office of the Registrar or any Transfer Agent of the Definitive Certificate representing such Note to be transferred, with the form of transfer endorsed on such Definitive Certificate duly completed and executed and together with such other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of any Note represented by any Definitive Certificate, a new Definitive Certificate will be issued to the transferee in respect of the part transferred and a further new Definitive Certificate in respect of the balance of the holding not transferred will be issued to the transferor.

The transfer of any Note, in whole or in part, represented by a Global Certificate shall be made in accordance with the rules and procedures for the time being of the relevant Clearing System.

(d) Delivery of New Certificates

Each new Definitive Certificate to be issued pursuant to Condition 2(c) (*Transfer*) will be available for delivery within five Business Days of receipt of such form of transfer or of surrender of an existing certificate upon partial redemption. Delivery of new Definitive Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar, as the case may be, to whom delivery or surrender shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer or otherwise in writing, shall be mailed by pre-paid first class post, at the risk of the holder entitled to the new Definitive Certificate, to such address as may be so specified. In this Condition 2(d) (*Delivery of New Certificates*), “Business Day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified offices of the Transfer Agent and the Registrar.

(e) Transfer Free of Charge

Transfer of any Global Certificate or Definitive Certificate representing Notes or any Note in accordance with these Conditions on registration or transfer will be effected without charge to the Noteholders by or on behalf of the Issuer, the Registrar or the Transfer Agent, except that the Issuer may require payment of a sum to it (or the giving of such indemnity as the Issuer, Registrar or the relevant Transfer Agent may require in respect thereof) to cover any stamp duty tax or other governmental charges which may be imposed in relation to the registration.

(f) Closed Periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on the due date for redemption (in full) of that Note or (ii) during the period of seven calendar days ending on (and including) any Record Date.

(g) Regulations Concerning Transfer and Registration

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning the transfer of Notes scheduled to the Trust Deed, including without limitation, that a transfer of Notes in breach of certain of such regulations will result in such transfer being void ab initio. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer (after consultation with the Trustee) to reflect changes in legal or regulatory requirements or in any other manner which, in the opinion of the Issuer (subject to not less than 60 days’ notice of any such change having been given to the Noteholders in accordance with Condition 16 (*Notices*)), is not prejudicial to the interests of the holders of the relevant Class of Notes. A copy of the current regulations may be inspected at the offices of any Transfer Agent during usual business hours on any

weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes and will be sent by the Registrar to any Noteholder who so requests.

(h) Forced Transfer of Rule 144A Notes

If the Issuer determines at any time that a holder of Rule 144A Notes (1) is a U.S. Person and (2) is not a QIB/QP (any such person, a “**Non-Permitted Holder**”), the Issuer shall, promptly after determination that such person is a Non-Permitted Holder by the Issuer, send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its Notes outside the United States to a non-U.S. Person or within the United States to a U.S. Person that is a QIB/QP within 30 days of the date of such notice. If such Non-Permitted Holder fails to effect the transfer within such 30 day period, (a) the Issuer shall cause such Notes to be transferred in a sale to a person or entity that certifies to the Issuer, in connection with such transfer, that such person or entity either is not a U.S. Person or is a QIB/QP and (b) pending such transfer, no further payments will be made in respect of such beneficial interest. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes and selling such Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion. Each Noteholder and each other person in the chain of title to the Non-Permitted Holder by its acceptance of an interest in the Notes agrees to cooperate with the Issuer to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the selling Noteholder. The terms and conditions of any sale hereunder shall be determined in the sole discretion of the Issuer, subject to the transfer restrictions set out herein, and the Issuer shall not be liable to any person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion. The Issuer reserves the right to require any holder of Notes to submit a written certification substantiating that it is a QIB/QP or a non-U.S. Person. If such holder fails to submit any such requested written certification on a timely basis, the Issuer has the right to assume that the holder of the Notes from whom such a certification is requested is not a QIB/QP or a non-U.S. Person. Furthermore, the Issuer reserves the right to refuse to honour a transfer of beneficial interests in a Rule 144A Note to any Person who is not either a non-U.S. Person or a U.S. Person that is a QIB/QP.

(i) Forced transfer pursuant to FATCA or the CRS

Under FATCA and the CRS, the Issuer will and/or an intermediary may be required to, among other things, provide certain information about the Noteholders (which may include a nominee or beneficial owner of a Note for these purposes) to a taxing authority. The Issuer expects to require each Noteholder to provide certifications and identifying information about itself and certain of its owners.

Each Noteholder (which, for the purposes of this Condition 2(i) (*Forced sale pursuant to FATCA or the CRS*) may include a nominee or beneficial owner of a Note) will agree to provide the Issuer and its agents with any correct, complete and accurate information or documentation that may be required for the Issuer to comply with FATCA and the CRS and to prevent the imposition of tax under FATCA and fines or penalties under the CRS on payments to or for the benefit of the Issuer. If the Noteholder fails to provide such information or documentation, or to the extent that its ownership of the Notes would otherwise cause the Issuer to be subject to tax under FATCA, (A) the Issuer and its agents are authorised to withhold amounts otherwise distributable to the Noteholder as compensation for any taxes to which the Issuer is subject under FATCA or fines or penalties under the CRS as a result of such failure or the Noteholder’s ownership of Notes, and (B) to the extent necessary to avoid an adverse effect on the Issuer as a result of such failure or the Noteholder’s ownership of Notes, the Issuer will have the right to compel the Noteholder (other than the Retention Holder) to sell its Notes, and, if the Noteholder does not sell its Notes within 10 Business Days after notice from the Issuer or any agent of the Issuer, the Issuer will have the right to sell such Notes at a public or private sale called and conducted in any manner permitted by law, and to remit the net proceeds of such sale (taking into account any costs, charges, and any taxes incurred by the Issuer in connection with such sale) to the Noteholder as payment in full for such Notes. The Issuer may also assign each such Note a separate securities identifier in the Issuer’s sole discretion. For the avoidance of doubt, the Issuer shall have the right to sell a beneficial owner’s interest in a Note in its entirety notwithstanding that the sale of a portion of such an interest would permit the Issuer to comply with FATCA.

(j) Forced transfer pursuant to ERISA

If any Noteholder is determined by the Issuer to be a Noteholder who has made or is deemed to have made a prohibited transaction, Benefit Plan Investor, Controlling Person, Other Plan Law, Similar Law or other ERISA representation that is subsequently shown to be false or misleading, or whose beneficial ownership otherwise causes a violation of the 25 per cent. limitation set out in Title I of ERISA and Section 4975 of the Code (any such Noteholder a “**Non-Permitted ERISA Holder**”), the Non-Permitted ERISA Holder may be required by the Issuer to sell or otherwise transfer its Notes to an eligible purchaser (selected by the Issuer) at a price to be agreed between the Issuer (exercising its sole discretion) and such eligible purchaser at the time of sale, subject to the transfer restrictions set out in the Trust Deed. Each Noteholder and each other Person in the chain of title from the Noteholder, by its acceptance of an interest in such Notes, agrees to cooperate with the Issuer, to the extent required to effect such transfers. None of the Issuer, the Trustee and the Registrar shall be liable to any Noteholder having an interest in the Notes sold or otherwise transferred as a result of any such sale or transfer. The Issuer shall be entitled to deduct from the sale or transfer price an amount equal to all the expenses and costs incurred and any loss suffered by the Issuer as a result of such forced transfer. The Non-Permitted ERISA Holder will receive the balance, if any.

(k) Forced transfer mechanics

In order to effect the forced transfer provisions set out in Conditions 2(h) (*Forced transfer Rule 144A Notes*), 2(i) (*Forced transfer pursuant to FATCA or the CRS*) and 2(j) (*Forced transfer pursuant to ERISA*), the Issuer may repay any affected Notes at par value and issue replacement Notes and the Issuer, the Trustee, the Agents and the Registrar (each at the expense of the Issuer) shall work with the Clearing Systems to take such action as may be necessary to effect such repayment and issue of replacement Notes. The Noteholders hereby authorise the Registrar, the Issuer, the Trustee and the Clearing Systems to take such actions as are necessary in order to effect the forced transfer provisions set out in Conditions 2(h) (*Forced transfer Rule 144A Notes*) and 2(i) (*Forced transfer pursuant to FATCA or the CRS*), 2(j) (*Forced transfer pursuant to ERISA*) above without the need for any further express instruction from any affected Noteholder. The Noteholders shall be bound by any actions taken by the Registrar, the Issuer, the Trustee, the Clearing Systems or any other party taken pursuant to the above-named Conditions. For the avoidance of doubt, none of the Issuer, the Trustee and the Registrar shall be liable to any Noteholder having an interest in the Notes sold or otherwise transferred as a result of any such sale or transfer.

(l) Registrar authorisation

The Noteholders hereby authorise the Registrar, the Issuer, the Trustee and the Clearing Systems to take such actions as are necessary in order to effect the forced transfer provisions set out in Conditions 2(h) (*Forced transfer Rule 144A Notes*) and 2(i) (*Forced transfer pursuant to FATCA or the CRS*), 2(j) (*Forced transfer pursuant to ERISA*) above without the need for any further express instruction from any affected Noteholder. The Noteholders shall be bound by any actions taken by the Registrar, the Issuer, the Trustee, the Clearing Systems or any other party taken pursuant to the above-named Conditions.

(m) Contributions

At any time during or after the Reinvestment Period, any Noteholder may (i) make a contribution of cash or (ii) if it is a Subordinated Noteholder, by notice in writing to the Issuer, the Trustee, the Collateral Administrator and the Collateral Manager, designate any portion of Interest Proceeds or Principal Proceeds that would otherwise be distributed on its Subordinated Notes in accordance with the Priorities of Payments to the Issuer (each, a “**Contribution**” and each such contributing Noteholder, a “**Contributor**”); *provided* that the Subordinated Noteholders (collectively) may not make more than three Contributions in total following the Issue Date, and any single Contribution made by one or more Subordinated Noteholders must be in an aggregate amount of not less than €250,000. The Collateral Manager, on behalf of the Issuer, may accept or reject any Contribution in its reasonable discretion. If a Contribution is accepted, it will be received into the Contributions Account and applied by the Collateral Manager on behalf of the Issuer as directed by the Contributor at the time such Contribution is made or, if no direction is given by the Contributor, at the Collateral Manager’s reasonable discretion, provided in each case that such application is a Permitted Use in accordance with Condition 3(j)(viii) (*Contributions Account*). No Contribution or portion thereof will be returned to the Contributor at any time other than by operation of the Priorities of Payments.

(n) Exchange of Voting/Non-Voting Notes

The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes may be in the form of a CM Voting Note, a CM Non-Voting Exchangeable Note or a CM Non-Voting Note.

CM Voting Notes shall carry a right to vote in respect of, and be counted for the purposes of determining a quorum and the result of voting on, any CM Replacement Resolution and any CM Removal Resolution. CM Non-Voting Exchangeable Notes and CM Non-Voting Notes shall not carry any rights in respect of, or be counted for the purposes of determining a quorum and the result of voting on, any CM Removal Resolution or any CM Replacement Resolution but shall carry a right to vote on and be counted in respect of all other matters in respect of which the CM Voting Notes have a right to vote and be counted.

CM Voting Notes shall be exchangeable at any time upon request by the relevant Noteholder into CM Non-Voting Exchangeable Notes or CM Non-Voting Notes. CM Non-Voting Exchangeable Notes shall be exchangeable (a) upon request by the relevant Noteholder at any time into CM Non-Voting Notes or (b) into CM Voting Notes only in connection with the transfer of such Notes to an entity that is not an Affiliate of the transferor upon request of the relevant transferee or transferor and in no other circumstance. CM Non-Voting Notes shall not be exchangeable at any time into CM Voting Notes or CM Non-Voting Exchangeable Notes.

Any such right to exchange a Note, as described and subject to the limitations set out in the immediately prior paragraph, may be exercised by a Noteholder holding a Definitive Certificate or a beneficial interest in a Global Certificate delivering to the Registrar and the Transfer Agent a duly completed exchange request substantially in the form provided in the Trust Deed, or in such other form as the Trustee, upon the advice of counsel, may deem substantially similar in legal effect (in each case, copies of which are provided to the Trustee as applicable) given by the proposed transferee.

### 3. Status

(a) Status

The Notes of each Class constitute direct, general, secured, unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 4(c) (*Limited Recourse and Non Petition*). The Notes of each Class are secured in the manner described in Condition 4(a) (*Security*) and, within each Class, shall at all times rank *pari passu* and without any preference amongst themselves.

(b) Relationship Among the Classes

The Notes of each Class are constituted by the Trust Deed and are secured on the Collateral as further described in the Trust Deed. Payments of Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes will rank senior to payments of interest on each Payment Date in respect of each other Class. Payments of interest on the Class X Notes and the Class A Notes will be subordinated in right of payment to payments of Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes but will rank senior in right of payment to payments of interest on each Payment Date in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class M-1 Subordinated Notes; payments of interest in respect of the Class X Notes and the Class A Notes, will be senior in right of payment to payments of interest in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; payment of interest on the Class B Notes will be subordinated in right of payment to payments of Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes, payments of interest in respect of the Class X Notes and the Class A Notes, but senior in right of payment to payments of interest in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; payment of interest on the Class C Notes will be subordinated in right of payment to payments of Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes, payments of interest in respect of the Class X Notes, the Class A Notes and the Class B Notes, but senior in right of payment to payments of interest on the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; payment of interest on the Class D Notes will be subordinated in right of payment to payments of Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes, payments of interest in respect of the Class X Notes, the Class A Notes, the Class B Notes and the Class C Notes,

but senior in right of payment to payments of interest on the Class E Notes, the Class F Notes and the Subordinated Notes; payment of interest on the Class E Notes will be subordinated in right of payment to payments of Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes, payments of interest in respect of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, but senior in right of payment to payments of interest on the Class F Notes and the Subordinated Notes; payment of interest on the Class F Notes will be subordinated in right of payment to payments of Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes, payments of interest in respect of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, but senior in right of payment to payments of interest on the Subordinated Notes. Payment of interest on the Subordinated Notes will be subordinated in right of payment to payment of interest in respect of the Rated Notes. Subordinated Class M-2 Interest Amounts on the Class M-2 Subordinated Notes shall be senior in right of payment to payment of residual distributions on the Subordinated Notes. Residual distributions on the Subordinated Notes shall be paid *pari passu* and without any preference amongst themselves. Interest on the Class X Notes and the Class A Notes shall be paid *pro rata* and *pari passu* and without any preference amongst themselves. Interest on the Class B-1 Notes and the Class B-2 Notes shall be paid *pro rata* and *pari passu* and without any preference amongst themselves.

No amount of principal in respect of the Class B Notes shall become due and payable until the payment of accrued and unpaid Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes and redemption and payment in full of the Class X Notes and the Class A Notes. No amount of principal in respect of the Class C Notes shall become due and payable until the payment of accrued and unpaid Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes and redemption and payment in full of the Class X Notes, the Class A Notes and the Class B Notes. No amount of principal in respect of the Class D Notes shall become due and payable until the payment of accrued and unpaid Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes and redemption and payment in full of the Class A Notes, the Class B Notes and the Class C Notes. No amount of principal in respect of the Class E Notes shall become due and payable until the payment of accrued and unpaid Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes and redemption and payment in full of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. No amount of principal in respect of the Class F Notes shall become due and payable until the payment of accrued and unpaid Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes and redemption and payment in full of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. Subject to the applicability of the Post-Acceleration Priority of Payments, the Subordinated Notes will be entitled to receive, out of Principal Proceeds, the amounts described under the Principal Proceeds Priority of Payments on a *pari passu* basis. Payments on the Subordinated Notes are subordinated to payments on the Rated Notes and other amounts described in the Priorities of Payments (including the payment of interest that has become due and payable on the Class M-2 Subordinated Notes) and no payments out of Principal Proceeds will be made on the Subordinated Notes until the Rated Notes and other payments ranking prior to the Subordinated Notes in accordance with the Priorities of Payments (including the payment of interest that has become due and payable on the Class M-2 Subordinated Notes) are paid in full.

(c) Priorities of Payments

The Collateral Administrator shall (on the basis of the Payment Date Report prepared by the Collateral Administrator in consultation with the Collateral Manager pursuant to the terms of the Collateral Management Agreement on each Determination Date), on behalf of the Issuer (i) on each Payment Date prior to the acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*); (ii) following the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*), which, if such acceleration is by way of the delivery of an Acceleration Notice (actual or deemed), such Acceleration Notice has subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*); and (iii) other than in connection with an optional redemption in whole under Condition 7(b) (*Optional Redemption*) or in accordance with 7(g) (*Redemption following Note Tax Event*) (in which event the Post-Acceleration Priority of Payments shall apply to Interest Proceeds and Principal Proceeds), instruct the Account Bank to disburse Interest Proceeds and Principal Proceeds transferred to the Payment Account, in each case, in accordance with the following Priorities of Payments:

(i) Application of Interest Proceeds



Subject as further provided below, Interest Proceeds in respect of a Due Period shall be paid on the Payment Date immediately following such Due Period in the following order of priority (and in the case of any Payment Date that is a Partial Redemption Date, only after the application of Refinancing Proceeds and Partial Redemption Interest Proceeds in accordance with Condition 3(k) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*)):

- (A) to the payment of: (i) firstly taxes owing by the Issuer accrued in respect of the related or any earlier/other Due Period (including any Irish tax payable in relation to the amounts equal to the minimum profit referred to in paragraph (ii) below), as certified by an Authorised Officer of the Issuer to the Collateral Administrator, if any (save for any VAT payable in respect of any Collateral Management Fee or any other tax payable in relation to any other amount payable to the Secured Parties or to any other party in accordance with the Priorities of Payments); and (ii) secondly the Issuer Profit Amount to be retained by the Issuer, for deposit into the Issuer Profit Account from time to time;
- (B) to the payment of accrued and unpaid Trustee Fees and Expenses, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period (without duplication of any amounts distributed as Partial Redemption Interest Proceeds in accordance with Condition 3(k) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*)), **provided** that, following the occurrence of a Note Event of Default which is continuing, the Senior Expenses Cap shall not apply in respect of this paragraph and **provided further** that the Senior Expenses Cap in respect of the Payment Date immediately following a Partial Redemption Date shall be reduced (subject to a minimum value of zero) by an amount equal to any amount distributed pursuant to paragraphs (i) and (ii) of Condition 3(k) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*);
- (C) to the payment of accrued and unpaid Administrative Expenses in respect of such Due Period in the priority stated in the definition thereof, up to an amount equal to the Senior Expenses Cap less any amounts paid pursuant to item (B) above (without duplication of any amounts distributed as Partial Redemption Interest Proceeds in accordance with Condition 3(k) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*)), **provided** that, following the occurrence of a Note Event of Default which is continuing the Senior Expenses Cap shall not apply in respect of this paragraph and **provided further** that the Senior Expenses Cap in respect of the Payment Date immediately following a Partial Redemption Date shall be reduced (subject to a minimum value of zero) by an amount equal to any amount distributed pursuant to paragraphs (i) and (ii) of Condition 3(k) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*);
- (D) to the Expense Reserve Account, of an amount up to the Ongoing Expense Reserve Amount;
- (E) to the payment of any Liquidity Payments due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (F) to the payment:
  - (1) firstly, on a *pro rata* and *pari passu* basis to: (i) the Collateral Manager of the Senior Collateral Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority) (save for any Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts) except that the Collateral Manager may, in its sole discretion, elect to (x) designate for reinvestment or (y) defer payment of some or all of the amounts that would have been payable to the Collateral Manager under this paragraph (F) (any such amounts, being “**Deferred Senior Collateral Management Amount**”) on any Payment Date, **provided** that any such amount in the case of (x) shall (a)(i) be used to purchase Substitute Collateral Debt Obligations or to purchase Rated Notes in accordance with Condition 7(k) (*Purchase of Rated Notes*) or

- (ii) be deposited in the Principal Account pending reinvestment in Substitute Collateral Debt Obligations and (b) not be treated as unpaid for the purposes of this paragraph (F) or in the case of (y), shall be applied to the payment of amounts in accordance with paragraphs (G) through (W) and (X) through (DD) below, subject to the Collateral Manager having notified the Collateral Administrator in writing not later than one Business Day prior to the relevant Determination Date of any amounts to be so applied and (ii) the Class M-2 Subordinated Noteholders of the Senior Class M-2 Interest Amount due and payable on the Class M-2 Subordinated Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest thereon);
- (2) secondly, on a *pro rata* and *pari passu* basis to: (i) the Collateral Manager, any previously due and unpaid Senior Collateral Management Fees (other than Deferred Senior Collateral Management Amounts) and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority); and (ii) the Class M-2 Subordinated Noteholders of any Deferred Interest, attributable to unpaid Senior Class M-2 Interest Amounts which is due and payable pursuant to Condition 6(d) (*Payment of Deferred Interest*),
- (G) to the payment on a *pro rata* and *pari passu* basis, of any Scheduled Periodic Interest Rate Hedge Issuer Payments (to the extent not paid or provided for out of the Interest Account), Scheduled Periodic Asset Swap Issuer Payments (to the extent not paid or provided for out of the relevant Non-Euro Hedge Account) and Hedge Termination Payments (other than Defaulted Hedge Termination Payments) (to the extent not paid out of the Hedge Termination Account);
- (H) to the payment on a *pro rata* and *pari passu* basis of:
- (1) *pro rata and pari passu* (a) all Interest Amounts due and payable on the Class X Notes in respect of the Accrual Period ending on such Payment Date, (b) the Class X Principal Amortisation Amount due and payable on such Payment Date, and (c) any Unpaid Class X Principal Amortisation Amount as of such Payment Date; and
- (2) *pro rata and pari passu*, all Interest Amounts due and payable on the Class A Notes in respect of the Accrual Period ending on such Payment Date and all other Interest Amounts due and payable on such Class A Notes;
- (I) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class B-1 Notes and the B-2 Notes in respect of the Accrual Period ending on such Payment Date and all other Interest Amounts due and payable on such Class B Notes;
- (J) if either of the Class A/B Coverage Tests is not satisfied on any Determination Date on and after the Effective Date, or in the case of the Class A/B Interest Coverage Test, on the Determination Date preceding the second Payment Date and each Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class A/B Coverage Test to be satisfied (if applicable) if recalculated following such redemption on a *pro forma* basis after giving effect to all payments pursuant to this paragraph (J);
- (K) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class C Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
- (L) if either of the Class C Coverage Tests is not satisfied on any Determination Date on and after the Effective Date, or in the case of the Class C Interest Coverage Test, on the Determination Date preceding the second Payment Date and each Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class C Coverage Test (if applicable) to be met if

- recalculated following such redemption on a *pro forma* basis after giving effect to all payments pursuant to this paragraph (L);
- (M) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class C Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
  - (N) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class D Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
  - (O) if either of the Class D Coverage Tests is not satisfied on any Determination Date on and after the Effective Date, or in the case of the Class D Interest Coverage Test, on the Determination Date preceding the second Payment Date and each Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class D Coverage Test (if applicable) to be met if recalculated following such redemption on a *pro forma* basis after giving effect to all payments in priority to this paragraph (O);
  - (P) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class D Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
  - (Q) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class E Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
  - (R) if the Class E Par Value Test is not satisfied on any Determination Date on and after the Effective Date, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause the Class E Par Value Test to be met if recalculated following such redemption on a *pro forma* basis after giving effect to all payments in priority to this paragraph (R);
  - (S) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class E Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
  - (T) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class F Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
  - (U) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class F Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
  - (V) on the Payment Date following the Effective Date and each Payment Date thereafter to the extent required, in the event of the occurrence of an Effective Date Rating Event which is continuing on the Business Day prior to such Payment Date, to redeem the Notes in accordance with the Note Payment Sequence until an Effective Date Rating Event is no longer continuing;
  - (W) if, on any Payment Date after the Effective Date, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) above, the Interest Diversion Test has not been met, to the payment to the Principal Account as Principal Proceeds in an amount (such amount, the “**Required Diversion Amount**”) equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment and (2) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) above, would be sufficient to cause the Interest Diversion Test to be met:
    - (1) for the acquisition of additional Collateral Debt Obligations provided that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Collateral Manager and the Retention Holder as the

Collateral Administrator deems necessary), cause (or would not be likely to cause) an EU Retention Deficiency; or

- (2) to pay the Rated Notes in accordance with the Note Payment Sequence;
- (X) to the payment:
  - (1) firstly, on a *pro rata* and *pari passu* basis to: (i) the Collateral Manager of the Subordinated Collateral Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority) until such amount has been paid in full except that the Collateral Manager may, in its sole discretion, elect to (x) waive, (y) designate for reinvestment, or (z) defer payment of some or all of the amounts that would have been payable to the Collateral Manager under this paragraph (X) (any such amounts, being “**Deferred Subordinated Collateral Management Amounts**”) on any Payment Date, **provided** that any such amount in the case of (y) shall (a)(i) be used to purchase Substitute Collateral Debt Obligations or to purchase Rated Notes in accordance with Condition 7(k) (*Purchase of Rated Notes*) or (ii) be deposited in the Principal Account pending reinvestment in Substitute Collateral Debt Obligations or the purchase of Rated Notes in accordance with Condition 7(k) (*Purchase of Rated Notes*) and (b) not be treated as unpaid for the purposes of paragraph (F) above or this paragraph (X) or in the case of (x) and (z), shall be applied to the payment of amounts in accordance with paragraphs (Y) through (DD) below, subject to the Collateral Manager having notified the Collateral Administrator in writing not later than one Business Day prior to the relevant Determination Date of any amounts to be so applied; and (ii) the Class M-2 Subordinated Noteholders of the Subordinated Class M-2 Interest Amounts due and payable on the Class M-2 Subordinated Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest thereon);
  - (2) secondly, on a *pro rata* and *pari passu* basis to: (i) the Collateral Manager of any previously due and unpaid Subordinated Collateral Management Fee (other than Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts) and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority); and (ii) the Class M-2 Subordinated Noteholders of any Deferred Interest on the Class M-2 Subordinated Notes attributable to unpaid Subordinated Class M-2 Interest Amounts which is due and payable pursuant to Condition 6(d) (*Payment of Deferred Interest*); and
  - (3) thirdly, at the election of the Collateral Manager (at its sole discretion) to the Collateral Manager in payment of any previously Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority);
- (Y) to the payment of Trustee Fees and Expenses (if any) not paid by reason of the Senior Expenses Cap;
- (Z) to the payment of Administrative Expenses (if any) in relation to each item thereof in the order of priority stated in the definition thereof not paid by reason of the Senior Expenses Cap;
- (AA) to the payment on a *pro rata* and *pari passu* basis of any Defaulted Hedge Termination Payments due to any Hedge Counterparty;
- (BB) to the repayment of any Collateral Manager Advances and any interest thereon;

- (CC) during the Reinvestment Period at the direction and in the discretion of the Collateral Manager, to transfer to the Collateral Enhancement Account, any Collateral Enhancement Amounts;
- (DD) (1) *firstly*, if the Incentive Collateral Management Fee IRR Threshold has not been reached, any remaining Interest Proceeds to the payment of interest on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption), until the Incentive Collateral Management Fee IRR Threshold is reached; and
- (2) *secondly*, if, after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date in accordance with the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments, the Incentive Collateral Management Fee IRR Threshold has been reached (on or prior to such Payment Date):
  - (a) *firstly*, 20.0 per cent. of any remaining Interest Proceeds, to the payment to the Collateral Manager as an Incentive Collateral Management Fee;
  - (b) *secondly*, any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant tax authority); and
  - (c) *thirdly*, any remaining Interest Proceeds, to the payment of interest on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption).

(ii) Application of Principal Proceeds

Principal Proceeds in respect of a Due Period shall be paid on the Payment Date immediately following such Due Period in the following order of priority (and in the case of any Payment Date that is a Partial Redemption Date, only after the application of Refinancing Proceeds and Partial Redemption Interest Proceeds in accordance with Condition 3(k) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*)):

- (A) to the payment on a sequential basis of the amounts referred to in paragraphs (A) through (I) (inclusive) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (B) to the payment of the amounts referred to in paragraph (J) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class A/B Coverage Tests that are applicable on such Payment Date with respect to the Class A Notes and the Class B Notes to be met as of the related Determination Date;
- (C) to the payment of the amounts referred to in paragraph (L) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class C Coverage Tests that are applicable on such Payment Date with respect to the Class C Notes to be met as of the related Determination Date;
- (D) to the payment of the amounts referred to in paragraph (O) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class D Coverage Tests applicable on such Payment Date with respect to the Class D Notes to be met as of the related Determination Date;

- (E) to the payment of the amounts referred to in paragraph (R) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class E Par Value Test on such Payment Date with respect to the Class E Notes to be met as of the related Determination Date;
- (F) to the payment of the amounts referred to in paragraph (K) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes and the Class B Notes have been redeemed in full;
- (G) to the payment of the amounts referred to in paragraph (M) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes and the Class B Notes have been redeemed in full;
- (H) to the payment of the amounts referred to in paragraph (N) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full;
- (I) to the payment of the amounts referred to in paragraph (P) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full;
- (J) to the payment of the amounts referred to in paragraph (Q) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full;
- (K) to the payment of the amounts referred to in paragraph (S) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full;
- (L) to the payment of the amounts referred to in paragraph (T) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes have been redeemed in full;
- (M) to the payment of the amounts referred to in paragraph (U) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes have been redeemed in full;
- (N) to the payment of the amounts referred to in paragraph (V) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (O) if such Payment Date is a Special Redemption Date, at the election of the Collateral Manager, to make payments in an amount equal to the Special Redemption Amount (if any) applicable to such Payment Date in accordance with the Note Payment Sequence;
- (P) during the Reinvestment Period, at the discretion of the Collateral Manager, either to the purchase of Substitute Collateral Debt Obligations or to the Principal Account pending reinvestment in Substitute Collateral Debt Obligations at a later date in each case subject to and in accordance with the Collateral Management Agreement;
- (Q) after the Reinvestment Period in the case of Principal Proceeds representing Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Impaired Obligations and Credit Improved Obligations at the discretion of the Collateral Manager, either to the purchase of Substitute Collateral Debt Obligations or to the Principal Account pending reinvestment in Substitute Collateral Debt Obligations at a later date in each case subject to and in accordance with the Collateral Management Agreement;

- (R) after the Reinvestment Period, to redeem the Notes in accordance with the Note Payment Sequence;
- (S) to the payment on a sequential basis of the amounts referred to in paragraphs (X) through (BB) (inclusive) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (T)
  - (1) *firstly*, if the Incentive Collateral Management Fee IRR Threshold has not been reached, any remaining Principal Proceeds to the payment on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes and immediately prior to such redemption), until the Incentive Collateral Management Fee IRR Threshold is reached; and
  - (2) *secondly*, if, after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date including in accordance with the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments, the Incentive Collateral Management Fee IRR Threshold has been reached (on or prior to such Payment Date):
    - (a) *firstly*, 20.0 per cent. of any remaining Principal Proceeds, to the payment to the Collateral Manager as an Incentive Collateral Management Fee;
    - (b) *secondly*, any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant tax authority); and
    - (c) *thirdly*, any remaining Principal Proceeds, to the payment of principal on the Subordinated Notes on a *pro rata* basis and thereafter to the payment of interest on a *pro rata* basis on the Subordinated Notes (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes and immediately prior to such redemption).

Subject to the specific provision that is made pursuant to paragraphs (A) and (DD)(2) of the Interest Proceeds Priority of Payments and paragraph (T)(2) of the Principal Proceeds Priority of Payments, where the payment of any amount in accordance with the Priorities of Payment set out above is subject to any deduction or withholding for or on account of any tax or any other tax is payable by or on behalf of the Issuer in respect of any such amount, payment of the amounts so deducted or withheld or of the tax so due shall be made to the relevant taxing authority *pari passu* with and, so far as possible, at the same time as the payment of the amount in respect of which the relevant deduction or withholding or other liability to tax has arisen.

(d) Non payment of Interest Amounts

Failure on the part of the Issuer to pay the Interest Amounts due and payable on the Class X Notes, the Class A Notes and the Class B Notes pursuant to Condition 6 (*Interest*) in accordance with the Priorities of Payments shall not be a Note Event of Default unless and until such failure continues for a period of at least five Business Days (or seven Business Days in the case of an administrative error or omission).

Failure on the part of the Issuer to pay Interest Amounts due and payable on the Class C Notes, Class D Notes, Class E Notes or Class F Notes pursuant to Condition 6(c) (*Deferral of Interest*) and the Priorities of Payment as a result of the insufficiency of available Interest Proceeds will not constitute a Note Event of Default until the Maturity Date or any earlier date when such Notes are redeemed in full, but instead will constitute Deferred Interest; **unless** following a Frequency Switch Event only: (i) following redemption in full of the Class A Notes and the Class B Notes, the Issuer fails to pay any Interest Amounts in respect of the Class C Notes when the same becomes due and payable; (ii) following redemption in full of the Class C Notes, the Issuer fails to pay any Interest Amounts in

respect of the Class D Notes when the same becomes due and payable; (iii) following redemption in full of the Class D Notes, the Issuer fails to pay any Interest Amounts in respect of the Class E Notes when the same becomes due and payable; and (iv) following redemption in full of the Class E Notes, the Issuer fails to pay any Interest Amounts in respect of the Class F Notes when the same becomes due and payable (in each case where such non payment continues for a period of at least five Business Days or seven Business Days in the case of an administrative error or omission).

Failure on the part of the Issuer to pay the Interest Amounts on the Class M-2 Subordinated Notes will not be a Note Event of Default at any time unless and until such non-payment gives rise to a Note Event of Default under Condition 10(a)(iii) (*Default under Priorities of Payments*).

Failure on the part of the Issuer to pay the Interest Amounts the Subordinated Notes as a result of the insufficiency of available Interest Proceeds will not constitute a Note Event of Default.

Subject always, in the case of Interest Amounts payable in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class M-2 Subordinated Notes to Condition 6(c) (*Deferral of Interest*) and save as otherwise provided in respect of any unpaid Collateral Management Fees (and VAT payable in respect thereof), in the event of non-payment of any amounts referred to in the Interest Proceeds Priority of Payments or the Principal Proceeds Priority of Payments on any Payment Date, such amounts shall remain due and shall be payable on each subsequent Payment Date in the orders of priority provided for in this Condition 3 (*Status*). References to the amounts referred to in the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments of this Condition 3 (*Status*) shall include any amounts thereof not paid when due in accordance with this Condition 3 (*Status*) on any preceding Payment Date.

(e) Determination and Payment of Amounts

The Collateral Administrator will, in consultation with the Collateral Manager, on each Determination Date, calculate the amounts payable on the applicable Payment Date pursuant to the Priorities of Payments and will notify the Issuer and the Trustee of such amounts. The Account Bank or the Custodian, as applicable (acting in accordance with the instructions of the Collateral Administrator who is acting in accordance with the Payment Date Report compiled by the Collateral Administrator on behalf of the Issuer) shall, on behalf of the Issuer not later than 12.00 noon (London time) on the Business Day preceding each Payment Date, cause the amounts standing to the credit of the Principal Account, the Unused Proceeds Account and if applicable the Interest Account, the Expense Reserve Account and the Collateral Enhancement Account (together with, to the extent applicable, amounts standing to the credit of any other Account) to the extent required to pay the amounts referred to in the Interest Proceeds Priority of Payments, the Principal Proceeds Priority of Payments, and the Post-Acceleration Priority of Payments which are payable on such Payment Date, to be transferred to the Payment Account in accordance with Condition 3(j) (*Payments to and from the Accounts*).

(f) De Minimis Amounts

The Collateral Administrator may, in consultation with the Collateral Manager, adjust the amounts required to be applied in payment of principal on any Class of Notes from time to time pursuant to the Priorities of Payments so that the amount to be so applied in respect of each such Note is a whole amount, not involving any fraction of a Euro cent or, at the discretion of the Collateral Administrator, any fraction of a Euro.

(g) Publication of Amounts

The Collateral Administrator will, on behalf of and at the expense of the Issuer, cause details of the amounts of interest and principal to be paid, and any amounts of interest payable but not paid, on each Payment Date in respect of the Notes to be notified at the expense of the Issuer to the Issuer, the Trustee, the Principal Paying Agent, the Registrar and Euronext Dublin by no later than 11.00 a.m. (London time) on the Business Day prior to the applicable Payment Date in the Payment Date Report and the Registrar shall procure that details of such amounts are notified at the expense of the Issuer to the Noteholders of each Class in accordance with Condition 16 (*Notices*) as soon as possible after notification thereof to the Registrar in accordance with the above but in no event later than (to the extent applicable) the third Business Day after the last day of the applicable Due Period.



(h) Notifications to be Final

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained or discretions exercised for the purposes of the provisions of this Condition 3 (*Status*) will (in the absence of manifest error) be binding on the Issuer, the Collateral Administrator, the Collateral Manager, the Trustee, the Registrar, the Principal Paying Agent, the Transfer Agent and all Noteholders and (in the absence of negligence, fraud or wilful misconduct of the Collateral Administrator) no liability to the Issuer or the Noteholders shall attach to the Collateral Administrator in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 3 (*Status*).

(i) Accounts

The Issuer shall, on or prior to the Issue Date (or, in respect of the Counterparty Downgrade Collateral Accounts, on or about the date of entry by the Issuer into a Hedge Agreement with a Hedge Counterparty), establish the following accounts with the Account Bank or (as the case may be) with the Custodian:

- (i) the Principal Account;
- (ii) the Interest Account;
- (iii) the Unused Proceeds Account;
- (iv) the Payment Account;
- (v) the Collateral Enhancement Account;
- (vi) the Expense Reserve Account;
- (vii) the Unfunded Revolver Reserve Account;
- (viii) the Contributions Account;
- (ix) each Counterparty Downgrade Collateral Account;
- (x) the Hedge Termination Account(s);
- (xi) the Non-Euro Hedge Account(s);
- (xii) the Custody Account;
- (xiii) the Interest Reserve Account; and
- (xiv) the Interest Smoothing Account.

The Account Bank and the Custodian shall at all times be a financial institution meeting the Rating Requirement applicable thereto, which has the necessary regulatory capacity and licences to perform the services required by it. If the Account Bank or the Custodian at any time fails to satisfy the Rating Requirement, the Issuer shall use reasonable endeavours to procure that a replacement Account Bank or Custodian, as applicable, acceptable to the Trustee, which satisfies the Rating Requirement is appointed in accordance with the provisions of the Agency Agreement.

Amounts standing to the credit of the Accounts (other than the Unfunded Revolver Reserve Account, each Counterparty Downgrade Collateral Account and the Payment Account) from time to time may be invested by the Collateral Manager on behalf of the Issuer in Eligible Investments.

All interest accrued on any of the Accounts (save for each Counterparty Downgrade Collateral Account) from time to time shall be paid into the Interest Account, save to the extent that the Issuer is contractually bound to pay such amounts to a third party. All principal amounts received in respect of Eligible Investments standing to the credit of any Account from time to time shall be credited to that Account upon maturity, save to the extent that the Issuer is contractually bound to pay such amounts to a third party. All interest accrued on such Eligible Investments (including capitalised interest received upon the sale, maturity

or termination of any such investment) shall be paid to the Interest Account as, and to the extent provided, above.

Save for the Counterparty Downgrade Collateral Account and any Non-Euro Hedge Accounts, to the extent that any amounts required to be paid into any Account pursuant to the provisions of this Condition 3 (*Status*) are denominated in a currency other than Euro, the Collateral Manager, acting on behalf of the Issuer, may convert such amounts into the currency of the Account at the Spot Rate as determined by the Collateral Administrator at the direction of and in consultation with the Collateral Manager.

Notwithstanding any other provisions of this Condition 3(i) (*Accounts*), all amounts standing to the credit of each of the Accounts (other than (i) the Interest Account, (ii) the Payment Account, (iii) the Contributions Account, (iv) the Expense Reserve Account, (v) the Collateral Enhancement Account, (vi) all interest accrued on the Accounts, (vii) the Counterparty Downgrade Collateral Accounts, (ix) each Non-Euro Hedge Account and (x) the Interest Smoothing Account) shall be transferred to the Payment Account and shall constitute Principal Proceeds on the Business Day prior to any redemption of the Notes in full; all amounts standing to the credit of each of the Interest Account, the Contributions Account, the Expense Reserve Account, the Collateral Enhancement Account, the Interest Smoothing Account, a Counterparty Downgrade Collateral Account, to the extent not required to be repaid to any Hedge Counterparty (or representing unpaid amounts under a terminated Hedge Transaction which constitute Principal Proceeds) shall be transferred to the Payment Account and shall constitute Interest Proceeds on the Business Day prior to the redemption of the Notes in full.

For the avoidance of doubt, application of amounts in respect of Swap Tax Credits received by the Issuer shall be paid out of the Interest Account to the relevant Hedge Counterparty in accordance with the terms of the relevant Hedge Agreement, without regard to the Priorities of Payments.

(j) Payments to and from the Accounts

(i) Principal Account

The Issuer will procure that the following Principal Proceeds are paid into the Principal Account promptly upon receipt thereof (save for those in respect of any Asset Swap Obligations) **provided** that, in the case of receipts on any Unhedged Collateral Debt Obligation, such amounts shall be converted into Euro at the Applicable Exchange Rate prior to such payment into the Principal Account, but in each case if applicable, excluding any Trading Gains which are paid or payable into the Interest Account in accordance with Condition 3(j)(ii) (*Interest Account*) below:

(A) all principal payments received in respect of any Collateral Debt Obligation including, without limitation:

- (1) Scheduled Principal Proceeds, other than any Interest Rate Hedge Replacement Receipts or Interest Rate Hedge Termination Receipts;
- (2) amounts received in respect of any maturity, scheduled amortisation, mandatory prepayment or mandatory sinking fund payment on a Collateral Debt Obligation;
- (3) Unscheduled Principal Proceeds; and
- (4) any other principal payments with respect to Collateral Debt Obligations or Eligible Investments (to the extent not included in the Sale Proceeds),

but excluding (i) any such payments received in respect of any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, to the extent required to be paid into the Unfunded Revolver Reserve Account, (ii) any amounts that relate to Asset Swap Obligations and (iii) any Trading Gains required to be paid into the Interest Account in accordance with Condition 3(j)(ii) (*Interest Account*);

(B) any Asset Swap Counterparty Principal Exchange Amount (other than any payments from an Asset Swap Counterparty in respect of initial principal exchange amounts pursuant to an Asset Swap Transaction, which shall be paid into the relevant Non-Euro Hedge Account) received by the Issuer under any Asset Swap Transactions;

- (C) the Balance standing to the credit of the relevant Hedge Termination Account in the circumstances described under Condition 3(j)(ix) (*Hedge Termination Account*) below;
- (D) amounts received in respect of any Asset Swap Obligation which are not required to be paid to the applicable Asset Swap Counterparty, as the case may be, pursuant to the related Asset Swap Transaction but which are required, pursuant to the Collateral Management Agreement, to be paid into the Principal Account following conversion thereof into Euro at the Applicable Exchange Rate;
- (E) all interest and other amounts received in respect of any Defaulted Obligation or any Mezzanine Obligation for so long as it is a Defaulted Obligation or a Defaulted Deferring Mezzanine Obligation (as applicable) (save for Defaulted Obligation Excess Amounts and Defaulted Mezzanine Excess Amounts) and amounts representing the element of deferred interest in any payments received in respect of any PIK Obligation;
- (F) all premiums (including prepayment premiums) receivable upon redemption of any Collateral Debt Obligation at maturity or otherwise or upon exercise of any put or call option in respect thereof which is above the outstanding principal amount of any Collateral Debt Obligation;
- (G) all fees and commissions received in connection with the purchase or sale of any Collateral Debt Obligations (including such fees received in relation to Corporate Rescue Loans) or Eligible Investments or work out or restructuring of any Defaulted Obligations or Collateral Debt Obligations as determined by the Collateral Manager in its reasonable discretion;
- (H) all Sale Proceeds received in respect of a Collateral Debt Obligation save for Trading Gains required to be paid into the Interest Account in accordance with Condition 3(j)(ii) (*Interest Account*);
- (I) all Distributions and Sale Proceeds received in respect of Exchanged Security;
- (J) all Collateral Enhancement Debt Obligation Proceeds;
- (K) all Purchased Accrued Interest;
- (L) amounts transferred to the Principal Account from any other Account as required below;
- (M) all proceeds received from any additional issuance of the Notes that are not invested in Collateral Debt Obligations or required to be paid into the Interest Account;
- (N) any other amounts received in respect of the Collateral which are not required to be paid into another Account in accordance with this Condition 3(j) (*Payments to and from the Accounts*);
- (O) all amounts required to be transferred from the relevant Counterparty Downgrade Collateral Account in accordance with these Conditions;
- (P) all amounts transferred from the Expense Reserve Account;
- (Q) all amounts payable into the Principal Account pursuant to paragraph (W) of the Interest Proceeds Priority of Payments upon the failure to meet the Interest Diversion Test on and after the Effective Date;
- (R) all principal and interest payments (together with amounts received by way of gross up of such interest and in respect of a claim under any applicable double tax treaty) received in respect of any Non-Eligible Issue Date Collateral Debt Obligation or any other asset which did not satisfy the Eligibility Criteria on the date it was required to do so and which has not been sold by the Collateral Manager in accordance with Collateral Management Agreement;
- (S) all amounts transferrable to the Principal Account from the Non-Euro Hedge Account pursuant to paragraph (4) of Condition 3(j)(x) (*Non-Euro Hedge Account*) following exchange of such amounts into Euros by the Collateral Administrator on behalf of the Issuer following consultation with the Collateral Manager;

- (T) all net Refinancing Proceeds;
- (U) all amounts transferred from the Contributions Account;
- (V) any other amounts which are not required to be paid into any other Account in accordance with this Condition 3(j) (*Payments to and from the Accounts*); and
- (W) any Collateral Manager Advances designated for such purpose;

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Principal Account, provided in each case that amounts deposited in the Principal Account pursuant to paragraph (S) above, shall only be applied in accordance with sub-paragraph (5) below unless, after such application on the relevant date, there is a surplus of such proceeds

- (1) on the Business Day prior to each Payment Date, all Principal Proceeds standing to the credit of the Principal Account to the Payment Account to the extent required for disbursement pursuant to the Principal Proceeds Priority of Payments, save for: (a) amounts deposited after the end of the related Due Period; and (b) any Principal Proceeds deposited prior to the end of the related Due Period to the extent such Principal Proceeds are permitted to be and have been designated for reinvestment by the Collateral Manager (on behalf of the Issuer) pursuant to the Collateral Management Agreement (including any payments to an Asset Swap Counterparty in respect of initial principal exchange amounts pursuant to an Asset Swap Transaction) for a period beyond such Payment Date, **provided** that (i) if the Coverage Tests are not satisfied, Principal Proceeds from Defaulted Obligations may not be designated for reinvestment by the Collateral Manager (on behalf of the Issuer) until after the following Payment Date and (ii) no such payment shall be made to the extent that such amounts are not required to be distributed pursuant to the Principal Proceeds Priority of Payments on such Payment Date;
- (2) at any time at the discretion of the Collateral Manager, acting on behalf of the Issuer, in accordance with the terms of, and to the extent permitted under, the Collateral Management Agreement, in the acquisition of Collateral Debt Obligations (including amounts equal to the Unfunded Amounts of any Revolving Obligations or Delayed Drawdown Collateral Debt Obligations which are required to be deposited in the Unfunded Revolver Reserve Account) and any initial principal exchange amount denominated in Euro and due to an Asset Swap Counterparty pursuant to an Asset Swap Transaction;
- (3) on any Payment Date, at the discretion of the Collateral Manager, acting on behalf of the Issuer, in accordance with and subject to the terms of the Collateral Management Agreement, in payment of the purchase price of any Notes purchased by the Issuer in accordance with Condition 7(k) (*Purchase of Rated Notes*);
- (4) on any Business Day falling after the Effective Date, and/or on or before the first Determination Date following the Issue Date, an amount not exceeding 1.00 per cent. of the Aggregate Collateral Balance may be transferred in aggregate (inclusive of any such amounts transferred from the Unused Proceeds Account pursuant to paragraph (4)(ii) of Condition 3(j)(iii) (*Unused Proceeds Account*)) to the Interest Account; **provided** that (i) the Issuer has acquired or entered into binding commitments to acquire Collateral Debt Obligations, the Aggregate Collateral Balance of which equals or exceeds the Reinvestment Target Par Amount, provided that for the purposes of determining the Aggregate Collateral Balance, the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its (x) Moody's Collateral Value and (y) Fitch Collateral Value, (ii) (after giving effect to the transfer of such amount to the Interest Account) the Class E Par Value Ratio is greater than the Effective Date Target Ratio, (iii) for so long as any Notes are rated by Moody's (after giving effect to the transfer), the Moody's Weighted Average Rating Factor Test has been satisfied, and (iv) the Class X Notes and the Class A Notes have not been downgraded by Moody's or Fitch

below their ratings on the Issue Date and the Moody's Rating or the Fitch Rating (as applicable) of the Class X Notes and the Class A Notes is not withdrawn;

- (5) on any date on which a Refinancing has occurred, all amounts credited to the Principal Account pursuant to paragraph (T) above, to be applied in the redemption of the Class or Classes of Notes that are the subject of such Refinancing subject to and in accordance with Condition 7(b) (*Optional Redemption*); and
- (6) in respect of any redemption of the Rated Notes in whole pursuant to Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders*) effected through a Refinancing, on any date on which such Refinancing has occurred at the election of the Collateral Manager, to the Interest Account up to the amount of any Excess Par Amount, provided that the Adjusted Aggregate Collateral Balance is at least equal to the Reinvestment Target Par Amount on the date such Refinancing is completed.

(ii) Interest Account

The Issuer will procure that the following Interest Proceeds are credited to the Interest Account promptly upon receipt thereof (and, in the case of receipts on any Unhedged Collateral Debt Obligation, **provided** that any amounts denominated in a currency other than Euro shall be converted into Euro at the Applicable Exchange Rate):

- (A) all cash payments of interest in respect of the Collateral Debt Obligations (save for any Asset Swap Obligation) other than any Purchased Accrued Interest, together with all amounts received by the Issuer by way of gross up in respect of such interest and in respect of a claim under any applicable double taxation treaty but excluding (i) interest proceeds on any Non-Euro Obligation to the extent required to be paid into the Non-Euro Hedge Account and (ii) any interest received in respect of any Defaulted Obligations and Mezzanine Obligation for so long as it is a Defaulted Obligation or Defaulted Deferring Mezzanine Obligation (as applicable) other than Defaulted Obligation Excess Amounts and Defaulted Mezzanine Excess Amounts (as applicable);
- (B) all interest accrued on the Balance standing to the credit of the Interest Account from time to time and all interest accrued in respect of the Balances standing to the credit of the other Accounts (including interest on any Eligible Investments standing to the credit thereof) but excluding any interest on the Balance standing to the credit of the Counterparty Downgrade Collateral Accounts;
- (C) all amendment and waiver fees, all late payment fees, all commitment fees, syndication fees, delayed compensation and all other fees and commissions received in connection with any Collateral Debt Obligations and Eligible Investments as determined by the Collateral Manager in its reasonable discretion (other than fees and commissions received in connection with the purchase or sale of any Collateral Debt Obligations or Eligible Investments or work out or restructuring of any Defaulted Obligations or Collateral Debt Obligations which fees and commissions shall be payable into the Principal Account and shall constitute Principal Proceeds);
- (D) all Scheduled Periodic Asset Swap Counterparty Payments received by the Issuer under an Asset Swap Transaction and all Scheduled Periodic Interest Rate Hedge Counterparty Payments received by the Issuer under an Interest Rate Hedge Transaction (including any amounts received by the Issuer in respect of any Issue Date Interest Rate Hedge Transactions including upon sale of any such Issue Date Interest Rate Hedge Transactions);
- (E) all accrued interest included in the proceeds of sale of any other Collateral Debt Obligation that are designated by the Collateral Manager as Interest Proceeds pursuant to the Collateral Management Agreement (**provided** that no such designation may be made in respect of (i) any Purchased Accrued Interest, (ii) (1) any interest received in respect of any Mezzanine Obligation for so long as it is a Defaulted Deferring Mezzanine Obligation other than Defaulted Mezzanine Excess Amounts or (2) a Defaulted Obligation save for Defaulted Obligation Excess Amounts);

- (F) all proceeds received during the related Due Period from any additional issuance of Subordinated Notes that are not reinvested or retained for reinvestment in Collateral Debt Obligations;
- (G) all amounts representing the element of deferred interest in any payments received in respect of any Mezzanine Obligation which is not a Defaulted Deferring Mezzanine Obligation which by its contractual terms provides for the deferral of interest;
- (H) amounts transferred to the Interest Account from the Unused Proceeds Account in the circumstances described under Condition 3(j)(iii) (*Unused Proceeds Account*) below;
- (I) all scheduled commitment fees received by the Issuer in respect of any Revolving Obligations or Delayed Drawdown Collateral Debt Obligations;
- (J) all amounts received by the Issuer in respect of interest paid in respect of any collateral deposited by the Issuer with a third party as security for any reimbursement or indemnification obligations to any other lender under a Revolving Obligation or a Delayed Drawdown Collateral Debt Obligation in an account established pursuant to an ancillary facility;
- (K) all amounts transferred from the Expense Reserve Account;
- (L) all amounts transferred from the Contributions Account;
- (M) any Swap Tax Credit received by the Issuer;
- (N) any reimbursements received by the Issuer in respect of any withholding tax which has been previously withheld;
- (O) any Collateral Manager Advances designated for such purpose;
- (P) any Interest Smoothing Amounts which are required to be transferred from the Interest Smoothing Account;
- (Q) any other amounts payable to the Issuer under any Hedge Transaction save for any Hedge Termination Receipts or Hedge Replacement Receipts;
- (R) amounts transferred from the Principal Account pursuant to Condition 3(j)(i)(A)(4) (*Principal Account*);
- (S) any Trading Gains realised in respect of any Collateral Debt Obligation in accordance with the following provisions: (i) (after giving effect to the transfer of such Trading Gains to the Interest Account) the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be the lower of its Moody's Collateral Value and Fitch Collateral Value) is greater than or equal to the Reinvestment Target Par Amount, (ii) (after giving effect to the transfer of such Trading Gains to the Interest Account) the Class E Par Value Ratio is greater than the Effective Date Target Ratio, (iii) for so long as any Notes are rated by Moody's (after giving effect to the transfer of such Trading Gains), the Moody's Weighted Average Rating Factor Test has been satisfied, (iv) the Class X Notes and the Class A Notes have not been downgraded by Moody's or Fitch below their ratings on the Issue Date and the Moody's Rating or the Fitch Rating (as applicable) of the Class X Notes and the Class A Notes is not withdrawn, (v) for so long as any Notes are rated by Moody's (after giving effect to the transfer of such Trading Gains), not more than 7.5 per cent. of the Aggregate Collateral Balance consist of obligations which are Moody's Caa Obligations, (vi) for so long as any Notes are rated by Fitch (after giving effect to the transfer of such Trading Gains), not more than 7.5 per cent. of the Aggregate Collateral Balance consist of obligations which are Fitch CCC Obligations, then the Collateral Manager may, in its discretion, determine that Trading Gains shall be paid into the Interest Account upon receipt and (vii) the aggregate amount of Trading Gains deposited to the Interest Account in accordance with this paragraph (S) since the Issue Date does not exceed 1 per cent. of the Target Par Amount;
- (T) if the deposit in the Principal Account of any Trading Gains realised in respect of any Collateral Debt Obligation would, in the sole discretion of the Collateral Manager, cause (or

would be likely to cause) an EU Retention Deficiency, Above Par Trading Gains in an amount sufficient in order to ensure that no EU Retention Deficiency occurs; *provided* that Above Par Trading Gains may only be paid into the Interest Account under this paragraph (T) if, after giving effect to such payment, the Aggregate Collateral Balance is greater than or equal to the Reinvestment Target Par Amount; and

- (U) any remaining amounts following application of the Partial Redemption Priority of Payments pursuant to Condition 3(k)(iv) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*).

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Interest Account:

- (1) on the Business Day prior to each Payment Date, all Interest Proceeds (save for Swap Tax Credits) standing to the credit of the Interest Account shall be transferred to the Payment Account to the extent required for disbursement pursuant to the Interest Proceeds Priority of Payments save for amounts deposited after the end of the related Due Period;
- (2) at any time, funds may be transferred to the relevant Non-Euro Hedge Account up to an amount equal to any shortfall in the Balance standing to the credit of such Account with respect to any payment obligation by the Issuer pursuant to Condition 3(j)(x) (*Non-Euro Hedge Account*) at such time;
- (3) at any time, any amounts payable by the Issuer under any Interest Rate Hedge Transaction save for any Interest Rate Hedge Termination Payments that are Defaulted Hedge Termination Payments;
- (4) at any time in accordance with the terms of, and to the extent permitted under, the Collateral Management Agreement, in the acquisition of Collateral Debt Obligations to the extent that any such acquisition costs represent accrued interest;
- (5) at any time, any Swap Tax Credits shall be paid to the relevant Hedge Counterparty in accordance with the terms of the relevant Hedge Agreement;
- (6) on the Business Day following each Determination Date save for: (i) the first Determination Date following the Issue Date; (ii) a Determination Date following the occurrence of a Note Event of Default which is continuing; and (iii) the Determination Date immediately prior to any redemption of the Notes in full, any Interest Smoothing Amount required to be transferred to the Interest Smoothing Account;
- (7) if applicable, on a Business Day earlier than the Payment Date following the relevant Drawdown Date, any amounts required to repay any Liquidity Drawing on a date earlier than such Payment Date, in accordance with the terms of the Liquidity Facility Agreement;
- (8) any amounts payable by the Issuer under any Hedge Transaction at any time, save for Hedge Termination Payments or Hedge Replacement Payments; and
- (9) on a Business Day prior to a Partial Redemption Date, an amount equal to all Partial Redemption Interest Proceeds shall be transferred to the Payment Account to the extent required for disbursement pursuant to the Partial Redemption Priority of Payments.

(iii) Unused Proceeds Account

The Issuer will procure that the following amounts are credited to the Unused Proceeds Account, as applicable:

- (A) an amount equal to the net proceeds of issue of the Notes remaining after payment of:
- (1) certain fees and expenses due and payable by the Issuer on the Issue Date;
  - (2) amounts payable into the Expense Reserve Account;
  - (3) amounts required for repayment of any amounts borrowed by the Issuer (together with interest thereon) in order to finance the

acquisition of certain Collateral Debt Obligations on or prior to the Issue Date pursuant to the Warehouse Arrangements; and (4) amounts payable into the Interest Reserve Account; and

- (B) all proceeds received during the Initial Investment Period from any additional issuance of Notes that are not invested in Collateral Debt Obligations or paid into the Interest Account.

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the applicable sub-ledger of the Unused Proceeds Account:

- (1) on or about the Issue Date, any premium payable by the Issuer in connection with the Issue Date Interest Rate Hedge Transactions;
- (2) at any time up to and including the last day of the Initial Investment Period, in accordance with the terms of, and to the extent permitted under, the Collateral Management Agreement, in the acquisition of Collateral Debt Obligations including any amounts payable by the Issuer to an Asset Swap Counterparty in respect of initial principal exchange in relation to an Asset Swap Obligation;
- (3) in the event of the occurrence of an Effective Date Rating Event, the Balance standing to the credit of the Unused Proceeds Account, on the Business Day prior to the Payment Date falling immediately after the Effective Date, to the extent required, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payments, in redemption of the Notes in accordance with the Note Payment Sequence or, if earlier, until an Effective Date Rating Event is no longer continuing; and
- (4) on any Business Day falling after the Effective Date, and/or on or before the first Determination Date following the Issue Date, the Balance standing to the credit of the Unused Proceeds Account, to the Principal Account or the Interest Account, in each case, at the discretion of the Collateral Manager, acting on behalf of the Issuer, **provided** that as at such date: (i) the Issuer has acquired or entered into binding commitments to acquire Collateral Debt Obligations, the Aggregate Collateral Balance of which equals or exceeds the Reinvestment Target Par Amount (after taking into account any transfer in (ii) provided that, for the purposes of determining the Aggregate Collateral Balance, the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its (x) Moody's Collateral Value and (y) Fitch Collateral Value); (ii) an amount not exceeding 1.00 per cent. of the Aggregate Collateral Balance may be transferred in aggregate (inclusive of any such amounts transferred from the Principal Account pursuant to paragraph (4) of Condition 3(j)(i) (*Principal Account*)) to the Interest Account, (iii) (after giving effect to the transfer of such amount to the Principal Account or the Interest Account) the Class E Par Value Ratio is greater than the Effective Date Target Ratio, (iv) for so long as any Notes are rated by Moody's (after giving effect such transfer), the Moody's Weighted Average Rating Factor Test has been satisfied and (v) the Class X Notes and the Class A Notes have not been downgraded by Moody's or Fitch below their ratings on the Issue Date and the Moody's Rating or the Fitch Rating (as applicable) of the Class X Notes and the Class A Notes is not withdrawn.

(iv) Payment Account

The Issuer will procure that the proceeds of any Initial Drawdown and any Subsequent Drawdowns shall be deposited into the Payment Account.

The Issuer will procure that, on the Business Day prior to each Payment Date or Partial Redemption Date (as applicable), all amounts standing to the credit of each of the Accounts which are required to be transferred from the other Accounts to the Payment Account pursuant to Condition 3(i) (*Accounts*) and Condition 3(j) (*Payments to and from the Accounts*) are so transferred, and, on such Payment Date or Partial Redemption Date (as applicable), the Collateral Administrator shall instruct the Account Bank (acting on the basis of the Payment Date Report), to disburse such amounts in accordance with the relevant Priorities of Payments. No amounts shall be transferred to or withdrawn from the Payment Account at any other time or in any other circumstances.



(v) Counterparty Downgrade Collateral Accounts

The Issuer will procure that all Counterparty Downgrade Collateral transferred pursuant to a Hedge Agreement shall be deposited in a separate account in respect of each Hedge Counterparty. All Counterparty Downgrade Collateral deposited from time to time in any Counterparty Downgrade Collateral Account shall be held and released pursuant to the terms set out below.

The funds or securities credited to the applicable Counterparty Downgrade Collateral Account and any interest or distributions thereon or liquidation proceeds thereof are held separate from and do not form part of Principal Proceeds, Interest Proceeds or of Collateral Enhancement Debt Obligation Proceeds (other than in the circumstances set out below) and accordingly, are not available to fund general distributions of the Issuer (save as set out below and in the applicable Hedge Agreement). The cash amounts standing to the credit of the applicable Counterparty Downgrade Collateral Account shall be segregated on the Custodian's books and records from any other funds from any other party.

Amounts standing to the credit of each Counterparty Downgrade Collateral Account will not be available for the Issuer to make payments to the Noteholders nor any other creditor of the Issuer (other than in the circumstances set out below). The Issuer will procure the payment of the following amounts (and shall ensure that no other payments are made, save to the extent required hereunder):

(A) prior to the occurrence or designation of an "Early Termination Date" (as defined in the relevant Hedge Agreement) in respect of all "Transactions" (as defined in the relevant Hedge Agreement) entered into under the relevant Hedge Agreement pursuant to which all "Transactions" under and as defined in such Hedge Agreement are terminated early, solely in or towards payment or transfer of:

- (1) any "Return Amounts" (as defined in the applicable Hedge Agreement);
- (2) any "Interest Amounts" and "Distributions" (each as defined in the applicable Hedge Agreement) or such other equivalent amounts representing equivalent payments; and
- (3) any return of collateral to the relevant Hedge Counterparty upon a novation of its obligations under such Hedge Agreement to a replacement Hedge Counterparty, directly to such Hedge Counterparty,

in each case in accordance with the applicable Hedge Agreement;

(B) following the designation of an "Early Termination Date" (as defined in the relevant Hedge Agreement) in respect of all "Transactions" under and as defined in a Hedge Agreement pursuant to which all "Transactions" under and as defined in such Hedge Agreement are terminated early where (X) an "Event of Default" (as defined in such Hedge Agreement) in respect of the relevant Hedge Counterparty or an "Additional Termination Event" (as defined in such Hedge Agreement) in relation to which the relevant Hedge Counterparty is the sole "Affected Party" (as defined in such Hedge Agreement) and (Y) the Issuer enters into a replacement Hedge Agreement or any novation of the relevant Hedge Counterparty's obligations to a replacement Hedge Counterparty, in the following order of priority:

- (1) first, in or towards payment of any Hedge Replacement Payment (in respect of replacement hedge transactions relating to such terminated "Transactions" (as defined in the relevant Hedge Agreement)) (to the extent not funded from the Hedge Termination Account);
- (2) second, in or towards payment of any Hedge Termination Payment relating to such terminated "Transactions" (as defined in the relevant Hedge Agreement) (to the extent not funded from the Hedge Termination Account); and
- (3) third, the surplus remaining (if any) standing to the credit of the applicable Counterparty Downgrade Collateral Account (the "**Counterparty Downgrade Collateral Account Surplus**") be transferred to the Principal Account;

(C) following the designation of an “Early Termination Date” (as defined in the relevant Hedge Agreement) in respect of all “Transactions” under and as defined in the relevant Hedge Agreement pursuant to which all “Transactions” under and as defined in such Hedge Agreement are terminated early (A) other than in respect of a “Event of Default” (as defined in such Hedge Agreement) in respect of the relevant Hedge Counterparty and other than in respect of an “Additional Termination Event” (as defined in such Hedge Agreement) in relation to which the relevant Hedge Counterparty is the sole “Affected Party” (as defined in such Hedge Agreement) and (B) the Issuer enters into a replacement Hedge Agreement or any novation of the relevant Hedge Counterparty’s obligations to a replacement Hedge Counterparty, in the following order of priority:

- (1) first, in or towards payment of any Hedge Termination Payment relating to such terminated “Transactions” (as defined in the relevant Hedge Agreement) (to the extent not funded from the Hedge Termination Account);
- (2) second, in or towards payment of any Hedge Replacement Payment (in respect of replacement hedge transactions relating to such terminated “Transactions” (as defined in the relevant Hedge Agreement)) (to the extent not funded from the Hedge Termination Account); and
- (3) third, the Counterparty Downgrade Collateral Account Surplus to be transferred to the Principal Account, and

(D) following the designation of an “Early Termination Date” (as defined in the relevant Hedge Agreement) in respect of all “Transactions” under and as defined in the relevant Hedge Agreement pursuant to which all “Transactions” under and as defined in the relevant Hedge Agreement are terminated early, if for any reason the Issuer is unable to or elects not to enter into a replacement Hedge Agreement or any novation of the relevant Hedge Counterparty’s obligations to a replacement Hedge Counterparty, in the following order of priority:

- (1) first, in or towards payment of any Hedge Termination Payment relating to such terminated “Transactions” (as defined in the relevant Hedge Agreement) (to the extent not funded from the Hedge Termination Account); and
- (2) second, the Counterparty Downgrade Collateral Account Surplus to be transferred to the Principal Account.

(vi) Collateral Enhancement Account

The Issuer will procure that, on each Payment Date, any Collateral Enhancement Amount applied in payment into the Collateral Enhancement Account pursuant to paragraph (BB) of the Interest Proceeds Priority of Payments, is credited to the Collateral Enhancement Account together with, at any time, the proceeds of a Collateral Manager Advance, to the extent not applied in the acquisition of or, in respect of any exercise of any option or warrant comprised in, one or more Collateral Enhancement Debt Obligations (in accordance with the terms of the Collateral Management Agreement).

The Issuer will (at the direction of the Collateral Manager which shall be made in its sole discretion) procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Collateral Enhancement Account at the discretion of the Collateral Manager:

- (A) at any time, to the Principal Account for either (x) during the Reinvestment Period to reinvest in Substitute Collateral Debt Obligations or invest in additional Collateral Debt Obligations or (y) otherwise for distribution on the next following Payment Date in accordance with the Priorities of Payments, but only to the extent that such payment into the Principal Account would not cause (or would not be likely to cause) an EU Retention Deficiency;
- (B) any time, in the acquisition of, or in respect of any exercise of any option or warrant comprised in, Collateral Enhancement Debt Obligations, in accordance with the terms of the Collateral Management Agreement;

- (C) any time, at the direction of the Issuer (or the Collateral Manager acting on its behalf), to purchase any Rated Notes in accordance with Condition 7(k) (*Purchase of Rated Notes*);
- (D) at any time, at the direction of the Issuer (or the Collateral Manager acting on its behalf), to the Interest Account for distribution in accordance with the Priorities of Payments;
- (E) in the event of the occurrence of an Effective Date Rating Event, on the Business Day prior to the Payment Date falling immediately after the Effective Date, to the extent required, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payments, in redemption of the Notes in accordance with the Note Payment Sequence or, if earlier until an Effective Date Rating Event is no longer continuing;
- (F) the Balance standing to the credit of the Collateral Enhancement Account to the Payment Account for distribution on such Payment Date in accordance with the Principal Proceeds Priority of Payments or the Post-Acceleration Priorities of Payments (as applicable) (1) at the direction of the Collateral Manager at any time prior to a Note Event of Default or (2) automatically upon an acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*); and
- (G) on any Payment Date, as directed by the Issuer in its discretion (or the Collateral Manager acting on its behalf), some or all of the Collateral Enhancement Amount(s) to the payment of distributions on the Subordinated Notes in each case on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption), *provided that* the cumulative aggregate amount of distributions paid pursuant to this paragraph (G) and paragraph (G) of Condition 3(j)(viii) (*Contributions Account*) may not at any time exceed the cumulative aggregate amount of Contributions made pursuant to Condition 2(m) (*Contributions*) at such time and *provided further that* on such Payment Date neither an Effective Date Rating Event has occurred and is continuing or a Note Event of Default has occurred and is continuing.

(vii) Unfunded Revolver Reserve Account

The Issuer shall procure the following amounts are paid into the Unfunded Revolver Reserve Account:

- (A) upon the acquisition by or on behalf of the Issuer of any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, an amount (such amount the “**Revolver Reserve Commitment**”) equal to the amount which would cause the Balance standing to the credit of the Unfunded Revolver Reserve Account to be at least equal to the combined aggregate principal amounts of the Unfunded Amounts under each of the Revolving Obligations and Delayed Drawdown Collateral Debt Obligations (which Unfunded Amounts will be treated as part of the purchase price for the related Revolving Obligation or Delayed Drawdown Collateral Debt Obligation) less (i) amounts posted thereafter as collateral (which do not constitute Funded Amounts), in each case, pursuant to the provisions (2) or (3) below, as applicable;
- (B) all principal payments received by the Issuer in respect of any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, if and to the extent that the amount of such principal payments may be re borrowed under such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation or otherwise by the Collateral Manager, acting on behalf of the Issuer; and
- (C) all repayments of collateral to the Issuer originally paid by the Issuer pursuant to (2) below.

The Issuer shall procure payment of the following amounts (and shall ensure that no other amounts are paid) out of the Unfunded Revolver Reserve Account:

- (1) all amounts required to fund any drawings under any Delayed Drawdown Collateral Debt Obligation or Revolving Obligation;

- (2) in respect of Delayed Drawdown Collateral Debt Obligations or Revolving Obligations, all amounts required to be deposited in the Issuer's name with any third party which satisfies the Rating Requirement applicable to an Account Bank (or if the third party does not satisfy the Rating Requirement applicable to an Account Bank, subject to receipt of Rating Agency Confirmation) as collateral for any funding obligations of the Issuer in respect of a Delayed Drawdown Collateral Debt Obligation or Revolving Obligation including but not limited to reimbursement or indemnification obligations of the Issuer owed to any other lender under such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation (subject to such security documentation as may be agreed between such lender, the Collateral Manager acting on behalf of the Issuer and the Trustee);
- (3) (x) at any time at the direction of the Collateral Manager (acting on behalf of the Issuer) or (y) upon the sale (in whole or in part) of a Revolving Obligation or the reduction, cancellation or expiry of any commitment of the Issuer to make future advances or otherwise extend credit thereunder, any excess of (a) the amount standing to the credit of the Unfunded Revolver Reserve Account over (b) the sum of the Unfunded Amounts of all Revolving Obligations and Delayed Drawdown Collateral Debt Obligations after taking into account such sale or such reduction, cancellation or expiry of such commitment or notional amount to the Principal Account;
- (4) all interest accrued on the Balance standing to the credit of the Unfunded Revolver Reserve Account from time to time (including capitalised interest received upon the sale, maturity or termination of any Eligible Investment) to the Interest Account; and
- (5) at the discretion of the Collateral Manager, acting on behalf of the Issuer, to the Principal Account, to the extent that the Revolver Reserve Commitment would still be satisfied following such transfer.

(viii) Contributions Account

At any time during or after the Reinvestment Period, any Contributor may make a Contribution to the Issuer. The Collateral Manager, on behalf of the Issuer, may accept or reject any Contribution in its reasonable discretion (and will notify the Trustee in writing of any such acceptance); **provided** that in the case of clause (ii) of the definition of "Contribution", such notice must be provided no later than two (2) Business Days prior to the applicable Payment Date. Each accepted Contribution will be credited to the Contributions Account.

The Issuer will procure payment of Contributions standing to the credit of the Contributions Account (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Contributions Account as directed by the Contributor at the time the relevant Contribution is made or, if no direction is given by the Contributor, at the Collateral Manager's reasonable discretion, as follows:

- (A) at any time, to the Principal Account for distribution on the next following Payment Date in accordance with the Priorities of Payments;
- (B) at any time, at the direction of the Issuer (or the Collateral Manager acting on its behalf), to the Interest Account for distribution in accordance with the Priorities of Payments;
- (C) at any time, in the acquisition of, or in respect of any exercise of any option or warrant comprised in, Collateral Enhancement Debt Obligations, in accordance with the terms of the Collateral Management Agreement;
- (D) at any time, at the direction of the Issuer (or the Collateral Manager acting on its behalf), to purchase any Rated Notes in accordance with Condition 7(k) (*Purchase of Rated Notes*);
- (E) following the occurrence of an Effective Date Rating Event that is continuing, on the Business Day prior to the Payment Date falling immediately after the Effective Date, to the extent required, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payments, in redemption of the Notes in accordance with the Note Payment Sequence until an Effective Date Rating Event is no longer continuing;

- (F) on the Business Day prior to any Payment Date, the Balance standing to the credit of the Contributions Account to the Payment Account for distribution on such Payment Date in accordance with the Principal Proceeds Priority of Payments or the Post-Acceleration Priority of Payments (as applicable) (1) at the direction of the Collateral Manager at any time prior to a Note Event of Default or (2) automatically upon an acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*); and
- (G) on any Payment Date, as directed by the Issuer in its discretion (or the Collateral Manager acting on its behalf), some or all of the Contributions to the payment of distributions on the Subordinated Notes in each case on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption), *provided that* the cumulative aggregate amount of distributions paid pursuant to this paragraph (G) and paragraph (G) of Condition 3(j)(vi) (*Collateral Enhancement Account*) may not at any time exceed the cumulative aggregate amount of Contributions made pursuant to Condition 2(m) (*Contributions*) at such time and *provided further that* on such Payment Date neither an Effective Date Rating Event has occurred and is continuing or a Note Event of Default has occurred and is continuing.

No Contribution or portion thereof accepted by the Collateral Manager will be returned to the Contributor at any time save for in accordance with the Priorities of Payments. All interest accrued on amounts standing to the credit of the Contributions Account will be transferred to the Interest Account for application as Interest Proceeds. For the avoidance of doubt, any amounts standing to the credit of the Contributions Account pursuant to clause (ii) of the definition of “Contribution” will be deemed for all purposes as having been paid to the Contributor pursuant to the Priorities of Payments.

(ix) Hedge Termination Account

The Issuer will procure that all Hedge Termination Receipts and Hedge Replacement Receipts are paid into the relevant Hedge Termination Account promptly upon receipt thereof.

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made save to the extent otherwise permitted) out of the relevant Hedge Termination Account in payment as provided below:

- (A) at any time, in the case of any Hedge Replacement Receipts paid into the relevant Hedge Termination Account, in payment of any Hedge Termination Payment due and payable to a Hedge Counterparty under the Hedge Transaction being replaced or to the extent not required to make such payment, in payment of such amount to the Principal Account;
- (B) at any time, in the case of any Hedge Termination Receipts paid into the relevant Hedge Termination Account, in payment of any Hedge Replacement Payment and any other amounts payable by the Issuer upon entry into a Replacement Interest Rate Hedge Transaction or a Replacement Asset Swap Transaction, as applicable in accordance with the Collateral Management Agreement; and
- (C) in the case of any Hedge Termination Receipts paid into the relevant Hedge Termination Account, in the event that:
  - (1) the Issuer, or the Collateral Manager on its behalf, determines not to replace the Hedge Transaction (or part thereof) and Rating Agency Confirmation is received in respect of such determination; or
  - (2) termination of the Hedge Transaction (in whole or in part) under which such Hedge Termination Receipts are payable occurs on a Redemption Date (other than in connection with a Refinancing); or
  - (3) to the extent that such Hedge Termination Receipts are not required for application towards costs of entry into a Replacement Interest Rate Hedge Transaction or a Replacement Asset Swap Transaction, as applicable,

(D) payment of such amounts (save for accrued interest thereon) to the Principal Account.

(x) Non-Euro Hedge Account

The Issuer will procure that all amounts due to the Issuer in respect of each Asset Swap Obligation (including, any payments from an Asset Swap Counterparty in respect of initial principal exchange amounts pursuant to an Asset Swap Transaction but excluding amounts described in Conditions 3(j)(i)(B) and 3(j)(i)(D) (*Principal Account*)) shall, on receipt, be deposited in the Non-Euro Hedge Account maintained in the currency of such Asset Swap Obligation. Additional amounts may also be transferred to the relevant Non-Euro Hedge Account from the Interest Account at any time to the extent of any shortfall in the Balance standing to the credit of the relevant Non-Euro Hedge Account in respect of any payment required to be made by the Issuer pursuant to (2) below at such time.

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the relevant Non-Euro Hedge Account:

- (1) at any time, to the extent of any initial principal exchange amount deposited into the relevant Non-Euro Hedge Account in accordance with the terms of and to the extent permitted under the Collateral Management Agreement, in the acquisition of Asset Swap Obligations;
- (2) Scheduled Periodic Asset Swap Issuer Payments due to each Asset Swap Counterparty pursuant to each Asset Swap Transaction;
- (3) Asset Swap Issuer Principal Exchange Amounts (other than any initial asset swap principal exchange amount denominated in Euro and due to an Asset Swap Counterparty pursuant to an Asset Swap Transaction, which shall be paid from the Principal Account or Unused Proceeds Account) due to each Asset Swap Counterparty pursuant to each Asset Swap Transaction; and
- (4) cash amounts (representing any excess standing to the credit of the relevant Non-Euro Hedge Account after provisioning for any amounts to be paid to any Asset Swap Counterparty pursuant to any Asset Swap Transaction) to the Principal Account after conversion thereof into Euro at the then Applicable Exchange Rate.

(xi) Expense Reserve Account

The Issuer shall procure that the following amounts are paid into the Expense Reserve Account:

- (A) an amount determined on the Issue Date for the payment of amounts due or accrued in connection with the issue of the Notes, in accordance with (1) below;
- (B) any Ongoing Expense Reserve Amount applied in payment into the Expense Reserve Account pursuant to paragraph (D) of the Interest Proceeds Priority of Payments and (A) of the Principal Proceeds Priority of Payments; and
- (C) any amounts received by the Issuer by way of indemnity payments from a Secured Party ("**Third Party Indemnity Receipts**").

The Issuer shall procure payment of the following amounts (and shall procure that no other amounts are paid) out of the Expense Reserve Account:

- (1) other than Third Party Indemnity Receipts, amounts due or accrued with respect to actions taken on or in connection with the Issue Date with respect to the issue of the Notes and the entry into the Transaction Documents;
- (2) other than Third Party Indemnity Receipts, subject to payment of any amounts referred to in paragraph (3) below, amounts standing to the credit of the Expense Reserve Account on or after the Determination Date immediately preceding the first Payment Date may be

transferred to the Principal Account and/or the Interest Account in the sole discretion of the Issuer (or the Collateral Manager acting on its behalf);

- (3) other than Third Party Indemnity Receipts, at any time other than between a Determination Date and a Payment Date, the amount of, *firstly*, any Trustee Fees and Expenses and, *secondly*, Administrative Expenses which have accrued and become payable prior to the immediately following Payment Date, upon receipt of invoices therefor from the relevant creditor, **provided** that any such payments, in aggregate, shall not cause the balance of the Expense Reserve Account to fall below zero;
- (4) other than Third Party Indemnity Receipts, on the Business Day prior to each Payment Date, the Balance of the Expense Reserve Account shall be transferred to the Payment Account for application in accordance with the Interest Proceeds Priority of Payments on such Payment Date;
- (5) on any date, any Third Party Indemnity Receipts due and payable by the Issuer to the Trustee, in an amount which shall not at any time exceed the lesser of (i) the amount paid into the Expense Reserve Account in accordance with paragraph (C) above; and (ii) the amount of any indemnity payments payable by the Issuer to the Trustee. Any such amount so paid shall not be taken into account for the purposes of the application of the Senior Expenses Cap;
- (6) any Third Party Indemnity Receipts in excess of (5) above shall be transferred to the Payment Account on the Business Day prior to each Payment Date for application in accordance with the Interest Proceeds Priority of Payments on such Payment Date; and
- (7) other than Third Party Indemnity Receipts, at any time, the amount of any tax that has become due and payable prior to the immediately following Payment Date, as certified by an Authorised Officer of the Issuer, **provided** that any such payments, in aggregate and together with any other payments out of the Expense Reserve Account on the relevant date, shall not cause the balance of the Expense Reserve Account to fall below zero.

(xii) Interest Reserve Account

The Issuer shall procure that on or about the Issue Date €2,329,549.50 is paid into the Interest Reserve Account.

At any time up to and including the last day of the Initial Investment Period, the Collateral Manager, in its sole discretion (acting on behalf of the Issuer), may direct some or all amounts standing to the credit of the Interest Reserve Account to be used for the acquisition of Collateral Debt Obligations, subject to and in accordance with the Collateral Management Agreement. Following the Initial Investment Period, all amounts standing to the credit of the Interest Reserve Account (including all interest accrued thereon) shall be transferred to the Payment Account for disbursement pursuant to the Interest Proceeds Priority of Payments.

(xiii) Interest Smoothing Account

On the Business Day following each Determination Date save for:

- (A) the first Determination Date following the Issue Date;
- (B) a Determination Date following the occurrence of a Note Event of Default which is continuing; and
- (C) the Determination Date immediately prior to any redemption of the Notes in full,

the Interest Smoothing Amount shall be credited to the Interest Smoothing Account from the Interest Account.

The Issuer shall procure on the Business Day falling after the Payment Date following the Determination Date on which any Interest Smoothing Amount was transferred to the Interest Smoothing Account, such Interest Smoothing Amount to be transferred to the Interest Account.

(k) Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date

Subject as further provided below, the Collateral Administrator shall, on behalf of the Issuer on a Partial Redemption Date instruct the Account Bank to disburse Refinancing Proceeds received in respect of the Optional Redemption in part of any Class or Classes of Rated Notes and Partial Redemption Interest Proceeds transferred to the Payment Account, in each case, in accordance with the following order of priority:

- (i) to the payment of accrued and unpaid Trustee Fees and Expenses, to the extent incurred in connection with such Optional Redemption in part;
- (ii) to the payment of Administrative Expenses in the priority stated in the definition thereof, to the extent incurred in connection with any Optional Redemption in part;
- (iii) to the redemption of the Class or Classes of Rated Notes to be redeemed in part at the applicable Redemption Prices (in the case of any Partial Redemption Date that is a Payment Date without duplication of any amounts due to be received by any Class of Notes pursuant to the Principal Proceeds Priority of Payments, the Interest Proceeds Priority of Payments and Post-Acceleration Priority of Payments); and
- (iv) any remaining amounts to be deposited in the Interest Account as Interest Proceeds.

(l) Collateral Manager Advances

The Collateral Manager may, in its discretion and from time to time advance Collateral Manager Advances to the Issuer for the purpose of:

- (i) the purchase or exercise of a Collateral Enhancement Debt Obligation, to the extent there are insufficient funds available in the Collateral Enhancement Account, in its sole discretion; and
- (ii) contributing to Interest Proceeds or Principal Proceeds, to be applied in accordance with the applicable Priorities of Payments.

The aggregate amount outstanding of all Collateral Manager Advances shall not, at any time, exceed €5,000,000 or such greater number as the Subordinated Noteholders may approve, acting by way of an Ordinary Resolution.

#### 4. Security

(a) Security

Pursuant to the Trust Deed, the obligations of the Issuer under the Notes of each Class, the Trust Deed, the Agency Agreement, the Collateral Management Agreement and the other Transaction Documents (together with the obligations owed by the Issuer to the other Secured Parties) are secured in favour of the Trustee for the benefit of the Secured Parties by:

- (i) an assignment by way of security of all the Issuer's present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of all Collateral Debt Obligations, Exchanged Securities, Collateral Enhancement Debt Obligations, Eligible Investments standing to the credit of each of the Accounts (other than the Counterparty Downgrade Collateral Accounts) and any other investments (other than any Counterparty Downgrade Collateral), in each case held by the Issuer from time to time (where such rights are contractual rights (other than contractual rights the assignment of which would require the consent of a third party or the entry by the Trustee into an intercreditor agreement or deed) and where such contractual rights arise other than under securities), including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof;
- (ii) a first fixed charge and first priority security interest granted over all the Issuer's present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of



all Collateral Debt Obligations, Exchanged Security, Collateral Enhancement Debt Obligations, Eligible Investments standing to the credit of each of the Accounts (other than the Counterparty Downgrade Collateral Accounts) and any other investments (other than any Counterparty Downgrade Collateral), in each case held by the Issuer (where such assets are securities or contractual rights not assigned by way of security pursuant to paragraph (i) above and which are capable of being the subject of a first fixed charge and first priority security interest), including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof;

- (iii) a first fixed charge over all present and future rights of the Issuer in respect of each of the Accounts and all moneys from time to time standing to the credit of such Accounts (other than the Counterparty Downgrade Collateral Accounts) and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof;
- (iv) a first fixed charge and first priority security interest (where the applicable assets are securities) over, or an assignment by way of security (where the applicable rights are contractual obligations) of, all present and future rights of the Issuer in respect of any Counterparty Downgrade Collateral standing to the credit of each Counterparty Downgrade Collateral Account; including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof and over each Counterparty Downgrade Collateral Account and all moneys from time to time standing to the credit of each Counterparty Downgrade Collateral Account and the debts represented thereby including without limitation, all interest accrued and other monies received in respect thereof, subject, in each case to the rights of any Hedge Counterparty to the applicable Counterparty Downgrade Collateral Account pursuant to the terms of the relevant Hedge Agreement and these Conditions (and, in each case, subject to any prior ranking security interest entered into by the Issuer in relation thereto in favour of a Hedge Counterparty);
- (v) an assignment by way of security of all the Issuer's present and future rights against the Custodian under the Agency Agreement (to the extent it relates to the Custody Account) and a first fixed charge over all of the Issuer's right, title and interest in and to the Custody Account (including each cash account relating to the Custody Account) and any cash held therein and the debts represented thereby;
- (vi) an assignment by way of security of all the Issuer's present and future rights under each Hedge Agreement and each Hedge Transaction entered into thereunder (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to any Hedge Agreement, **provided** that such assignment by way of security is without prejudice to, and after giving effect to, any contractual netting or set-off provision contained in the relevant Hedge Agreement and shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms thereof);
- (vii) an assignment by way of security of all the Issuer's present and future rights under the Collateral Management Agreement and all sums derived therefrom;
- (viii) a first fixed charge over all moneys held from time to time by the Principal Paying Agent and any other Agent for payment of principal, interest or other amounts on the Notes (if any);
- (ix) an assignment by way of security of all the Issuer's present and future rights under the Agency Agreement and the Subscription Agreement and all sums derived therefrom;
- (x) an assignment by way of security of all the Issuer's present and future rights under the EU Retention Letter and all sums derived therefrom;
- (xi) an assignment by way of security of all the Issuer's present and future rights under the Collateral Acquisition Agreements and all sums derived therefrom;
- (xii) an assignment by way of security of all of the Issuer's present and future rights under the other Transaction Documents and all sums derived therefrom;

- (xiii) an assignment by way of security of all the Issuer's present and future rights under the Liquidity Facility Agreement and all sums derived therefrom; and
- (xiv) a floating charge over the whole of the Issuer's undertaking and assets to the extent that such undertaking and assets are not subject to any other security created pursuant to the Trust Deed,

excluding for the purpose of (i) to (xiv) above, (A) amounts standing to the credit of the Issuer Profit Account and all monies from time to time standing to the credit thereof and the debts represented thereby, including all interest accrued and other monies received in respect thereof and (B) the rights of the Issuer under the Corporate Services Agreement.

The security created pursuant to paragraphs (i) to (xiv) above (inclusive) is granted to the Trustee for itself and as trustee for the other Secured Parties as continuing security for the payment of the Secured Obligations (as defined in the Trust Deed), **provided** that the security granted by the Issuer over any collateral provided to the Issuer pursuant to a Hedge Agreement will only be available to the Secured Parties (other than with respect to the collateral provided to the relevant Hedge Counterparty pursuant to such Hedge Agreement and Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*)) when such collateral is expressed to be available to the Issuer in accordance with the applicable Hedge Agreement and the Conditions and (if a title transfer arrangement) to the extent that no equivalent amount is owed to the relevant Hedge Counterparty pursuant to the relevant Hedge Agreement and/or Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*).

The security will extend to the ultimate balance of obligations of the Issuer owed to the Secured Parties, regardless of any intermediate payment or discharge in part.

If, for any reason, the purported assignment by way of security of, and/or the grant of first fixed charge over, the property, assets, rights and/or benefits described above is found to be ineffective in respect of any such property, assets, rights and/or benefits (together, the "**Affected Collateral**"), the Issuer shall hold to the fullest extent permitted under Irish mandatory law the benefit of the Affected Collateral and any sums received in respect thereof or any security interest, guarantee or indemnity or undertaking of whatever nature given to secure such Affected Collateral (together, the "**Trust Collateral**") on trust for the Trustee for the benefit of the Secured Parties and shall (i) account to the Trustee for or otherwise apply all sums received in respect of such Trust Collateral as the Trustee may direct (**provided** that, subject to the Conditions and the terms of the Collateral Management Agreement, if no Note Event of Default has occurred and is continuing, the Issuer shall be entitled to apply the benefit of such Trust Collateral and such sums in respect of such Trust Collateral received by it and held on trust under this paragraph without prior direction from the Trustee), (ii) exercise any rights it may have in respect of the Trust Collateral at the direction of the Trustee and (iii) at its own cost take such action and execute such documents as the Trustee may in its sole discretion require.

The Issuer may from time to time grant security:

- (i) by way of a first priority security interest to a Hedge Counterparty over:
  - (A) the Counterparty Downgrade Collateral deposited by such Hedge Counterparty in the Counterparty Downgrade Collateral Account related to such Hedge Counterparty including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof; and
  - (B) the Counterparty Downgrade Collateral Account related to such Hedge Counterparty, all moneys from time to time standing to the credit of such Counterparty Downgrade Collateral Account and the debts represented thereby including without limitation, all interest accrued and other monies received in respect thereof,

in each case, as security for the Issuer's obligations to repay or redeem such Counterparty Downgrade Collateral pursuant to the terms of the applicable Hedge Agreement and these Conditions (subject to such security documentation as may be agreed between such third party, the Collateral Manager acting on behalf of the Issuer and the Trustee). For the

avoidance of doubt, the Issuer may grant such security interest directly to the Hedge Counterparty; and/or

- (ii) by way of first priority security interest over amounts representing all or part of the Unfunded Amount of any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation and deposited in its name with a third party as security for any payment obligations of the Issuer in respect of such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation including but not limited to reimbursement or indemnification obligation of the Issuer owed to any other lender under such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, subject to the terms of Condition 3(j)(vii) (*Unfunded Revolver Reserve Account*) (including Rating Agency Confirmation).

All deeds, documents, assignments, instruments, bonds, notes, negotiable instruments, papers and any other instruments comprising, evidencing, representing and/or transferring the Portfolio will be deposited with or held by or on behalf of the Custodian until the security over such obligations is irrevocably discharged in accordance with the provisions of the Trust Deed. In the event that the ratings of the Custodian are downgraded to below the Rating Requirement or withdrawn, the Issuer shall use reasonable endeavours to procure that a replacement Custodian with the Rating Requirement and who is appointed on substantially the same terms under the Agency Agreement.

Pursuant to the terms of the Trust Deed, the Trustee is exempted from any liability in respect of any loss or theft or reduction in value of the Collateral, from any obligation to insure the Collateral and from any claim arising from the fact that the Collateral is held in a clearing system or in safe custody by the Custodian, a bank or other custodian. The Trustee has no responsibility for ensuring that the Custodian, the Account Bank or any Hedge Counterparty satisfies the Rating Requirement applicable to it or, in the event of its failure to satisfy such Rating Requirement, to procure the appointment of a replacement custodian, account bank or hedge counterparty. The Trustee has no responsibility for the management of the Portfolio by the Collateral Manager or to supervise the administration of the Portfolio by the Collateral Administrator or by any other party and is entitled to rely on the certificates or notices of any relevant party without further enquiry and without liability. The Trust Deed also provides that the Trustee shall accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Collateral and is not bound to make any investigation into the same or into the Collateral in any respect.

(b) Application of Proceeds upon Enforcement

The Trust Deed provides that the net proceeds of realisation of, or enforcement with respect to the security over, the Collateral constituted by the Trust Deed, shall be applied in accordance with the Post-Acceleration Priority of Payments set out in Condition 11 (*Enforcement*).

(c) Limited Recourse and Non-Petition

The obligations of the Issuer to pay amounts due and payable in respect of the Notes and to the other Secured Parties at any time shall be limited to the proceeds available at such time to make such payments in accordance with the Priorities of Payments. If the net proceeds of realisation of the security constituted by the Trust Deed, upon enforcement thereof in accordance with Condition 11 (*Enforcement*) and the provisions of the Trust Deed are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and to the other Secured Parties (such negative amount being referred to herein as a “**shortfall**”), the obligations of the Issuer in respect of the Notes of each Class and its obligations to the other Secured Parties in such circumstances will be limited to such net proceeds, which shall be applied in accordance with the Priorities of Payments. In such circumstances, the other assets (including the Issuer Profit Account and all amounts standing to the credit thereof and its rights under the Corporate Services Agreement) of the Issuer will not be available for payment of such shortfall which shall be borne by the Class X Noteholders and the Class A Noteholders (on a *pro rata* and *pari passu* basis), the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Subordinated Noteholders and the other Secured Parties in accordance with the Priorities of Payments (applied in reverse order). The rights of the Secured Parties (including the Noteholders) to receive any further amounts in respect of such obligations shall be extinguished and none of the Noteholders of each Class or the other Secured Parties may take any further action to recover such amounts. None of the Noteholders of any Class, the Trustee or the other Secured Parties (nor any other person acting on

behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, examinership, insolvency, winding up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes of any Class, the Trust Deed or otherwise owed to the Secured Parties, save for lodging a claim in the liquidation of the Issuer which is initiated by another non-Affiliated party or taking proceedings to obtain a declaration as to the obligations of the Issuer and without limitation to the Trustee's right to enforce and/or realise the security constituted by the Trust Deed (including by appointing a receiver or an administrative receiver).

In addition none of the Noteholders or any of the other Secured Parties shall have any recourse against any Director, shareholder or officer of the Issuer in respect of any obligations, covenants or agreement entered into or made by the Issuer pursuant to the terms of the Conditions of the Notes or any other Transaction Document to which the Issuer is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

None of the Trustee, the Directors, the Initial Purchaser, the Arranger, the Collateral Manager, the Corporate Service Provider nor any Agent has any obligation to any Noteholder of any Class for payment of any amount by the Issuer in respect of the Notes of any Class.

(d) Exercise of Rights in Respect of the Portfolio

Pursuant to the Collateral Management Agreement, the Issuer authorises the Collateral Manager, prior to enforcement of the security over the Collateral, to exercise all rights and remedies of the Issuer in its capacity as a holder of, or person beneficially entitled to, the Portfolio. In particular, the Collateral Manager is authorised, subject to any specific direction given by the Issuer, to attend and vote at any meeting of holders of, or other persons interested or participating in, or entitled to the rights or benefits (or a part thereof) under, the Portfolio and to give any consent, waiver, indulgence, time or notification, make any declaration or agree any composition, compounding or other similar arrangement with respect to any obligations forming part of the Portfolio.

(e) Information Regarding the Collateral

The Issuer shall procure that a copy of each Monthly Report and any Payment Date Report is made available within two Business Days of publication, to each Noteholder of each Class upon request in writing therefor and that copies of each such Report are made available to the Trustee, the Collateral Manager, each Hedge Counterparty, the Liquidity Facility Provider, the Rating Agencies, any competent authority and potential investors in the Notes, within two Business Days of publication thereof.

The Issuer hereby agrees to be designated as the entity required to fulfil the reporting requirements of Article 7 of the Securitisation Regulation. The Issuer will assume all costs of complying with the reporting requirements under Article 7 of the Securitisation Regulation (including the properly incurred costs and expenses (including legal fees) of all parties incurred amending the Transaction Documents for this purpose) and, if applicable, shall reimburse each of the Collateral Manager and/or the Collateral Administrator for any such costs incurred by the Collateral Manager or the Collateral Administrator in connection with their assisting the Issuer with the preparation and/or filing of such information and reports required pursuant to the provisions of the Securitisation Regulation, such costs to be paid as Administrative Expenses and/or Trustee Fees and Expenses, as applicable.

For the avoidance of doubt, if the Collateral Administrator agrees to provide such information and reporting on behalf of the Issuer, the Collateral Administrator will not assume any responsibility for the Issuer's obligations as the entity responsible for fulfilling the reporting obligations under the EU Retention and Transparency Requirements. In providing such information and reporting, the Collateral Administrator also assumes no responsibility or liability to any third party, including the Noteholders and potential Noteholders (including for their use or onward disclosure of any such information or documentation), and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents.

(f) Filing of Charges

The Issuer shall ensure that particulars of the charges created under the Trust Deed are filed in the prescribed form at the Companies Registration Office of Ireland within the required 21 days from the date of the Trust Deed and, to the extent relevant, shall make a filing or procure that a filing is made pursuant to Section 1001 of the Taxes Consolidation Act, 1997 of Ireland.

## 5. Covenants of and Restrictions on the Issuer

### (a) Covenants of the Issuer

Unless otherwise provided in the Trust Deed, the Issuer covenants to the Trustee on behalf of the holders of the Notes that, for so long as any Note remains Outstanding, the Issuer will:

- (i) take such steps as are reasonable to enforce all its rights:
  - (A) under the Trust Deed;
  - (B) in respect of the Collateral;
  - (C) under the Agency Agreement;
  - (D) under the Collateral Management Agreement;
  - (E) under the Corporate Services Agreement;
  - (F) under the Collateral Acquisition Agreements;
  - (G) under the EU Retention Letter; and
  - (H) under any Hedge Agreements;
- (ii) comply with its obligations under the Notes, the Trust Deed, the Agency Agreement, the Collateral Management Agreement and each other Transaction Document to which it is a party;
- (iii) keep proper books of account;
- (iv) at all times maintain its tax residence outside the United Kingdom and the United States and will not establish a branch, agency (other than the appointment of the Collateral Manager and the Collateral Administrator pursuant to the Collateral Management Agreement) or place of business or register as a company in the United Kingdom or the United States or elsewhere outside of Ireland, and shall not do or permit anything within its control which might result in its residence being considered to be outside of Ireland for tax purposes;
- (v) pay its debts generally as they fall due;
- (vi) do all such things as are necessary to maintain its corporate existence, to conduct its own business in its own name, to hold itself out as a separate entity and to correct any known misunderstanding regarding its separate identity;
- (vii) use its best endeavours to obtain and maintain the listing on the Global Exchange Market of the Outstanding Notes of each Class. If, however, it is unable to do so, having used such endeavours, or if the maintenance of such listings are agreed by the Trustee to be unduly onerous and the Trustee is satisfied that the interests of the holders of the Outstanding Notes of each Class would not thereby be materially prejudiced, the Issuer will instead use all reasonable endeavours promptly to obtain and thereafter to maintain a listing for such Notes on such other stock exchange(s) as it may (with the prior written approval of the Trustee) decide, **provided** that any such other stock exchange is (a) a recognised stock exchange for the purposes of Section 64 of the TCA and (b) a recognised stock exchange for the purposes of section 1005 of the United Kingdom Income Tax Act 2007;
- (viii) supply such information to the Rating Agencies as they may reasonably request;
- (ix) ensure that its “centre of main interests” (as that term is referred to in article 3(1) of the Recast Insolvency Regulation) and its tax residence is and remains at all times in Ireland;

- (x) ensure an agent is appointed to assist in enabling the Rating Agencies to comply with Rule 17g-5 in respect of the Issuer and the Notes; and
- (xi) ensure that it shall hold all meetings of its board of Directors in Ireland and ensure that all of its directors are resident in Ireland for tax purposes, that they will exercise their control over the business of the Issuer independently and that those directors (acting independently) exercise their authority only from and within Ireland by taking all key decisions relating to the Issuer in Ireland.

(b) Restrictions on the Issuer

For so long as any of the Notes remain Outstanding, save as contemplated in the Transaction Documents, the Issuer covenants to the holders of such Outstanding Notes that (to the extent applicable) it will not, without the prior written consent of the Trustee:

- (i) sell, factor, discount, transfer, assign, lend or otherwise dispose of any of its right, title or interest in or to the Collateral, other than in accordance with the Collateral Management Agreement, nor will it create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over the Collateral except in accordance with the Trust Deed, these Conditions or the Transaction Documents;
- (ii) sell, factor, discount, transfer, assign, lend or otherwise dispose of, nor create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over, any of its other property or assets or any part thereof or interest therein other than in accordance with the Trust Deed, these Conditions or the Transaction Documents;
- (iii) engage in any business other than the holding and managing or both the holding and managing of “qualifying assets” within the meaning of Section 110 of the TCA and in connection therewith shall not engage in any business other than:
  - (A) acquiring and holding any property, assets or rights that are capable of being effectively secured in favour of the Trustee or that are capable of being held on trust by the Issuer in favour of the Trustee under the Trust Deed;
  - (B) issuing and performing its obligations under the Notes;
  - (C) entering into, exercising its rights and performing its obligations under or enforcing its rights under the Trust Deed, the Agency Agreement, the Collateral Management Agreement and each other Transaction Document to which it is a party, as applicable;
  - (D) performing any act incidental to or necessary in connection with any of the above;
  - (E) amending any term or Condition of the Notes of any Class (save in accordance with these Conditions and the Trust Deed); or
  - (F) agreeing to any amendment to any provision of, or granting any waiver or consent under, the Trust Deed, the Agency Agreement, the Collateral Management Agreement, the Corporate Services Agreement or any other Transaction Document to which it is a party;
- (iv) incur any indebtedness for borrowed money, other than in respect of:
  - (A) the Notes (including the issuance of additional Notes pursuant to Condition 17 (*Additional Issuance*)) or any document entered into in connection with the Notes or the sale thereof or any additional Notes or the sale thereof;
  - (B) any Refinancing; or
  - (C) as otherwise contemplated or permitted pursuant to the Trust Deed, the Collateral Management Agreement or the other Transaction Documents;
- (v) materially amend its constitutional documents;
- (vi) have any subsidiaries or establish any offices, branches or other “establishment” (as that term is used in article 2(10) of the Recast Insolvency Regulation) outside of Ireland;

- (vii) have any employees (for the avoidance of doubt the directors of the Issuer do not constitute employees);
- (viii) enter into any reconstruction, amalgamation, merger or consolidation;
- (ix) convey or transfer all or a substantial part of its properties or assets (in one or a series of transactions) to any person, otherwise than as contemplated in these Conditions;
- (x) issue any shares (other than such share as is in issue as at the Issue Date) nor redeem or purchase any of its issued share capital;
- (xi) enter into any material agreement or contract with any Person (other than an agreement on customary market terms which for the avoidance of doubt will include agreements to buy and sell obligations and documentation relating to restructurings (including steering committee indemnity letters)), which terms do not contain the provisions below) unless such contract or agreement contains “limited recourse” and “non-petition” provisions and such Person agrees that, prior to the date that is one year and one day after all the related obligations of the Issuer have been paid in full (or, if longer, the applicable preference period under applicable insolvency law), such Person shall not take any action or institute any proceeding against the Issuer under any insolvency law applicable to the Issuer or which would reasonably be likely to cause the Issuer to be subject to or seek protection of, any such insolvency law; **provided** that such Person shall be permitted to become a party to and to participate in any proceeding or action under any such insolvency law that is initiated by any other Person other than one of its Affiliates;
- (xii) otherwise than as contemplated in the Transaction Documents, release from or terminate the appointment of the Custodian or the Account Bank under the Agency Agreement, the Collateral Manager or the Collateral Administrator under the Collateral Management Agreement (including, in each case, any transactions entered into thereunder) or, in each case, from any executory obligation thereunder;
- (xiii) commingle its assets with those of any other Person or entity;
- (xiv) enter into any lease in respect of, or own, premises;
- (xv) acquire Collateral Debt Obligations, Collateral Enhancement Debt Obligations or any other obligations or securities issued by its partners or shareholders (if any);
- (xvi) act as an entity that issues notes to investors and uses the proceeds to grant new loans on its own account, but will purchase loans from another lender and therefore is not considered a first lender (for the purpose of Regulation (EU) No 1075/2013 of the European Central Bank); or
- (xvii) take any action which would cause it to cease to be a “qualifying company” within the meaning of Section 110 of the TCA.

## 6. Interest

### (a) Payment Dates

#### (i) Rated Notes

The Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes each bear interest from (and including) the Issue Date and such interest will be payable:

(A) in the case of interest accrued during the initial Accrual Period, for the period from (and including) the Issue Date to (but excluding) the Payment Date falling on or about 26 February 2020; and

(B) thereafter:

(1) at any time prior to the occurrence of a Frequency Switch Event, quarterly; and

(2) at any time following the occurrence of a Frequency Switch Event, semi-annually,

in each case in arrear on each Payment Date.

(ii) Subordinated Notes

The Class M-2 Subordinated Notes bear interest from (and including) the Issue Date and such interest will be payable:

(A) in the case of interest accrued during the initial Accrual Period, for the period from (and including) the Issue Date to (but excluding) the Payment Date falling on or about 26 February 2020; and

(B) thereafter:

(1) at any time prior to the occurrence of a Frequency Switch Event, quarterly; and

(2) at any time following the occurrence of a Frequency Switch Event, semi-annually,

in each case in arrear on each Payment Date.

Residual distributions shall be payable on the Subordinated Notes to the extent funds are available in accordance with paragraph (DD) of the Interest Proceeds Priority of Payments, paragraph (T) of the Principal Proceeds Priority of Payments and paragraph (AA) of the Post-Acceleration Priority of Payments on each Payment Date and shall continue to be payable in accordance with this Condition 6 (*Interest*) notwithstanding redemption in full of any Subordinated Note at its applicable Redemption Price.

Notwithstanding any other provision of these Conditions or the Trust Deed, all references herein and therein to the Subordinated Notes being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that a minimum of €1 principal amount of each such Class of Notes remains Outstanding at all times and any amounts which are to be applied in redemption of each such Class of Notes pursuant hereto which are in excess of the Principal Amount Outstanding thereof minus €1, shall constitute interest payable in respect of such Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof, **provided** always however that such €1 principal shall no longer remain Outstanding and each such Class of Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to the Noteholders.

If the aggregate of income and gains earned by the Issuer during an accounting period exceeds the costs and expenses accrued for that period, such excess shall accrue as additional interest on the Subordinated Notes but shall only be payable on any Payment Date following payment in full of amounts payable pursuant to the Priorities of Payments on such Payment Date.

(b) Interest Accrual

(i) Interest Accrual

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 6 (*Interest*) (both before and after judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day following seven days after the Trustee or the Principal Paying Agent has notified the Noteholders of such Class of Notes in accordance with Condition 16 (*Notices*) of receipt of all sums due in respect of all the Notes of such Class up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(ii) Subordinated Notes

Interest Amounts on the Class M-2 Subordinated Notes and distributions of interest and residual amounts on the Subordinated Notes will cease to be payable in respect of each Subordinated Note upon the date that all of the Collateral has been realised and no Interest Proceeds or Principal Proceeds remain available for distribution in accordance with the Priorities of Payments.



(c) Deferral of Interest

(i) Deferred Interest

The Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class M-2 Subordinated Notes in full on any Payment Date, in each case to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payments.

In the case of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class M-2 Subordinated Notes, an amount of interest equal to any shortfall in payment of the Interest Amount which would, but for the first paragraph of this Condition 6(c) (*Deferral of Interest*) otherwise be due and payable in respect of such Class of Notes on any Payment Date (each such amount being referred to as “**Deferred Interest**”) will not be payable on such Payment Date, but will be added to the principal amount of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class M-2 Subordinated Notes, as applicable, and thereafter will accrue interest at the rate of interest applicable to that Class of Notes.

Failure on the part of the Issuer to pay such Deferred Interest on the Class C Notes, Class D Notes, Class E Notes or Class F Notes and the Priorities of Payment as a result of the insufficiency of available Interest Proceeds will not constitute a Note Event of Default until the Maturity Date or any earlier date when such Notes are redeemed in full; *unless* following a Frequency Switch Event only: (i) following redemption in full of the Class X Notes, the Class A Notes and the Class B Notes, the Issuer fails to pay any Interest Amounts in respect of the Class C Notes when the same becomes due and payable; (ii) following redemption in full of the Class C Notes, the Issuer fails to pay any Interest Amounts in respect of the Class D Notes when the same becomes due and payable; (iii) following redemption in full of the Class D Notes, the Issuer fails to pay any Interest Amounts in respect of the Class E Notes when the same becomes due and payable; and (iv) following redemption in full of the Class E Notes, the Issuer fails to pay any Interest Amounts in respect of the Class F Notes when the same becomes due and payable (in each case where such non payment continues for a period of at least five Business Days or seven Business Days in the case of an administrative error or omission).

The failure to pay such Deferred Interest in the case of the Class M-2 Subordinated Notes shall not be a Note Event of Default unless and until such non-payment gives rise to a Note Event of Default under Condition 10(a)(iii) (*Default under Priorities of Payments*).

Interest will cease to accrue on each Note, or in the case of a partial repayment, on such part, from the date of repayment or the Maturity Date unless payment of principal is improperly withheld or unless default is otherwise made with respect to such payment of principal.

(ii) Non-payment of Interest

Non-payment of interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes shall not constitute a Note Event of Default unless a Frequency Switch Event has occurred and following the redemption in full more Senior Classes of Notes in accordance with Condition 10(a)(i)(B) (*Non-Payment of Interest*).

(d) Payment of Deferred Interest

Deferred Interest in respect of any Class C Note, Class D Note, Class E Note, Class F Note or Class M-2 Subordinated Note shall only become payable by the Issuer in accordance with, respectively, paragraph (M), (P), (S) and (U) of the Interest Proceeds Priority of Payments, paragraph (H), (J), (L) and (N) of the Principal Proceeds Priority of Payments and paragraph (L), (O), (R) and (U) of the Post-Acceleration Priority of Payments and under the Note Payment Sequence in each place specified in the Priorities of Payments, to the extent that Interest Proceeds or Principal Proceeds, as applicable, are available to make such payment in accordance with the Priorities of Payments (and, if applicable, the Note Payment Sequence). For the avoidance of doubt, Deferred Interest on the Class C Notes and/or the Class D Notes and/or the Class E Notes and/or the Class F Notes and/or the Class M-2 Subordinated Notes, as applicable will be added to the principal amount of the Class C Notes and/or

the Class D Notes and/or the Class E Notes and/or Class F Notes and/or the Class M-2 Subordinated Notes, as applicable. An amount equal to any such Deferred Interest so paid shall be subtracted from the principal amount of the Class C Notes and/or the Class D Notes and/or the Class E Notes and/or the Class F Notes and/or the Class M-2 Subordinated Notes, as applicable.

(e) Interest on the Notes

(i) Floating Rate of Interest

The rate of interest from time to time in respect of the Class X Notes (the “**Class X Floating Rate of Interest**”), in respect of the Class A Notes (the “**Class A Floating Rate of Interest**”), in respect of the Class B-1 Notes (the “**Class B-1 Floating Rate of Interest**”), in respect of the Class C Notes (the “**Class C Floating Rate of Interest**”), in respect of the Class D Notes (the “**Class D Floating Rate of Interest**”), in respect of the Class E Notes (the “**Class E Floating Rate of Interest**”) and in respect of the Class F Notes (the “**Class F Floating Rate of Interest**”) (and each a “**Floating Rate of Interest**”) will be determined by the Calculation Agent on the following basis:

(A) On each Interest Determination Date:

- (1) in the case of the initial Accrual Period, the Calculation Agent will determine a straight line interpolation of the offered rate for 3-month and 6-month Euro deposits;
- (2) prior to the occurrence of a Frequency Switch Event, the Calculation Agent will determine (i) the offered rate for 3-month Euro deposits and (ii) the offered rate for 6-month Euro deposits; and
- (3) following the occurrence of a Frequency Switch Event, the Calculation Agent will determine the offered rate for 6-month Euro deposits,

in each case, as at 11.00 am (Brussels time) on the Interest Determination Date in question (“**EURIBOR**”). Such offered rate will be that which appears on the display designated on the Bloomberg Screen “BTMM EU” Page (or such other page or service as may replace it for the purpose of displaying EURIBOR rates). The Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest for such Accrual Period shall be the aggregate of the Applicable Margin (as defined below) and EURIBOR, all as determined by the Calculation Agent.

(B) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then paragraph (1) shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will request each of four major banks in the Euro zone interbank market selected by the Issuer (the “**Reference Banks**”) to provide the Calculation Agent with:

- (1) in the case of the initial Accrual Period, a straight line interpolation of its offered quotation to leading banks for Euro deposits in the Euro zone interbank market for a period of 3 months and 6 months;
- (2) prior to the occurrence of a Frequency Switch Event, its offered quotation to leading banks for Euro deposits in the Euro zone interbank market for a period of (i) 3 months and (ii) 6 months;
- (3) following the occurrence of a Frequency Switch Event, its offered quotation to leading banks for Euro deposits in the Euro zone interbank market for a period of (I) 6 months, **provided** that if a Frequency Switch Event occurs on a date which is not a Payment Date, the Calculation Agent will request such offered quotation for 6-month Euro deposits as at the Interest Determination Date immediately prior to the occurrence of such Frequency

Switch Event for the Accrual Period in which the Frequency Switch Event occurred or (II) in the case of the final Accrual Period, if the final Payment Date before the Maturity Date falls in May 2032, three months,

in each case, as at 11.00 am (Brussels time) on the Interest Determination Date in question. The Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest for such Accrual Period shall be the aggregate of the Applicable Margin (if any) and the arithmetic mean, in each case, (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided), all as determined by the Calculation Agent.

(C) If on any Interest Determination Date one only or none of the Reference Banks provides such quotation, the Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest, respectively, for the next Accrual Period shall be the Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest, in each case in effect as at the immediately preceding Accrual Period, **provided** that in respect of any Accrual Period during which a Frequency Switch Event occurs, the Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest shall be calculated using the offered rate for six month Euro deposits using the rate available as at the previous Interest Determination Date.

(D) Where “**Applicable Margin**” means:

- (1) in the case of the Class X Notes, 0.57 per cent. per annum (the “**Class X Margin**”);
- (2) in the case of the Class A Notes, 1.10 per cent. per annum (the “**Class A Margin**”);
- (3) in the case of the Class B-1 Notes, 1.75 per cent. per annum (the “**Class B-1 Margin**”);
- (4) in the case of the Class C Notes, 2.45 per cent. per annum (the “**Class C Margin**”);
- (5) in the case of the Class D Notes, 3.75 per cent. per annum (the “**Class D Margin**”);
- (6) in the case of the Class E Notes, 5.78 per cent. per annum (the “**Class E Margin**”); and
- (7) in the case of the Class F Notes, 8.04 per cent. per annum (the “**Class F Margin**”).

(E) Notwithstanding paragraphs (A), (B) and (C) above, if, in relation to any Interest Determination Date, EURIBOR in respect of any Rated Notes as determined in accordance with paragraphs (A), (B) (C) above would yield a EURIBOR rate less than zero, such EURIBOR rate shall be deemed to be zero for the purposes of determining the Floating Rate of Interest pursuant to this Condition 6(e)(i) (*Floating Rate of Interest*).

(ii) Determination of Floating Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, as soon as practicable after 11.00 am (Brussels time) on each Interest Determination Date, but in no event later than the Business Day after such date, determine the Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest and calculate the interest amount payable in respect of original principal amounts of the Class X Notes, the Class A Notes, the Class B-1 Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes equal to the Authorised Integral Amount applicable thereto for the relevant Accrual Period. The amount of interest (an “**Interest Amount**”) payable in respect of each Authorised Integral Amount applicable to any such Notes shall be calculated by applying the Class X Floating Rate of

Interest in the case of the Class X Notes, the Class A Floating Rate of Interest in the case of the Class A Notes, the Class B-1 Floating Rate of Interest in the case of the Class B-1 Note, the Class C Floating Rate of Interest in the case of the Class C Notes, the Class D Floating Rate of Interest in the case of the Class D Notes, the Class E Floating Rate of Interest in the case of the Class E Notes and the Class F Floating Rate of Interest in the case of the Class F Notes, respectively, to an amount equal to the Principal Amount Outstanding in respect of such Authorised Integral Amount, multiplying the product by the actual number of days in the Accrual Period concerned, divided by 360 and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards).

(iii) Calculation of Class B-2 Fixed Amounts

The Calculation Agent will calculate the Interest Amount payable in respect of the Class B-2 Notes equal to the Authorised Integral Amount for the relevant Accrual Period by applying the Class B-2 Fixed Rate in the case of the Class B-2 Notes to an amount equal to the Principal Amount Outstanding in respect of such Authorised Integral Amount, multiplying the product by the number of days in the Accrual Period concerned (the number of days to be calculated on the basis of a year of 360 days with 12 months of 30 days each), divided by 360 and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards).

“**Class B-2 Fixed Rate**” means 2.40 per cent. per annum.

(iv) Reference Banks and Calculation Agent

The Issuer will procure that, so long as any Class X Note, Class A Note, Class B Note, Class C Note, Class D Note, Class E Note, Class F Note or Class M-2 Subordinated Note remains Outstanding:

- (A) a Calculation Agent shall be appointed and maintained for the purposes of determining the interest rate and interest amount payable in respect of the Notes; and
- (B) in the event that the Class X Floating Rate of Interest, Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest are to be calculated by Reference Banks pursuant to paragraph (B) of Condition 6(e)(i) (*Floating Rate of Interest*), that the number of Reference Banks required pursuant to such paragraph (B) of Condition 6(e)(i) (*Floating Rate of Interest*) are appointed.

If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent for the purpose of calculating interest hereunder or fails duly to establish any Floating Rate of Interest for any Accrual Period, or to calculate the Interest Amount on any Class of Rated Notes, the Issuer shall (with the prior approval of the Trustee) appoint some other leading bank to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

(v) Interest Proceeds in respect of Subordinated Notes

Solely in respect of the Class M-2 Subordinated Notes, the Calculation Agent will calculate:

- (A) the amount of interest payable in accordance with Condition 3(c)(i)(F) (*Application of Interest Proceeds*) or paragraph (F) of the Post-Acceleration Priority of Payments, as applicable (a “**Senior Class M-2 Interest Amount**”); and
- (B) the amount of interest payable in accordance with Condition 3(c)(i)(X) (*Application of Interest Proceeds*) or paragraph (W) of the Post-Acceleration Priority of Payments, as applicable (a “**Subordinated Class M-2 Interest Amount**” and together with the Senior Class M-2 Interest Amount, the “**Interest Amount**”),

and, in respect of an original principal amount of the Class M-2 Subordinated Notes equal to the Authorised Integral Amount for the relevant Accrual Period, being an amount equal to the product of:

(1) in the case of:

- (a) the Senior Class M-2 Interest Amount, 0.023 per cent.; and
- (b) the Subordinated Class M-2 Interest Amount, 0.035 per cent.,

in each case of the weighted average Aggregate Collateral Balance during the related Due Period, as determined by the Collateral Administrator; and

(2) the quotient of such Authorised Integral Amount divided by the aggregate original principal amount of the Class M-2 Subordinated Notes,

and multiplying such product by the number of days in the Due Period concerned (the number of days to be calculated on the basis of a year of 360 days with 12 months of 30 days each), divided by 360 and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards).

Otherwise, with respect to the Subordinated Notes, the Calculation Agent will on each Determination Date calculate the Interest Proceeds payable to the extent of available funds in respect of an original principal amount of Subordinated Notes equal to the Authorised Integral Amount applicable thereto for the relevant Accrual Period. The Interest Proceeds payable on each Payment Date in respect of an original principal amount of Subordinated Notes equal to the Authorised Integral Amount applicable thereto shall be calculated by multiplying the amount of Interest Proceeds to be applied on the Subordinated Notes on the applicable Payment Date pursuant to paragraph (DD) of the Interest Proceeds Priority of Payments, paragraph (T) of the Principal Proceeds Priority of Payments and paragraph (AA) of the Post-Acceleration Priority of Payments by fractions equal to the amount of such Authorised Integral Amount, as applicable, divided by the aggregate original principal amount of the Subordinated Notes.

(vi) Publication of Floating Rates of Interest, Interest Amounts and Deferred Interest

The Calculation Agent will cause the Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest or the Interest Amounts payable in respect of each Class of Rated Notes and the Class M-2 Subordinated Notes, the amount of any Deferred Interest due but not paid on any Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class M-2 Subordinated Notes for each Accrual Period and Payment Date and the Principal Amount Outstanding of each Class of Notes as of the applicable Payment Date to be notified to the Registrar, the Principal Paying Agent, the Transfer Agent, the Trustee and the Collateral Manager, for so long as the Notes are listed on the Global Exchange Market of Euronext Dublin, as soon as possible after their determination but in no event later than the fourth Business Day thereafter, and the Principal Paying Agent shall cause each such rate, amount and date to be notified to the Noteholders of each Class in accordance with Condition 16 (*Notices*) as soon as possible following notification to the Principal Paying Agent but in no event later than the third Business Day after such notification. The Interest Amounts in respect of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class M-2 Subordinated Notes or the Payment Date in respect of any Class of Notes so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Accrual Period. If any of the Notes become due and payable under Condition 10(a) (*Note Events of Default*), interest shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition 6 (*Interest*) but no publication of the applicable Interest Amounts shall be made unless the Trustee so determines.

(f) Determination or Calculation by Trustee

If the Calculation Agent does not at any time for any reason so calculate the Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest or the Class F Floating Rate of Interest for an Accrual Period, the Trustee (or a person appointed by it for the purpose) may do so and such determination or calculation shall be deemed to have been made by

the Calculation Agent and shall be binding on the Noteholders. In doing so, the Trustee, or such person appointed by it, shall apply the foregoing provisions of this Condition 6 (*Interest*), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and reliance on such persons as it has appointed for such purpose. The Trustee shall have no liability to any person in connection with any determination or calculation (including with regard to the timelines thereof) it is required to make pursuant to this Condition 6(f) (*Determination or Calculation by Trustee*).

(g) Notifications, etc. to be Final

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6 (*Interest*), whether by the Reference Banks (or any of them), the Calculation Agent or the Trustee, will be binding on the Issuer, the Reference Banks, the Calculation Agent, the Trustee, the Registrar, the Principal Paying Agent, the Transfer Agent and all Noteholders, save in the case that the Issuer certifies that any such notification, opinion, determination, certificate, quotation and decision is erroneous and the Issuer publishes a correction in accordance with Condition 16 (*Notices*), **provided** that the Trustee shall be under no obligation actively to monitor any such notifications, opinions, determinations, certificates, quotations and decisions for such errors. No liability to the Issuer or the Noteholders of any Class shall attach to the Reference Banks, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 6 (*Interest*).

## 7. Redemption and Purchase

(a) Final Redemption

Save to the extent previously redeemed in full and cancelled, the Notes of each Class will be redeemed on the Maturity Date of such Notes. In the case of a redemption pursuant to this Condition 7(a) (*Final Redemption*), the Rated Notes will be redeemed at their Redemption Price in accordance with the Note Payment Sequence and the Subordinated Notes will be redeemed at the amount equal to their share of the amounts of Principal Proceeds to be applied towards such redemption pursuant to paragraph (R) of the Principal Proceeds Priority of Payments, together with, in the case of the Class M-2 Subordinated Notes, any accrued and unpaid interest and any Deferred Interest in respect thereof to the Maturity Date. Notes may not be redeemed other than in accordance with this Condition 7 (*Redemption and Purchase*).

(b) Optional Redemption

(i) Optional Redemption in Whole – Subordinated Noteholders

Subject to the provisions of Condition 7(b)(iv) (*Terms and Conditions of an Optional Redemption*), Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) and Condition 7(b)(vi) (*Optional Redemption in whole of all Classes of Notes effected through Liquidation only*), the Rated Notes may be redeemed in whole but not in part by the Issuer at the applicable Redemption Prices from Sale Proceeds or any Refinancing Proceeds (or a combination thereof):

- (A) on any Payment Date (or with the Collateral Manager's consent, any Business Day) falling on or after expiry of the Non-Call Period at the direction of the Subordinated Noteholders acting by way of an Ordinary Resolution (as evidenced by duly completed Redemption Notices); or
- (B) upon the occurrence of a Collateral Tax Event, on any Business Day falling after such occurrence at the direction of the Subordinated Noteholders acting by way of Ordinary Resolution (as evidenced by duly completed Redemption Notices).

(ii) Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders

Subject to the provisions of Condition 7(b)(iv) (*Terms and Conditions of an Optional Redemption*), and Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*), the Rated Notes of any Class may be redeemed by the Issuer at the applicable Redemption Prices, solely from Refinancing Proceeds (in accordance with Condition 7(b)(v))

(*Optional Redemption effected in whole or in part through Refinancing*) below on any Payment Date (or with the Collateral Manager's consent, any Business Day) falling on or after expiry of the Non-Call Period at the direction of the Subordinated Noteholders acting by way of Ordinary Resolution (as evidenced by duly completed Redemption Notices). No such Optional Redemption may occur unless any Class of Rated Notes to be redeemed represents the entire Class of such Rated Notes.

(iii) Optional Redemption in Whole – Collateral Manager Clean-up Call

Subject to the provisions of Condition 7(b)(iv) (*Terms and Conditions of an Optional Redemption*) and Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*), the Rated Notes may be redeemed in whole but not in part by the Issuer, at the applicable Redemption Prices, from Sale Proceeds on any Business Day falling on or after expiry of the Non-Call Period if, upon or at any time following the expiry of the Non-Call Period, the Aggregate Collateral Balance is less than 20 per cent. of the Target Par Amount and if directed in writing by the Collateral Manager.

(iv) Terms and Conditions of an Optional Redemption

In connection with any Optional Redemption:

- (A) the Issuer shall procure that at least 30 days' or, in the case of Refinancing in relation to a redemption of the Rated Notes in part by Class, 10 days' prior written notice (or such shorter period as may be agreed by the Trustee and the Collateral Manager) of such Optional Redemption, including the applicable Redemption Date, and the relevant Redemption Price therefor, is given to the Collateral Manager, the Trustee and the Noteholders in accordance with Condition 16 (*Notices*) (or if a period of less than 30 days has been agreed for the delivery of the Redemption Notices pursuant to Condition 7(b)(vii) (*Mechanics of Redemption*), the Issuer shall procure delivery of such notice as soon as reasonably practicable upon becoming aware of such Optional Redemption);
- (B) the Rated Notes to be redeemed shall be redeemed at their applicable Redemption Prices (subject, in the case of an Optional Redemption of all Classes of the Rated Notes in whole, to the right of holders of 100 per cent. of the aggregate Principal Amount Outstanding of any Class of Rated Notes to elect to receive less than 100 per cent. of the Redemption Price that would otherwise be payable to the holders of such Class of Rated Notes). Such right shall be exercised by delivery by each holder of the relevant Class of Rated Notes of a written direction confirming such holder's election to receive less than 100 per cent. of the Redemption Price that would otherwise be payable to it, together with evidence of their holding to the Issuer and the Collateral Manager no later than 25 days (or such shorter period of time as may be agreed by the Trustee and the Collateral Manager, (with regard to the Collateral Manager only, acting reasonably)) prior to the relevant Redemption Date;
- (C) the Collateral Manager shall have no right or other ability under the Collateral Management Agreement (but without prejudice to its rights in respect of any Subordinated Notes which it or its Affiliates may hold) to prevent an Optional Redemption directed by the Subordinated Noteholders in accordance with this Condition 7(b) (*Optional Redemption*);
- (D) any such redemption must comply with the procedures set out in Condition 7(b)(vii) (*Mechanics of Redemption*); and
- (E) any redemption in part of the Notes pursuant to Condition 7(b)(ii) (*Optional Redemption in Part—Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders*) may be effected from Refinancing Proceeds in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) below.

(v) Optional Redemption effected in whole or in part through Refinancing

Following receipt of, or as the case may be, confirmation from the Principal Paying Agent of receipt of a direction in writing from the requisite percentage of Subordinated Noteholders, the Issuer may:

(A) in the case of a redemption in whole of all Classes of Rated Notes in accordance with Condition 7(b)(i) (*Optional Redemption in Whole—Subordinated Noteholders*) (1) enter into a loan (as borrower thereunder) with one or more financial institutions; or (2) issue replacement notes; and

(B) in the case of a redemption in part of the entire Class of Rated Notes issue replacement notes,

(each, a “**Refinancing Obligation**”), whose terms in each case will be negotiated by the Collateral Manager on behalf of the Issuer (any such refinancing, a “**Refinancing**”). The terms of any Refinancing (including any extension of the Maturity Date of the Subordinated Notes, any extension or reinstatement of the Non-Call Period and any extension to the Weighted Average Life Test, and any consequential amendments) are subject to the prior written consent of the Collateral Manager and the Subordinated Noteholders (notwithstanding Condition 14(b) (*Decisions and Meetings of Noteholders*) in relation to the Subordinated Noteholders only (acting by way of an Ordinary Resolution)) and each Refinancing is required to satisfy the conditions described in this Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*).

Refinancing Proceeds shall be applied in addition to (or in place of) Sale Proceeds in the redemption of the Rated Notes in whole pursuant to Condition 7(b)(i) (*Optional Redemption in Whole—Subordinated Noteholders*). In addition, Refinancing Proceeds may be applied in the redemption of the Rated Notes in part by Class pursuant to Condition 7(b)(ii) (*Optional Redemption in Part—Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders*).

In connection with a Refinancing pursuant to Condition 7(b)(i) (*Optional Redemption in Whole—Subordinated Noteholders*), the Collateral Manager may designate Principal Proceeds as Interest Proceeds in an amount not to exceed the Excess Par Amount. Refinancing in relation to a Redemption in Whole

In the case of a Refinancing in relation to the redemption of all Classes of the Rated Notes in whole but not in part pursuant to Condition 7(b)(i) (*Optional Redemption in Whole—Subordinated Noteholders*) as described above, such Refinancing will be effective only if:

- (1) the Issuer provides prior written notice thereof to the Rating Agencies and each Hedge Counterparty;
- (2) all Principal Proceeds, all Refinancing Proceeds, all Sale Proceeds, if any, from the sale of Collateral Debt Obligations and Eligible Investments and all other available funds will be at least sufficient to pay any Refinancing Costs and all amounts due and payable in respect of all Classes of Notes save for the Subordinated Notes (including without limitation Deferred Interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes) and all amounts payable in priority thereto pursuant to the Priorities of Payments (subject to any election to receive less than 100 per cent. of Redemption Price) on such Redemption Date when applied in accordance with the Post-Acceleration Priority of Payments;
- (3) all Principal Proceeds, Refinancing Proceeds, Sale Proceeds, if any, and other available funds are used (to the extent necessary) to make such redemption;
- (4) each agreement entered into by the Issuer in respect of such Refinancing contains limited recourse and non-petition provisions substantially the same as those contained in the Trust Deed;
- (5) all Refinancing Proceeds and all Sale Proceeds, if any, from the sale of Collateral Debt Obligations and Eligible Investments, are received by (or on behalf of) the Issuer on or prior to the applicable Redemption Date; and



- (6) such Refinancing would not result in the transaction contemplated hereunder ceasing to be compliant with the EU Retention and Transparency Requirements,

in each case, as certified to the Issuer and the Trustee by the Collateral Manager (upon which certification the Trustee shall be entitled to rely without enquiry and without liability).

(C) Refinancing in relation to a Redemption in Part of a Class or Classes of Notes in whole

In the case of a Refinancing in relation to a redemption of the Rated Notes in part by Class pursuant to Condition 7(b)(ii) (*Optional Redemption in Part—Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders*), such Refinancing will be effective only if:

- (1) the Issuer provides prior written notice thereof to the Rating Agencies and each Hedge Counterparty;
- (2) the Refinancing Obligations are in the form of notes;
- (3) any redemption of a Class of Notes is a redemption of the entire Class which is subject to the redemption;
- (4) the sum of (A) the Refinancing Proceeds and (B) the Partial Redemption Interest Proceeds will be at least sufficient to pay in full:
  - (a) the aggregate Redemption Prices of the entire Class or Classes of Rated Notes subject to the Optional Redemption; plus
  - (b) all accrued and unpaid Trustee Fees and Expenses and Administrative Expenses incurred in connection with such Refinancing;
- (5) if the Partial Redemption Date is not otherwise a Payment Date, the Collateral Manager reasonably determines that Interest Proceeds will be available on the next following Payment Date in an amount at least equal to the sum of (i) the amount that will be required for distribution under the Interest Proceeds Priority of Payments for the payment of all Trustee Fees and Expenses and Administrative Expenses on the next following Payment Date and (ii) the amount required for distribution under the Interest Proceeds Priority of Payments as accrued and unpaid interest on the Rated Notes;
- (6) the Refinancing Proceeds are used (to the extent necessary) to make such redemption;
- (7) the Refinancing Proceeds and Partial Redemption Interest Proceeds are applied in accordance with the Partial Redemption Priority of Payments;
- (8) each agreement entered into by the Issuer in respect of such Refinancing contains limited recourse and non-petition provisions substantially the same as those contained in the Trust Deed;
- (9) the aggregate principal amount of the Refinancing Obligations in respect of each Class of Notes being redeemed is equal to the aggregate Principal Amount Outstanding of the relevant Class of Notes being redeemed with the Refinancing Proceeds and Partial Redemption Interest Proceeds;
- (10) the maturity date of each class of Refinancing Obligation is the same as the Maturity Date of the Class or Classes of Notes being redeemed with the Refinancing Proceeds;
- (11) (A) the spread over EURIBOR of the Refinancing Obligations will not be greater than the spread over EURIBOR of the corresponding Class of Floating Rate Notes being refinanced or (B) the stated interest rate of the fixed rate Refinancing Obligations will not be greater than the stated interest rate of the corresponding Class of Fixed Rate Notes being refinanced (or, in the case of a Refinancing of a Class of Fixed Rate Notes through the issuance of floating rate Refinancing Obligations, a Refinancing of a Class of Floating Rate Notes through the issuance of fixed rate Refinancing Obligations or a Refinancing of

two or more Classes of Notes that are *pari passu* using a single Class of Fixed Rate Notes or Floating Rate Notes, the interest rate payable on the obligations providing the Refinancing will be less than the then-current interest rate payable on the corresponding Class (or *pari passu* Classes) of Notes being redeemed, in each case as of the date of the Refinancing); *provided* that (a) the requirements in clauses (A) and (B) will not apply if (x) the weighted average interest rate of the Refinancing Obligations (based on the aggregate principal amount of each class of such Refinancing Obligations) will not be greater than the weighted average interest rate of the Classes of Rated Notes being refinanced (based on the aggregate amount outstanding of each such Class) and (b) two or more Classes of Notes that are *pari passu* may be refinanced using a single Class of Fixed Rate Notes or Floating Rate Notes;

- (12) payments in respect of the Refinancing Obligations are subject to the Priorities of Payments and rank at the same priority pursuant to the Priorities of Payments as the relevant Class or Classes of Rated Notes being redeemed;
- (13) the currency of denomination, the frequency of payment of interest and principal, voting rights, consent rights, redemption rights and all other rights of the Refinancing Obligations are the same as the corresponding Class of Rated Notes being redeemed;
- (14) all Refinancing Proceeds and Partial Redemption Interest Proceeds are received by (or on behalf of) the Issuer on or prior to the applicable Redemption Date; and
- (15) such Refinancing would not result in the transaction contemplated hereunder ceasing to be compliant with the EU Retention and Transparency Requirements,

in each case, as certified to the Issuer and the Trustee by the Collateral Manager (upon which certification the Trustee shall be entitled to rely without enquiry and without liability).

If, in relation to a proposed optional redemption of the Notes, any of the conditions specified in this Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) are not satisfied, the Issuer shall cancel the relevant redemption of the Notes and shall give written notice of such cancellation to the Trustee, the Collateral Manager and the Noteholders in accordance with Condition 16 (*Notices*). Such cancellation shall not constitute a Note Event of Default.

None of the Issuer, the Collateral Manager, the Collateral Administrator or the Trustee shall be liable to any party, including the Subordinated Noteholders, for any failure to obtain a Refinancing, and any such failure shall not constitute a Note Event of Default.

#### (D) Consequential Amendments

Following a Refinancing, the Trustee shall agree to the modification of the Trust Deed to the extent which the Issuer certifies (upon which certification the Trustee shall be entitled to rely without enquiry and without liability) is necessary to reflect the terms of the Refinancing (including any modification to remove the right of the Subordinated Noteholders or any other party to direct the Issuer to redeem the Refinancing Obligations issued in respect thereof by way of a further Refinancing), subject to as provided below. No further consent for such amendments shall be required from the holders of the Notes, other than from the holders of the Subordinated Notes acting by way of an Ordinary Resolution subject always to the consent right of each Hedge Counterparty pursuant to Condition 14(c) (*Modification and Waiver*).

The Trustee will not be obliged to enter into any modification that, in its sole opinion, (i) would have the effect of exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) adding to or increasing the obligations, liabilities or duties or decreasing the rights, powers, indemnities or protections of the Trustee under the Transaction Documents, and the Trustee will be entitled to conclusively rely upon an officer's certificate and/or opinion of counsel as to matters of law (which may be supported as to factual (including financial and capital markets) matters by any relevant certificates and other documents necessary or advisable in the judgment of counsel delivering such opinion of counsel) provided by the Issuer or any other party to the

Transaction Document to the effect that such amendment meets the requirements specified above and is permitted under the Trust Deed without the consent of the holders of the Notes (except that such officer or counsel will have no obligation to certify or opine as to the sufficiency of the Refinancing Proceeds).

(vi) Optional Redemption in whole of all Classes of Notes effected through Liquidation only

Following receipt of notice from the Issuer or, as the case may be, of confirmation from the Principal Paying Agent of (i) a direction in writing from the required party or requisite percentage of Noteholders, as the case may be, in accordance with Condition 7(b)(i) (*Optional Redemption in Whole—Subordinated Noteholders*) or Condition 11 (*Enforcement*) 7(g) (*Redemption following Note Tax Event*) or Condition 7(b)(iii) (*Optional Redemption in Whole—Collateral Manager Clean-up Call*), to exercise any right of optional redemption pursuant to this Condition 7(b) (*Optional Redemption*) or Condition 7(g) (*Redemption following Note Tax Event*) to be effected solely through the liquidation or realisation of the Collateral, the Collateral Administrator shall, as soon as practicable, and in any event not later than 17 Business Days prior to the scheduled Redemption Date (the “**Redemption Determination Date**”), **provided** that it has received such notice or confirmation at least 20 Business Days prior to the scheduled Redemption Date, calculate the Redemption Threshold Amount in consultation with the Collateral Manager. The Collateral Manager or any of its Affiliates will be permitted to purchase Collateral Debt Obligations in the Portfolio where the Subordinated Noteholders exercise their right of early redemption pursuant to this Condition 7(b) (*Optional Redemption*).

The Notes shall not be optionally redeemed pursuant to this Condition 7(b)(vi) (*Optional Redemption in whole of all Classes of Notes effected through Liquidation only*) where such Optional Redemption is to be effected solely through the liquidation or realisation of the Portfolio unless:

- (A) at least five Business Days before the scheduled Redemption Date the Collateral Manager shall have furnished to the Trustee evidence in a form reasonably satisfactory to the Trustee (on which evidence the Trustee may rely absolutely and without further enquiry or liability) that the Collateral Manager on behalf of the Issuer has entered into a binding agreement or agreements with either (I) a financial or other institution or institutions (which either (a) either (x) has a long-term senior unsecured credit rating of at least “A2” by Moody’s or, if it does not have a Moody’s long-term senior unsecured credit rating, a short-term senior unsecured rating of at least “P-1” by Moody’s, or (y) in respect of which a Rating Agency Confirmation from Moody’s has been obtained (**provided**, for the purposes of this clause (y), that a Rating Agency Confirmation cannot be deemed to not be required in these circumstances and must be provided as a positive confirmation)) and (b) either (x) has a long-term issuer credit rating of at least “A” by Fitch, or if it does not have a long-term issuer credit rating by Fitch, a short-term issuer credit rating of at least “F1” by Fitch, or (y) in respect of which Rating Agency Confirmation from Fitch has been obtained) or (II) a bankruptcy remote special purpose vehicle (which (a) either (x) is classified as bankruptcy remote by Moody’s or (y) in respect of which a Rating Agency Confirmation from Moody’s has been obtained (**provided**, for the purposes of this clause (y), that a Rating Agency Confirmation cannot be deemed to not be required in these circumstances and must be provided as a positive confirmation) and (b) either (x) is classified as bankruptcy remote by Fitch or (y) in respect of which a Rating Agency Confirmation from Fitch has been obtained) with sufficient available funding capacity to purchase (directly or by participation or other arrangement) from the Issuer, not later than the Business Day immediately preceding the scheduled Redemption Date in immediately available funds, all or part of the Portfolio at a purchase price at least sufficient, together with the Eligible Investments maturing, redeemable or puttable to the issuer thereof at par on or prior to the scheduled Redemption Date and, without double counting, amounts standing to the credit of the Accounts that will be available for payment in accordance with the Post-Acceleration Priority of Payments on the scheduled Redemption Date, to meet the Redemption Threshold Amount; or
- (B) (i) prior to selling any Collateral Debt Obligations and/or Eligible Investments, the Collateral Manager certifies to the Trustee (upon which certification the Trustee may rely without further enquiry and without liability) that, in its judgment, the aggregate sum of (A) expected proceeds from the sale of Eligible Investments, and (B) for each Collateral Debt Obligation,

the product of its Principal Balance and its Market Value, shall be at least sufficient to meet the Redemption Threshold Amount; and (ii) at least five Business Days before the scheduled Redemption Date, the Issuer shall have received proceeds of disposition of all or part of the Portfolio at least sufficient to meet the Redemption Threshold Amount.

Any certification delivered by the Collateral Manager pursuant to this section must include (1) the prices of, and expected proceeds from, the sale (directly or by participation or other arrangement) of any Collateral Debt Obligations and/or Eligible Investments and (2) all calculations required by this Condition 7(b) (*Optional Redemption*) and Condition 7(g) (*Redemption following Note Tax Event*) (as applicable). The Trustee shall rely upon such certification without further enquiry and without liability. Any Noteholder, the Collateral Manager or any of the Collateral Manager's Affiliates shall have the right, subject to the same terms and conditions afforded to other bidders, to bid on Collateral Debt Obligations to be sold as part of an Optional Redemption pursuant to this Condition 7(b)(vi) (*Optional Redemption in whole of all Classes of Notes effected through Liquidation only*).

If neither Condition (A) nor (B) above is satisfied, the Issuer shall cancel the redemption of the Notes and shall give written notice of such cancellation to the Trustee, the Collateral Manager and the Noteholders in accordance with Condition 16 (*Notices*). Such cancellation shall not constitute a Note Event of Default.

(vii) Mechanics of Redemption

Following calculation by the Collateral Administrator in consultation with the Collateral Manager of the relevant Redemption Threshold Amount, if applicable, the Collateral Administrator shall make such other calculations as it is required to make pursuant to the Collateral Management Agreement and shall notify the Issuer, the Trustee, the Collateral Manager, each Hedge Counterparty and the Principal Paying Agent in writing.

Any exercise of a right of Optional Redemption by the Subordinated Noteholders pursuant to this Condition 7(b) (*Optional Redemption*) or the Controlling Class or the Subordinated Noteholders pursuant to Condition 7(g) (*Redemption following Note Tax Event*) shall be effected by delivery to the Principal Paying Agent by the requisite amount of Subordinated Noteholders or the requisite amount of Noteholders of the Controlling Class (as applicable) of the Notes held thereby together with duly completed Redemption Notices not less than 30 days or in the case of Refinancing in relation to the redemption of the Rated Notes in part by Class, 10 days' prior written notice (or such shorter period of time as the Issuer and the Collateral Manager find reasonably acceptable prior to the proposed Redemption Date). No Redemption Notice and Subordinated Note or Notes comprising the Controlling Class so delivered may be withdrawn without the prior consent of the Issuer. The Principal Paying Agent shall copy each Redemption Notice received to each of the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty and the Collateral Manager.

The Collateral Manager shall notify the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty, the Liquidity Facility Provider and the Principal Paying Agent in writing upon satisfaction of any of the conditions set out in this Condition 7(b) (*Optional Redemption*) and shall arrange for liquidation and/or realisation of the Portfolio in whole or in part as necessary, on behalf of the Issuer in accordance with the Collateral Management Agreement. The Issuer shall deposit, or cause to be deposited, the funds required for an optional redemption of the Rated Notes in accordance with this Condition 7(b) (*Optional Redemption*) in the Payment Account on the applicable Redemption Date (in the case of a Refinancing) or on the Business Day prior to the applicable Redemption Date (in the case of a redemption by liquidation). Principal Proceeds and Interest Proceeds received in connection with a redemption in whole of all the Rated Notes shall be payable in accordance with the Post-Acceleration Priority of Payments. Refinancing Proceeds received in connection with a redemption in whole of a Class of Rated Notes (other than a redemption in whole of all Classes of Rated Notes) shall be paid to the holders of such Class of Notes to the extent required to redeem such Class of Notes in accordance with the Priorities of Payments.

(viii) Optional Redemption of Subordinated Notes

The Subordinated Notes may be redeemed at their Redemption Price, in whole but not in part, on any Business Day on or after the redemption or repayment in full of the Rated Notes, at the direction of either of (x) the Subordinated Noteholders (acting by way of Ordinary Resolution) or (y) the Collateral Manager.

(c) Mandatory Redemption upon Breach of Coverage Tests

(i) Class A Notes and Class B Notes

If the Class A/B Par Value Test is not met on any Determination Date on and after the Effective Date or if the Class A/B Interest Coverage Test is not met on the Determination Date immediately preceding the second Payment Date or any Determination Date thereafter, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class X Notes, Class A Notes and the Class B Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Tests are satisfied if recalculated following such redemption.

(ii) Class C Notes

If the Class C Par Value Test is not met on any Determination Date on and after the Effective Date or if the Class C Interest Coverage Test is not met on the Determination Date immediately preceding the second Payment Date or any Determination Date thereafter, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class X Notes, the Class A Notes, the Class B Notes and the Class C Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(iii) Class D Notes

If the Class D Par Value Test is not met on any Determination Date on and after the Effective Date or if the Class D Interest Coverage Test is not met on the Determination Date immediately preceding the second Payment Date and each Determination Date thereafter, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(iv) Class E Notes

If the Class E Par Value Test is not met on any Determination Date on and after the Effective Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Rated Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until the Class E Par Value Test is satisfied if recalculated following such redemption.

(v) Interest Diversion Test

If the Interest Diversion Test is not satisfied as of any Determination Date on and after the Effective Date, on the related Payment Date, Interest Proceeds shall be paid to the Principal Account, provided that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Collateral Manager and the Retention Holder as the Collateral Administrator deems necessary), cause (or would not be likely to cause) an EU Retention Deficiency, to be applied at the election of the Collateral Manager, for the purpose of the acquisition of additional Collateral Debt Obligations, or the redemption of the Rated Notes in an amount equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (W) of the Interest Proceeds Priority of Payments and (2) the amount which, after giving effect to payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) of the Interest Proceeds Priority of Payments, would be sufficient to cause

the Interest Diversion Test to be satisfied as of such Payment Date after giving effect to any payments made pursuant to paragraph (W) of the Interest Proceeds Priority of Payments.

(d) Special Redemption

A special redemption (“**Special Redemption**”) of the Notes may occur in the circumstances described below. For the avoidance of doubt, the exercise of a Special Redemption shall be at the sole and absolute discretion of the Collateral Manager (acting on behalf of the Issuer) and the Collateral Manager shall be under no obligation to, or have any responsibility for, any Noteholder or any other person for the exercise or non-exercise (as applicable) of such Special Redemption.

Principal payments on the Notes shall be made in accordance with the Principal Proceeds Priority of Payments at the sole and absolute discretion of the Collateral Manager (acting on behalf of the Issuer) if, at any time during the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) certifies to the Trustee (upon which certification the Trustee may rely without further enquiry or liability) that using reasonable endeavours it has been unable, for a period of 20 consecutive Business Days, to identify additional Collateral Debt Obligations or Substitute Collateral Debt Obligations that are deemed appropriate by the Collateral Manager (acting on behalf of the Issuer) in its discretion and which meet the Eligibility Criteria or, to the extent applicable, the Reinvestment Criteria, in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Principal Account that are to be invested in additional Collateral Debt Obligations. On the first Payment Date following the Due Period in which such notice is given (a “**Special Redemption Date**”), the funds in the Principal Account representing Principal Proceeds which, using reasonable endeavours, cannot be reinvested in additional Collateral Debt Obligations or Substitute Collateral Debt Obligations (the “**Special Redemption Amount**”) will be applied in accordance with paragraph (N) of the Principal Proceeds Priority of Payments. Notice of payments pursuant to this Condition 7(d) (*Special Redemption*) shall be given by the Issuer in accordance with Condition 16 (*Notices*) not less than three Business Days prior to the applicable Special Redemption Date to the Noteholders and to each Rating Agency. For the avoidance of doubt, the exercise of a Special Redemption shall be at the sole and absolute discretion of the Collateral Manager (acting on behalf of the Issuer) and the Collateral Manager shall be under no obligation to, or have any responsibility for, any Noteholder or any other person for the exercise or non exercise (as applicable) of such Special Redemption.

(e) Redemption upon Effective Date Rating Event

In the event that as at the Business Day prior to the Payment Date following the Effective Date, an Effective Date Rating Event has occurred and is continuing, the Rated Notes shall be redeemed in accordance with the Note Payment Sequence on such Payment Date and thereafter on each subsequent Payment Date (to the extent required) out of Interest Proceeds and thereafter out of Principal Proceeds subject to the Priorities of Payments, in each case, until redeemed in full or, if earlier, until an Effective Date Rating Event is no longer continuing.

(f) Redemption following Expiry of the Reinvestment Period

Following the expiry of the Reinvestment Period, the Issuer shall, on each Payment Date occurring thereafter, apply Principal Proceeds transferred to the Payment Account immediately prior to the related Payment Date (save to the extent such amounts are designated for reinvestment in accordance with the Collateral Management Agreement) in redemption of the Notes at their applicable Redemption Prices in accordance with the Priorities of Payments.

(g) Redemption following Note Tax Event

Upon the occurrence of a Note Tax Event, the Issuer shall, subject to and in accordance with the terms of the Trust Deed, use all reasonable efforts to cure such Note Tax Event in the least burdensome way to the Issuer (which may include changing the territory in which it is resident for tax purposes to another jurisdiction which, at the time of such change, would not give rise to a Note Tax Event). Upon the earlier of (a) the date upon which the Issuer certifies to the Trustee (upon which certification the Trustee may rely without further enquiry or liability) and notifies (or procures the notification of) the Noteholders in accordance with Condition 16 (*Notices*) that it is not able to cure such Note Tax Event and (b) the date which is 90 days from the date upon which the Issuer first becomes aware of such Note Tax Event (**provided** that such 90 day period shall be extended by a further 90 days in the event that

during the former period the Issuer has notified (or procured the notification of) the Trustee in writing and the Noteholders in accordance with Condition 16 (*Notices*) that, based on advice received by it, it expects that it shall have cured such Note Tax Event by the end of the latter 90 day period), the Controlling Class acting by way of Extraordinary Resolution or the Subordinated Noteholders acting by way of Ordinary Resolution, may elect that the Notes of each Class are redeemed, in whole but not in part, on any Business Day thereafter, at their respective Redemption Prices in accordance with the Note Payment Sequence, in which case the Issuer shall so redeem the Notes on such terms, **provided** that such Note Tax Event would affect payment of principal or interest in respect of the Controlling Class or, as the case may be, the Subordinated Notes (in addition to any other Class of Notes) on such Payment Date; **provided further** that such redemption of the Notes, whether pursuant to the exercise of such option by the Controlling Class or the Subordinated Noteholders, shall take place in accordance with the procedures set out in Condition 7(b)(vii) (*Mechanics of Redemption*).

(h) Redemption

Unless otherwise specified in this Condition 7 (*Redemption and Purchase*), all Notes in respect of which any notice of redemption is given shall be redeemed on the Redemption Date at their applicable Redemption Prices and to the extent specified in such notice and in accordance with the requirements of this Condition 7 (*Redemption and Purchase*).

(i) Cancellation and Purchase

All Notes redeemed in full by the Issuer will be cancelled and may not be reissued or resold.

No Note may be surrendered (including in connection with any abandonment, donation, gift, contribution or other event or circumstance) except for payment as provided herein, for cancellation pursuant to Condition 7(k) (*Purchase of Rated Notes*) below, for registration of transfer, exchange or redemption, or for replacement in connection with any Note mutilated, defaced or deemed lost or stolen.

In respect of Notes represented by a Global Certificate cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the Notes on the Register, with a corresponding notation made on the applicable Global Certificate.

(j) Notice of Redemption

The Issuer shall procure that notice of any redemption in accordance with this Condition 7 (*Redemption and Purchase*) (which notice shall be irrevocable) is given promptly in writing to the Trustee, the Noteholders in accordance with Condition 16 (*Notices*) and the Rating Agencies.

(k) Purchase of Rated Notes

On any Payment Date, at the discretion of the Collateral Manager, acting on behalf of the Issuer, in accordance with and subject to the terms of the Collateral Management Agreement the Issuer may, subject to the conditions below, purchase any of the Rated Notes (in whole or in part), using Principal Proceeds standing to the credit of the Principal Account (other than Sale Proceeds in respect of the sale of Credit Improved Obligations, Credit Impaired Obligations or Interest Proceeds paid into the Principal Account pursuant to the Interest Proceeds Priority of Payments), the Collateral Enhancement Account, any Deferred Senior Collateral Management Amounts or Deferred Subordinated Collateral Management Amounts and any amounts available to be applied towards Permitted Uses.

No purchase of Rated Notes by the Issuer may occur unless each of the following conditions is satisfied:

- (A) (1) such purchase of Rated Notes shall occur in the following sequential order of priority: first, the Class X Notes and the Class A Notes (on a *pro rata* and *pari passu* basis) until the Class X Notes, the Class A Notes are redeemed or purchased in full and cancelled; second, the Class B-1 Notes and the Class B-2 Notes (on a *pro rata* and *pari passu* basis), until the Class B-1 Notes and the Class B-2 Notes are redeemed or purchased in full and cancelled; third, the Class C Notes, until the Class C Notes are redeemed or purchased in full and cancelled; fourth the Class D Notes, until the Class D Notes are redeemed or purchased in full and cancelled; fifth, the Class E Notes, until the Class E Notes are

redeemed or purchased in full and cancelled; and seventh, the Class F Notes, until the Class F Notes are redeemed or purchased in full and cancelled;

- (2) each such purchase of Rated Notes of any Class shall be made pursuant to an offer made to all holders of the Rated Notes of such Class, by notice to such holders, which notice shall specify the purchase price (as a percentage of par) at which such purchase will be effected, the maximum amount of Principal Proceeds and amounts standing to the credit of the Contributions Account that will be used to effect such purchase and the length of the period during which such offer will be open for acceptance;
- (3) each such holder of a Rated Note shall have the right, but not the obligation, to accept such offer in accordance with its terms; and
- (B) if the aggregate Principal Amount Outstanding of Notes of the relevant Class held by holders who accept such offer exceeds the amount of Principal Proceeds specified in such offer, a portion of the Notes of each accepting holder shall be purchased *pro rata* based on the respective Principal Amount Outstanding held by each such holder subject to adjustment for Authorised Denominations if required;
- (C) each such purchase shall be effected only at prices discounted from par;
- (D) each such purchase of Rated Notes shall occur prior to the expiry of the Reinvestment Period;
- (E) each Coverage Test is satisfied immediately prior to each such purchase and will be satisfied after giving effect to such purchase or, if any Coverage Test is not satisfied it shall be at least maintained or improved after giving effect to such purchase as it was immediately prior thereto;
- (F) if Sale Proceeds are used to consummate any such purchase, either:
  - (1) each requirement or test, as the case may be, of the Portfolio Profile Tests and the Collateral Quality Test will be satisfied after giving effect to such purchase; or
  - (2) if any requirement or test, as the case may be, of the Portfolio Profile Tests and the Collateral Quality Test was not satisfied immediately prior to such purchase, such requirement or test will be maintained or improved after giving effect to such purchase;
- (G) no Note Event of Default shall have occurred and be continuing;
- (H) such purchase shall not cause a breach of the applicable EU Retention and Transparency Requirements;
- (I) any Rated Notes to be purchased shall be surrendered to the Registrar for cancellation and may not be reissued or resold;
- (J) each such purchase will otherwise be conducted in accordance with applicable law (including the laws of Ireland); and
- (K) the Issuer shall have given prior notice of such purchase to the Rating Agencies.

The Issuer shall surrender any purchased Rated Notes to the Registrar for cancellation and upon instruction by the Issuer, the Registrar shall cancel any such purchased Rated Notes surrendered to it for cancellation.

(l) Redemption of the Class X Notes

The Class X Notes shall be subject to redemption in part on each of the first eight (8) Payment Dates from and including the second Payment Date following the Issue Date, in each case in an amount equal to the relevant Class X Principal Amortisation Amount in accordance with and subject to the Priorities of Payment, provided that the available Interest Proceeds and/or Principal Proceeds are sufficient to pay the Class X Principal Amortisation Amount in full pursuant to the Priorities of Payments on the relevant Payment Date.



In the event of the insufficiency of available Interest Proceeds and/or Principal Proceeds to pay the Class X Principal Amortisation Amount in full on a relevant Payment Date, any unpaid portion of the Class X Principal Amortisation Amount shall be deferred and added to the Class X Principal Amortisation Amount payable at the immediately following Payment Date.

Non payment of any Class X Principal Amortisation Amount (or any the Unpaid Class X Principal Amortisation Amount as the case may be) shall not constitute a Note Event of Default.

## 8. Payments

### (a) Method of Payment

Payments of principal upon final redemption in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of such Note at the specified office of the Principal Paying Agent or any Paying Agent by wire transfer. Payments of interest on each Note and, prior to redemption in full thereof, principal in respect of each Note, will be made by wire transfer. Upon application of the holder to the specified office of the Principal Paying Agent or any Paying Agent not less than five Business Days before the due date for any payment in respect of a Note, the payment may be made (in the case of any final payment of principal against presentation and surrender (or, in the case of part payment only of such final payment, endorsement) of such Note as provided above) by wire transfer, in immediately available funds, on the due date to a Euro account maintained by the payee with a bank in Western Europe.

Payments of principal and interest in respect of Notes represented by a Global Certificate will be made to the registered holder as shall have been notified to the relevant Noteholders (in accordance with Condition 16 (*Notices*)) for such purpose and, if no further payment falls to be made in respect of the relevant Notes, upon surrender of such Global Certificate to or to the order of the Principal Paying Agent or the Transfer Agent. On each occasion on which a payment of interest (unless the Notes represented thereby do not bear interest) or principal is made in respect of the relevant Global Certificate, the Registrar shall note the same in the Register and cause the aggregate principal amount of the Notes represented by a Global Certificate to be decreased accordingly.

### (b) Payments

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 9 (*Taxation*). No commission shall be charged to the Noteholders.

### (c) Payments on Presentation Dates

A holder shall be entitled to present a Note for payment only on a Presentation Date and shall not, except as provided in Condition 6 (*Interest*), be entitled to any further interest or other payment if a Presentation Date falls after the due date.

If a Note is presented for payment at a time when, as a result of differences in time zones it is not practicable to transfer the relevant amount to an account as referred to above for value on the relevant Presentation Date, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to the account for value on the first practicable date after the Presentation Date.

### (d) Principal Paying Agent and Transfer Agents

The names of the initial Principal Paying Agent and the Transfer Agents and their initial specified offices are set out below. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of the Principal Paying Agent and any Transfer Agent and appoint additional or other Agents, **provided** that it will maintain a Principal Paying Agent, as approved in writing by the Trustee and shall procure that it shall at all times maintain a Custodian, Account Bank, Collateral Manager and Collateral Administrator. Notice of any change in any Agent or their specified offices or in the Collateral Manager or Collateral Administrator will promptly be given to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*).

## 9. Taxation

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Ireland, or any political sub division or any authority therein or thereof or any other jurisdiction having power to tax, unless such withholding or deduction is required by law. For the avoidance of doubt, the Issuer shall not be required to gross up any payments made to Noteholders of any Class and shall withhold or deduct from any such payments any amounts on account of such tax where so required by law (including FATCA) or any such relevant taxing authority. Any such withholding or deduction shall not constitute a Note Event of Default under Condition 10(a) (*Note Events of Default*).

Subject as provided below, if the Issuer certifies to the Trustee (upon which certification the Trustee may rely without further enquiry and without liability) that it has or will on the occasion of the next payment due in respect of the Notes of any Class become obliged to withhold or deduct amounts for or on account of tax so that it would be unable to make payment of the full amount that would otherwise be due but for the imposition of such tax, the Issuer (save as provided below) shall use all reasonable endeavours to take such steps as are accessible to it as will avoid such withholding or deduction (including by arranging for the substitution of a company incorporated in another jurisdiction as the principal obligor under the Notes of such Class, or to change its tax residence to another jurisdiction), subject to receipt of Rating Agency Confirmation in relation to such change and in accordance with the Trust Deed, **provided** that the Trustee's approval shall be subject to confirmation of tax counsel (at the cost of the Issuer) that such a substitution and/or change in tax residence would be effective in eliminating the imposition of such tax.

Notwithstanding the above, if any taxes referred to in this Condition 9 (*Taxation*) arise:

- (i) due to any present or former connection of any Noteholder (or between a fiduciary, settlor, beneficiary, member or shareholder of such Noteholder if such Noteholder is an estate, a trust, a partnership, or a corporation) with the jurisdiction in which the tax is imposed (including without limitation, such Noteholder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having had a permanent establishment therein) otherwise than by reason only of the holding of any Note or receiving principal or interest in respect thereof;
- (ii) by reason of the failure by the relevant Noteholder to comply with any provisions of the Transaction Documents which set out applicable procedures required to establish non residence or other similar claim for exemption from such tax or to provide information concerning nationality, residency or connection with Ireland or other applicable taxing authority;
- (iii) in connection with FATCA; or
- (iv) any combination of the preceding clauses (i) through (iii) inclusive,

the requirement to take steps to avoid the withholding or deduction for or on account of those taxes shall not apply.

Any withholding or deduction required from amounts payable by the Issuer pursuant to this Condition 9 (*Taxation*) shall be deemed to be included in the same paragraph in the Priorities of Payments as the paragraph which contains the payment in respect of which such withholding or deduction is required to be made.

## 10. Events of Default

### (a) Note Events of Default

Any of the following events shall constitute a “**Note Event of Default**”:

- (i) Non-payment of interest

- (A) the Issuer fails to pay any Interest Amounts in respect of the Class X Notes, the Class A Notes and the Class B Notes when the same becomes due and payable; or
- (B) in each case, following a Frequency Switch Event only: following redemption in full of the Class X Notes, the Class A Notes and the Class B Notes, the Issuer fails to pay any Interest Amounts in respect of the Class C Notes when the same becomes due and payable; following redemption in full of the Class C Notes, the Issuer fails to pay any Interest Amounts in respect of the Class D Notes when the same becomes due and payable; following redemption in full of the Class D Notes, the Issuer fails to pay any Interest Amounts in respect of the Class E Notes when the same becomes due and payable; and following redemption in full of the Class E Notes, the Issuer fails to pay any Interest Amounts in respect of the Class F Notes when the same becomes due and payable,

and, in each case, the failure to pay such interest in such circumstances continues for a period of at least five Business Days **provided** that, in the case of a failure to disburse due to an administrative error or omission, such failure continues for a period of at least seven Business Days after the Trustee or the Issuer receives written notice of, or has actual knowledge of, such administrative error or omission and **provided further** that failure to effect any Optional Redemption or redemption following a Note Tax Event for which the Redemption Notice is withdrawn in accordance with the Conditions or, in the case of an Optional Redemption, with respect to which a Refinancing fails or any deduction therefrom or the imposition of any withholding tax thereon as set out in Condition 9 (Taxation), will not constitute a Note Event of Default.

(ii) Non-payment of principal

the Issuer fails to pay any principal when the same becomes due and payable on any Rated Note on any Redemption Date and such failure to pay such principal continues for a period of at least five Business Days **provided** that, in the case of a failure to disburse due to an administrative error or omission, such failure continues for a period of at least seven Business Days after the Trustee or the Issuer receives written notice of, or has actual knowledge of, such administrative error or omission and **provided further** that failure to effect any Optional Redemption or redemption following a Note Tax Event for which the Redemption Notice is withdrawn in accordance with the Conditions or, in the case of an Optional Redemption with respect to which a Refinancing fails or any deduction therefrom or the imposition of any withholding tax thereon as set out in Condition 9 (Taxation), will not constitute a Note Event of Default;

(iii) Default under Priorities of Payments

the failure on any Payment Date to disburse amounts (other than (i) or (ii) above) available in the Payment Account in excess of €1,000 and payable in accordance with the Priorities of Payments and continuation of such failure for a period of ten Business Days or, in the case of a failure to disburse due to an administrative error or omission, such failure continues for ten Business Days after the Trustee or the Issuer receives written notice of, or (in the case of the Issuer) has actual knowledge of, such administrative error or omission;

(iv) Collateral Debt Obligations

on any Measurement Date on and after the Effective Date, failure of the percentage equivalent of a fraction, (i) the numerator of which is equal to the Aggregate Collateral Balance and (ii) the denominator of which is equal to the Principal Amount Outstanding of the Class A Notes to equal or exceed 102.5 per cent.;

(v) Breach of Other Obligations

except as otherwise provided in this definition of “**Note Event of Default**” a default in a material respect (in the opinion of the Trustee) in the performance by, or breach in a material respect of any material covenant of, the Issuer under the Trust Deed (**provided** that any failure to meet any Portfolio Profile Test, the Interest Diversion Test, Collateral Quality Test or Coverage Test is not a Note Event of Default and any failure to satisfy the Effective Date Determination Requirements is not a Note Event of Default, except in either case to the extent provided in paragraph (iv) above) or

the failure of any material representation or warranty of the Issuer made in the Trust Deed, these Conditions or, in either case, in any certificate or other writing delivered pursuant thereto or in connection therewith to be correct in each case in all material respects when the same shall have been made, which default, breach or failure is materially prejudicial, in the opinion of the Trustee, to the interests of the Noteholders of any Class and the continuation of such default, breach or failure for a period of 30 days after notice to the Issuer and the Collateral Manager by registered or certified mail or courier, from the Trustee, the Issuer, or the Collateral Manager, or to the Issuer, the Collateral Manager and the Trustee from the Controlling Class acting pursuant to an Ordinary Resolution, specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a “Notice of Default” under the Trust Deed; **provided** that if the Issuer (as notified to the Trustee by the Collateral Manager in writing) has commenced curing such default, breach or failure during the 30 day period specified above, such default, breach or failure shall not constitute a Note Event of Default under this paragraph (v) unless (A) it continues for a period of 45 days (rather than, and not in addition to, such 30 day period specified above) after notice thereof in accordance herewith, or (B) if such default, breach or failure is in respect of payments made under the Priorities of Payments and can be cured only on a Payment Date, it continues after the next Payment Date.

(vi) Insolvency Proceedings

proceedings are initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws (together, “**Insolvency Law**”), or a receiver, administrative receiver, trustee, administrator, examiner, custodian, conservator, liquidator, curator, or other similar official appointed in connection with any Insolvency Law or a security enforcement or related proceedings (a “**Receiver**”) is appointed in relation to the Issuer or in relation to the whole or any substantial part (in the opinion of the Trustee) of the undertaking or assets of the Issuer and in any of the foregoing cases, except in relation to the appointment of a Receiver, is not discharged within 30 days; or the Issuer is subject to, or initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Controlling Class);

(vii) Illegality

it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes; or

(viii) Investment Company Act

the Issuer or any of the Collateral becomes required to register as an “Investment Company” under the Investment Company Act and such requirement continues for 45 days.

(b) Acceleration

- (i) If a Note Event of Default occurs and is continuing, the Trustee may, at its discretion and shall, at the request of the Controlling Class acting by way of Ordinary Resolution, (**provided** that the Trustee shall not be obliged to take any action unless indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer, the Collateral Manager and each Hedge Counterparty that all the Notes are immediately due and repayable at their applicable Redemption Prices (such notice, an “**Acceleration Notice**”), **provided** that following the occurrence of a Note Event of Default described in paragraph (vi) or (vii) of the definition thereof, such notice shall be deemed to have been given and all the Notes shall automatically become immediately due and repayable at their applicable Redemption Prices.
- (ii) Upon any such notice being given or deemed to have been given to the Issuer in accordance with Condition 10(b)(i) (*Acceleration*) all of the Notes shall immediately become due and repayable at their applicable Redemption Prices.

(c) Curing of Default

At any time after a notice of acceleration of maturity of the Notes has been given pursuant to Condition 10(b) (*Acceleration*) following the occurrence of a Note Event of Default (other than with respect to a Note Event of Default occurring under paragraph (vi) or (vii) of the definition thereof where such notice is not required) and prior to enforcement of the security pursuant to Condition 11 (*Enforcement*), the Trustee, subject to receipt of consent in writing from the Controlling Class, may and shall, if so requested by the Controlling Class, in each case, acting by way of an Ordinary Resolution, (**provided** that the Trustee shall not be obliged to take any action unless indemnified and/or secured and/or prefunded to its satisfaction) rescind and annul such notice of acceleration under paragraph (b)(i) above and its consequences if:

- (i) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:
  - (A) all overdue payments of interest and principal on the Notes, other than the Subordinated Notes;
  - (B) all due but unpaid taxes owing by the Issuer, as certified by an Authorised Officer of the Issuer to the Trustee;
  - (C) all unpaid Trustee Fees and Expenses (without regard to the Senior Expenses Cap);
  - (D) all unpaid Administrative Expenses (without regard to the Senior Expenses Cap);
  - (E) all amounts due and payable by the Issuer under any Hedge Transaction;
- (ii) the Trustee has determined that all Note Events of Default, other than the non-payment of the interest in respect of, or principal of, the Notes that have become due solely as a result of the acceleration thereof under paragraph (b) above due to such Note Events of Default, have been cured or waived.

All amounts received in respect of this Condition 10(c) (*Curing of Default*), shall be distributed two Business Days following the receipt by the Trustee of written notice from the Issuer confirming that the Issuer has received such amounts, in accordance with the Post-Acceleration Priority of Payments.

Any previous rescission and annulment of a notice of acceleration pursuant to this paragraph (c) shall not prevent the subsequent acceleration of the Notes if the Trustee, at its discretion or, as subsequently requested, accelerates the Notes in accordance with Condition 10(b) (*Acceleration*) above or if the Notes are automatically accelerated in accordance with paragraph (b)(i) above.

(d) Restriction on Acceleration of Notes

No acceleration of the Notes shall be permitted pursuant to this Condition 10(d) (*Restriction on Acceleration of Notes*) by any Class of Noteholders, other than the Controlling Class as provided in Condition 10(b) (*Acceleration*).

(e) Notification and Confirmation of No Default

The Issuer shall immediately notify in writing the Trustee, the Collateral Manager, the Noteholders in accordance with Condition 16 (*Notices*) and each Hedge Counterparty and the Rating Agencies upon becoming aware of the occurrence of a Note Event of Default. The Trust Deed contains provision for the Issuer to provide written confirmation to the Trustee and the Rating Agencies on an annual basis and upon request that no Note Event of Default has occurred and that no condition, event or act has occurred which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration and/or request and/or the taking of any similar action and/or the fulfilment of any similar Condition would constitute a Note Event of Default and that no other matter which is required (pursuant thereto) to be brought to the Trustee's attention has occurred.

(f) Collateral Manager Events of Default

Any of the following events shall constitute a “**Collateral Manager Event of Default**”:

- (i) the Collateral Manager wilfully breaches, or wilfully takes any action that it knows violates any material provision of the Collateral Management Agreement or any other Transaction Document

applicable to the Collateral Manager (it being understood that any action or failure to act by the Collateral Manager, including but not limited to any decision to buy or sell a Collateral Debt Obligation, based on its good faith interpretation (and where appropriate based on advice from legal counsel) of the Transaction Documents will not be considered a wilful breach or violation);

- (ii) the Collateral Manager breaches any material provision of the Collateral Management Agreement or any terms of any other Transaction Document applicable to it that, either individually or in the aggregate, is or could reasonably be expected to be, in the opinion of the Trustee, materially prejudicial to the interests of the holders of any Class of Notes (excluding for purposes of this paragraph (ii) any actions referred to in paragraph (i) above) and fails to cure such breach within 30 days of becoming aware of, or receiving notice from the Issuer or the Trustee of, such breach or, if such breach is not capable of cure within 30 days, the Collateral Manager fails to cure such breach within the period in which a reasonably diligent person could cure such breach (but in no event more than 90 days);
- (iii) certain bankruptcy events (excepting consolidation, amalgamation or merger) occur with respect to the Collateral Manager as described in the Collateral Management Agreement;
- (iv) the occurrence of a Note Event of Default that arises directly from a breach or default of the Collateral Manager's duties under the Collateral Management Agreement, which breach or default is not cured within any applicable cure period set forth in the Conditions;
- (v) any action is taken by the Collateral Manager or any of its senior executive officers involved in the management of any of the Collateral Debt Obligations, that constitutes fraud or criminal activity in connection with the performance of the Collateral Manager's obligations under the Collateral Management Agreement;
- (vi) the Collateral Manager is indicted, or any of its senior executive officers is convicted, of a criminal offence under the laws of any jurisdiction in which it conducts business, materially related to the Collateral Manager's asset management business, unless, (A) in the case of a conviction of a senior executive officer of the Collateral Manager, such senior executive officer has, within 30 days after such occurrence, been removed from performing work in fulfilment of the Collateral Manager's obligations under the Collateral Management Agreement, as the case may be, or (B) in the case of an indictment arising from practices that have become the subject of contemporaneous actions against multiple un-affiliated investment advisers in the same jurisdiction or regulatory region, such indictment has been cured or dismissed within 30 days; or
- (vii) the Collateral Manager resigning pursuant to the terms of the Collateral Management Agreement.

Pursuant to the terms of the Collateral Management Agreement:

- (A) following occurrence of a Collateral Manager Event of Default pursuant to paragraphs (i) to (vi) of the definition thereof the Collateral Manager may be removed by the Issuer at the direction of (i) the Controlling Class (acting by way of Extraordinary Resolution) or (ii) the holders of the Subordinated Notes (acting by way of Extraordinary Resolution) (in each case excluding (x) any CM Non-Voting Exchangeable Notes, CM Non-Voting Notes, and (y) those Notes held by the Collateral Manager or any of its Affiliates) upon 10 Business Days' prior written notice to the Collateral Manager, the Trustee, the Noteholders in accordance with Condition 16 (*Notices*), the Hedge Counterparties and each Rating Agency;
- (B) written notice shall be given in respect of the occurrence of a Collateral Manager Event of Default, by the Collateral Manager to the Issuer, the Trustee, the Collateral Administrator, the Noteholders in accordance with Condition 16 (*Notices*), the Hedge Counterparties and each Rating Agency; and
- (C) upon the occurrence of a removal of the Collateral Manager or a Collateral Manager Event of Default pursuant to paragraph (vii) of the definition thereof, the Controlling Class (excluding the holders of any CM Non-Voting Exchangeable Notes and CM Non-Voting Notes) and the Subordinated Noteholders will have certain rights with respect to the appointment of a successor collateral manager, as more fully described in the Collateral Management Agreement.

Notwithstanding the above, no purported resignation or removal of the Collateral Manager shall be effective until a successor collateral manager has been appointed in the manner specified in the Collateral Management Agreement.

The Issuer acknowledges that the rights of the Controlling Class to participate in the selection or removal of the Collateral Manager following a Collateral Manager Event of Default, as described above, are the rights of a creditor to exercise remedies upon the occurrence of an event of default.

## 11. Enforcement

### (a) Security Becoming Enforceable

Subject as provided in paragraph (b) below, the security constituted by the Trust Deed over the Collateral shall become enforceable from and including the time an Acceleration Notice is given or deemed to be given to the Issuer in accordance with Condition 10(b) (*Acceleration*).

### (b) Enforcement

At any time after the Notes become due and repayable and the security under the Trust Deed becomes enforceable, the Trustee may, at its discretion, but subject always to Condition 4(c) (*Limited Recourse and Non-Petition*) and shall, if so directed by the Controlling Class acting by way of an Ordinary Resolution, institute such proceedings or take any other action against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes and pursuant and subject to the terms of the Trust Deed and the Notes, realise and/or otherwise liquidate or sell the Collateral in whole or in part and/or take such other action as may be permitted under applicable laws against any Obligor in respect of the Collateral and/or take any other action to enforce or realise the security over the Collateral in accordance with the Trust Deed (such actions together, “**Enforcement Actions**”), in each case without any liability as to the consequence of such action and without having regard (save to the extent provided in Condition 14(e) (*Entitlement of the Trustee and conflicts of interest*)) to the effect of such action on individual Noteholders of any Class or any other Secured Party **provided further** that:

#### (i) no such Enforcement Action may be taken by the Trustee unless:

(A) (subject, in each case, to it being indemnified and/or secured and/or prefunded to its satisfaction), the Trustee (or an agent or other appointee on its behalf, including, without limitation, the Collateral Manager (an “**Enforcement Agent**”)) determines (subject to paragraph (ii) below) (in accordance with Condition 11(b)(iii) (*Enforcement*)) below that the anticipated proceeds realised from such Enforcement Action (after deducting and allowing for any expenses properly incurred in connection therewith) would be sufficient to discharge in full all amounts due and payable in respect of all Classes of Notes (including, without limitation, Deferred Interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes) other than the Subordinated Notes and all amounts payable in priority thereto pursuant to the Post-Acceleration Priority of Payments (such amount the “**Enforcement Threshold**” and such determination being an “**Enforcement Threshold Determination**”), subject to consultation with the Collateral Manager; or

(B) if the Enforcement Threshold will not have been met then subject to paragraph (ii) below:

(1) in the case of a Note Event of Default specified in sub-paragraph (i), (ii) or (iv) of Condition 10(a) (*Note Events of Default*), the Controlling Class acting by way of Ordinary Resolution (and no other Class of Notes) directs the Trustee to take Enforcement Action without regard to any other Note Event of Default which has occurred prior to, contemporaneously or subsequent to such Note Event of Default; or

(2) in the case of any other Note Event of Default, the Noteholders of each Class of Rated Notes voting separately by Class by way of Ordinary Resolution direct the Trustee to take Enforcement Action.

(ii) the Trustee shall not be bound to institute any Enforcement Action or take any other action unless it is directed to do so by the Controlling Class or, in the case of Condition 11(b)(i)(B)(2) (*Enforcement*) each Class of Rated Notes as applicable, acting by way of Ordinary Resolution and, in each case, the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against

all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith. Following redemption and payment in full of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, the Trustee shall (**provided** it is indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith) act upon the directions of the Subordinated Noteholders acting by way of Extraordinary Resolution; and

- (iii) for the purposes of determining issues relating to the execution of a sale or liquidation of the Portfolio, the anticipated proceeds to be realised from any Enforcement Action and whether the Enforcement Threshold will be met, the Trustee may appoint an independent investment banking firm or other appropriate advisor to advise it and may obtain and rely on an opinion and/or advice of such independent investment banking firm or other appropriate advisor (the cost of which shall be payable as Trustee Fees and Expenses).

The Trustee shall notify the Noteholders in accordance with Condition 16 (*Notices*), the Issuer, the Agents, the Collateral Manager, each Hedge Counterparty and the Rating Agencies in the event that the Trustee or an Enforcement Agent on its behalf makes an Enforcement Threshold Determination at any time or the Trustee takes any Enforcement Action at any time (such notice an “**Enforcement Notice**”). Following the delivery of an Acceleration Notice which has not been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*) or, as the case may be following automatic acceleration of the Notes or pursuant to an Optional Redemption in whole in accordance with Condition 7(b) (*Optional Redemption*) or Condition 7(g) (*Redemption following Note Tax Event*), Interest Proceeds, Principal Proceeds and the net proceeds of enforcement of the security over the Collateral (other than with respect to any Counterparty Downgrade Collateral and/or Swap Tax Credits (which are required to be paid or returned to a Hedge Counterparty outside the Priorities of Payments in accordance with the Hedge Agreement and/or Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*)) or amounts standing to the credit of the Non-Euro Hedge Account which represent Sale Proceeds, prepayment proceeds or redemption proceeds in respect of Non-Euro Obligations, which in each case are required to be paid to the relevant Hedge Counterparty subject to and in accordance with the terms of an Asset Swap Transaction and the related Asset Swap Agreement and which shall be so paid or returned outside the Priorities of Payments), shall be credited to the Payment Account and shall be distributed in accordance with the following order of priority but in each case only to the extent that all payments of a higher priority have been made in full (the “**Post-Acceleration Priority of Payments**”):

- (A) to the payment (other than following an enforcement of the security in accordance with Condition 11 (*Enforcement*)) of taxes owing by the Issuer accrued in respect of the related Due Period (other than Irish corporate income tax in relation to the amounts equal to the minimum profit referred to below), as certified by an Authorised Officer of the Issuer to the Trustee, if any, and to the payment of amounts equal to the minimum profit to be retained by the Issuer for Irish tax purposes, for deposit into the Issuer Profit Account from time to time;
- (B) to the payment of accrued and unpaid Trustee Fees and Expenses up to an amount equal to the Senior Expenses Cap, **provided** that following the occurrence of a Note Event of Default which is continuing, the Senior Expenses Cap shall not apply;
- (C) to the payment of accrued and unpaid Administrative Expenses in the order of priority specified therein, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period, less any amounts paid pursuant to item (B) above, **provided** that following the occurrence of a Note Event of Default which is continuing, the Senior Expenses Cap shall not apply;
- (D) to the payment of any Liquidity Payments due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (E) to the payment on a *pro rata* and *pari passu* basis, of any Scheduled Periodic Interest Rate Hedge Issuer Payments (to the extent not paid or provided for out of the Interest Account),



Scheduled Periodic Asset Swap Issuer Payments (to the extent not paid or provided for out of the relevant Non-Euro Hedge Account) and Hedge Termination Payments (other than Defaulted Hedge Termination Payments);

- (F) to the payment:
- (1) firstly, on a *pro rata* and *pari passu* basis to: (i) the Collateral Manager of the Senior Collateral Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Collateral Manager or, other than following an enforcement of the Notes in accordance with Condition 11 (*Enforcement*), directly to the relevant taxing authority) save for any Deferred Senior Collateral Management Amounts which shall not be paid pursuant to this paragraph; and (ii) the Class M-2 Subordinated Noteholders of the Senior Class M-2 Interest Amount due and payable on the Class M-2 Subordinated Notes (excluding any Deferred Interest thereon); and
  - (2) secondly, on a *pro rata* and *pari passu* basis to: (i) the Collateral Manager, any previously due and unpaid Senior Collateral Management Fees (other than Deferred Senior Collateral Management Amounts) and any VAT in respect thereof (whether payable to the Collateral Manager or, other than following an enforcement of the Notes in accordance with Condition 11 (*Enforcement*), directly to the relevant taxing authority); and (ii) the Class M-2 Subordinated Noteholders of any Deferred Interest attributable to the Senior Class M-2 Interest Amounts on the Class M-2 Subordinated Notes,
- (G) to the payment on a *pro rata* and *pari passu* basis of all Interest Amounts due and payable on the Class X Notes and the Class A Notes;
- (H) to the redemption on a *pro rata* and *pari passu* basis of the Class X Notes and the Class A Notes, until the Class X Notes and the Class A Notes have been redeemed in full;
- (I) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class B Notes (where the Class B-1 Notes and the Class B-2 Notes shall be treated as a single Class);
- (J) to the redemption on a *pro rata* and *pari passu* basis of the Class B-1 Notes and the Class B-2 Notes, until the Class B-1 Notes and the Class B-2 Notes have been redeemed in full;
- (K) to the payment on a *pro rata* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class C Notes;
- (L) to the payment on a *pro rata* basis of any Deferred Interest on the Class C Notes;
- (M) to the redemption on a *pro rata* basis of the Class C Notes, until the Class C Notes have been redeemed in full;
- (N) to the payment on a *pro rata* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class D Notes;
- (O) to the payment on a *pro rata* basis of any Deferred Interest on the Class D Notes;
- (P) to the redemption on a *pro rata* basis of the Class D Notes, until the Class D Notes have been redeemed in full;
- (Q) to the payment on a *pro rata* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class E Notes;
- (R) to the payment on a *pro rata* basis of any Deferred Interest on the Class E Notes;
- (S) to the redemption on a *pro rata* basis of the Class E Notes, until the Class E Notes have been redeemed in full;

- (T) to the payment on a *pro rata* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class F Notes;
- (U) to the payment on a *pro rata* basis of any Deferred Interest on the Class F Notes;
- (V) to the redemption on a *pro rata* basis of the Class F Notes, until the Class F Notes have been redeemed in full;
- (W) to the payment:
  - (1) *firstly*, on a *pro rata* and *pari passu* basis to: (i) the Collateral Manager of the Subordinated Collateral Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Collateral Manager or, other than following an enforcement of the Notes in accordance with Condition 11 (*Enforcement*), directly to the relevant taxing authority) and (ii) the Class M-2 Subordinated Noteholders of any Subordinated Class M-2 Interest on the Class M-2 Subordinated Notes;
  - (2) *secondly*, on a *pro rata* and *pari passu* basis to: (i) the Collateral Manager of any previously due and unpaid Subordinated Collateral Management Fee (other than Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts) and any VAT in respect thereof (whether payable to the Collateral Manager or, other than following an enforcement of the Notes in accordance with Condition 11 (*Enforcement*), directly to the relevant taxing authority) and (ii) the Class M-2 Subordinated Noteholders of any Deferred Interest attributable to unpaid Subordinated Class M-2 Interest Amounts on the Class M-2 Subordinated Notes;
  - (3) *thirdly*, *pro rata* and *pari passu* to the Collateral Manager in payment of any Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts, the deferral of which has been rescinded by the Collateral Manager; and
  - (4) *fourthly*, to the repayment of any Collateral Manager Advances and any interest thereon.
- (X) to the payment of Trustee Fees and Expenses, not paid by reason of the Senior Expenses Cap (if any);
- (Y) to the payment of Administrative Expenses in the order of priority specified therein, not paid by reason of the Senior Expenses Cap (if any);
- (Z) to the payment on a *pro rata* basis of any Defaulted Hedge Termination Payments due to any Hedge Counterparty; and
- (AA) (1) *firstly*, if the Incentive Collateral Management Fee IRR Threshold has not been reached, any remaining Interest Proceeds and Principal Proceeds to the payment on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption), until the Incentive Collateral Management Fee IRR Threshold is reached; and
- (2) *secondly*, if, after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on the date of such distribution including pursuant to paragraphs (1) above, (CC) of the Interest Proceeds Priority of Payments and (T) of the Principal Proceeds Priority of Payments, the Incentive Collateral Management Fee IRR Threshold has been reached (on or prior to such Payment Date):

- (a) *firstly*, 20.0 per cent. of any remaining Interest Proceeds and Principal Proceeds, to the payment to the Collateral Manager as an Incentive Collateral Management Fee;
- (b) *secondly*, any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant tax authority); and
- (c) *thirdly*, any remaining Interest Proceeds and Principal Proceeds, to the payment on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes and immediately prior to such redemption).

Subject to the specific provision that is made pursuant to paragraph (AA)(2) above, where the payment of any amount in accordance with the Priorities of Payments set out above is subject to any deduction or withholding for or on account of any tax or (other than following an enforcement of the security in accordance with Condition 11 (*Enforcement*)) any other tax is payable by or on behalf of the Issuer in respect of any such amount, payment of the amount so deducted or withheld or of the tax so due shall be made to the relevant taxing authority *pari passu* with and, so far as possible, at the same time as the payment of the amount in respect of which the relevant deduction or withholding or other liability to tax has arisen.

Notwithstanding anything contained in the Priorities of Payments above, the net proceeds of enforcement of the security created by the Trust Deed in favour of the Trustee for the benefit of the Liquidity Facility Provider shall be credited to such account as the Liquidity Facility Provider shall designate and the Trustee shall hold all moneys received by it under or pursuant to the Trust Deed in connection with the realisation or enforcement of all or part of the security created in favour of the Trustee for the benefit of the Liquidity Facility Provider, whether before or after the occurrence of an Note Event of Default, in trust for the benefit of the Liquidity Facility Provider.

(c) Only Trustee to Act

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders or, in respect of the Collateral, of any of the other Secured Parties under the Trust Deed and the Notes and no Noteholder or other Secured Party may proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period after having received notice of such failure and such failure or neglect continues for at least 30 days following receipt of such notice by the Trustee. Any proceeds received by a Noteholder or other Secured Party pursuant to any such proceedings brought by a Noteholder or other Secured Party shall be paid promptly following receipt thereof to the Trustee for application pursuant to the terms hereof. After realisation of the security which has become enforceable and distribution of the net proceeds in accordance with the Priorities of Payments, no Noteholder or other Secured Party may take any further steps against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer in respect of such sums unpaid shall be extinguished. In particular, none of the Trustee, any Noteholder or any other Secured Party shall be entitled in respect thereof to petition or take any other step for the winding up of the Issuer except to the extent permitted under the Trust Deed.

(d) Purchase of Collateral by Noteholders

Upon any sale of any part of the Collateral following the acceleration of the Notes under Condition 10(b) (*Acceleration*), whether made under the power of sale under the Trust Deed or by virtue of judicial proceedings, any Noteholder may (but shall not be obliged to) bid for and purchase the Collateral or any part thereof and, upon compliance with the terms of sale, may hold, retain, possess or dispose of such property in its or their own absolute right without accountability. In addition, any purchaser in any such sale which is a Noteholder may deliver Notes held by it in place of payment of the purchase price for such Collateral where the amount payable to such Noteholder in respect of such

Notes pursuant to the Priorities of Payments out of the net proceeds of such sale is equal to or exceeds the purchase moneys so payable.

## 12. Prescription

Claims in respect of principal and interest payable on redemption in full of the relevant Notes while the Notes are represented by a Definitive Certificate will become void unless presentation for payment is made as required by Condition 7 (*Redemption and Purchase*) within a period of five years, in the case of interest, and ten years, in the case of principal, from the date on which payment in respect of such Notes is received by the applicable Paying Agent.

Notwithstanding the above, claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by a Global Certificate will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the date on which any payment first becomes due.

## 13. Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of any Transfer Agent, subject in each case to all applicable laws and Euronext Dublin requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (**provided** that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes must be surrendered before replacements will be issued.

## 14. Meetings of Noteholders, Modification, Waiver and Substitution

### (a) Provisions in Trust Deed

The Trust Deed contains provisions for convening meetings of the Noteholders or any Class thereof (and of passing Written Resolutions) to consider matters affecting the interests of the Noteholders including, without limitation, modifying or waiving certain of the provisions of these Conditions and the substitution of the Issuer in certain circumstances. The provisions in this Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) are descriptive of the detailed provisions of the Trust Deed.

### (b) Decisions and Meetings of Noteholders

#### (i) General

Decisions may be taken by Noteholders by way of Ordinary Resolution or Extraordinary Resolution, in each case, either acting together or, to the extent specified in any applicable Transaction Document, as a Class of Noteholders acting independently. Such Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing, in each case, in at least the minimum percentages specified in the table “Minimum Percentage Voting Requirements” in paragraph (iii) below. Meetings of the Noteholders may be convened by the Issuer, the Trustee (subject to being indemnified and/or secured and/or prefunded to its satisfaction) or by one or more Noteholders holding not less than 10 per cent. in principal amount of the Notes Outstanding of a particular Class, subject to certain conditions including minimum notice periods.

The holder of each Global Certificate will be treated as being one person for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €1,000 of principal amount of Notes for which the relevant Global Certificate may be exchanged.

The Trustee may, in its discretion, determine that any proposed Ordinary Resolution or Extraordinary Resolution affects the holders of only one or more Classes of Notes, in which event the required quorum and minimum percentage voting requirements of such Ordinary Resolution or Extraordinary Resolution may be determined by reference only to the holders of that Class or Classes of Notes and not the holders of any other Notes as set forth in the tables below.

Notice of any Resolution passed by the Noteholders will be given by the Issuer to the Rating Agencies in writing.

Notwithstanding that the Class B-1 Notes and the Class B-2 Notes are separate Classes, they shall be treated as a single Class for the purposes of any consent, direction, objection, approval, vote or determination of quorum under the Trust Deed, except as expressly provided in the Trust Deed, with each holder of Class B-1 Notes and Class B-2 Notes voting based on the aggregate Principal Amount Outstanding of Class B Notes held by such holder (other than in relation to a Refinancing or for the purposes of Extraordinary Resolutions, in which case each of the Class B-1 Notes and the Class B-2 Notes shall constitute separate Classes).

(ii) Quorum

The quorum required for any meeting convened to consider an Ordinary Resolution or Extraordinary Resolution, in each case, of all the Noteholders or of any Class of Noteholders, or at any adjourned meeting to consider such a Resolution, shall be as set out in the relevant column and row corresponding to the type of resolution in the table “Quorum Requirements” below.

**Quorum Requirements**

<b>Type of Resolution</b>	<b>Any meeting other than a meeting adjourned for want of quorum</b>	<b>Meeting previously adjourned for want of quorum</b>
Extraordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more persons holding or representing not less than 66⅔ per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)	One or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)
Ordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)	One or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)

(iii) Disenfranchisement

(A) In connection with a CM Removal Resolution or a CM Replacement Resolution, no Notes held in the form of CM Non-Voting Notes or CM Non-Voting Exchangeable Notes (including Notes held in such form constituting the Controlling Class) or held by or on behalf of the Collateral Manager or any Collateral Manager Related Person shall (I) entitle a holder thereof to vote in respect of such CM Removal Resolution or CM Replacement Resolution (other than, in respect of Notes held by the Collateral Manager or a Collateral Manager Related Person, a CM Replacement Resolution in respect of the appointment of a replacement Collateral Manager which is not Affiliated to the Collateral Manager and where the appointment of a replacement Collateral Manager is not due to the Collateral Manager having been removed due to a Collateral Manager Event of Default in accordance with the Collateral Management Agreement and these Conditions), or (II) be counted for the purposes of determining a quorum or the result of voting in respect of such CM Removal Resolution or CM Replacement Resolution (other than, in respect of Notes held by the Collateral Manager or a Collateral Manager Related Person, a CM Replacement Resolution in respect of the appointment of a replacement Collateral Manager which is not Affiliated to the Collateral Manager and where the appointment of a replacement Collateral Manager is not due to the Collateral Manager having been removed due to a Collateral Manager Event of Default in accordance with the Collateral Management Agreement and the Conditions).

- (B) The Class X Notes shall have no voting rights in respect of, and shall not be counted for the purposes of determining, a quorum and the result of voting on any CM Removal Resolutions or any CM Replacement Resolution.

The Trust Deed does not contain any provision for higher quorums in any circumstances.

(iv) Minimum Voting Rights

Set out in the table “Minimum Percentage Voting Requirements” below are the minimum percentages required to pass the Resolutions specified in such table which, (A) in the event that such Resolution is being considered at a duly convened meeting of Noteholders, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes held or represented by any person or persons who vote in favour of such Resolution represents of the aggregate Principal Amount Outstanding of all applicable Notes which are entitled, represented at such meeting and are voted or, (B) in the case of any Written Resolution, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes entitled to be voted in respect of such Resolution and which are voted in favour thereof represent of the aggregate Principal Amount Outstanding of all the Notes entitled to vote in respect of such Written Resolution.

**Minimum Percentage Voting Requirements**

<b>Type of Resolution</b>	<b>Per cent.</b>
Extraordinary Resolution of all Noteholders (or of a certain Class or Classes only)	Not less than 66⅔ per cent.
Ordinary Resolution of all Noteholders (or of a certain Class or Classes only)	More than 50 per cent.

(v) Written Resolutions

Any Written Resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant Noteholders and the date of such Written Resolution shall be the date on which the latest such document is signed. Any Extraordinary Resolution or Ordinary Resolution may be passed by way of a Written Resolution.

(vi) All Resolutions Binding

Subject to Condition 14(e) (*Entitlement of the Trustee and conflicts of interest*) and in accordance with the Trust Deed, any Resolution of the Noteholders (including any resolution of a specified Class or Classes of Noteholders, where the resolution of one or more other Classes is not required) duly passed shall be binding on all Noteholders (regardless of Class and regardless of whether or not a Noteholder was present at the meeting at which such Resolution was passed).

(vii) Extraordinary Resolution

Any Resolution to sanction any of the following items other than any Reset Amendment (which shall require consent of the Subordinated Noteholders acting by way of Ordinary Resolution) will be required to be passed by an Extraordinary Resolution (in each case, subject to anything else specified in the Trust Deed, the Collateral Management Agreement or the relevant Transaction Document, as applicable):

- (A) the exchange or substitution for the Notes of a Class, or the conversion of the Notes of a Class into, shares, bonds or other obligations or securities of the Issuer or any other entity;
- (B) the modification of any provision relating to the timing and/or circumstances of the payment of interest or redemption of the Notes of the relevant Class at maturity or otherwise (including the circumstances in which the maturity of such Notes may be accelerated);

- (C) the modification of any of the provisions of the Trust Deed which would directly and adversely affect the calculation of the amount of any payment of interest or principal on any Note (other than in the case of a Refinancing);
- (D) the adjustment of the outstanding principal amount of the Notes Outstanding of the relevant Class other than in connection with a further issue of Notes pursuant to Condition 17 (*Additional Issuance*);
- (E) a change in the currency of payment of the Notes of a Class;
- (F) any change in the Priorities of Payments or of any payment items in the Priorities of Payments;
- (G) the modification of the provisions concerning the quorum required at any meeting of Noteholders to consider a Resolution or the minimum percentage required to pass a Resolution;
- (H) any modification of any Transaction Document having a material adverse effect on the security over the Collateral constituted by the Trust Deed;
- (I) subject to Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*), any item requiring approval by Extraordinary Resolution pursuant to these Conditions or any Transaction Document; and
- (J) any modification of this Condition 14(b) (*Decisions and Meetings of Noteholders*).

(viii) Ordinary Resolution

Any meeting of the Noteholders shall, subject to these Conditions and the Trust Deed, have the power by way of an Ordinary Resolution to approve any matter relating to the Notes not referred to in Condition 14(b)(vii) (*Extraordinary Resolution*) above.

(ix) Matters affecting a certain Class of Notes

Matters affecting the interests of only one Class (in the opinion of the Trustee) shall only be considered by and voted upon at a meeting of Noteholders of that Class or by written resolution of the holders of that Class.

(c) Modification and Waiver

The Trust Deed and the Collateral Management Agreement both provide that, without the consent of the Noteholders (save where such consent is specified below), the Issuer may amend, modify, supplement and/or waive the relevant provisions of the Trust Deed and/or the Collateral Management Agreement and/or any other Transaction Document (subject to the consent of the other parties thereto, except as otherwise provided therein) (as applicable) and the Trustee shall, without the consent or sanction of any of the Noteholders or any other Secured Party, consent to such amendment, modification, supplement or waiver, subject as provided below (other than an amendment, modification, supplement or waiver, pursuant to Condition 14(c)(xii), (xiii) and (xiv) (*Modification and Waiver*) below, which shall be subject to the prior written consent of the Trustee in accordance with the relevant paragraph), for any of the following purposes (other than, in each case, but without affecting the rights of the Trustee under Condition 14(c)(xii), (xiii) and (xiv) (*Modification and Waiver*) below, any such amendment, modification, supplement and/or waiver that would have the effect of sanctioning an item which is required to be passed by an Extraordinary Resolution under Condition 14(b)(vii) (*Extraordinary Resolution*)):

- (i) to add to the covenants of the Issuer for the benefit of the Noteholders;
- (ii) to charge, convey, transfer, assign, mortgage or pledge any property to or with the Trustee;
- (iii) to correct or amplify the description of any property at any time subject to the security of the Trust Deed, or to better assure, convey and confirm unto the Trustee any property subject or required to be subject to the security of the Trust Deed (including, without limitation, any and all actions

necessary or desirable as a result of changes in law or regulations) or subject to the security of the Trust Deed any additional property;

- (iv) to evidence and provide for the acceptance of appointment under the Trust Deed by a successor trustee subject to and in accordance with the terms of the Trust Deed and to add to or change any of the provisions of the Trust Deed as shall be necessary to facilitate the administration of the trusts under the Trust Deed by more than one Trustee, pursuant to the requirements of the relevant provisions of the Trust Deed;
- (v) to make such changes as shall be necessary or advisable in order for the Notes of each Class to be (or to remain) listed and admitted to trading on the Global Exchange Market or any other exchange which is a “recognised stock exchange” for the purposes of Section 64 of the TCA and for the purposes of section 1005 of the United Kingdom Income Tax Act 2007;
- (vi) save as contemplated in paragraph (d) below, to take any action advisable to prevent the Issuer from becoming subject to withholding or other taxes, fees or assessments;
- (vii) to take any action advisable to reduce the risk that the Issuer will be treated as resident outside of Ireland for tax purposes, as trading or otherwise subject to income, profits or gains outside of Ireland, as subject to (or otherwise reduce (or its representative being subject to) UK diverted profits tax (or similar tax) or as responsible for or subject to UK VAT in respect of any Collateral Management Fees;
- (viii) to facilitate compliance by the Issuer with the FTT or any other financial transaction tax that it is or becomes subject to;
- (ix) to take any action advisable to prevent the Issuer from being treated as engaged in a United States trade or business or otherwise be subject to U.S. federal, state or local income tax on a net income basis;
- (x) to take any action advisable to reduce the risk that the Issuer may be treated as other than a corporation for U.S. federal income tax purposes;
- (xi) to modify the restrictions on and procedures for resales and other transfers of Notes to reflect any changes in ERISA or other applicable law or regulation (or the interpretation thereof) to enable the Issuer to rely upon any exemption from registration under the Securities Act or the Investment Company Act or to remove restrictions on resale and transfer to the extent not required thereunder;
- (xii) to enter into any additional agreements not expressly prohibited by the Trust Deed or the Collateral Management Agreement (as applicable) as well as any amendment, modification or waiver of such additional agreements if the Trustee determines that such entry, amendment, modification or waiver would not, upon becoming effective, be materially prejudicial to the interests of the Noteholders of any Class, in each case **provided** that any such additional agreements include customary limited recourse and non-petition provisions;
- (xiii) to make any other modification of any of the provisions of the Trust Deed, the Collateral Management Agreement or any other Transaction Document which, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error;
- (xiv) to make any other modification (save as otherwise provided in the Trust Deed, the Collateral Management Agreement or the relevant Transaction Document), and/or give any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any other Transaction Document, which in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders of any Class;
- (xv) to amend the name of the Issuer;
- (xvi) to enable the Issuer to achieve compliance with FATCA and/or the CRS;
- (xvii) to modify or amend:



(A) any components of the Moody's Test Matrix or the Fitch Test Matrix in order that they may be consistent with the then current criteria of the Rating Agencies (subject to receipt of written confirmation from the relevant Rating Agency that such modification or amendment is consistent with the criteria of such Rating Agency, which confirmation may be by email or Rating Agency Confirmation as required by the relevant Rating Agency); and/or

(B) if Fitch or Moody's (as applicable) publicly announces a change in the Fitch Recovery Rates, Moody's Recovery Rates or Moody's Rating Factors (as applicable), such recovery rates or rating factors in the Transaction Documents at the discretion of the Collateral Manager for consistency with changes in recovery rates, rating factors or methodology announced by the Rating Agencies,

for the avoidance of doubt paragraph (B) above is in addition to paragraph (A) above and no confirmation by a Rating Agency shall be required to make the modifications or amendments specified in paragraph (B) above;

(xviii) subject (A) to Rating Agency Confirmation; (B) to the consent of the Controlling Class acting by way of an Ordinary Resolution; and (C) the consent of the Subordinated Noteholders acting by way of an Ordinary Resolution, to make any modifications to the Collateral Quality Tests, Portfolio Profile Tests, Reinvestment Criteria or Eligibility Criteria and all related definitions (including in order to reflect changes in the methodology applied by the Rating Agencies);

(xix) to make any changes necessary to permit any additional issuances of Notes or to issue replacement notes in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*);

(xx) to (i) evidence any waiver or modification by any Rating Agency in its rating methodology or as to any requirement or condition, as applicable, of such Rating Agency set forth in the Transaction Documents subject to receipt of Rating Agency Confirmation from the Rating Agency to which such waiver, modification, requirement or Condition relates or (ii) to otherwise conform any Transaction Document to the Offering Circular;

(xxi) to modify the Transaction Documents in order to comply with Rule 17g-5 of the Exchange Act;

(xxii) to make such changes as shall be necessary to facilitate the Issuer to effect a Refinancing in part in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*);

(xxiii) to make any other modification of any of the provisions of the Trust Deed, the Collateral Management Agreement or any other Transaction Document to comply (i) with changes in the EU Retention and Transparency Requirements or which result from the implementation of the implementing technical standards relating thereto or any subsequent risk retention legislation or official guidance and/or (ii) with corresponding EU Retention and Transparency Requirements under the Securitisation Regulation (including, without limitation, (A) changing the entity responsible for fulfilling the disclosure requirements set out in Article 7 of the Securitisation Regulation or any delegation of such responsibility and (B) adopting the disclosure templates required by Article 7 of the Securitisation Regulation once they are finalised and, in each case, any consequential changes);

(xxiv) to make any other modification of any of the provisions of the Trust Deed, the Collateral Management Agreement or any other Transaction Document to comply with CRA3 or which result from the implementation of the implementing technical standards relating thereto;

(xxv) to modify the terms of the Transaction Documents (including but not limited to any Hedge Agreements) and/or the Conditions in order to enable the Issuer to comply with any requirements of the CFTC or in relation to the Dodd-Frank Act, subject to receipt by the Trustee of a certificate of the Issuer certifying to the Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer to comply with CFTC requirements or the Dodd-Frank Act (upon which certification the Trustee shall be entitled to rely without further enquiry and without liability);

- (xxvi) to modify the terms of the Transaction Documents (including but not limited to any Hedge Agreement) and/or the Conditions in order to enable the Issuer to comply with any requirements in respect of EMIR, subject to receipt by the Trustee of a certificate of the Issuer certifying to the Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR (upon which certification the Trustee shall be entitled to rely without further enquiry and without liability);
- (xxvii) to modify the terms of the Transaction Documents (including but not limited to any Hedge Agreement) and/or the Conditions in order to enable the Issuer to comply with any requirements in respect of AIFMD, subject to receipt by the Trustee of a certificate of the Issuer certifying to the Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under AIFMD (upon which certification the Trustee shall be entitled to rely without further enquiry and without liability);
- (xxviii) to modify the terms of any Hedge Agreements in order to enable the Issuer and/or a Hedge Counterparty to comply with any regulatory requirements applicable to it which come into force after the Issue Date;
- (xxix) to enter into one or more supplemental trust deeds or make any other modification, authorisation or waiver of the provisions of the Transaction Documents:
  - (A) to change the reference rate in respect of the Floating Rate Notes from EURIBOR to an alternative base rate (such rate, the “**Alternative Base Rate**”);
  - (B) to replace references to “LIBOR”, “EURIBOR”, “London Interbank Offered Rate” and “Euro Interbank Offered Rate” (or similar terms) to the Alternative Base Rate when used with respect to a Floating Rate Collateral Debt Obligation;
  - (C) in the case of any Hedge Agreement, to amend the reference rate applicable to any Hedge Transaction thereunder and make any other consequential changes (including, without limitation, to allow for the operation or addition of any fallbacks contained in such Hedge Agreement relating to the discontinuance, cessation, disruption or change in methodology of such rate);
  - (D) to amend provisions which reference an index that has an equivalent frequency and setting date to the index applicable to a Floating Rate Collateral Debt Obligation to the extent that no such equivalent is available; and
  - (E) to make such other amendments as are necessary or advisable in the reasonable judgment of the Collateral Manager to facilitate the foregoing changes,

**provided that:**

- (1) unless the Alternative Base Rate is the Designated Base Rate, the Controlling Class and the Subordinated Noteholders (each acting by Ordinary Resolution) consent to such supplemental trust deed or other modification, authorisation or waiver (provided that such consent shall not be required in respect of any modification, authorisation or waiver in respect of any Hedge Agreement); and
- (2) such modification, authorisation or waiver is being undertaken due to (w) a material disruption to LIBOR, EURIBOR or another applicable or related index or benchmark, (x) a change in the methodology of calculating LIBOR, EURIBOR or another applicable or related index or benchmark, (y) LIBOR, EURIBOR or another applicable or related index or benchmark ceasing to exist or is the subject of a public statement by the regulatory supervisor or the administrator of LIBOR or EURIBOR announcing that the relevant rate is prohibited from being used, or (z) an event occurs in respect of the relevant index or benchmark which means the relevant parties will no longer be permitted under any applicable law or regulation to use such index or benchmark to perform an obligation under the relevant Transaction Document (or the reasonable expectation of the Collateral Manager or, solely in relation to paragraph (xxix)(C) of this Condition 14(c) (*Modification and Waiver*) above, any Hedge Counterparty that any of the events specified in paragraphs (w), (x), (y) or (z) will occur).

Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified by the Issuer as soon as reasonably practicable following the execution of any trust deed supplemental to the Trust Deed or any other modification, authorisation or waiver pursuant to this Condition 14(c) (*Modification and Waiver*) to:

- (A) so long as any of the Notes rated by the Rating Agencies remains Outstanding, the Rating Agencies; and
- (B) the Noteholders in accordance with Condition 16 (Notices).

Notwithstanding anything to the contrary herein and in the Trust Deed, the Issuer shall not agree to amend, modify or supplement any provisions of the Transaction Documents if such change (i) shall have a material adverse effect on the rights or obligations of any Hedge Counterparty without the relevant Hedge Counterparty's prior written consent or (ii) would be material (as determined by the Collateral Manager acting reasonably) without the Collateral Manager's prior written consent.

The Issuer shall notify each Hedge Counterparty of any proposed amendment to any provisions of the Transaction Documents in accordance with the relevant Hedge Agreement and seek the consent of such Hedge Counterparty in respect thereof, in each case to the extent required in accordance with and subject to these Conditions and the terms of the relevant Hedge Agreement. For the avoidance of doubt, such notice shall only be given and such consent shall only be sought to the extent required in accordance with and subject to the terms of these Conditions and the relevant Hedge Agreement and, where such consent is sought, any such amendment shall only be made following the expiry of the notice.

For the avoidance of doubt, the Trustee shall, subject to the following paragraph, without the consent or sanction of any of the Noteholders (save where specified above) or any other Secured Party, concur with the Issuer, in making any modification, amendment, waiver or supplement pursuant to the paragraphs above (save for modifications, amendments, waivers or supplements in accordance with paragraphs (xii), (xiii) and (xiv) of this Condition 14(c) (*Modification and Waiver*) above) to the Transaction Documents which the Issuer or the Collateral Manager certifies to the Trustee is required pursuant to the paragraphs above (upon which certification the Trustee is entitled to rely without further enquiry and without liability) **provided** that the Trustee shall not be obliged to agree to any modification which, in the opinion of the Trustee, would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, rights, powers or indemnities of the Trustee in respect of the Transaction Documents.

In the case of a modification, amendment, waiver or supplement pursuant to paragraphs (xii), (xiii) and (xiv) of this Condition 14(c) (*Modification and Waiver*) above, the Trustee may impose such conditions as it sees fit and **provided** that the Trustee shall not be required to give its consent in relation to paragraphs (xii), (xiii) and (xiv) of this Condition 14(c) (*Modification and Waiver*) above on less than 21 days' notice and the Trustee shall be entitled to obtain legal, financial or other expert advice, at the expense of the Issuer, and rely on such advice in connection with determining whether or not to give such consent as it sees fit.

(d) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require (without the consent of the Noteholders of any Class), to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes of each Class, if required for taxation purposes, **provided** that such substitution would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders of any Class. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, but subject to receipt of Rating Agency Confirmation (subject to receipt of such information and/or opinions as the Rating Agencies may require), to a change of the law governing the Notes and/or the Trust Deed, **provided** that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders of any Class. Any substitution agreed by the Trustee pursuant to this Condition 14(d) (*Substitution*) shall be binding on the Noteholders, and shall be notified by the Issuer to the Noteholders as soon as practicable in accordance with Condition 16 (*Notices*).

The Trustee may, subject to the satisfaction of certain conditions specified in the Trust Deed, including receipt of Rating Agency Confirmation, agree to a change in the place of residence of the Issuer for taxation purposes without the consent of the Noteholders of any Class, **provided** the Issuer does all such things as the Trustee may require in order that such change in the place of residence of the Issuer for taxation purposes is fully effective and complies with such other requirements which are in the interests of the Noteholders as it may reasonably direct.

The Issuer shall procure that, so long as the Notes are listed on the Global Exchange Market any material amendments or modifications to the Conditions of the Notes, the Trust Deed or such other conditions made pursuant to this Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) shall be notified to Euronext Dublin.

(e) Entitlement of the Trustee and conflicts of interest

In connection with the exercise of its trusts, powers, duties and discretions (including but not limited to those referred to in this Condition 14(e) (*Entitlement of the Trustee and conflicts of interest*), the Trustee shall have regard to the interests of each Class of Noteholders as a Class and shall not have regard to the consequences of such exercise for individual Noteholders of such Class and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 (*Taxation*).

In considering the interests of Noteholders while the Global Certificates are held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to each Global Certificate and may consider such interests as if such account holders were the holders of any Global Certificate.

The Trust Deed provides that in the event of any conflict of interest between or among the holders of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes, the interests of the holders of the Controlling Class will prevail. If the holders of the Controlling Class do not have an interest in the outcome of the conflict, the Trustee shall give priority to the interests of (i) the Class X Noteholders and the Class A Noteholders over the the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders, (ii) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders; (iii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders; (iv) the Class D Noteholders over the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders; (v) the Class E Noteholders over the Class F Noteholders and the Subordinated Noteholders; and (vi) the Class F Noteholders over the Subordinated Noteholders. If the Trustee receives conflicting or inconsistent requests from two or more groups of holders of a Class, given priority as described in this paragraph, each representing less than the majority by principal amount of such Class, the Trustee shall give priority to the group which holds the greater aggregate principal amount of Notes Outstanding of such Class. The Trust Deed provides further that the Trustee will act upon the directions of the holders of the Controlling Class (or other Class given priority as described in this paragraph) in such circumstances subject to being indemnified and/or secured and/or prefunded to its satisfaction, and shall not be obliged to consider the interests of and is exempted from any liability to the holders of any other Class of Notes.

In addition, the Trust Deed provides that, so long as any Note is Outstanding, the Trustee shall have no regard to the interests of any Secured Party other than the Noteholders or, at any time, to the interests of any other person.

## 15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from instituting proceedings to enforce repayment or to enforce the security constituted by or pursuant to the Trust Deed, unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business

transactions with the Issuer or any other party to any Transaction Document and any entity related to the Issuer or any other party to any Transaction Document without accounting for any profit. The Trustee is exempted from any liability in respect of any loss or theft or reduction of value of the Collateral from any obligation to insure, or to monitor the provisions of any insurance arrangements in respect of, the Collateral (for the avoidance of doubt, under the Trust Deed the Trustee is under no such obligation) and from any claim arising from the fact that the Collateral is held by the Custodian or is otherwise held in safe custody by a bank or other custodian. The Trustee shall not be responsible for the performance by the Custodian of any of its duties under the Agency Agreement or for the performance by the Collateral Manager of any of its duties under the Collateral Management Agreement, for the performance by the Collateral Administrator of its duties under the Collateral Management Agreement or for the performance by any other person appointed by the Issuer in relation to the Notes or by any other party to any Transaction Document. The Trustee shall not have any responsibility for the administration, management or operation of the Collateral including the request by the Collateral Manager to release any of the Collateral from time to time.

The Trust Deed contains provisions for the retirement of the Trustee and the removal of the Trustee by Extraordinary Resolution of the Controlling Class, but no such retirement or removal shall become effective until a successor trustee is appointed.

## 16. Notices

Notices to Noteholders will be valid if posted to the address of such Noteholder appearing in the Register at the time of publication of such notice by pre-paid, first class mail (or any other manner approved by the Trustee which may be by electronic transmission) and (for so long as the Notes are listed on the Global Exchange Market and the rules of Euronext Dublin so require) shall be sent to Euronext Dublin. Any such notice shall be deemed to have been given to the Noteholders (a) in the case of inland mail three days after the date of dispatch thereof, (b) in the case of overseas mail, seven days after the dispatch thereof or, (c) in the case of electronic transmission, on the date of dispatch.

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders (or a category of them) if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Notes are then listed and **provided** that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

Notwithstanding the above, so long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for delivery thereof as required by the Conditions of such Notes **provided** that such notice is also made to the Company Announcements Office of Euronext Dublin for so long as such Notes are listed on the Global Exchange Market and the rules of Euronext Dublin so require. Such notice will be deemed to have been given to the Noteholders on the date of delivery of the relevant notice to the relevant clearing system.

## 17. Additional Issuance

- (a) The Issuer may from time to time, subject to the approval of the Subordinated Noteholders acting by way of an Ordinary Resolution and subject to the separate approval of both the Retention Holder and the Collateral Manager and, in the case of the issuance of additional Class A Notes, the separate approval of the Class A Noteholders acting by way of an Ordinary Resolution, create and issue additional Notes (other than the Class X Notes) having the same terms and conditions as existing Classes of Notes (subject as provided below) and which shall be consolidated and form a single series with the Outstanding Notes of such Class (unless otherwise provided), and will use the proceeds of sale thereof to purchase additional Collateral Debt Obligations and, if applicable, enter into additional Hedge Transactions in connection with the Issuer's issuance of, and making payments on, the Notes and ownership of and disposition of the Collateral Debt Obligations, provided that the following conditions are met:
  - (i) such additional issuances in relation to the applicable Class of Notes may not exceed 100 per cent. in the aggregate of the original aggregate principal amount of such Class of Notes;
  - (ii) such additional Notes must be issued for a cash sale price and the net proceeds invested in Collateral Debt Obligations or, pending such investment, during the Initial Investment Period

deposited in the Unused Proceeds Account or, thereafter, deposited in the Principal Account and, in each case, invested in Eligible Investments;

- (iii) such additional Notes must be of each Class of Notes and issued in a proportionate amount among the Classes so that the relative proportions of aggregate principal amount of the Classes of Notes existing immediately prior to such additional issuance remain unchanged immediately following such additional issuance;
  - (iv) the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such Notes must be identical to the terms of the previously issued Notes of the applicable Class of Notes;
  - (v) the Issuer must have received Rating Agency Confirmation from each Rating Agency then rating any Notes;
  - (vi) the Coverage Tests are satisfied or, if not satisfied, the Coverage Tests will be maintained or improved after giving effect to such additional issuance of Notes by reference to the outcome of such tests immediately prior to such additional issuance of Notes;
  - (vii) the holders of the relevant Class of Notes in respect of which additional Notes are issued shall have been notified in writing by the Issuer no later than 30 days prior to such issuance and shall have been afforded the opportunity to purchase additional Notes of the relevant Class in an amount not to exceed the percentage of the relevant Class of Notes each holder held immediately prior to the issuance (the “**Anti Dilution Percentage**”) of such additional Notes and on the same terms offered to investors generally **provided** that this paragraph (vii) shall not apply in respect of the additional issuance of Class M-1 Subordinated Notes if such additional issuance is required in order to prevent or cure an EU Retention Deficiency for any reason including but not limited to where such EU Retention Deficiency will occur due to an additional issuance of any Class of Notes (other than the Class X Notes) pursuant to this Condition 17 (*Additional Issuance*);
  - (viii) (so long as the existing Notes of the Class of Notes to be issued are listed on the Global Exchange Market) the additional Notes of such Class to be issued are in accordance with the requirements of Euronext Dublin and are listed on the Global Exchange Market (for so long as the rules of Euronext Dublin so require);
  - (ix) such additional issuances are in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of Ireland and do not adversely affect the Irish tax position of the Issuer;
  - (x) the Issuer and the Trustee will have received advice of tax counsel of nationally recognised standing in the United States experienced in such matters to the effect that any additional Class X Notes, Class A Notes, Class B-1 Notes, Class B-2 Notes, Class C Notes and Class D Notes will be treated, and any additional Class E Notes should be treated, as indebtedness for U.S. federal income tax purposes, **provided, however**, that the advice of tax counsel described in this clause (iv) will not be required with respect to any additional Notes that bear a different securities identifier from the Notes of the same Class that were issued on the Issue Date and are outstanding at the time of the additional issuance;
  - (xi) such additional issuance will be accomplished in a manner that will allow the Issuer to accurately provide the information required to be provided to the Noteholders, including Noteholders of additional Rated Notes, under U.S. Treasury Regulations section 1.1275-3(b)(1); and
  - (xii) any issuance of additional Notes would not result in non-compliance by the Retention Holder with the EU Retention and Transparency Requirements.
- (b) In addition to the requirements in (a) above, the Issuer may (and shall, at the direction of the Retention Holder, where such additional issuance is required in order to prevent, cure or lessen the amount of an EU Retention Deficiency and/or to ensure compliance with the U.S. Retention Regulations), issue and sell additional Class M-1 Subordinated Notes (without issuing Notes of any other Class) having the same terms and conditions as existing Class M-1 Subordinated Notes (subject as provided below) and subject to the prior written approval of the Retention Holder and which shall be consolidated and form a single series with the Outstanding Class M-1 Subordinated Notes, **provided** that:

- (i) the subordination terms of such additional Subordinated Notes are identical to the terms of the previously issued Subordinated Notes;
  - (ii) the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such additional Subordinated Notes must be identical to the terms of the previously issued Subordinated Notes;
  - (iii) such additional Subordinated Notes are issued for a cash sale price (the net proceeds to be applied towards the Permitted Uses);
  - (iv) the Issuer must notify the Rating Agencies then rating any Notes of such additional issuance;
  - (v) the holders of the Subordinated Notes shall have been notified in writing by the Issuer no later than 30 days prior to such additional issuance and shall have been afforded the opportunity to purchase additional Subordinated Notes in an amount not to exceed the Anti Dilution Percentage of such additional Subordinated Notes and on the same terms offered to investors generally **provided** that this paragraph (v) shall not apply in respect of the additional issuance of Subordinated Notes if such additional issuance is required in order to prevent or cure an EU Retention Deficiency and/or to ensure compliance with the U.S. Retention Regulations for any reason including but not limited to where such EU Retention Deficiency and/or non-compliance with the U.S. Retention Regulations will occur due to an additional issuance of any Class of Notes pursuant to this Condition 17 (*Additional Issuance*);
  - (vi) such additional issuance is in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of Ireland and do not adversely affect the Irish tax position of the Issuer; and
  - (vii) the Subordinated Noteholders shall not be required to approve any additional issuance of Class M-1 Subordinated Notes pursuant to this Condition 17(b) (*Additional Issuance*) if such issuance is requested by the Retention Holder in order to prevent or cure an EU Retention Deficiency and/or to ensure compliance with the U.S. Retention Regulations.
- (c) In addition to (a) and (b) above, the Issuer may from time to time, subject to the approval of the Subordinated Noteholders acting by way of an Ordinary Resolution and subject to the separate approval in writing of the Retention Holder, create and issue new notes having substantially the same terms and conditions as any existing Class of Notes (subject as provided below), and will use the proceeds of sale thereof to purchase additional Collateral Debt Obligations and, if applicable, enter into additional Hedge Transactions in connection with the Issuer's issuance of, and making payments on, the Notes and ownership of and disposition of the Collateral Debt Obligations, **provided** that the following conditions are met:
- (i) each such new Class of Notes will be subordinate in the payment of interest and principal to the most junior Class of Notes then Outstanding (other than the Subordinated Notes);
  - (ii) such new notes must be issued for a cash sale price and the net proceeds invested in Collateral Debt Obligations or, pending such investment, during the Initial Investment Period deposited in the Unused Proceeds Account or, thereafter, deposited in the Principal Account and, in each case, invested in Eligible Investments;
  - (iii) subject to (i) above, the terms (other than the date of issuance, the issue price, the Interest Amount and the date from which interest will accrue) of such new notes must be substantially identical to the terms of previously issued Notes;
  - (iv) the Issuer must notify the Rating Agencies then rating any Notes of such new issuance;
  - (v) the Coverage Tests are satisfied or, if not satisfied, the Coverage Tests will be maintained or improved after giving effect to such issuance of new notes;
  - (vi) (so long as the existing Notes are listed on the Global Exchange Market) the new notes to be issued are in accordance with the requirements of Euronext Dublin and are listed on the Global Exchange Market (for so long as the rules of Euronext Dublin so require);

- (vii) such new issuances are in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of Ireland and do not adversely affect the Irish tax position of the Issuer; and
- (viii) any issuance of new notes would not result in non-compliance by the Retention Holder with the EU Retention and Transparency Requirements.

References in these Conditions to the “Notes” include (unless the context requires otherwise) any other notes issued pursuant to this Condition 17 (*Additional Issuance*) and forming a single series with the Notes. Any further securities forming a single series with Notes constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

## **18. Third Party Rights**

No person shall have any right to enforce any term or Condition of the Note under the Contracts (Rights of Third Parties) Act 1999.

## **19. Governing Law**

### **(a) Governing Law**

The Trust Deed and each Class of Notes and any dispute, controversy, proceedings or claim of whatever nature (whether contractual or non-contractual) arising out of or in any way relating to the Trust Deed or any Class of Notes are governed by and shall be construed in accordance with English law.

### **(b) Jurisdiction**

The courts of England are to have exclusive jurisdiction to settle any disputes (whether contractual or non-contractual) which may arise out of or in connection with the Notes, and accordingly any legal action or proceedings arising out of or in connection with the Notes (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and the Trustee and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

### **(c) Agent for Service of Process**

The Issuer appoints Maples and Calder, London (having an office, at the date hereof, at 200 Aldersgate St, Barbican, London EC1A 4HD, UK ) as its agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such agent in England, it will promptly appoint a substitute process agent and notify the Trustee and the Noteholders of such appointment. Nothing herein shall affect the right to service of process in any other manner permitted by law.



## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, after payment of fees and expenses payable on or about the Issue Date (including, without duplication amounts deposited into the Expense Reserve Account), are expected to be approximately €401,929,549.

Such proceeds will be used by the Issuer for the repayment of any amounts borrowed by the Issuer (together with any interest thereon), including pursuant to the Warehouse Arrangements and all other amounts due in order to finance the acquisition of warehoused Collateral Debt Obligations purchased by the Issuer prior to the Issue Date. The remaining proceeds shall be (a) used to fund the Interest Reserve Account in an amount equal to €2,329,549.50 and (b) after application of amounts in (a), in an amount retained in the Unused Proceeds Account.

## FORM OF THE NOTES

*The following description of the Notes which does not purport to be complete and is qualified by reference to the detailed provisions of such Notes. Capitalised terms used in this section and not defined in this Offering Circular shall have the meaning given to them in the Conditions.*

References below to Notes and to the Global Certificates and the Definitive Certificates representing such Notes are to each respective Class of Notes, except as otherwise indicated.

### Initial Issue of Notes

The Regulation S Notes of each Class (other than, in certain circumstances, the Class E Notes, Class F Notes and Subordinated Notes), including, where applicable, the CM Voting Notes, the CM Non-Voting Exchangeable Notes and the CM Non-Voting Notes of such Class, will be represented on issue by a Regulation S Global Certificate deposited with, and registered in the name of, a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Certificate may be held at any time only through Euroclear or Clearstream, Luxembourg. See *“Book Entry Clearance Procedures”*. Beneficial interests in a Regulation S Global Certificate may not be held by a U.S. Person or U.S. Resident at any time. By acquisition of a beneficial interest in a Regulation S Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. Person, and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes (a) to be a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (b) to be a person who takes delivery in the form of an interest in a Rule 144A Note. See *“Transfer Restrictions”*.

The Rule 144A Notes of each Class (other than, in certain circumstances, the Class E Notes, Class F Notes and Subordinated Notes), including, where applicable, the CM Voting Notes, the CM Non-Voting Exchangeable Notes and the CM Non-Voting Notes of such Class, will be represented on issue by a Rule 144A Global Certificate deposited with, and registered in the name of, a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Rule 144A Global Certificate may only be held at any time only through Euroclear or Clearstream, Luxembourg. See *“Book Entry Clearance Procedures”*. By acquisition of a beneficial interest in a Rule 144A Global Certificate, the purchaser thereof will be deemed to represent, amongst other things, that it is a QIB/QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Trust Deed. See *“Transfer Restrictions”*.

Beneficial interests in Global Certificates will be subject to certain restrictions on transfer set forth therein and in the Trust Deed and as set forth in Regulation S and Rule 144A, and the Notes will bear the applicable legends regarding the restrictions set forth under *“Transfer Restrictions”*.

In the case of each Class of Notes, a beneficial interest in a Regulation S Global Certificate may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate in denominations greater than or equal to the minimum denominations applicable to interests in such Rule 144A Global Certificate only upon receipt by the Issuer of a written certification (in the form provided in the Trust Deed) to the effect that the transferor reasonably believes that the transferee is a QIB/QP and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Certificates may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate only upon receipt by the Issuer of a written certification (in the form provided in the Trust Deed) from the transferor to the effect that the transfer is being made to a non-U.S. Person in an offshore transaction and in accordance with Regulation S.

Any beneficial interest in a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate will, upon transfer, cease to be an interest in such Regulation S Global Certificate and become an interest in the Rule 144A Global Certificate, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Rule 144A Global Certificate for as long as it remains such an interest. Any beneficial interest in a Rule 144A Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate will, upon transfer, cease to be an interest in a Rule 144A Global Certificate and become an interest in the Regulation S Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Regulation S Global Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange

of Notes, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of certificated Notes.

Each initial investor and each transferee that is purchasing a Class E Note, Class F Note or Subordinated Note in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate will be deemed to represent (among other things) that it is not a Benefit Plan Investor or a Controlling Person (a “**Plan Investor**”). If an initial investor or transferee is unable to make such deemed representation, such initial investor or transferee may not acquire such Class E Note, Class F Note or Subordinated Note in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate unless such initial investor or transferee: (i) obtains the written consent of the Issuer (other than in the case of the Notes purchased by the Retention Holder); (ii) provides an ERISA Certificate to the Issuer as to its status as a Plan Investor; and (iii) holds such Class E Note, Class F Note or Subordinated Note in the form of a Definitive Certificate; **provided** that the Collateral Manager and Plan Investors that purchase such Notes on the Issue Date may hold such Notes in the form of a Regulation S Global Certificate or a Rule 144A Global Certificate (or as otherwise permitted in writing by the Issuer). Any Class E Note, Class F Note or Subordinated Note in the form of a Definitive Certificate shall be registered in the name of the holder thereof.

Each initial purchaser (other than the Initial Purchaser) or a transferee of: (a) any Class E Notes, Class F Notes or Subordinated Notes in the form of Rule 144A Notes; (b) any Subordinated Notes in the form of Regulation S Notes; or (c) any Class E Notes or Class F Notes in the form of Regulation S Notes represented by a Regulation S Definitive Certificate, purchased on the Issue Date will be required to enter into a subscription agreement (or, in the case of the Collateral Manager, a note purchase agreement) with the Initial Purchaser in which such investor will certify as to, among other matters, its status under the Securities Act, the Investment Company Act and ERISA.

**The Notes are not issuable in bearer form.**

#### **Exchange for Definitive Certificates**

##### *Exchange*

Each Global Certificate will be exchangeable, free of charge to the holder, on or after its Definitive Exchange Date (as defined below), in whole but not in part, for Definitive Certificates if a Global Certificate is held (directly or indirectly) on behalf of Euroclear, Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces its intention to permanently cease business or does in fact do so.

In addition, interests in Global Certificates representing Class E Notes, Class F Notes or Subordinated Notes may be exchangeable for interests in a Definitive Certificate representing Class E Notes, Class F Notes or Subordinated Notes if a transferee is or is acting on behalf of a Benefit Plan Investor or is a Controlling Person **provided**: (i) such transferee has obtained the written consent of the Issuer (other than in the case of the Notes purchased by the Retention Holder) in respect of such transfer; and (ii) the transferee has provided the Issuer and the Transfer Agent with a certification substantially in the form of Annex A.

The Registrar will not register the transfer of, or exchange of interests in, a Global Certificate for Definitive Certificates during the period from (but excluding) the Record Date to (and including) the date for any payment of principal or interest in respect of the Notes.

If only one of the Global Certificates (the “**Exchanged Global Certificate**”) becomes exchangeable for Definitive Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Definitive Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

“**Definitive Exchange Date**” means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar and any Transfer Agent is located.

### *Delivery*

In such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Certificates and (b) in the case of the Rule 144A Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Certificates issued in exchange for a beneficial interest in the Rule 144A Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under “*Transfer Restrictions*” below.

### *Legends*

The holder of a Definitive Certificate in registered definitive form, as applicable, may transfer the Notes represented thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer and to the extent applicable, written consent of the Issuer and a duly completed ERISA certificate substantially in the form of Annex A to a Transfer Agent and the Issuer. Upon the transfer, exchange or replacement of a Definitive Certificate in registered definitive form, as applicable, bearing the legend referred to under “*Transfer Restrictions*” below, or upon specific request for removal of the legend on a Definitive Certificate in registered definitive form, as applicable, the Issuer will deliver only Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

## BOOK ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from sources that the Issuer believes to be reliable, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the “**Clearing Systems**”) currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Initial Purchaser, the Arranger or any Agent party to the Agency Agreement (or any Affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

### **Euroclear and Clearstream, Luxembourg**

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading (See “*Settlement and Transfer of Notes*” below).

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders (“**Direct Participants**”) or indirectly (“**Indirect Participants**”) and, together with Direct Participants, “**Participants**”) through organisations which are accountholders therein.

### **Book Entry Ownership**

#### *Euroclear and Clearstream, Luxembourg*

Each Regulation S Global Certificate and each Rule 144A Global Certificate will have an ISIN and a Common Code and will be registered in the name of, and deposited with, a nominee of the common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

#### *Relationship of Participants with Clearing Systems*

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Certificate, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants’ or accountholders’ accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Certificate as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Certificate held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records

relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

#### *Settlement and Transfer of Notes*

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participant and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Certificate held within a Clearing System is exchanged for Definitive Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

#### *Trading between Euroclear and/or Clearstream, Luxembourg Participants*

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

## **RATINGS OF THE NOTES**

### **General**

It is a condition of the issue and sale of the Notes that the Notes (except for the Subordinated Notes) be issued with at least the following ratings: the Class X Notes: “Aaa (sf)” from Moody’s and “AAA (sf)” from Fitch; the Class A Notes: “Aaa (sf)” from Moody’s and “AAA (sf)” from Fitch; the Class B-1 Notes: “Aa2 (sf)” from Moody’s and “AA (sf)” from Fitch; the Class B-2 Notes: “Aa2 (sf)” from Moody’s and “AA (sf)” from Fitch; the Class C Notes: “A2 (sf)” from Moody’s and “A (sf)” from Fitch; the Class D Notes: “Baa3 (sf)” from Moody’s and “BBB- (sf)” from Fitch; the Class E Notes “Ba3 (sf)” from Moody’s and “BB- (sf)” from Fitch; and the Class F Notes: “B3 (sf)” from Moody’s and “B- (sf)” from Fitch. The Subordinated Notes being offered hereby will not be rated.

The ratings assigned to the Class X Notes, the Class A Notes, the Class B-1 Notes and the Class B-2 Notes address the timely payment of interest and the ultimate payment of principal. The ratings assigned to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes address the ultimate payment of principal and interest. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the applicable rating agency.

### **Moody’s Ratings**

The ratings assigned to the Rated Notes by Moody’s are based upon its assessment of the probability that the Collateral Debt Obligations will provide sufficient funds to pay each such Class of Notes, based largely upon Moody’s statistical analysis of historical default rates on debt obligations with various ratings, the asset and interest coverage required for such Class of Rated Notes (which in the case of a Class of Rated Notes is achieved through the subordination of each Class of Notes ranking below such Class of Rated Notes) and the diversification requirements that the Collateral Debt Obligations are required to satisfy.

Moody’s ratings address the expected loss posed to investors by the legal final maturity on the Maturity Date. The structure allows for timely payment of interest and ultimate payment of principal with respect to the Class X Notes and Class A Notes by the legal final maturity on the Maturity Date.

Moody’s analysis of the likelihood that each Collateral Debt Obligation will default is based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Moody’s then determines the level of credit protection necessary to achieve the expected loss associated with the rating of the structured securities, taking into account the expected volatility of the default rate of the portfolio based on the level of diversification by region, obligor and industry. There can be no assurance that the actual default rates on the Collateral Debt Obligations held by the Issuer will not exceed the rates assumed by Moody’s in its analysis.

In addition to these quantitative tests, Moody’s ratings take into account qualitative features of a transaction, including the experience of the Collateral Manager, the legal structure and the risks associated with such structure and other factors that they deem relevant.

### **Fitch Ratings**

The ratings assigned to the Rated Notes by Fitch are based upon Fitch’s statistical analysis of historical default rates on debt obligations with similar characteristics to the Collateral Debt Obligations and the various eligibility requirements that the Collateral Debt Obligations are required to satisfy.

Fitch analyses the likelihood that each Collateral Debt Obligation will default, based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Fitch then determines the level of credit protection necessary based on a specific percentile of the portfolio default distribution determined by the Fitch “Portfolio Credit Model” which takes into account the correlation between assets in the portfolio based on the level of diversification by region, issuer and industry. The results of a statistical analysis are incorporated into a cash flow model built to mimic the structure of the transaction. In this regard, the results of several default scenarios, in conjunction with various qualitative tests (e.g. analysis of the strength of the Collateral Manager), are used to determine the credit enhancement required to support a particular rating.

Fitch's ratings of the Rated Notes were established under various assumptions and scenarios.

There can be no assurance that actual defaults on the Collateral Debt Obligations will not exceed those assumed by Fitch in its analysis, or that recovery rates with respect thereto (and consequently loss rates) will not defer from those assumed by Fitch.

In addition to those quantitative tests, Fitch ratings take into account qualitative features of a transaction, including the experience of the Collateral Manager, the legal structure and the risks associated with such structure and other factors that Fitch deems relevant.



## THE ISSUER

The Issuer is a special purpose vehicle established for the purpose of issuing asset backed securities and was incorporated in Ireland as a designated activity company on 25 March 2019 under the Companies Act (as amended, the “**Companies Act**”) with the name of CVC Cordatus Loan Fund XV Designated Activity Company and with company registration number 646510 and having its registered office at 32 Molesworth Street, Dublin 2, Ireland.

The authorised share capital of the Issuer is €100,000 divided into 100,000 ordinary shares of €1.00 each (the “**Shares**”). The Issuer has issued one Share, which is fully paid up and is held on trust by MaplesFS Trustees Ireland Limited (as “**Share Trustee**”) under the terms of a declaration of trust (the “**Declaration of Trust**”) dated 1 May 2019, whereby the Share Trustee holds the Share on trust for charitable purposes. The Share Trustee will have no beneficial interest in and will derive no benefit (other than its fees for acting as Share Trustee) from its holding of the shares of the Issuer. The Share Trustee will apply any income derived from the Issuer solely for the above purposes.

### Directors

The directors of the Issuer and their respective business addresses and principal activities outside the Issuer are:

Name	Address	Principal Activities/Position
Jarlath Canning	32 Molesworth Street, Dublin 2, Ireland	Company Director
Padraic Doherty	32 Molesworth Street, Dublin 2, Ireland	Company Director

The Company Secretary of the Issuer is: Maples Fiduciary Services (Ireland) Limited.

The registered office of the Company Secretary of the Issuer is at 32 Molesworth Street, Dublin 2, Ireland

The registered office of the Issuer is at: 32 Molesworth Street, Dublin 2, Ireland.

The telephone number of the Issuer is: +353 1 697 3200.

### Activities

Prior to the Issue Date, the Issuer entered into the Warehouse Arrangements in order to enable the Issuer to acquire certain Collateral Debt Obligations on or before the Issue Date. Amounts owing under the Warehouse Arrangements will be fully repaid on the Issue Date using the proceeds from the issuance of the Notes.

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the authorisation and entry into of the Warehouse Arrangements, the acquisition of the Portfolio, the authorisation and issue of the Notes and activities incidental to the exercise of its rights and compliance with its obligations under the Collateral Acquisition Agreements, the Notes, the Subscription Agreement, the Agency Agreement, the Trust Deed, the Collateral Management Agreement, the Warehouse Deed of Termination and Release, the Corporate Services Agreement, each Hedge Agreement and the other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Portfolio.

### Indebtedness

Save for in connection with the Warehouse Arrangements, the Issuer has no indebtedness as at the date of this Offering Circular, other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein (including the funding provided pursuant to the Warehouse Arrangements, which will be repaid in full on the Issue Date).

### Auditors

The independent auditor of the Issuer will be Deloitte of Deloitte & Touche House, Earlsfort Terrace, Dublin 2, Ireland, who are registered auditors regulated by the Institute of Chartered Accountants in Ireland.

## THE COLLATERAL MANAGER

*The information appearing in this section has been prepared by the Collateral Manager and has not been independently verified by the Issuer, the Initial Purchaser or any other party. None of the Initial Purchaser or any other party other than the Collateral Manager assumes any responsibility for the accuracy or completeness of such information.*

*The Issuer confirms that the information appearing in this section has been accurately reproduced and that as far as the Issuer is aware, and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

*The information appearing in this section has been prepared by the Collateral Manager appointed by the Issuer on the Issue Date, being CVC Credit Partners European CLO Management LLP and has not been independently verified by the Issuer, the Arranger, the Initial Purchaser or any other party. The Collateral Manager has taken all reasonable care to ensure that this information is in accordance with the facts and does not omit anything likely to affect the import of such information. None of the Issuer, the Arranger, the Initial Purchaser or any other party other than the Collateral Manager assumes any responsibility for the accuracy, completeness or applicability of such information.*

*The delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of the Collateral Manager since the date of this Offering Circular, or that the information contained or referred to herein is correct as of any time subsequent to the date of this Offering Circular.*

### General

The Collateral Manager is an English limited liability partnership registered under the Limited Liability Partnership Act 2000 with number OC404529 on 25 February 2016. The Collateral Manager is authorised and regulated in the conduct of its collateral manager business by the UK Financial Conduct Authority as of October 2016 with firm reference number: 740003.

The Collateral Manager was incorporated by CVC Credit Partners to establish and manage future European collateralised loan obligations (“**European CLOs**”) and invest in and hold retention interests in European CLOs managed by the Collateral Manager in accordance with the EU securitisation retention regulations and the U.S. securitisation retention regulations. Prior to the establishment of the Collateral Manager in October 2016, European CLOs had been established and managed by CVC Credit Partners Group Limited (and sub-managed by CVC Credit Partners Investment Management Ltd and CVC Credit Partners Limited).

The Collateral Manager has been capitalised, via a number of affiliates and associated companies, by CVC Credit Partners Global CLO Management Limited (“**CVC Global**”). CVC Global has financed its capitalisation of the Collateral Manager by raising external capital from third party investors alongside a significant investment made by CVC Credit Partners. Strategic decisions of CVC Global are undertaken by its board which comprises a majority of directors nominated by CVC Credit Partners and independent directors with CLO expertise. Significant third party investors in CVC Global also participate in an investor advisory committee which has oversight of certain of CVC Global’s decisions outside of pre-established guidelines.

The Collateral Manager has a number of direct employees involved in the day-to-day running of its business. While the Collateral Manager and its direct employees will be responsible for the collateral management and credit decisions with respect to managing the Collateral on behalf of the Issuer, certain day-to-day functions will be delegated to CVC Credit Partners Investment Management Limited (“**Support Agent**”). The Support Agent will perform certain middle- and back-office functions, investment research, access to systems and facilities and trade execution, as related to the business the Collateral Manager.

CVC Credit Partners has granted a licence to CVC Global and the Collateral Manager to use “CVC” and related trademarks. It should be noted that the duties and obligations of the Collateral Manager are solely those of CVC Credit Partners European CLO Management LLP and are not guaranteed by any affiliated entity including for this purpose any member of CVC Credit Partners. The Notes and the Collateral do not represent interests in or obligations of, and are not insured or guaranteed by CVC Credit Partners or any affiliate thereof.

The Collateral Manager will manage the Issuer’s assets pursuant to the Collateral Management Agreement. Initially, the Collateral Manager and/or the Support Agent will have the services of some or all of the professionals described below.

## **Directors and Company Secretary**

The Collateral Manager will directly employ certain individuals who will be responsible for making all investment management decisions on behalf of the Issuer and will perform related functions with respect thereto.

The direct employees are Guillaume Tarneaud, Sue Player, Kevin Wong and Yudith Yuana. Brief biographies of the Collateral Manager's employees forming part of the investment committee are set out below:

### **Guillaume Tarneaud**

#### *Senior Managing Director and Portfolio Manager*

Guillaume joined CVC Credit Partners in 2007. Prior to CVC, Guillaume worked in the Leveraged Finance department at Natixis in Frankfurt and in Deloitte's restructuring advisory team in Paris. Guillaume graduated from EM Lyon Business School with a M.Sc. in Management and from Paris Pantheon Assas University with a Master's Degree in Corporate and Tax Law.

### **Sue Player**

#### *Managing Director and Assistant Portfolio Manager*

Sue joined CVC Cordatus (a predecessor to CVC Credit Partners) in January 2007. Sue has over 30 years of finance experience. She joined from IKB Deutsche Industriebank where she was responsible for sourcing and execution of new investments in a wide range of transactions in the European leveraged loan market. Prior to this, Sue spent 14 years with NatWest bank where inter alia she worked in the structured finance division. Sue holds a Banking Certificate from the Chartered Institute of Bankers.

In addition, the Jersey branch of the Collateral Manager has paid employees.

Certain of such individuals may provide services to the Support Agent to assist such entity with investment management and operational activity. Certain other employees of CVC Credit Partners may also provide services to the Collateral Manager.

Further, the Collateral Manager has established an investment committee that will draw on the investment committee established for the benefit of CVC Credit Partners, while making its own separate determinations based on the specific facts and circumstances of the applicable to this transaction. The investment committee will be comprised of the persons listed below being either employees or as provided pursuant to arrangements with CVC Credit Partners. In addition to the brief biographies set out above, the brief biographies of Gretchen L. Bergstresser, Andrew Davies and Cary Ho are also set out below:

- Gretchen L. Bergstresser
- Andrew Davies
- Cary Ho
- Guillaume Tarneaud
- Sue Player

### **Gretchen L. Bergstresser**

#### *Partner and Global Head of Performing Credit*

Gretchen is a senior portfolio manager and Global Head of Performing Credit for CVC Credit Partners. Gretchen co-founded the U.S. Credit business of CVC Credit Partners in 2005. Over her 31 years in the industry, she has also worked at Eaton Vance, Bank of Boston, ING and other financial institutions. She earned an M.B.A. from Boston University, an M.S. in Chemistry from the Pennsylvania State University and a B.S. from St. Lawrence University. In January 2016, Gretchen was elected to the board of directors for the Loan Syndications and Trading Association.

## **Andrew Davies**

### *Partner and Head of Europe*

Andrew joined CVC Credit Partners in 2010. Andrew has 17 years of debt capital markets, corporate finance advisory and investment management experience. Most recently, Andrew was at GSC Group (formally Greenwich Street Capital Partners) in London where he was responsible for trading, sourcing, analysis and portfolio management across investment strategies. Prior to this, Andrew provided corporate finance advice to technology and media start-ups at Cobalt Corporate Finance and also spent five years at Bear Stearns where he focused on European merger and acquisition finance and fixed income trading. Andrew is a graduate of the University of the Witwatersrand, Johannesburg, South Africa.

## **Cary Ho**

### *Senior Managing Director and Global Head of CLO Origination*

Cary is a Senior Managing Director and Global Head of CLO Origination for CVC Credit Partners. Cary joined CVC from Nomura Securities International, Inc., where he was a Managing Director and Head of Credit Structuring. From 2009 until 2013, Cary was an Associate Director in the Office of Complex Financial Institutions at the Federal Deposit Insurance Corporation. Before joining the Federal Deposit Insurance Corporation, Cary held various roles at Credit Suisse Securities and prior to being acquired, Donaldson, Lufkin & Jenrette in the High Yield Structured Finance and Global Leveraged Finance Portfolio Strategy teams. Cary graduated from the Leonard N. Stern School of Business at New York University.

The investment committee of the Collateral Manager will review all aspects of any investment proposal for the Collateral Manager's own account or for the account of CLOs managed by the Collateral Manager, including due diligence work, pricing and any other key terms. The investment committee will also consider potential portfolio investment dispositions for the Collateral Manager's own account or for the account of the CLOs managed by the Collateral Manager.

## **CVC Credit Partners**

CVC Credit Partners combines what was Apidos Capital Management, LLC which was originally founded in 2005 as a subsidiary of Resource America, Inc and CVC Cordatus Group Ltd., (Europe), originally founded in 2006 by CVC Capital. In April 2012, the merger of these two entities created CVC Credit Partners L.P., a joint venture owned by CVC Capital (76%) and Resource America (24%). This merger significantly expanded the credit asset management platform of CVC into the US market and created a global presence in the leveraged finance asset class. The 24% interest in CVC Credit Partners L.P. was transferred by Resource America to C-III Capital Partners LLC in September 2016 as part of an acquisition of Resource America, Inc. CVC Credit Partners purchased the 24% interest from C-III Capital Partners LLC in August 2017. CVC Credit Partners has sought to differentiate itself via its investment performance, believes that it has generated attractive returns for investors in its investment vehicles and the existing team has, together, built a track record across both the US and European CLOs. As at 30 June 2019, CVC Credit Partners manages and advises in the leveraged finance asset class globally with approximately USD 23.9<sup>1</sup> billion in combined assets under management and committed capital across multiple investment vehicles spanning performing and non-performing credit.

As at 31 July 2019, CVC Credit Partners had a team of 62 investment professionals integrated across two offices in London and New York focused exclusively on investing in the sub-investment grade credit markets. Led by CVC Credit Partners' Chairman, Hamish Buckland, and four partners, Gretchen L. Bergstresser, Tom Newberry, Mark DeNatale and Andrew Davies, who combined have an average of approximately 29 years of professional experience, the senior members of the investment team have sourced, analysed, monitored and exited credit investments in each of the major geographies in North America and Europe. In aggregate, the investment team speaks thirteen languages. CVC Credit Partners believes that this diversity provides local

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<sup>1</sup> All amounts as at 30 June 2019. Commitment figure used for Pooled-Closed End Funds and Separately Managed Accounts in ramping phase. Includes warehouse figure for Apidos CLO XXXII and Cordatus Loan Fund XV. Underlying figures not in U.S. Dollars are converted using a spot rate as at 30 June 2019. Includes Managed Funds, Separately Managed Account Arrangements and CLOs managed by CVC Credit Partners Limited, CVC Credit Partners Investment Management Limited, CVC Credit Partners European Investment Fund Management Limited, CVC Credit Partners European CLO Management LLP and CVC Credit Partners U.S. CLO Management LLC, on a discretionary and non-discretionary basis.

knowledge of jurisdictions, language, and cultural differences; in addition, each professional has developed their own network of relationships among banks, sponsors and corporates.

## THE EU RETENTION AND TRANSPARENCY REQUIREMENTS

*The Issuer has accurately reproduced the information contained in the section entitled “The EU Retention and Transparency Requirements—Description of the Retention Holder” from information provided to it by the Collateral Manager but it has not independently verified such information. So far as the Issuer is aware and is able to ascertain from information published by the Collateral Manager, no facts have been omitted which would render the reproduced information inaccurate or misleading. The information appearing in this section has been prepared by the Collateral Manager and has not been independently verified by the Issuer, the Arranger, the Initial Purchaser or any other party and none of such Persons assumes any responsibility for the accuracy, completeness or applicability of such information.*

### Description of the Retention Holder

The Collateral Manager shall act as Retention Holder for the purposes of the EU Retention and Transparency Requirements as an “originator” (as such term is defined in the Securitisation Regulation as at the Issue Date). The description and the address of the Collateral Manager are set out in the “*The Collateral Manager*” section of this Offering Circular.

By way of background, the Securitisation Regulation definition of an “originator” refers to an entity which:

- (a) itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposures being securitised; or
- (b) purchases third party exposures “on its own account” and then securitises them.

Article 3(1)(4) of the regulatory technical standards adopted by the EU Commission on 12 March 2014 provides that, where the securitised exposures are created by multiple originators (as is the case in a managed CLO, where assets are acquired from numerous sellers in the market), the EU Retention and Transparency Requirements may be fulfilled in full by a single originator in circumstances where the relevant originator has established and is managing the scheme.

The Collateral Manager will represent and warrant in the EU Retention Letter that the Originator Requirement (as defined below) has been satisfied on the Issue Date and that the Collateral Manager has established and is managing the CLO described in this Offering Circular.

“**Originator Requirement**” means the requirement which will be satisfied if, on the Issue Date:

- (a) the sum of the Aggregate Principal Balance of all Collateral Debt Obligations that are or have been subject to the Conditional Sale Agreement (as defined below); divided by
- (b) the Target Par Amount,

is greater than or equal to five per cent.

On the basis of the paragraphs above, and the undertakings, representations, warranties and acknowledgements to be given by the Collateral Manager set out below, the Collateral Manager reasonably believes that it is an “originator” for the purposes of the EU Retention and Transparency Requirements.

Prospective investors should consider the discussion in “*Risk Factors—Regulatory Initiatives—European Risk Retention*” and “*Risk Factors—The Collateral Manager*” above.

### The EU Retention

*The following description consists of a summary of certain provisions of the EU Retention Letter which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement.*

On the Issue Date, the Collateral Manager will execute the EU Retention Letter addressed to the Issuer, the Trustee (for the benefit of the Noteholders), the Collateral Administrator, the Arranger and the Initial Purchaser.

Under the EU Retention Letter, the Collateral Manager acting through its Jersey branch in its capacity as Retention Holder will represent, warrant, undertake and agree on an ongoing basis so long as any Notes remain outstanding:

- (a) to subscribe for and retain, on an ongoing basis and for its own account, a material net economic interest in Class M-1 Subordinated Notes with a Principal Amount Outstanding equal to not less than 5 per cent. of the greater of (i) the Aggregate Collateral Balance and (ii) the Target Par Amount in accordance with Article 6(3)(d) of the Securitisation Regulation in force as at the Issue Date (the “**Retention Notes**”);
- (b) that it and its Affiliates will not sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes or the underlying portfolio of Collateral Debt Obligations, unless expressly permitted by the EU Retention and Transparency Requirements;
- (c) to confirm its continued compliance with the requirements set out in paragraphs (a) to (b) (inclusive) above:
  - (i) on a monthly basis to the Issuer, the Collateral Manager, the Trustee, the Collateral Administrator, the Arranger and the Initial Purchaser (concurrent with the delivery of each Monthly Report); and
  - (ii) upon any written request therefor by or on behalf of the Issuer or any Noteholder delivered following (1) a material change in (x) the performance of the Notes, (y) the risk characteristics of the Notes, or (z) the Collateral Debt Obligations and/or the Eligible Investments from time to time, or (2) the breach of any Transaction Document to which it is a party;
- (d) that it will, promptly on becoming aware of the occurrence thereof, provide a written notice to the Issuer, the Trustee, the Collateral Administrator, the Arranger and the Initial Purchaser of (i) any failure to hold the Retention Notes in accordance with paragraphs (a) or (b) above; and/or (ii) any representations in the EU Retention Letter or in paragraphs (g) to (j) below (inclusive) failing to be true on any date;
- (e) subject to any applicable regulatory requirements, (i) to take such further reasonable action, provide such information, on a confidential basis, and enter into such other agreements as may reasonably be required to satisfy the EU Retention and Transparency Requirements as they apply as at the Issue Date and (ii) to provide to the Issuer, on a confidential basis, information in the possession of the Collateral Manager relating to its holding of the Retention Notes, at the cost and expense of the party seeking such information, and to the extent such information is not subject to a duty of confidentiality, at any time prior to maturity of the Notes;
- (f) that in relation to every Originator Asset (as defined below), such asset is or will be subject to a Conditional Sale Agreement;
- (g) that it has established and is managing the securitisation scheme consisting of the issuance by the Issuer of the Notes described in this Offering Circular and appointed the Initial Purchaser to provide certain specific services in order to assist with such establishment;
- (h) that it is not an entity that has been established or that operates for the sole purpose of securitising exposures;
- (i) that it has the capacity to meet a payment obligation from resources not related to the exposures it securitises; and
- (j) that the Originator Requirement is satisfied on the Issue Date;

**provided, however,** that the Collateral Manager may transfer the Retention Notes only:

- (i) to the extent such transfer would not cause the transaction described in this Offering Circular to be non-compliant with the EU Retention and Transparency Requirements; and
- (ii) if such transfer is to a Person which will commit to retain the Retention Notes subject to and in accordance with the EU Retention and Transparency Requirements, such Person enters into an agreement on substantially the same terms as the EU Retention Letter,

and must notify the Noteholders of such transfer if the Collateral Manager would not retain the economic risk in the Retention Notes following such transfer.

Without limitation to the above, upon a resignation or removal of the Collateral Manager pursuant to the Collateral Management Agreement:

- (A) subject to satisfaction of the requirements in paragraphs (i) and (ii) above, the Retention Notes may be transferred to the successor collateral manager on the basis that such successor collateral manager shall be the Retention Holder; or
- (B) otherwise, the Collateral Manager shall remain the Retention Holder and bound by the retention undertakings described above, notwithstanding that it will no longer act as collateral manager with respect to the transaction described in this Offering Circular.

## **Origination of Collateral Debt Obligations**

### *General*

In relation to any asset acquired by it, the Retention Holder may from time to time:

- (a) hold such asset to maturity;
- (b) sell such asset to the market; or
- (c) sell the asset to a CLO in respect of which it is the collateral manager, including the Issuer, subject to the satisfaction of certain conditions described below.

### *Origination*

The Collateral Manager may acquire assets for the purposes of paragraph (b) of the definition of "originator" under the Securitisation Regulation which are intended to form part of the Collateral Debt Obligations ("**Originator Assets**"), pursuant to a conditional sale agreement ("**Conditional Sale Agreement**") between the Collateral Manager (as purchaser) and the Issuer (as seller) under which the Issuer shall, in the event any such Originator Asset becomes ineligible to be a Collateral Debt Obligation (for example, if it does not satisfy certain conditions precedent on the relevant purchase effective date to the Issuer, including if such obligation becomes defaulted, credit impaired or otherwise does not satisfy the eligibility criteria pursuant to the Warehouse Arrangements (if such purchase effective date falls prior to the Issue Date) or does not satisfy the Eligibility Criteria (if such purchase effective date falls on or after the Issue Date)) within 15 Business Days of the date upon which the Issuer (or the Collateral Manager on its behalf) entered into a binding commitment to acquire such Collateral Debt Obligation, have the right to require the Collateral Manager to purchase from it the relevant Originator Asset for the same purchase price as the Issuer committed to purchase and settle such Originator Asset. As a result, the Collateral Manager will be exposed to default and credit risk on such Originator Assets for the period between the purchase and the onward sale under the applicable Conditional Sale Agreement.

### *Comparable Assets*

The Collateral Manager is aware of its obligations under Article 6(2) of the Securitisation Regulation and will not select assets to be transferred to the Issuer with the aim of rendering losses on the assets transferred to the Issuer higher than the losses over the same period on comparable assets held on its balance sheet.

### *Credit Granting Criteria*

The Collateral Manager is also aware of its obligations under Article 9 of the Securitisation Regulation and shall apply to exposures to be securitised the same sound and well-defined criteria for credit-granting which it applies to non-securitised exposures. It has and will, as part of its due diligence on each asset to be securitised in respect of which it has not undertaken the original credit-granting, verify to the extent required pursuant to Article 9(3) that the entity directly or indirectly involved in the original agreement which created such asset, has applied to the asset the same sound and well-defined criteria for credit-granting that such entity applies to its non-securitised exposures. Such verification has been and will be made by confirming that the original syndicate of lenders in respect of an Originator Asset has at least one credit institution that is subject to Regulation (EU) No. 575/2013 of the European Parliament and of the Council (as the same may be amended from time to time).

## **Securitisation Regulation**



### *Transparency Requirements*

In accordance with Article 7(2) of the Securitisation Regulation, each of the originator, the sponsor and the Issuer are required to designate amongst themselves one entity to fulfil the reporting obligations of Article 7(1) of the Securitisation Regulation. The Issuer has agreed to be the designated entity.

The Collateral Manager shall undertake, on behalf of and at the expense of the Issuer, in a timely manner, to provide to the Collateral Administrator and the Issuer (and any applicable third party reporting entity) any reports, data and other information, subject to any confidentiality obligations binding on the Collateral Manager, reasonably required and in its possession and/or control in connection with the proper performance by the Issuer, as the designated entity, of its obligation to make available to the Noteholders, potential investors in the Notes and the competent authorities, the reports and information necessary for the Issuer to fulfil the reporting requirements of Article 7 of the Securitisation Regulation (and prior to the adoption of final disclosure templates in respect of the Transparency Requirements of Article 7 of the Securitisation Regulation, the Issuer (with the assistance of the Collateral Administrator and the Collateral Manager) intends to fulfil those requirements contained in subparagraphs (a) and (e) of Article 7(1) of the Securitisation Regulation through the Monthly Reports and the Payment Date Reports, see “*Description of the Reports*”). Following the adoption of the final disclosure templates in respect of the EU Retention and Transparency Requirements, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, method of distribution and timing of such reports, data and other information. The Collateral Administrator shall consult with the Issuer and the Collateral Manager and, if it agrees (in its sole and absolute discretion) to assist the Issuer and the Collateral Manager in providing such reporting on such proposed terms, shall confirm in writing to the Issuer and the Collateral Manager and shall make such information available (or procure that such information is made available) via (A) a website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Trustee, the Collateral Manager and the Hedge Counterparties and as further notified by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*)) which shall be accessible to any competent authority, any Noteholder and any potential investor in the Notes and/or (B) such other method of dissemination as is required by the Securitisation Regulation or a competent authority (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). If the Collateral Administrator does not agree to assist the Issuer and the Collateral Manager in providing such reporting, the Issuer and the Collateral Manager shall appoint another entity to make such information available to any competent authority, any Noteholder and any potential investor in the Notes.

For the avoidance of doubt, if the Collateral Administrator agrees to assist the Issuer and the Collateral Manager in providing such information and reporting on behalf of the Issuer, neither the Collateral Administrator nor the Collateral Manager will assume any responsibility for the Issuer’s obligations as the entity responsible for fulfilling the reporting obligations under the EU Retention and Transparency Requirements. In making available such information and reporting, the Collateral Administrator and the Collateral Manager also assume no responsibility or liability to any third party, including the Noteholders and potential Noteholders (including for their use or onward disclosure of any such information or documentation) and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents.

## THE COLLATERAL ADMINISTRATOR

*The information appearing in this section has been prepared by the Collateral Administrator and has not been independently verified by the Issuer, the Arranger, the Initial Purchaser or any other party. None of the Arranger, the Initial Purchaser or any other party other than the Collateral Administrator assumes any responsibility for the accuracy or completeness of such information.*

*The Issuer confirms that the information appearing in this section has been accurately reproduced and that as far as the Issuer is aware, and is able to ascertain from information published by the Collateral Administrator, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

### General

The Bank of New York Mellon SA/NV is a Belgian limited liability company established 30 September 2008 under the form of a Société Anonyme/Naamloze Vennootschap. It was granted its banking licence by the former CBFA on 10 March 2009. It has its headquarters and main establishment at 46 rue Montoyerstraat, 1000 Brussels. The Bank of New York Mellon SA/NV is a subsidiary of BNY Mellon (“BNYM”), the main banking subsidiary of The BNY Mellon Corporation. It is under the prudential supervision of the European Central Bank and the National Bank of Belgium and regulated by the Belgian Financial Services and Markets Authority in respect of conduct of business. The Bank of New York Mellon SA/NV engages in servicing, global collateral management, global markets, corporate trust and depositary receipts. The Bank of New York Mellon SA/NV operates from locations in Belgium, The Netherlands, Germany, the United Kingdom, Luxembourg, Italy, France and Ireland.

### Termination and Resignation of Appointment of the Collateral Administrator

Pursuant to the terms of the Collateral Management Agreement, the Collateral Administrator may be removed: (a) without cause at any time upon at least 90 days’ prior written notice; or (b) with cause upon at least 10 days’ prior written notice in each case by the Issuer at its discretion or the Trustee acting upon the written directions of the holders of the Subordinated Notes acting by way of Extraordinary Resolution and subject to the Trustee being secured and/or indemnified and/or prefunded to its satisfaction. In addition the Collateral Administrator may also resign without cause upon at least 45 days’ prior written notice and with cause upon at least 10 days’ prior written notice to the Issuer, the Trustee and the Collateral Manager. No resignation or removal of the Collateral Administrator will be effective until a successor collateral administrator has been appointed pursuant to the terms of the Collateral Management Agreement.

### Reporting

Following the adoption of the final disclosure templates in respect of the EU Retention and Transparency Requirements, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, method of distribution and timing of the reports and other information necessary for the Issuer to fulfil the reporting requirements of Article 7 of the Securitisation Regulation. The Collateral Administrator shall consult with the Issuer and the Collateral Manager and, if it agrees (in its sole and absolute discretion) to assist the Issuer and the Collateral Manager in providing such reporting on such proposed terms, shall confirm in writing to the Issuer and the Collateral Manager and shall make such information available via (A) a website (or procure that such information is made available) currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Trustee, the Collateral Manager and the Hedge Counterparties and as further notified by the Issuer to the Noteholders in accordance with Condition 16 (Notices)) which shall be accessible to any competent authority, any Noteholder and any potential investor in the Notes and/or (B) such other method of dissemination as is required by the Securitisation Regulation or a competent authority (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). If the Collateral Administrator does not agree to assist the Issuer and the Collateral Manager in providing such reporting, the Issuer and the Collateral Manager shall appoint another entity to make such information available to any competent authority, any Noteholder and any potential investor in the Notes.

In the Joint Statement, the ESAs noted that the reporting templates to be prepared by ESMA for the purposes of fulfilling the on-going Transparency Requirements applicable to the relevant reporting entities under the Securitisation Regulation were unlikely to be adopted by 1 January 2019. Instead, the transitional provisions of Article 43(8) of the Securitisation Regulation (the “**Transitional Requirements**”) will apply to the underlying exposure and investor reporting obligations under Article 7(1)(a) and (e) until the regulatory technical standards

relating to the Transparency Requirements to be adopted by the European Commission apply. The Transitional Requirements provide that, for the purposes of the Loan Reports and the Investor Reports, the reporting entity shall make available the information referred to in the Annexes of Delegated Regulation (EU) 2015/3 (the “**CRA3 RTS**”). However, there is no dedicated template within Annexes I to VII of the CRA3 RTS for underlying exposure reporting in respect of CLO transactions nor is it expected that one will be developed in accordance with the CRA3 RTS. Annex VIII of the CRA3 RTS sets out the investor reporting obligations and will apply to CLO transactions. Accordingly, the Issuer intends to initially seek to comply with Article 7(1)(a) and (e) of the Securitisation Regulation through preparation of the Reports (including making available the information referred to in Annex VIII of the CRA3 RTS).

Upon the adoption of the final ESMA reporting templates for the purposes of compliance with the Transparency Requirements, the Transitional Requirements shall cease to apply and the parties will seek to provide the required forms of Investor Reports and Loan Reports on a quarterly basis thereafter as described above.

## THE LIQUIDITY FACILITY PROVIDER

*The Issuer confirms that the information appearing in this section has been validated against information provided on the websites of [www.bnymellon.com](http://www.bnymellon.com) and other websites of government and regulatory bodies (including the Federal Deposit Insurance Corporation, Federal Financial Institutions Examination Council, Bank of England, the Financial Conduct Authority and Companies House).*

### **The Bank of New York Mellon**

The Bank of New York Mellon, a New York state chartered bank (the “**Bank**”), is one of the two principal banking subsidiaries of The Bank of New York Mellon Corporation (NYSE: BK), a bank holding company and a financial holding company (“**BNY Mellon**”). BNY Mellon is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment management and investment services in 35 countries. As of 31 March 2019, BNY Mellon had USD 34.5 trillion in assets under custody and/or administration, and USD 1.8 trillion in assets under management. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. Follow us on Twitter @bnymellon or visit [www.bnymellon.com/newsroom](http://www.bnymellon.com/newsroom) for the latest company news.

BNY Mellon’s and the Bank’s ratings information is available at: <http://www.bnymellon.com/investorrelations/creditratings.html>. A rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organisation. Each rating should be evaluated independently of any other rating.

BNY Mellon’s principal office is located at 225 Liberty Street, New York, New York 10286. A copy of the most recent Annual Report on Form 10-K of BNY Mellon may be obtained from [www.bnymellon.com](http://www.bnymellon.com). For additional information about BNY Mellon, please refer to the reports filed with the Securities Exchange Commission, including BNY Mellon’s Annual Report on Form 10-K, proxy statement, quarterly reports on Form 10-Q and current reports on Form 8-K, available at [www.sec.gov](http://www.sec.gov).

## THE PORTFOLIO

*The following description of the Portfolio consists of a summary of certain provisions of the Collateral Management Agreement which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement.*

Terms used and not otherwise defined herein or in this Offering Circular as specifically referenced herein shall have the meaning given to them in Condition 1 (*Definitions*).

### Introduction

Pursuant to the Collateral Management Agreement, the Collateral Manager is required to act in specific circumstances in relation to the Portfolio on behalf of the Issuer and to carry out the duties and functions described below. Any delegation of duties by the Collateral Manager in accordance with the Collateral Management Agreement shall not relieve the Collateral Manager from any liability thereunder. In addition, the Collateral Administrator is required to perform certain calculations in relation to the Portfolio on behalf of the Issuer, in each case to the extent and in accordance with the information provided to it by the Collateral Manager.

### Acquisition of Collateral Debt Obligations

The Collateral Manager will determine and will use reasonable endeavours to cause to be acquired by the Issuer a portfolio of primarily Senior Secured Loans, Senior Secured Bonds, Senior Unsecured Obligations, Corporate Rescue Loans, Mezzanine Obligations, Second Lien Loans and High Yield Bonds during the Initial Investment Period (including, but not limited to, Collateral Debt Obligations purchased pursuant to the Warehouse Arrangements), the Reinvestment Period and thereafter. The Issuer anticipates that, by the Issue Date, it will have purchased or committed to purchase Collateral Debt Obligations, the Aggregate Principal Balance of which is equal to at least €280,000,000 which is approximately 70 per cent. of the Target Par Amount (as defined in the Conditions). The proceeds of the issue of the Notes remaining after payment of: (a) the acquisition costs for the Collateral Debt Obligations acquired by the Issuer on or prior to the Issue Date, including repayment of the Warehouse Arrangements; and (b) certain fees, costs and expenses incurred in connection with the issue of the Notes and anticipated to be payable by the Issuer following completion of the issue of the Notes will be deposited in the Interest Reserve Account and the Unused Proceeds Account on the Issue Date. The Collateral Manager acting on behalf of the Issuer, shall use all reasonable efforts to purchase Collateral Debt Obligations with an Aggregate Principal Balance equal to at least the Target Par Amount out of the Balance standing to the credit of the Unused Proceeds Account during the Initial Investment Period.

The Issuer does not expect and is not required to satisfy the Collateral Quality Tests, Portfolio Profile Tests or the Coverage Tests prior to the Effective Date. The Collateral Manager may declare that the Initial Investment Period has ended and the Effective Date has occurred prior to 13 February 2020, subject to the Effective Date Determination Requirements being satisfied.

On or after the Effective Date, the Balance standing to the credit of the Unused Proceeds Account will be transferred to the Principal Account and/or the Interest Account, in each case, at the discretion of the Collateral Manager (acting on behalf of the Issuer), **provided** that as at such date: (i) the Issuer has acquired or entered into binding commitments to acquire Collateral Debt Obligations, the Aggregate Principal Balance of which equals or exceeds the Target Par Amount (after taking into account any transfer in (ii)); and (ii) no more than 1 per cent. of the Aggregate Collateral Balance may be transferred to the Interest Account.

Within 15 Business Days following the Effective Date, the Collateral Administrator shall issue a report (the “**Effective Date Report**”) containing the information required in a Monthly Report, confirming whether (i) the Issuer has acquired or entered into a binding commitment to acquire Collateral Debt Obligations having an Aggregate Principal Balance which equals or exceeds the Target Par Amount, copies of which shall be forwarded to the Issuer, the Trustee, the Collateral Manager and the Rating Agencies (**provided** that, for the purposes of determining the Aggregate Principal Balance as provided above, any repayments or prepayments of any Collateral Debt Obligations subsequent to the Issue Date shall be disregarded (to the extent such repayments or prepayments are not subsequently reinvested) and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its (a) Moody’s Collateral Value and (b) Fitch Collateral Value) and (ii) the Aggregate Collateral Balance is equal to or exceeds the Target Par Amount (provided that, for the purposes of determining the Aggregate Collateral Balance, the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its (a) Moody’s Collateral Value and (b) Fitch

Collateral Value), and the Issuer will provide, or cause the Collateral Manager to provide to the Trustee and the Collateral Administrator an accountants' certificate confirming the Aggregate Principal Balance of all Collateral Debt Obligations purchased or committed to be purchased as at the Effective Date and the computations and results of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests by reference to such Collateral Debt Obligations.

The Collateral Manager (acting on behalf of the Issuer) shall promptly following receipt of the Effective Date Report, request that each of the Rating Agencies confirm its Initial Ratings of the Rated Notes, **provided** that if the Effective Date Condition is satisfied then such rating confirmation shall be deemed to have been received from the Rating Agencies. If the Effective Date Condition is not satisfied within 30 Business Days following the Effective Date the Collateral Manager shall promptly notify the Rating Agencies. If (i) the Effective Date Determination Requirements are not satisfied and Rating Agency Confirmation has not been received in respect of such failure; (ii) either (A) the Collateral Manager (acting on behalf of the Issuer) does not present a Rating Confirmation Plan to the Rating Agencies or (B) the Collateral Manager (acting on behalf of the Issuer) presents a Rating Confirmation Plan to the Rating Agencies and Rating Agency Confirmation is not received in respect of such Rating Confirmation Plan; or (iii) where the Effective Date Condition is not satisfied, following a request therefor from the Collateral Manager after the Effective Date, Rating Agency Confirmation from the Rating Agencies is not received. If an Effective Date Rating Event has occurred and is continuing on the Business Day prior to the Payment Date next following the Effective Date, the Rated Notes shall be redeemed, pursuant to Condition 7(e) (Redemption upon Effective Date Rating Event) on such Payment Date and thereafter on each Payment Date (to the extent required) out of Interest Proceeds and thereafter out of Principal Proceeds subject to the Priorities of Payments, until the earlier of (x) the date on which the Effective Date Rating Event is no longer continuing and (y) the date on which the Rated Notes have been redeemed in full. The Collateral Manager shall notify the Rating Agencies upon the discontinuance of an Effective Date Rating Event.

During such time as an Effective Date Rating Event shall have occurred and be continuing the Collateral Manager (acting on behalf of the Issuer) may prepare and present to the Rating Agencies a Rating Confirmation Plan setting forth the timing and manner of acquisition of additional Collateral Debt Obligations and/or any other intended action which will cause confirmation or reinstatement of the Initial Ratings. The Collateral Manager (acting on behalf of the Issuer) is under no obligation whatsoever to present a Rating Confirmation Plan to the Rating Agencies.

### **Eligibility Criteria**

Each Collateral Debt Obligation must, at the time of entering into a binding commitment to acquire such obligation by, or on behalf of, the Issuer, satisfy the following criteria (the "**Eligibility Criteria**") as determined by the Collateral Manager in its reasonable discretion (capitalised terms in each case shall be read and construed as if such obligation were a Collateral Debt Obligation):

- (a) it is a Senior Secured Loan, Senior Secured Bond, an Senior Unsecured Obligation, a Corporate Rescue Loan, a Mezzanine Obligation, a Second Lien Loan or a High Yield Bond, a PIK Obligation or a Bridge Loan;
- (b) it is (I) denominated in Euro or (II) is denominated in a Qualifying Currency other than Euro and either (1) if such Non-Euro Obligation is denominated in a Qualifying Unhedged Obligation Currency and within 90 calendar days of the settlement date thereof, and otherwise (2) no later than the settlement date of the acquisition thereof the Issuer (or the Collateral Manager on its behalf) enters into an Asset Swap Transaction with a notional amount in the relevant currency equal to the aggregate principal amount of such obligation and otherwise complies with the requirements set out in respect of such obligation in the Collateral Management Agreement and (III) is not convertible into or payable in any other currency;
- (c) it is not a Defaulted Obligation or a Credit Impaired Obligation;
- (d) it is not a lease (including, for the avoidance of doubt, a financial lease);
- (e) it is not a Structured Finance Security, pre-funded letter of credit or a Synthetic Security;
- (f) it provides for a fixed amount of principal payable on scheduled payment dates and/or at maturity and does not by its terms provide for earlier amortisation or prepayment in each case at a price of less than par;

- (g) it is not a Zero Coupon Obligation, Step-Up Coupon Security or Step-Down Coupon Security;
- (h) it does not constitute “margin stock” (as defined under Regulation U issued by the Board of Governors of the United States Federal Reserve System);
- (i) it is an obligation in respect of which, following acquisition thereof by the Issuer by the selected method of transfer, payments to the Issuer will not be subject to withholding tax (with the exception of U.S. withholding tax imposed on commitment fees, facility fees, and other similar fees) imposed by any jurisdiction unless either: (i) such withholding tax can be sheltered in full by application being made under the applicable double tax treaty or otherwise; or (ii) the Obligor is required to make “gross-up” payments that cover the full amount of any such withholding on an after-tax basis (and in the case of Participations, neither payments to the Selling Institution nor payments to the Issuer will be subject to withholding tax imposed by any jurisdiction unless the Obligor is required to make “gross-up” payments that compensate the Issuer directly or indirectly in full for any such withholding on an after-tax basis);
- (j) other than in the case of Corporate Rescue Loans, it has a Moody’s Rating of not lower than “Caa3” and a Fitch Rating of not lower than “CCC-”;
- (k) it is not a debt obligation whose repayment is subject to substantial non-credit related risk;
- (l) it will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer other than those: (i) which may arise at its option; (ii) which are fully collateralised; (iii) which are subject to limited recourse provisions similar to those set out in the Trust Deed; (iv) which are owed to the agent bank in relation to the performance of its duties under a Collateral Debt Obligation; or (v) which may arise as a result of an undertaking to participate in a financial restructuring of a Collateral Debt Obligation where such undertaking is contingent upon the redemption in full of such Collateral Debt Obligation on or before the time by which the Issuer is obliged to enter into the restructured Collateral Debt Obligation and where the restructured Collateral Debt Obligation satisfies the Eligibility Criteria and for the avoidance of doubt, the Issuer is not liable to pay any amounts in respect of a restructured Collateral Debt Obligation, **provided** that, in respect of paragraph (v) only, that the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer following such restructuring shall not exceed the redemption amounts from such restructured Senior Secured Loan, second lien loan or similar obligation;
- (m) it will not require the Issuer or the pool of collateral to be registered as an investment company under the Investment Company Act;
- (n) it is not a debt obligation that pays scheduled interest less frequently than annually (other than, for the avoidance of doubt, PIK Obligations);
- (o) it is not a debt obligation issued by an Obligor which has total potential indebtedness (comprised of all financial debt owing by that Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans as determined by original or subsequent issuance size, at the time of purchase by the Issuer) under its respective loan agreements and other Underlying Instruments of less than €150,000,000 or the equivalent thereof converted into Euro at the Spot Rate at the time at which the Issuer entered into a binding commitment to purchase such Collateral Debt Obligation;
- (p) it is not subject to a tender offer, voluntary redemption, exchange offer, conversion or other similar action for a price less than its par amount plus all accrued and unpaid interest;
- (q) the Collateral Debt Obligation Stated Maturity thereof falls prior to the Maturity Date of the Notes;
- (r) its acquisition by the Issuer will not result in the imposition of stamp duty or stamp duty reserve tax or other similar tax, duty or levy payable by the Issuer (or by any other person who has a right, statutory or otherwise, to be reimbursed for the same by the Issuer), unless such stamp duty or stamp duty reserve tax or other similar tax, duty or levy has been included in the purchase price of such Collateral Debt Obligation;
- (s) upon acquisition, the Collateral Debt Obligation is capable of being, and will be, the subject of a first fixed charge, a first priority security interest or other arrangement having a similar commercial effect in favour of the Trustee for the benefit of the Secured Parties;

- (t) is an obligation of an Obligor or Obligors Domiciled in a Non-Emerging Market Country (as determined by the Collateral Manager acting on behalf of the Issuer);
- (u) is not an obligation of an Obligor or Obligors Domiciled in a country with a Moody's local currency country risk ceiling of "Baa1" or below;
- (v) it has not been called for, and is not subject to a pending, redemption;
- (w) it is capable of being sold, assigned or participated to the Issuer, together with any associated security, without any breach of applicable selling restrictions or of any contractual provisions or of any legal or regulatory requirements and the Issuer does not require any authorisations, consents, approvals or filings (other than such as have been obtained or effected) as a result of or in connection with any such sale, assignment or participation under any applicable law;
- (x) it is not an obligation in respect of which interest payments are scheduled to decrease (although interest payments may decrease due to unscheduled events such as a decrease of the index relating to a Floating Rate Collateral Debt Obligation, the change from a default rate of interest to a non default rate or an improvement in the Obligor's financial condition);
- (y) it is an obligation (i) that is acquired, and held in a manner that does not violate the U.S. Investment Restrictions, and (ii) the nature of which does not violate the U.S. Investment Restrictions;
- (z) it must require the consent of at least 66⅔ per cent. of the lenders to the Obligor thereunder for any change in the principal repayment profile or interest applicable on such obligation (for the avoidance of doubt, excluding any changes originally envisaged in the loan documentation) **provided** that in the case of a Collateral Debt Obligation that is a bond, such percentage requirement shall refer to the percentage of holders required to approve a resolution on any such matter, either as a percentage of those attending a quorate bondholder meeting or as a percentage of all bondholders acting by way of a written resolution;
- (aa) it is not a Project Finance Loan;
- (bb) it is not, and is not convertible into, an equity security;
- (cc) it is in registered form for U.S. federal income tax purposes unless it is not a "registration required" instrument;
- (dd) it is a "qualifying asset" for the purposes of section 110 of the TCA;
- (ee) it does not constitute "specified mortgages" within the meaning of section 22 of the Irish Finance Act, 2016;
- (ff) its acquisition by the Issuer will not result in the Issuer being required to be authorised as a "credit servicing firm" within the meaning of the Irish Central Bank Act, 1997 (as amended);
- (gg) it does not have an "(sf)" subscript assigned by Moody's;
- (hh) it is not a Current Pay Obligation;
- (ii) other than in the case of a Swapped Non-Discount Obligation, it has a minimum purchase price of 60 per cent. of the Principal Balance of such Collateral Debt Obligation;
- (jj) it is not a debt obligation whose material terms are subject to mandatory change triggered by non-credit related events;
- (kk) it is not an obligation that contains limited recourse provisions that limit the obligation of the Obligor thereunder to a defined portfolio or pool of assets;
- (ll) it is not a Senior Secured Loan or a Senior Secured Bond in respect of which a revolving loan of the Obligor thereunder, pursuant to its terms, may require one or more future advances to be made to such Obligor that may have a higher priority security interest over such assets or shares (as referred to in paragraph (i) of the definition of Senior Secured Loan and paragraph (i) of the definition of Senior



Secured Bond, as applicable) in the event of an enforcement in respect of such loan representing more than 20 per cent. of the Obligor's senior debt; and

- (oo) it is not a CVC Originated Collateral Obligation.

Other than (i) Issue Date Collateral Debt Obligations which must satisfy the Eligibility Criteria on the Issue Date and (ii) Collateral Debt Obligations which are the subject of a restructuring (whether effected by way of an amendment to the terms of such Collateral Debt Obligation or by way of substitution of new obligations and/or change of Obligor) which must satisfy the Restructured Obligation Criteria on the applicable Restructuring Date, the subsequent failure of any Collateral Debt Obligation to satisfy any of the Eligibility Criteria shall not prevent any obligation which would otherwise be a Collateral Debt Obligation from being a Collateral Debt Obligation so long as such obligation satisfied the Eligibility Criteria, when the Issuer or the Collateral Manager on behalf of the Issuer entered into a binding agreement to purchase such obligation.

**"CVC Originated Collateral Obligation"** means an obligation which has been originated or arranged (as lead arranger or co-arranger) in the primary market by any entity within the CVC Credit Partners or a by a CVC Fund (excluding any origination by the Collateral Manager); for the avoidance of doubt, this will not preclude the purchase by the Collateral Manager on behalf of the Issuer of (i) such obligation in the secondary market or (ii) any obligation where an entity within the CVC Credit Partners or a CVC Fund acted as a first lender but did not originate or arrange such obligation.

**"EBITDA"** means the run-rate earnings before interest, taxes, debt and amortisation (i) for so long as the Collateral Manager acts as collateral manager, as determined by the Collateral Manager's credit analysis at the time of approval by the Collateral Manager's investment committee (such determination to be made acting in good faith and in a commercially reasonable manner), or (ii) in the event that such determination under (i) is unavailable or at any time after the Collateral Manager ceases to act as collateral manager, as calculated by a third party in published research reports.

**"Non-Recourse Obligation"** means an obligation that falls into any one of the following types of specialised lending:

- (a) *Project Finance*: a method of funding in which the lender looks solely to the revenues generated by a single project, both as the source of repayment and as security for the exposure. Repayment depends solely on the project's cash flow and on the collateral value of the project's assets, such as power plants, chemical processing plants, mines, transportation infrastructure, environment and telecommunications infrastructure.
- (b) *Object Finance*: a method of funding the acquisition of physical assets (e.g. ships, aircraft, satellites, railcars and fleets) where the repayment of the exposure is dependent on the cash flows solely generated by the specific assets that have been financed and pledged or assigned to the lender. The sole source of these cash flows might be rental or lease contracts with one or several third parties.
- (c) *Commodities Finance*: a structured short term lending to finance reserves, inventories or receivables of exchange traded commodities (e.g. crude oil, metals or crops), where the exposure will be repaid from the proceeds of the sale of the commodity and the borrower has no independent capacity to repay the exposure. This is the case when the borrower has no other activities and no other material assets on its balance sheet.
- (d) *Income producing real estate*: a method of providing funding to real estate (such as, office buildings to let, retail space, multifamily residential buildings, industrial or warehouse space and hotels) where the prospects for repayment and recovery on the exposure depend solely on the cash flows generated by the asset. The sole source of these cash flows would generally be lease or rental payments or the sale of the asset.
- (e) *High volatility commercial real estate*: a financing of any of the land acquisition, development and constructions phases for properties of those types in such jurisdictions, where the sole source repayment at origination of the exposure is either future uncertain sale of the property or cash flows whose source of repayment is substantially uncertain (e.g. the property has not yet been leased to the occupancy rate prevailing in that geographic for that type of commercial real estate).

## Restructured Obligations

In the event a Collateral Debt Obligation becomes the subject of a restructuring whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an amendment of its maturity date) or by way of substitution of new obligations and/or change of Obligor, such obligation shall only constitute a Restructured Obligation if such obligation satisfies the Eligibility Criteria (save for paragraphs (c), (j), (o), (hh) or (ii) thereof) (the “**Restructured Obligation Criteria**”) and such obligation has a Fitch Rating.

## Management of the Portfolio

### *Overview*

The Collateral Manager (acting on behalf of the Issuer) is permitted, in certain circumstances and, subject to certain requirements, to sell Collateral Debt Obligations and Exchanged Securities and to reinvest the Sale Proceeds (other than accrued interest on such Collateral Debt Obligations included in Interest Proceeds by the Collateral Manager) thereof in Substitute Collateral Debt Obligations. The Collateral Manager shall determine (in consultation with the Collateral Administrator), as at the date of the proposed acquisition, that the Portfolio Profile Tests and Reinvestment Criteria which are required to be satisfied (or where such relevant criterion permits, maintained or improved) in connection with any such sale or reinvestment are satisfied (or where such relevant criterion permits, maintained or improved) or, if any such criteria are not satisfied (or where such relevant condition permits, maintained or improved), shall notify the Issuer of the reasons and the extent to which such criteria are not so satisfied (or where such relevant criterion permits, maintained or improved). Certification as of the trade date of the satisfaction of such tests (or where such relevant criterion permits, such tests are maintained or improved) shall be made upon delivery to the Collateral Administrator of a trade ticket by the Collateral Manager in respect of such acquisition on the settlement date thereof, and the Collateral Administrator in turn shall make the relevant certifications in the Issuer Order (as defined in the Collateral Management Agreement) on such date, subject to and in accordance with the terms of the Collateral Management Agreement.

The Collateral Manager will determine and use reasonable endeavours to cause to be purchased by the Issuer, Collateral Debt Obligations (including all Substitute Collateral Debt Obligations) taking into account the Eligibility Criteria and will monitor the performance of the Collateral Debt Obligations on an ongoing basis to the extent practicable using sources of information reasonably available to it and **provided** that the Collateral Manager shall not be responsible for determining whether or not the terms of any individual Collateral Debt Obligation have been observed.

The activities referred to below that the Collateral Manager may undertake on behalf of the Issuer are subject to the Issuer's, monitoring of the performance of the Collateral Manager under the Collateral Management Agreement.

## Sale of Collateral Debt Obligations

### *Sale of Issue Date Collateral Debt Obligations*

The Collateral Manager, acting on behalf of the Issuer shall sell any Issue Date Collateral Debt Obligations which do not comply with the Eligibility Criteria on the Issue Date (each a “**Non-Eligible Issue Date Collateral Debt Obligation**”) Any Sale Proceeds received in connection therewith may be reinvested in Substitute Collateral Debt Obligations satisfying the Eligibility Criteria or credited to the Principal Account pending such reinvestment.

### *Terms and Conditions applicable to the Sale of Credit Impaired Obligations, Credit Improved Obligations and Defaulted Obligations*

Credit Impaired Obligations, Credit Improved Obligations and Defaulted Obligations may be sold at any time by the Collateral Manager (acting on behalf of the Issuer) subject to the following:

- (a) to the Collateral Manager's knowledge, no Note Event of Default having occurred which is continuing; and
- (b) the Collateral Manager believes, in its reasonable judgement, that such security constitutes a Credit Impaired Obligation, a Credit Improved Obligation or a Defaulted Obligation, as the case may be,

**provided** that if the Collateral Manager is removed following the occurrence of a Collateral Manager Event of Default and a successor collateral manager has not been appointed and accepted such appointment, the Collateral Manager shall not sell any Credit Impaired Obligation, Credit Improved Obligation or any Defaulted Obligation.

### **Terms and Conditions applicable to the Sale of Exchanged Securities**

Any Exchanged Security may be sold at any time by the Collateral Manager in its discretion (acting on behalf of the Issuer) subject to, to the Collateral Manager's knowledge, no Note Event of Default having occurred which is continuing.

In addition to any discretionary sale of Exchanged Securities as provided above, the Collateral Manager shall be required by the Issuer to use its reasonable efforts to sell (on behalf of the Issuer) any Exchanged Security which constitutes Margin Stock, as soon as practicable upon its receipt or upon its becoming Margin Stock (as applicable), **provided** that if the Collateral Manager is removed following the occurrence of a Collateral Manager Event of Default and a successor collateral manager has not been appointed and accepted such appointment, the Collateral Manager shall not sell any Exchanged Security.

### **Discretionary Sales**

The Issuer or the Collateral Manager (acting on behalf of the Issuer) may dispose of any Collateral Debt Obligation (other than a Credit Improved Obligation, a Credit Impaired Obligation, a Defaulted Obligation or an Exchanged Security, each of which may only be sold in the circumstances provided above) at any time **provided** that:

- (a) no Note Event of Default having occurred which is continuing;
- (b) no Restricted Trading Period is in effect and is continuing;
- (c) following the Effective Date, after giving effect to such sale, the Aggregate Principal Balance outstanding of all Collateral Debt Obligations sold as described in this paragraph during the preceding 12 calendar months (or, for the first 12 calendar months after the Issue Date, during the period commencing on the Issue Date) is not greater than 30 per cent. of the Aggregate Collateral Balance as of the first day of such 12 calendar month period (or as of the Issue Date, as the case may be); and
- (d) either:
  - (i) during the Reinvestment Period, the Collateral Manager reasonably believes prior to such sale that it will be able to enter one or more binding commitments to reinvest all or a portion of the proceeds of such sale in one or more additional Collateral Debt Obligations with an Aggregate Principal Balance outstanding at least equal to the Principal Balance of such sold Collateral Debt Obligation or Collateral Debt Obligations within 45 days after the settlement of such sale in accordance with the Reinvestment Criteria; or
  - (ii) at any time, either: (1) the Sale Proceeds from such sale are at least equal to the Principal Balance of such Collateral Debt Obligation; or (2) after giving effect to such sale, the Aggregate Principal Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be multiplied by the lower of its Moody's Collateral Value and its Fitch Collateral Value) outstanding of all Collateral Debt Obligations (excluding the Collateral Debt Obligation being sold but including, without duplication, the Sale Proceeds of such sale) plus, without duplication, the amounts on deposit in the Principal Account and the Unused Proceeds Account (including Eligible Investments therein) will be greater than (or equal to) the Reinvestment Target Par Amount (as defined below),

**provided** that if the Collateral Manager is removed following the occurrence of a Collateral Manager Event of Default and a successor collateral manager has not been appointed and accepted such appointment, the Collateral Manager shall not sell any Collateral Debt Obligation.

### **Restricted Trading Period**

The Issuer or the Collateral Manager (acting on its behalf) shall promptly notify Fitch and Moody's upon the occurrence of a Restricted Trading Period.

### **Sale of Collateral Prior to Maturity Date**

In the event of: (i) any redemption of the Rated Notes in whole prior to the Maturity Date; or (ii) receipt of notification from the Trustee of enforcement of the security over the Collateral; the Collateral Manager (acting on behalf of the Issuer) will (at the direction of the Trustee following the enforcement of such security), as far as practicable, arrange for liquidation of the Collateral in order to procure that the proceeds thereof are in immediately available funds by the Business Day prior to the applicable Redemption Date and sell all or part of the Portfolio, as applicable, in accordance with Condition 7 (*Redemption and Purchase*) and clause 27 (*Realisation of Collateral*) of the Collateral Management Agreement but without regard to the limitations set out in clause 20 (*Management of the Portfolio*) and Schedule 4 (*Reinvestment Criteria*) of the Collateral Management Agreement (which will include any limitations or restrictions set out in the Conditions of the Notes and the Trust Deed).

### **Sale of Assets which do not Constitute Collateral Debt Obligations**

In the event that an asset did not satisfy the Eligibility Criteria on the date it was required to do so in accordance with the Collateral Management Agreement, the Collateral Manager shall use reasonable efforts to sell such asset. Such proceeds shall constitute Sale Proceeds and may be reinvested in accordance with and subject to the Reinvestment Criteria.

### **Disposal of Unsaleable Assets**

Following the delivery of prior written notice of a proposed Optional Redemption in accordance with Condition 7(b)(iv)(A) (*Terms and conditions of an Optional Redemption*), or the delivery of an Acceleration Notice (actual or deemed) in accordance with Condition 10(b) (*Acceleration*), the Collateral Manager, acting on behalf of the Issuer, may conduct an auction of Unsaleable Assets. The Issuer will provide notice (in such form as is prepared by the Collateral Manager) to the Noteholders in accordance with the Conditions (and, for so long as any Rated Notes are Outstanding, the Rating Agencies) of such auction, setting forth in reasonable detail a description of each Unsaleable Asset and the following auction procedures:

- (a) any Noteholder may submit a written bid to purchase for cash one or more Unsaleable Assets no later than the date specified in the auction notice (which shall be at least 15 Business Days after the date of such notice) and, for any Unsaleable Asset for which one or more bids are received, the Collateral Manager, on behalf of the Issuer, will deliver such Unsaleable Asset to the highest bidder against payment in cash of the bid price;
- (b) each bid must include an offer to purchase for a specified amount of cash on a proposed settlement date no later than 20 Business Days after the date of the auction notice;
- (c) if no Noteholder submits such a bid for an Unsaleable Asset, unless delivery in kind is not legally permissible or commercially practicable, the Collateral Manager will direct the Issuer to notify, and the Issuer will notify each Noteholder in accordance with the Conditions of the offer to deliver (at no cost to the Noteholders, the Collateral Manager or the Trustee) a *pro rata* portion of each unsold Unsaleable Asset to the Noteholders of the most senior Class that provide delivery instructions to the Collateral Manager on or before the date specified in such notice, subject to minimum denominations. To the extent that minimum denominations do not permit a *pro rata* distribution, the Collateral Manager will identify and distribute the Unsaleable Assets on a *pro rata* basis to the extent possible and the Collateral Manager will select by lottery the Noteholder to whom the remaining portion will be delivered. The Collateral Manager will use reasonable efforts to effect delivery of such portions of unsold Unsaleable Assets. For the avoidance of doubt, any such delivery to the Noteholders will not operate to reduce the Principal Amount Outstanding of the related Notes held by such Noteholders; and
- (d) if no such Noteholder provides delivery instructions to the Collateral Manager, the Collateral Manager will take such action (if any) to dispose of the Unsaleable Asset, which may be by donation to a charity, abandonment or other means.

## Reinvestment of Collateral Debt Obligations

“**Reinvestment Criteria**” means, during the Reinvestment Period, the criteria set out under “*During the Reinvestment Period*” below and following the expiry of the Reinvestment Period, the criteria set out below under “*Following the Expiry of the Reinvestment Period*”. The Reinvestment Criteria shall not apply prior to the Effective Date or in the case of a Collateral Debt Obligation which has been restructured where such restructuring has become binding on the holders thereof.

For the purposes of determining satisfaction of the Reinvestment Criteria:

- (a) no portion of the balance standing to the credit of the Unused Proceeds Account shall be taken into account when determining the level of compliance or non-compliance with any Portfolio Profile Test or Collateral Quality Test to the extent such portion has been or is to be designated as Interest Proceeds to the Interest Account; and
- (b) such determination shall be made, firstly, by reference immediately prior to receipt of any Principal Proceeds which are to be reinvested without taking into account and, secondly, taking into account on a projected basis, the proposed sale of Collateral Debt Obligations and reinvestment of the Sale Proceeds thereof in Substitute Collateral Debt Obligations.

## During the Reinvestment Period

During the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) shall, using all reasonable endeavours, reinvest any Principal Proceeds in the purchase of Substitute Collateral Debt Obligations satisfying the Eligibility Criteria **provided** that immediately after entering into a binding commitment to acquire such Collateral Debt Obligation and taking into account existing commitments, the criteria set out below, must be satisfied:

- (a) no Note Event of Default has occurred that is continuing at the time of such purchase;
- (b) on and after the Effective Date (or in the case of the Interest Coverage Tests, the second Payment Date) the Coverage Tests are satisfied or if (other than with respect to the reinvestment of any proceeds received upon the sale of, or as a recovery on, any Defaulted Obligation, in respect of which such proceeds may only be reinvested if the Coverage Tests will be satisfied immediately following such reinvestment) as calculated immediately prior to sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation, the Principal Proceeds of which are being reinvested, any Coverage Test was not satisfied, the coverage ratio relating to such test will be maintained or improved after giving effect to such reinvestment than it was immediately prior to sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation;
- (c) in the case of a Substitute Collateral Debt Obligation purchased with Sale Proceeds of a Credit Impaired Obligation or a Defaulted Obligation either:
  - (i) the Aggregate Principal Balance of all Substitute Collateral Debt Obligations purchased with such Sale Proceeds shall at least equal such Sale Proceeds;
  - (ii) the Aggregate Principal Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be multiplied by the lower of its Moody’s Collateral Value and its Fitch Collateral Value) of all Collateral Debt Obligations (after giving effect to such reinvestment) will be maintained or increased, when respectively compared to the Aggregate Principal Balance (for which purpose the Principal Balance of each Defaulted Obligation shall be multiplied by the lower of its Moody’s Collateral Value and its Fitch Collateral Value) of all Collateral Debt Obligations immediately prior to such sale; or
  - (iii) the sum of: (A) the Aggregate Principal Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be multiplied by the lower of its Moody’s Collateral Value and its Fitch Collateral Value) of all Collateral Debt Obligations (excluding all of the Collateral Debt Obligations being sold but including, without duplication, the Collateral Debt Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Debt Obligation); and (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any

Eligible Investments (save for interest accrued on Eligible Investments)) is equal to or greater than the Reinvestment Target Par Amount;

- (d) in the case of a Substitute Collateral Debt Obligation purchased with Sale Proceeds of a Credit Improved Obligation:
  - (i) the Aggregate Principal Balance shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance immediately prior to the sale of the relevant Credit Improved Obligation; or
  - (ii) the sum of: (A) the Aggregate Principal Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be multiplied by the lower of its Moody's Collateral Value and its Fitch Collateral Value) of all Collateral Debt Obligations (excluding all of the Collateral Debt Obligations being sold but including, without duplication, the Collateral Debt Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Debt Obligation); and (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any Eligible Investments (save for interest accrued on Eligible Investments)) is equal to or greater than the Reinvestment Target Par Amount;
- (e) on and after the Effective Date (or in the case of the Interest Coverage Tests, the second Payment Date) either: (A) each of the Portfolio Profile Tests and the Collateral Quality Tests will be satisfied; or (B) if any of the Portfolio Profile Tests or Collateral Quality Tests are not satisfied such test will be maintained or improved after giving effect to such reinvestment as compared to immediately prior to sale, repayment or prepayment (in whole or in part) of the relevant Collateral Debt Obligation;
- (f) the date on which the Issuer (or the Collateral Manager acting on behalf of the Issuer) enters into a binding commitment to purchase such Collateral Debt Obligation occurs during the Reinvestment Period;
- (g) with respect to the reinvestment of Sale Proceeds (other than Sale Proceeds from Credit Improved Obligations, Credit Impaired Obligations, Defaulted Obligations and Exchanged Securities) either:
  - (i) the Aggregate Principal Balance of all Collateral Debt Obligations shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance immediately prior to the sale that generates such Sale Proceeds; or
  - (ii) after giving effect to such sale, on the date on which the Issuer (or the Collateral Manager acting on behalf of the Issuer) enters into a binding commitment to purchase such Collateral Debt Obligation the sum of: (A) the Aggregate Principal Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be multiplied by the lower of its Moody's Collateral Value and its Fitch Collateral Value) of all Collateral Debt Obligations (excluding all of the Collateral Debt Obligations being sold but including, without duplication, the Substitute Collateral Debt Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Debt Obligations); and (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any Eligible Investments (save for interest accrued on Eligible Investments)) is equal to or greater than the Reinvestment Target Par Amount;
- (h) in the case of a Substitute Collateral Debt Obligation that is an Unhedged Collateral Debt Obligation, the sum of: (A) the Aggregate Principal Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be multiplied by the lower of its Moody's Collateral Value and its Fitch Collateral Value) of all Collateral Debt Obligations (excluding all of the Collateral Debt Obligations being sold but including, without duplication, the Collateral Debt Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Debt Obligation); and (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any Eligible Investments (save for interest accrued on Eligible Investments) but excluding amounts that will be applied to purchase such Substitute Collateral Debt Obligations) is equal to or greater than the Reinvestment Target Par Amount; and
- (i) such reinvestment will not cause an EU Retention Deficiency.

### Following the Expiry of the Reinvestment Period

Following the expiry of the Reinvestment Period, only Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Impaired Obligations and Credit Improved Obligations (with the exception of principal proceeds received both before and after the Reinvestment Period in connection with the acceptance of an Offer where such Offer is by way of novation or substitution, where such principal proceeds will be reinvested automatically as consideration for the novated or substituted Collateral Debt Obligation (which shall not be required to satisfy the Reinvestment Criteria or the Eligibility Criteria but shall be subject to the Restructured Obligation Criteria being satisfied)) may be reinvested by the Collateral Manager (acting on behalf of the Issuer) in one or more Substitute Collateral Debt Obligations satisfying the Eligibility Criteria, in each case **provided** that:

- (a) the Aggregate Principal Balance of Substitute Collateral Debt Obligations equals or exceeds (i) the Aggregate Principal Balance of the related Collateral Debt Obligations that produced such Unscheduled Principal Proceeds or Sale Proceeds or (ii) the amount of Sale Proceeds of such Credit Impaired Obligation, as the case may be;
- (b) with respect to additional Collateral Debt Obligations purchased from Sale Proceeds other than from the sale of Credit Impaired Obligations, a Restricted Trading Period is not currently in effect;
- (c) the Weighted Average Life Test will be either: (A) if the Weighted Average Life was not satisfied as of the last day of the Reinvestment Period, satisfied after giving effect to such reinvestment; or (B) if the Weighted Average Life Test was satisfied as of the last day of the Reinvestment Period, satisfied or, if not satisfied, maintained or improved immediately after giving effect to such reinvestment.
- (d) either: (I) each of the Portfolio Profile Tests and the Collateral Quality Tests (except the Moody's Minimum Diversity Test, the Moody's Maximum Weighted Average Rating Factor Test and the Weighted Average Life Test) are satisfied after giving effect to such reinvestment; or (II) if any such test was not satisfied immediately prior to such reinvestment, such test will be maintained or improved after giving effect to such reinvestment as compared to immediately prior to such sale, repayment or prepayment (in whole or in part) of the relevant Collateral Debt Obligation;
- (e) if the Moody's Maximum Weighted Average Rating Factor Test was not satisfied as of the last day of the Reinvestment Period, the Moody's Maximum Weighted Average Rating Factor Test will be satisfied immediately after giving effect to such reinvestment, or (ii) if the Moody's Maximum Weighted Average Rating Factor Test was satisfied as of the last day of the Reinvestment Period, the Moody's Maximum Weighted Average Rating Factor Test will be satisfied or, if not satisfied, maintained or improved immediately after giving effect to such reinvestment as compared to immediately prior to such sale, repayment or prepayment (in whole or in part) of the relevant Collateral Debt Obligation;
- (f) no Note Event of Default has occurred that is continuing at the time of such reinvestment;
- (g) after giving effect to such purchase, each Coverage Test is satisfied;
- (h) after giving effect to the reinvestment, not more than 7.5 per cent. of the Aggregate Collateral Balance consist of obligations which are Fitch CCC Obligations;
- (i) after giving effect to the reinvestment, not more than 7.5 per cent. of the Aggregate Collateral Balance consist of obligations which are Moody's Caa Obligations;
- (j) the Collateral Debt Obligation Stated Maturity of each Substitute Collateral Debt Obligation is the same as or earlier than the Collateral Debt Obligation Stated Maturity of the Collateral Debt Obligation that produced such Unscheduled Principal Proceeds or Sale Proceeds;
- (k) in the case of a Substitute Collateral Debt Obligation that is an Unhedged Collateral Debt Obligation, the sum of: (A) the Aggregate Principal Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be multiplied by the lower of its Moody's Collateral Value and its Fitch Collateral Value) of all Collateral Debt Obligations (excluding all of the Collateral Debt Obligations being sold but including, without duplication, the Collateral Debt Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Debt Obligation); and (B) amounts standing to the credit of the Principal Account and

Unused Proceeds Account (including any Eligible Investments (save for interest accrued on Eligible Investments) but excluding amounts that will be applied to purchase such Substitute Collateral Debt Obligations) is greater than the Reinvestment Target Par Amount; and

- (l) such reinvestment will not cause an EU Retention Deficiency.

Following the expiry of the Reinvestment Period, any Unscheduled Principal Proceeds and any Sale Proceeds from the sale of Credit Impaired Obligations and Credit Improved Obligations that have not been reinvested as provided above prior to the end of the Due Period in which such proceeds were received shall be paid into the Principal Account and disbursed in accordance with the Principal Proceeds Priority of Payment on the following Payment Date (subject as provided at the end of this paragraph), save that the Collateral Manager (acting on behalf of the Issuer) may in its discretion procure that Unscheduled Principal Proceeds and Sale Proceeds from the sale of any Credit Impaired Obligations and Credit Improved Obligations are paid into the Principal Account and designated for reinvestment in Substitute Collateral Debt Obligations, in which case such Principal Proceeds shall not be so disbursed in accordance with the Principal Proceeds Priority of Payments for so long as they remain so designated for reinvestment but for no longer than 90 days following their receipt by the Issuer; **provided** that, in each case where any of the applicable Reinvestment Criteria are not satisfied as of the Payment Date next following receipt of such Sale Proceeds or Unscheduled Principal Proceeds, all such funds shall be paid into the Principal Account and disbursed in accordance with the Principal Proceeds Priority of Payments set out in Condition 3(c)(i) (*Application of Interest Proceeds*).

#### **Amendments to Collateral Debt Obligation Stated Maturities of Collateral Debt Obligations**

The Issuer (or the Collateral Manager on the Issuer's behalf) may vote in favour of a Maturity Amendment if, after giving effect to such Maturity Amendment (a) the Collateral Debt Obligation Stated Maturity of the Collateral Debt Obligation that is the subject of such Maturity Amendment is not later than the Maturity Date of the Rated Notes; and (b) either (i) the Weighted Average Life Test is satisfied or (ii) if the Weighted Average Life Test was not satisfied prior to the amendment, (I) the level of compliance with the test will be maintained or improved and (II) the Aggregate Principal Balance of the new Collateral Debt Obligations exchanged or deemed to be acquired through a Maturity Amendment for which this clause (ii) is applicable will not exceed 10.0% of the Reinvestment Target Par Amount. The Issuer (or the Collateral Manager on the Issuer's behalf) may vote in favour of a Maturity Amendment following the expiry of the Reinvestment Period only if, after giving effect to such Maturity Amendment (a) the Collateral Debt Obligation Stated Maturity of the Collateral Debt Obligation that is the subject of such Maturity Amendment is not later than the Maturity Date of the Rated Notes; (b) in the reasonable judgment of the Collateral Manager not voting in favour of such Maturity Amendment would be likely to have an adverse effect on the Issuer; and (c) the Weighted Average Life Test is satisfied. If the Issuer or the Collateral Manager (on behalf of the Issuer) did not vote in favour of a Maturity Amendment in accordance with the requirements of this paragraph but, by way of scheme of arrangement or otherwise, the Collateral Debt Obligation Stated Maturity of the relevant Collateral Debt Obligation (each an **"Unapproved Extension Obligation"**) has been extended, the Issuer or the Collateral Manager acting on its behalf may but shall not be required to sell such Unapproved Extension Obligation, *provided that*, in any event the Collateral Manager shall dispose of such Unapproved Extension Obligation prior to the Maturity Date. Such proceeds shall constitute Sale Proceeds and may be reinvested in accordance with and subject to the Reinvestment Criteria.

#### **Expiry of the Reinvestment Criteria Certification**

Immediately preceding the end of the Reinvestment Period, the Collateral Manager will deliver to the Trustee and the Collateral Administrator a schedule of Collateral Debt Obligations purchased by the Issuer with respect to which purchases the trade date has occurred but the settlement date has not yet occurred and will certify to the Trustee that sufficient Principal Proceeds are available (including for this purpose, cash on deposit in the Principal Account, any scheduled distributions of Principal Proceeds, as well as any Principal Proceeds that will be received by the Issuer from the sale of Collateral Debt Obligations for which the trade date has already occurred but the settlement date has not yet occurred) to effect the settlement of such Collateral Debt Obligations.

#### **Interest Diversion Test**

If, on any Payment Date after the Effective Date, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) of the Interest Proceeds Priority of Payments, the Class E Par Value Ratio is less than 107.11 per cent., Interest Proceeds shall be paid to the Principal Account as Principal



Proceeds in an amount equal to the Required Diversion Amount, (i) to purchase additional Collateral Debt Obligations, **provided** that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Collateral Manager and the Retention Holder as the Collateral Administrator deems necessary), cause (or would not be likely to cause) an EU Retention Deficiency, or (ii) in redemption of the Rated Notes in accordance with the Note Payment Sequence.

### **Designation for Reinvestment**

After the expiry of the Reinvestment Period, the Collateral Manager shall, one Business Day following each Determination Date, notify the Issuer and the Collateral Administrator in writing of all Principal Proceeds which the Collateral Manager determines in its discretion (acting on behalf of the Issuer, and subject to the terms of Collateral Management Agreement as described above) shall remain designated for reinvestment in accordance with the Reinvestment Criteria, on or after the following Payment Date in which event such Principal Proceeds shall not constitute Principal Proceeds which are to be paid into the Payment Account and disbursed on such Payment Date in accordance with the Priorities of Payments.

The Collateral Manager (acting on behalf of the Issuer) may direct that the proceeds of sale of any Collateral Debt Obligation which represents accrued interest be designated as Interest Proceeds and paid into the Interest Account save for: (i) Purchased Accrued Interest; (ii) any interest received in respect of any Mezzanine Obligation for so long as it is a Defaulted Deferring Mezzanine Obligation other than Defaulted Mezzanine Excess Amounts; and (iii) any interest received in respect of a Defaulted Obligation for so long as it is a Defaulted Obligation other than Defaulted Obligation Excess Amounts.

### **Accrued Interest**

Amounts included in the purchase price of any Collateral Debt Obligation comprising accrued interest thereon may be paid from the Interest Account, the Principal Account or the Unused Proceeds Account at the discretion of the Collateral Manager (acting on behalf of the Issuer) but subject to the terms of the Collateral Management Agreement and Condition 3(j) (*Payments to and from the Accounts*). Notwithstanding the foregoing, in any Due Period, all payments of interest and proceeds of sale received during such Due Period in relation to any Collateral Debt Obligation, in each case, to the extent that such amounts represent accrued and/or capitalised interest in respect of such Collateral Debt Obligation (including, in respect of a Mezzanine Obligation, any accrued interest which, as at the time of purchase, had been capitalised and added to the principal amount of such Mezzanine Obligation in accordance with its terms), which was purchased at the time of acquisition thereof with Principal Proceeds and/or principal amounts from the Unused Proceeds Account shall constitute Purchased Accrued Interest and shall be deposited into the Principal Account as Principal Proceeds.

### **Block Trades**

The requirements described herein with respect to the Portfolio shall be deemed to be satisfied upon any sale and/or purchase of Collateral Debt Obligations on any day in the event that such Collateral Debt Obligations satisfy such requirements in aggregate rather than on an individual basis; provided that at all times the Eligibility Criteria shall apply rather than on an individual basis.

For the purpose of calculating compliance with the Reinvestment Criteria at the election of the Collateral Manager in its sole discretion, any proposed investment (whether a single Collateral Debt Obligation or a group of Collateral Debt Obligations) identified by the Collateral Manager as such at the time (the **“Initial Trading Plan Calculation Date”**) when compliance with the Reinvestment Criteria is required to be calculated (a **“Trading Plan”**) may be evaluated after giving effect to all sales and reinvestments proposed to be entered into within the twenty Business Days following the date of determination of such compliance (such period, the **“Trading Plan Period”**); **provided** that:

- (a) no Trading Plan may result in the purchase of Collateral Debt Obligations having an Aggregate Principal Balance that exceeds 5.0 per cent. of the Aggregate Collateral Balance as of the first day of the Trading Plan Period;
- (b) no Trading Plan Period may include a Determination Date;
- (c) no more than one Trading Plan may be in effect at any time during a Trading Plan Period; and

- (d) if the Reinvestment Criteria are satisfied prospectively after giving effect to a Trading Plan, but are not satisfied upon the completion of the related Trading Plan, Rating Agency Confirmation from Fitch is obtained with respect to the effectiveness of additional Trading Plans (it being understood that Rating Agency Confirmation from Fitch shall only be required once following any failure of a Trading Plan),

**provided** that no Trading Plan may result in the averaging of the purchase price of a Collateral Debt Obligation or Collateral Debt Obligations.

### **Eligible Investments**

The Issuer or the Collateral Manager (acting on behalf of the Issuer) may from time to time purchase Eligible Investments out of the Balances standing to the credit of the Accounts (other than the Counterparty Downgrade Collateral Account, Unfunded Revolver Reserve Account and the Payment Account). For the avoidance of doubt, Eligible Investments may be sold by the Issuer or the Collateral Manager (acting on behalf of the Issuer) at any time.

### **Collateral Enhancement Debt Obligations**

The Collateral Manager (acting on behalf of the Issuer) may, from time to time purchase Collateral Enhancement Debt Obligations independently or as part of a unit with the Collateral Debt Obligations being so purchased.

All funds required in respect of the purchase price of any Collateral Enhancement Debt Obligations, and all funds required in respect of the exercise price of any rights or options thereunder, may only be paid out of the balance standing to the credit of the Collateral Enhancement Account at the relevant time. Pursuant to Condition 3(j)(vi) (*Collateral Enhancement Account*), such Balance shall be comprised of all sums deposited therein from time to time which will comprise interest payable in respect of the Subordinated Notes which the Collateral Manager acting on behalf of the Issuer, determines shall be paid into the Collateral Enhancement Account pursuant to the Priorities of Payments rather than being paid to the Subordinated Noteholders.

Collateral Enhancement Debt Obligations may be sold at any time and all Collateral Enhancement Debt Obligation Proceeds received by the Issuer shall be deposited into the Principal Account for allocation in accordance with the Principal Proceeds Priority of Payments.

Collateral Enhancement Debt Obligations and any income or return generated thereby are not taken into account for the purposes of determining satisfaction of, or required to satisfy, any of the Coverage Tests, Portfolio Profile Tests or Collateral Quality Tests.

### **Exercise of Warrants and Options**

The Collateral Manager (acting on behalf of the Issuer) may at any time exercise a warrant or option attached to a Collateral Debt Obligation or comprised in a Collateral Enhancement Debt Obligation and shall request the Collateral Administrator to instruct the Account Bank to make any necessary payment in accordance with this agreement.

### **Margin Stock**

The Issuer or the Collateral Manager, acting on behalf of the Issuer, shall sell any Collateral Debt Obligation, Exchanged Security or Collateral Enhancement Debt Obligation which is or at any time becomes Margin Stock as soon as practicable following such event.

### **Non-Euro Obligations**

The Collateral Manager shall be authorised to purchase, on behalf of the Issuer, Non-Euro Obligations from time to time **provided** that any such Non-Euro Obligation shall only constitute a Collateral Debt Obligation that satisfies paragraph (b) of the Eligibility Criteria if either (a) for any Non-Euro Obligation denominated in a Qualifying Unhedged Obligation Currency within 90 days of the settlement date of acquisition thereof or otherwise (b) not later than the settlement date of acquisition thereof, the Collateral Manager procures entry by the Issuer into an Asset Swap Transaction pursuant to which the currency risk arising from receipt of cash flows from such Non-Euro Obligations, including interest and principal payments, is hedged through the swapping of such cash flows for Euro payments to be made by an Asset Swap Counterparty. The Collateral Manager (on

behalf of the Issuer) shall be authorised to enter into spot exchange transactions, as necessary, to fund the Issuer's payment obligations under any Asset Swap Transaction. Rating Agency Confirmation shall be required in relation to entry into each Asset Swap Transaction unless such Asset Swap Transaction is a Form Approved Asset Swap.

### **Revolving Obligations and Delayed Drawdown Collateral Debt Obligations**

The Collateral Manager acting on behalf of the Issuer, may acquire Collateral Debt Obligations which are Revolving Obligations or Delayed Drawdown Collateral Debt Obligations from time to time.

Such Revolving Obligations and Delayed Drawdown Collateral Debt Obligations may only be acquired if they are capable of being drawn in a single currency only (being Euros) and are not payable in or convertible into another currency.

Each Revolving Obligation and Delayed Drawdown Collateral Debt Obligation will, pursuant to its terms, require the Issuer to make one or more future advances or other extensions of credit (including extensions of credit made on an unfunded basis pursuant to which the Issuer may be required to reimburse the provider of a guarantee or other ancillary facilities made available to the obligor thereof in the event of any default by the obligor thereof in respect of its reimbursement obligations in connection therewith). Such Revolving Obligations and Delayed Drawdown Collateral Debt Obligations may or may not provide that they may be repaid and reborrowed from time to time by the Obligor thereunder. Upon acquisition of any Revolving Obligations and Delayed Drawdown Collateral Debt Obligations, the Issuer shall deposit into the Unfunded Revolver Reserve Account amounts equal to the combined aggregate principal amounts of the Unfunded Amounts under each of the Revolving Obligations and Delayed Drawdown Collateral Debt Obligations. To the extent required and subject to Rating Agency Confirmation, the Issuer, or the Collateral Manager acting on its behalf, may direct that amounts standing to the credit of the Unfunded Revolver Reserve Account be deposited with a third party from time to time as collateral for any reimbursement or indemnification obligations owed by the Issuer to any other lender in connection with a Revolving Obligation or a Delayed Drawdown Collateral Debt Obligation, as applicable and upon receipt of an Issuer Order (as defined in the Collateral Management Agreement) the Trustee shall be deemed to have released such amounts from the security granted thereover pursuant to the Trust Deed.

### **Participations**

The Collateral Manager acting on behalf of the Issuer, may from time to time acquire Collateral Debt Obligations from Selling Institutions by way of Participation **provided** that at the time such Participation is taken:

- (a) the percentage of the Aggregate Collateral Balance that represents Participations entered into by the Issuer with a single Selling Institution to such third party will not exceed the individual and aggregate percentages set forth in the Bivariate Risk Table determined by reference to the credit rating of such third party (or any guarantor thereof); and
- (b) the percentage of the Aggregate Collateral Balance that represents Participations entered into by the Issuer with Selling Institutions (or any guarantor thereof) having the same credit rating (taking the lowest rating assigned thereto by any Rating Agency),

will not exceed the aggregate third party credit exposure limit set forth in the Bivariate Risk Table for such credit rating, and for the purpose of determining the foregoing, account shall be taken of each sub participation from which the Issuer, directly or indirectly derives its interest in the relevant Collateral Debt Obligation.

Each Participation entered into pursuant to a sub-participation agreement shall be substantially in the form of:

- (a) the LSTA Model Participation Agreement for par/near par trades (as published by the Loan Syndications and Trading Association Inc. from time to time);
- (b) the LMA Funded Participation (Par) (as published by the Loan Market Association from time to time); or
- (c) such other documentation provided such agreement contains limited recourse and non-petition language substantially the same as contained in the Trust Deed.

## Assignments

The Collateral Manager acting on behalf of the Issuer, may from time to time acquire Collateral Debt Obligations from Selling Institutions by way of Assignment **provided** that at the time such Assignment is acquired the Collateral Manager acting on behalf of the Issuer shall have complied, to the extent within their control, with any requirements relating to such Assignment set out in the relevant loan documentation for such Collateral Debt Obligation (including, without limitation, with respect to the form of such Assignment and obtaining the consent of any person specified in the relevant loan documentation).

## Bivariate Risk Table

The following is the bivariate risk table (the “**Bivariate Risk Table**”) and as referred to in “*Portfolio Profile Tests and Collateral Quality Tests*” below and “*Participations*” above. For the purposes of the limits specified in the Bivariate Risk Table, the individual third party credit exposure limit shall be determined by reference to the Aggregate Principal Balance of all Collateral Debt Obligation that are Participations (excluding any Defaulted Obligations) entered into by the Issuer with the same counterparty (such amount in respect of such entity, the “**Third Party Exposure**”) and the applicable percentage limits shall be determined by reference to the lower of the Fitch or Moody’s ratings applicable to such counterparty and the aggregate third party credit exposure limit shall be determined by reference to the aggregate of Third Party Exposure of all such counterparties which share the same rating level or have a lower rating level, as indicated in the Bivariate Risk Table.

### Bivariate Risk Table

Long Term / Short Term Senior Unsecured Debt Rating of Selling Institution	Individual Third Party Credit Exposure Limit*	Aggregate Third Party Credit Exposure Limit*
Moody’s		
Aaa .....	5%	5%
Aa1 .....	5%	5%
Aa2 .....	5%	5%
Aa3 .....	5%	5%
A1 .....	5%	5%
A2 and P-1 .....	5%	5%
A3 or below .....	0%	0%

Fitch Long-Term Issuer Credit Rating of Selling Institution	Individual Third Party Credit Exposure Limit*	Aggregate Third Party Credit Exposure Limit*
AAA .....	5%	5%
AA+ .....	5%	5%
AA .....	5%	5%
AA- .....	5%	5%
A+ .....	5%	5%
A .....	5%	5%
A- or below .....	0%	0%

\* As a percentage of the Aggregate Collateral Balance (excluding any Defaulted Obligations) the aggregate third party credit exposure limit shall be determined by reference to the aggregate of the third party credit exposure of all such counterparties which share the same rating level or have a lower rating level, as indicated in the Bivariate Risk Table.

## Portfolio Profile Tests and Collateral Quality Tests

### Measurement of Tests

The Portfolio Profile Tests and the Collateral Quality Tests will be used as criteria for purchasing Collateral Debt Obligations. The Collateral Administrator will measure the Portfolio Profile Tests and the Collateral Quality Tests on each Determination Date.

Substitute Collateral Debt Obligations in respect of which a binding commitment has been made to purchase such Substitute Collateral Debt Obligations but such purchase has not been settled shall nonetheless be deemed

to have been purchased for the purposes of the Portfolio Profile Tests and the Collateral Quality Tests. See “*Reinvestment of Collateral Debt Obligations*” above.

Notwithstanding the foregoing, the failure of the Portfolio to meet the requirements of the Portfolio Profile Tests at any time shall not prevent any obligation which would otherwise be a Collateral Debt Obligation from being a Collateral Debt Obligation.

#### *Portfolio Profile Tests*

The Portfolio Profile Tests will consist of each of the following:

- (a) not less than the 90.0 per cent. shall consist of obligations which are Senior Secured Loans and Senior Secured Bonds (which term, for the purposes of this paragraph (a), shall comprise the aggregate of the Aggregate Principal Balance of the Senior Secured Loans and Senior Secured Bonds and the Balances standing to the credit of the Principal Account and the Unused Proceeds Account and any Eligible Investments which represent Principal Proceeds, in each case as at the relevant Measurement Date);
- (b) not more than 10.0 per cent. shall consist of obligations which are Second Lien Loans, Senior Unsecured Obligations, High Yield Bonds, and Mezzanine Obligations;
- (c) not less than 70.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Senior Secured Loans (which term, for the purposes of this paragraph (c), shall comprise the aggregate of the Aggregate Principal Balance of the Senior Secured Loans and the Balances standing to the credit of the Principal Account and the Unused Proceeds Account and any Eligible Investments which represent Principal Proceeds, in each case as at the relevant Measurement Date);
- (d) not more than 30.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Senior Secured Bonds, High Yield Bonds and Mezzanine Obligations in the form of notes;
- (e) not more than 12.5 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Fixed Rate Collateral Debt Obligations;
- (f) not more than 20.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Asset Swap Obligations **provided** that an Asset Swap Transaction is entered into in respect of each such Asset Swap Obligation with one or more Asset Swap Counterparties satisfying the applicable Rating Requirement under which the currency risk is reduced or eliminated, as soon as practicable (and no later than the relevant settlement date);
- (g) not more than 2.5 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Unhedged Collateral Debt Obligations;
- (h) not more than 15.0 per cent. of the Aggregate Collateral Balance shall be obligations comprising any one Fitch industry classification, **provided** that the largest Fitch industry classification may comprise no more than 17.5 per cent. of the Aggregate Collateral Balance and not more than 40.0 per cent. of the Aggregate Collateral Balance shall be obligations comprising the three largest Fitch industry classifications;
- (i) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of obligations of Obligors who are Domiciled in countries or jurisdictions with a country ceiling below “AAA” by Fitch unless Rating Agency Confirmation from Fitch is obtained;
- (j) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Obligors who are Domiciled in countries or jurisdictions with Moody’s local currency country risk ceiling between “A1” and “A3”;
- (k) not more than 2.5 per cent. of the Aggregate Collateral Balance shall consist of Current Pay Obligations;
- (l) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Unfunded Amounts/Funded Amounts under Revolving Obligations or Delayed Drawdown Collateral Debt Obligations;

- (m) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Corporate Rescue Loans, provided that not more than 2.0 per cent. thereof shall consist of Corporate Rescue Loans from a single Obligor;
- (n) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are PIK Obligations or Partial PIK Obligations;
- (o) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Annual Obligations;
- (p) not more than 7.5 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Moody's Caa Obligations;
- (q) not more than 7.5 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Fitch CCC Obligations;
- (r) not more than 10.0 per cent. of the Aggregate Collateral Balance shall carry a Moody's Rating derived from an S&P Rating;
- (s) with respect to Senior Secured Loans and Senior Secured Bonds not more than 2.5 per cent. of the Aggregate Collateral Balance shall be the obligation of any single Obligor **provided** that the Aggregate Principal Balance of such obligations of 3 Obligors may each represent up to 3.0 per cent. each;
- (t) with respect to Senior Unsecured Obligations, Second Lien Loans, Mezzanine Obligations and High Yield Bonds, in aggregate, not more than 1.5 per cent. of the Aggregate Collateral Balance shall be the obligation of any single Obligor;
- (u) not more than 2.5 per cent. of the Aggregate Collateral Balance shall be the obligation of any single Obligor **provided** that the Aggregate Principal Balance of such Collateral Debt Obligations of 3 Obligors may each represent up to 3.0 per cent. each;
- (v) not more than 23.0 per cent. of the Aggregate Collateral Balance shall consist of Collateral Debt Obligations of the ten largest Obligors, such Obligors being determined by the proportion of the Aggregate Principal Balance of all Collateral Debt Obligations they each represent at the relevant date of determination;
- (w) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Participations;
- (x) the limits set forth in the Bivariate Risk Table determined by reference to the ratings of Selling Institutions shall be satisfied;
- (y) not more than 30.0 per cent. of the Aggregate Collateral Balance shall consist of Cov-Lite Loans;
- (z) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Non-Broadly Syndicated Loans to Portfolio Companies;
- (aa) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Collateral Debt Obligations issued by Obligors each of which has total potential indebtedness (comprised of all financial debt owing by the Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans as determined by original or subsequent issuance size, at the time of purchase by the Issuer) under their respective loan agreements and other Underlying Instruments of not less than €150,000,000.00 but not more than €250,000,000.00 or the equivalent thereof converted into Euro at the Spot Rate at the time at which the Issuer entered into a binding commitment to purchase such Collateral Debt Obligation; and
- (bb) not more than 2.5 per cent. of the Aggregate Collateral Balance shall consist of Bridge Loans.

The percentage requirements applicable to different types of Collateral Debt Obligations specified in the Portfolio Profile Tests shall be determined by reference to the Aggregate Principal Balance of such type of Collateral Debt Obligations, excluding Defaulted Obligations. Collateral Debt Obligations for which the Issuer (or the Collateral Manager acting on behalf of the Issuer) has entered into binding commitments to purchase but have not yet settled shall be included for the purposes of calculating the Portfolio Profile Tests and Collateral

Debt Obligations for which the Issuer (or the Collateral Manager acting on behalf of the Issuer) has entered into binding commitments to sell but have not yet settled shall be excluded for the purposes of calculating the Portfolio Profile Tests.

#### *Collateral Quality Tests*

The Collateral Quality Tests will consist of each of the following:

- (a) so long as any Notes rated by Fitch are Outstanding:
  - (i) the Fitch Maximum Weighted Average Rating Factor Test;
  - (ii) the Fitch Minimum Weighted Average Recovery Rate Test; and
  - (iii) the Maximum Obligor Concentration Test;
- (b) so long as any Notes rated by Moody's are Outstanding:
  - (i) the Moody's Minimum Diversity Test;
  - (ii) the Moody's Minimum Weighted Average Recovery Rate Test; and
  - (iii) the Moody's Maximum Weighted Average Rating Factor Test; and
- (c) so long as any Rated Notes are Outstanding:
  - (i) the Weighted Average Life Test; and
  - (ii) the Minimum Weighted Average Spread Test,

each as defined in the Collateral Management Agreement.

The Principal Balance of Defaulted Obligations shall be excluded for the purposes of calculating the Collateral Quality Tests.

#### *Moody's Test Matrix*

Subject to the provisions provided below, on or after the Effective Date, the Collateral Manager will have the option to elect which of the cases set forth in the matrix to be set out in the Collateral Management Agreement (substantially in the form set out below) (the "**Moody's Test Matrix**") shall be applicable for purposes of the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Diversity Test and the Minimum Weighted Average Spread Test. For any given case:

- (a) the applicable column for performing the Moody's Minimum Diversity Test will be the column (or linear interpolation between two adjacent columns, as applicable) in which the elected case is set out;
- (b) the applicable row and column for performing the Moody's Maximum Weighted Average Rating Factor Test will be the row and column (or linear interpolation between two adjacent rows and/or two adjacent columns (as applicable) in which the elected case is set out; and
- (c) the applicable row for performing the Minimum Weighted Average Spread Test will be the row (or linear interpolation between two adjacent rows, as applicable) in which the elected test is set out.

On the Effective Date, the Collateral Manager will be required to elect which case shall apply initially. Thereafter, on ten Business Days' notice to the Issuer, the Collateral Administrator and Moody's, the Collateral Manager may elect to have a different case apply, **provided** that the Moody's Minimum Diversity Test, the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Weighted Average Recovery Rate Test and the Minimum Weighted Average Spread Test applicable to the case to which the Collateral Manager desires to change are satisfied (and, in relation to the Minimum Weighted Average Spread Test, taking into account the case that the Collateral Manager has elected to apply under the Fitch Test Matrix) or, in the case of any tests that are not satisfied, are closer to being satisfied. In no event will the Collateral Manager be obliged to elect to have a different case apply.

### Moody's Test Matrix

Minimum Weighted Average Spread	Diversity Score																			
	24	26	28	30	32	34	36	38	40	42	44	45	46	48	50	52	54	56	58	60
2.40%	1250	1260	1280	1305	1310	1330	1345	1350	1355	1370	1380	1385	1390	1395	1400	1405	1415	1420	1425	1427
2.60%	1550	1565	1580	1595	1610	1630	1635	1655	1660	1670	1685	1687	1690	1700	1705	1715	1720	1725	1727	1730
2.80%	1860	1875	1890	1915	1920	1940	1955	1965	1975	1980	2000	2005	2010	2015	2025	2030	2040	2045	2050	2060
3.00%	2080	2105	2125	2150	2155	2190	2200	2205	2220	2240	2245	2247	2250	2253	2270	2280	2285	2290	2295	2300
3.20%	2190	2245	2300	2355	2395	2398	2425	2445	2455	2470	2475	2480	2485	2495	2500	2510	2520	2535	2540	2550
3.40%	2250	2325	2380	2420	2475	2515	2545	2580	2605	2635	2655	2670	2675	2690	2710	2715	2730	2740	2750	2760
3.60%	2325	2390	2450	2500	2545	2585	2625	2660	2690	2715	2740	2750	2760	2785	2805	2825	2840	2850	2865	2875
3.65%	2335	2400	2465	2510	2560	2605	2640	2675	2710	2735	2760	2775	2790	2805	2825	2845	2860	2880	2890	2905
3.75%	2375	2430	2495	2545	2595	2640	2675	2710	2750	2775	2805	2810	2825	2845	2865	2885	2905	2920	2935	2950
3.80%	2385	2455	2510	2560	2615	2655	2690	2730	2765	2790	2820	2840	2845	2865	2885	2905	2925	2940	2955	2970
4.00%	2455	2515	2575	2630	2680	2715	2760	2795	2825	2860	2890	2905	2915	2940	2965	2985	3000	3020	3035	3050
4.20%	2505	2580	2640	2690	2735	2785	2825	2855	2895	2925	2945	2965	2985	3005	3030	3055	3075	3090	3115	3130
4.40%	2570	2635	2700	2750	2800	2845	2885	2925	2955	2990	3020	3025	3045	3070	3095	3110	3140	3150	3175	3195
4.60%	2625	2695	2760	2810	2865	2905	2950	2985	3020	3050	3080	3095	3110	3125	3150	3180	3195	3220	3240	3250
4.80%	2695	2760	2815	2875	2920	2970	3010	3045	3080	3105	3135	3150	3160	3195	3220	3235	3255	3275	3300	3320
5.00%	2750	2815	2875	2925	2980	3030	3060	3100	3130	3165	3200	3215	3225	3255	3275	3300	3320	3335	3360	3375

Subject to the provisions provided below, on or after the Effective Date the Collateral Manager will have the option to elect which of the matrices set out below (each such matrix to have a different concentration limit for the largest 10 Obligor by Principal Balance applicable to it a “**Fitch Test Matrix**” and together the “**Fitch Test Matrices**”) and which of the cases set forth in such Fitch Tests Matrix shall be applicable for purposes of the Fitch Maximum Weighted Average Rating Factor Test, the Fitch Minimum Weighted Average Recovery Rate Test and the Minimum Weighted Average Spread Test. For any given case:

- (a) the applicable column for performing the Fitch Maximum Weighted Average Rating Factor Test will be the column (or linear interpolation between two adjacent columns in a given matrix and/or two columns (or interpolated columns) in adjacent matrices, as applicable) in the applicable Fitch Test Matrix (or adjacent matrices in the case of an interpolation) selected by the Collateral Manager;
- (b) the applicable row for performing the Minimum Weighted Average Spread Test will be the row (or linear interpolation between two adjacent rows in a given matrix and/or two rows (or interpolated rows) in adjacent matrices, as applicable) in the applicable Fitch Test Matrix (or adjacent matrices in the case of an interpolation) selected by the Collateral Manager; and
- (c) the applicable row and column for performing the Fitch Minimum Weighted Average Recovery Rate Test will be the row and column (or interpolated rows and/or columns as described in (a) and (b) above, as applicable) in the applicable Fitch Test Matrix (or adjacent matrices in the case of an interpolation) selected by the Collateral Manager in relation to (a) and (b) above.

On or before the Issue Date, the Collateral Manager will elect which case shall apply initially. Thereafter, on two Business Days’ notice to the Issuer, the Collateral Administrator and Fitch, the Collateral Manager may elect to have a different case apply, **provided** that the Fitch Maximum Weighted Average Rating Factor Test, the Fitch Minimum Weighted Average Recovery Rate Test, the Minimum Weighted Average Spread Test, the concentration limits applicable to Fixed Rate Collateral Debt Obligations and the concentration limits applicable to the largest 10 Obligor by Principal Balance applicable to the case to which the Collateral Manager desires to change are satisfied or, in the case of any tests that are not satisfied, are closer to being satisfied if the different case applies. The Fitch Tests Matrix may be amended and/or supplemented and/or replaced by the Collateral Manager subject to Rating Agency Confirmation from Fitch. The Collateral Manager may elect to interpolate between the Fitch Test Matrices with respect to the largest ten Obligor by Principal Balance.

Solely for the purposes of determining satisfaction of the Reinvestment Criteria (both during and following the expiry of the Reinvestment Period), the concentration limits applicable to Fixed Rate Collateral Debt Obligations applicable to the case set out in a Fitch Test Matrix (or a linear interpolation between any two adjacent Fitch Tests Matrices in the case of a linear interpolation) selected by the Collateral Manager in



accordance with the foregoing paragraphs, shall be deemed to be a “Collateral Quality Test” for so long as such case remains the case selected by the Collateral Manager.

### Fitch Test Matrix

<b>Fitch Test Matrix 1</b> <b>Top 10 Obligor Concentration 23%</b> <b>12.5% concentration limit for Fixed Rate Collateral Debt Obligations</b>											
Minimum Weighted Average Spread (%)	Fitch Weighted Average Rating Factor										
	30	31	32	33	34	35	36	37	38	39	40
2.20%	85.00%	85.80%	86.60%	87.50%	88.80%	90.10%	90.80%	91.30%	91.90%	92.40%	92.90%
2.40%	79.40%	80.10%	80.90%	81.70%	82.40%	83.10%	83.70%	84.40%	85.10%	85.70%	86.30%
2.60%	76.10%	77.00%	77.90%	78.70%	79.40%	80.10%	80.90%	81.60%	82.20%	82.80%	83.40%
2.80%	71.80%	73.10%	74.30%	75.30%	76.20%	77.10%	77.90%	78.70%	79.50%	80.30%	81.00%
3.00%	68.50%	69.80%	71.10%	72.30%	73.40%	74.50%	75.50%	76.40%	77.30%	78.10%	79.30%
3.20%	65.00%	66.40%	67.50%	68.60%	69.80%	71.00%	72.30%	73.60%	75.30%	76.80%	78.10%
3.40%	61.80%	63.20%	64.70%	66.10%	67.30%	68.60%	70.40%	72.20%	74.00%	75.60%	76.90%
3.60%	60.30%	61.60%	62.70%	63.90%	65.50%	67.30%	69.00%	70.80%	72.50%	74.20%	75.70%
3.80%	58.80%	60.30%	61.50%	62.70%	64.20%	66.00%	67.70%	69.30%	71.10%	72.80%	74.50%
4.00%	57.00%	58.60%	60.00%	61.30%	63.00%	64.60%	66.30%	68.00%	69.60%	71.40%	73.10%
4.20%	55.30%	56.90%	58.40%	59.90%	61.60%	63.30%	64.90%	66.60%	68.30%	70.00%	71.70%
4.40%	53.50%	55.20%	56.80%	58.30%	60.20%	61.90%	63.50%	65.10%	66.90%	68.60%	70.30%
4.60%	51.60%	53.40%	55.10%	56.70%	58.60%	60.50%	62.20%	63.80%	65.40%	67.20%	68.90%
4.80%	49.80%	51.70%	53.40%	55.20%	57.20%	59.20%	61.00%	62.60%	64.30%	66.00%	67.70%
5.00%	48.30%	49.90%	51.70%	53.70%	55.80%	57.80%	59.80%	61.50%	63.20%	64.80%	66.50%

<b>Fitch Test Matrix 2</b> <b>Top 10 Obligor Concentration 23%</b> <b>0% concentration limit for Fixed Rate Collateral Debt Obligations</b>											
Minimum Weighted Average Spread (%)	Fitch Weighted Average Rating Factor										
	30	31	32	33	34	35	36	37	38	39	40
2.20%	85.00%	85.80%	86.60%	87.50%	88.80%	90.10%	90.80%	91.30%	91.90%	92.40%	92.90%
2.40%	79.40%	80.10%	80.90%	81.70%	82.40%	83.10%	83.70%	84.40%	85.10%	85.70%	86.30%
2.60%	76.10%	77.00%	77.90%	78.70%	79.40%	80.10%	80.90%	81.60%	82.20%	82.80%	83.40%
2.80%	71.80%	73.10%	74.30%	75.30%	76.20%	77.10%	77.90%	78.60%	79.30%	80.00%	80.70%
3.00%	68.50%	69.80%	71.10%	72.30%	73.40%	74.40%	75.30%	76.10%	76.90%	77.60%	78.30%
3.20%	65.00%	66.40%	67.50%	68.50%	69.70%	70.80%	71.90%	73.00%	74.00%	74.90%	75.70%
3.40%	61.50%	62.80%	64.20%	65.60%	66.80%	68.00%	69.10%	70.10%	71.20%	72.20%	73.20%
3.60%	59.40%	60.70%	61.90%	63.30%	64.50%	65.80%	67.00%	68.20%	69.30%	70.40%	71.60%
3.80%	57.50%	59.00%	60.50%	61.80%	63.10%	64.40%	65.60%	66.80%	68.00%	69.10%	70.30%
4.00%	55.70%	57.30%	58.90%	60.40%	61.80%	63.10%	64.30%	65.60%	66.70%	67.90%	69.10%
4.20%	53.90%	55.60%	57.30%	58.90%	60.40%	61.70%	63.00%	64.30%	65.50%	66.80%	67.90%
4.40%	52.20%	53.90%	55.60%	57.30%	58.80%	60.40%	61.80%	63.00%	64.30%	65.50%	66.80%
4.60%	50.50%	52.30%	54.00%	55.70%	57.40%	58.90%	60.40%	61.80%	63.10%	64.40%	65.60%
4.80%	48.80%	50.70%	52.40%	54.20%	55.90%	57.50%	59.10%	60.60%	61.90%	63.20%	64.40%
5.00%	47.20%	49.10%	50.90%	52.70%	54.40%	56.00%	57.60%	59.20%	60.60%	61.90%	63.20%

<b>Fitch Test Matrix 3</b> <b>Top 10 Obligor Concentration 18%</b> <b>12.5% concentration limit for Fixed Rate Collateral Debt Obligations</b>											
Minimum Weighted Average Spread (%)	Fitch Weighted Average Rating Factor										
	30	31	32	33	34	35	36	37	38	39	40
2.20%	85.00%	85.80%	86.60%	87.50%	88.80%	90.10%	90.80%	91.30%	91.90%	92.40%	92.90%
2.40%	79.40%	80.10%	80.90%	81.70%	82.40%	83.10%	83.70%	84.40%	85.10%	85.70%	86.30%
2.60%	76.10%	77.00%	77.90%	78.70%	79.40%	80.10%	80.90%	81.60%	82.20%	82.80%	83.40%
2.80%	71.80%	73.10%	74.30%	75.30%	76.20%	77.10%	77.90%	78.70%	79.50%	80.30%	81.00%
3.00%	68.50%	69.80%	71.10%	72.30%	73.40%	74.50%	75.50%	76.40%	77.30%	78.10%	78.90%
3.20%	65.00%	66.40%	67.50%	68.60%	69.80%	71.00%	72.30%	73.40%	74.50%	75.60%	77.10%
3.40%	61.50%	63.10%	64.70%	66.10%	67.30%	68.50%	69.70%	70.90%	72.60%	74.30%	75.80%
3.60%	60.10%	61.30%	62.50%	63.60%	65.10%	66.40%	67.60%	69.40%	71.10%	72.90%	74.50%
3.80%	58.50%	60.00%	61.30%	62.40%	63.60%	64.60%	66.30%	68.00%	69.70%	71.40%	73.10%
4.00%	56.70%	58.30%	59.80%	61.10%	62.30%	63.50%	64.90%	66.60%	68.30%	70.00%	71.70%
4.20%	54.90%	56.60%	58.10%	59.60%	60.90%	62.10%	63.60%	65.20%	67.00%	68.60%	70.30%
4.40%	53.10%	54.90%	56.50%	58.00%	59.40%	60.80%	62.20%	63.90%	65.50%	67.30%	69.00%
4.60%	51.20%	53.10%	54.80%	56.40%	57.90%	59.40%	60.80%	62.50%	64.10%	65.80%	67.60%
4.80%	49.50%	51.30%	53.10%	54.80%	56.40%	57.90%	59.50%	61.30%	63.00%	64.60%	66.30%
5.00%	48.00%	49.60%	51.40%	53.10%	54.80%	56.40%	58.20%	60.10%	61.80%	63.50%	65.10%

<b>Fitch Test Matrix 4</b> <b>Top 10 Obligor Concentration 18%</b> <b>0% concentration limit for Fixed Rate Collateral Debt Obligations</b>											
Minimum Weighted Average Spread (%)	Fitch Weighted Average Rating Factor										
	30	31	32	33	34	35	36	37	38	39	40
2.20%	85.00%	85.80%	86.60%	87.50%	88.80%	90.10%	90.80%	91.30%	91.90%	92.40%	92.90%
2.40%	79.40%	80.10%	80.90%	81.70%	82.40%	83.10%	83.70%	84.40%	85.10%	85.70%	86.30%
2.60%	76.10%	77.00%	77.90%	78.70%	79.40%	80.10%	80.90%	81.60%	82.20%	82.80%	83.40%
2.80%	71.80%	73.10%	74.30%	75.30%	76.20%	77.10%	77.90%	78.60%	79.30%	80.00%	80.70%
3.00%	68.50%	69.80%	71.10%	72.30%	73.40%	74.40%	75.30%	76.10%	76.90%	77.60%	78.30%
3.20%	65.00%	66.40%	67.50%	68.50%	69.70%	70.80%	71.90%	73.00%	74.00%	74.90%	75.70%
3.40%	61.10%	62.70%	64.20%	65.60%	66.80%	68.00%	69.10%	70.10%	71.20%	72.20%	73.20%
3.60%	59.20%	60.40%	61.60%	62.60%	63.90%	65.20%	66.40%	67.60%	68.70%	69.90%	71.00%
3.80%	57.20%	58.60%	59.90%	61.20%	62.50%	63.80%	65.00%	66.20%	67.40%	68.60%	69.70%
4.00%	55.20%	56.70%	58.10%	59.70%	61.10%	62.50%	63.70%	64.90%	66.20%	67.30%	68.50%
4.20%	53.20%	54.80%	56.50%	58.10%	59.70%	61.10%	62.40%	63.70%	64.90%	66.20%	67.30%
4.40%	51.30%	53.10%	54.80%	56.40%	58.10%	59.60%	61.10%	62.40%	63.70%	64.90%	66.20%
4.60%	49.60%	51.40%	53.10%	54.80%	56.50%	58.10%	59.70%	61.10%	62.50%	63.80%	65.00%
4.80%	47.80%	49.70%	51.50%	53.30%	55.00%	56.70%	58.30%	59.90%	61.20%	62.50%	63.80%
5.00%	46.20%	48.10%	50.00%	51.80%	53.50%	55.20%	56.80%	58.40%	59.90%	61.30%	62.60%

#### *The Moody's Minimum Diversity Test*

The “**Moody's Minimum Diversity Test**” will be satisfied as at any Determination Date from (and including) the Effective Date, if the Diversity Score equals or exceeds the number set forth in the column entitled “Minimum Diversity Score” in the Moody's Test Matrix based upon the applicable “row/column” combination chosen by the Collateral Manager (or interpolating between two adjacent rows and/or two adjacent columns (as applicable)).

The “**Diversity Score**” is a single number that indicates collateral concentration and correlation in terms of both issuer and industry concentration and correlation. It is similar to a score that Moody's uses to measure

concentration and correlation for the purposes of its ratings. A higher Diversity Score reflects a more diverse portfolio in terms of the issuer and industry concentration. The Diversity Score for the Collateral Debt Obligations is calculated by summing each of the Industry Diversity Scores which are calculated as follows:

- (a) an “**Average Principal Balance**” is calculated by summing the Obligor Principal Balances and dividing by the sum of the aggregate number of issuers and/or borrowers represented;
- (b) an “**Obligor Principal Balance**” is calculated for each Obligor represented in the Collateral Debt Obligations by summing the Principal Balances of all Collateral Debt Obligations (excluding Defaulted Obligations) issued by such Obligor, **provided** that if a Collateral Debt Obligation has been sold or is the subject of an optional redemption or Offer, and the Sale Proceeds or Unscheduled Principal Proceeds from such event have not yet been reinvested in Substitute Collateral Debt Obligations or distributed to the Noteholders or the other creditors of the Issuer in accordance with the Priorities of Payments, the Obligor Principal Balance shall be calculated as if such Collateral Debt Obligation had not been sold or was not subject to such an optional redemption or Offer;
- (c) an “**Equivalent Unit Score**” is calculated for each Obligor by taking the lesser of (i) one and (ii) the Obligor Principal Balance for such Obligor divided by the Average Principal Balance;
- (d) an “**Aggregate Industry Equivalent Unit Score**” is then calculated for each of the 32 Moody’s industrial classification groups by summing the Equivalent Unit Scores for each Obligor in the industry (or such other industrial classification groups and Equivalent Unit Scores as are published by Moody’s from time to time); and
- (e) an “**Industry Diversity Score**” is then established by reference to the Diversity Score Table shown below (or such other Diversity Score Table as is published by Moody’s from time to time) (the “**Diversity Score Table**”) for the related Aggregate Industry Equivalent Unit Score. If the Aggregate Industry Equivalent Unit Score falls between any two such scores shown in the Diversity Score Table, then the Industry Diversity Score is the lower of the two Diversity Scores in the Diversity Score Table.

For purposes of calculating the Diversity Scores any Obligor Affiliated with one another will be considered to be one Obligor.

**Diversity Score Table**

<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>
0.0000	0.0000	5.0500	2.7000	10.1500	4.0200	15.2500	4.5300
0.0500	0.1000	5.1500	2.7333	10.2500	4.0300	15.3500	4.5400
0.1500	0.2000	5.2500	2.7667	10.3500	4.0400	15.4500	4.5500
0.2500	0.3000	5.3500	2.8000	10.4500	4.0500	15.5500	4.5600
0.3500	0.4000	5.4500	2.8333	10.5500	4.0600	15.6500	4.5700
0.4500	0.5000	5.5500	2.8667	10.6500	4.0700	15.7500	4.5800
0.5500	0.6000	5.6500	2.9000	10.7500	4.0800	15.8500	4.5900
0.6500	0.7000	5.7500	2.9333	10.8500	4.0900	15.9500	4.6000
0.7500	0.8000	5.8500	2.9667	10.9500	4.1000	16.0500	4.6100
0.8500	0.9000	5.9500	3.0000	11.0500	4.1100	16.1500	4.6200
0.9500	1.0000	6.0500	3.0250	11.1500	4.1200	16.2500	4.6300
1.0500	1.0500	6.1500	3.0500	11.2500	4.1300	16.3500	4.6400
1.1500	1.1000	6.2500	3.0750	11.3500	4.1400	16.4500	4.6500
1.2500	1.1500	6.3500	3.1000	11.4500	4.1500	16.5500	4.6600
1.3500	1.2000	6.4500	3.1250	11.5500	4.1600	16.6500	4.6700
1.4500	1.2500	6.5500	3.1500	11.6500	4.1700	16.7500	4.6800
1.5500	1.3000	6.6500	3.1750	11.7500	4.1800	16.8500	4.6900
1.6500	1.3500	6.7500	3.2000	11.8500	4.1900	16.9500	4.7000
1.7500	1.4000	6.8500	3.2250	11.9500	4.2000	17.0500	4.7100
1.8500	1.4500	6.9500	3.2500	12.0500	4.2100	17.1500	4.7200
1.9500	1.5000	7.0500	3.2750	12.1500	4.2200	17.2500	4.7300
2.0500	1.5500	7.1500	3.3000	12.2500	4.2300	17.3500	4.7400

Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score
2.1500	1.6000	7.2500	3.3250	12.3500	4.2400	17.4500	4.7500
2.2500	1.6500	7.3500	3.3500	12.4500	4.2500	17.5500	4.7600
2.3500	1.7000	7.4500	3.3750	12.5500	4.2600	17.6500	4.7700
2.4500	1.7500	7.5500	3.4000	12.6500	4.2700	17.7500	4.7800
2.5500	1.8000	7.6500	3.4250	12.7500	4.2800	17.8500	4.7900
2.6500	1.8500	7.7500	3.4500	12.8500	4.2900	17.9500	4.8000
2.7500	1.9000	7.8500	3.4750	12.9500	4.3000	18.0500	4.8100
2.8500	1.9500	7.9500	3.5000	13.0500	4.3100	18.1500	4.8200
2.9500	2.0000	8.0500	3.5250	13.1500	4.3200	18.2500	4.8300
3.0500	2.0333	8.1500	3.5500	13.2500	4.3300	18.3500	4.8400
3.1500	2.0667	8.2500	3.5750	13.3500	4.3400	18.4500	4.8500
3.2500	2.1000	8.3500	3.6000	13.4500	4.3500	18.5500	4.8600
3.3500	2.1333	8.4500	3.6250	13.5500	4.3600	18.6500	4.8700
3.4500	2.1667	8.5500	3.6500	13.6500	4.3700	18.7500	4.8800
3.5500	2.2000	8.6500	3.6750	13.7500	4.3800	18.8500	4.8900
3.6500	2.2333	8.7500	3.7000	13.8500	4.3900	18.9500	4.9000
3.7500	2.2667	8.8500	3.7250	13.9500	4.4000	19.0500	4.9100
3.8500	2.3000	8.9500	3.7500	14.0500	4.4100	19.1500	4.9200
3.9500	2.3333	9.0500	3.7750	14.1500	4.4200	19.2500	4.9300
4.0500	2.3667	9.1500	3.8000	14.2500	4.4300	19.3500	4.9400
4.1500	2.4000	9.2500	3.8250	14.3500	4.4400	19.4500	4.9500
4.2500	2.4333	9.3500	3.8500	14.4500	4.4500	19.5500	4.9600
4.3500	2.4667	9.4500	3.8750	14.5500	4.4600	19.6500	4.9700
4.4500	2.5000	9.5500	3.9000	14.6500	4.4700	19.7500	4.9800
4.5500	2.5333	9.6500	3.9250	14.7500	4.4800	19.8500	4.9900
4.6500	2.5667	9.7500	3.9500	14.8500	4.4900	19.9500	5.0000
4.7500	2.6000	9.8500	3.9750	14.9500	4.5000		
4.8500	2.6333	9.9500	4.0000	15.0500	4.5100		
4.9500	2.6667	10.0500	4.0100	15.1500	4.5200		

*The Moody's Maximum Weighted Average Rating Factor Test*

The “**Moody's Maximum Weighted Average Rating Factor Test**” will be satisfied as at any Determination Date from (and including) the Effective Date, if the Adjusted Weighted Average Moody's Rating Factor of the Collateral Debt Obligations as at such Determination Date is equal to or less than the sum of (i) the number set forth in the Moody's Test Matrix at the intersection of the applicable “row/column” combination chosen by the Collateral Manager (or interpolating between two adjacent rows and/or two adjacent columns (as applicable)), (acting on behalf of the Issuer) as at such Determination Date plus (ii) the Moody's Weighted Average Recovery Adjustment, **provided, however**, that the sum of (i) and (ii) may not exceed 3900.

The “**Moody's Weighted Average Rating Factor**” is determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation, excluding Defaulted Obligations and Excess Par Obligations, by its Moody's Rating Factor, dividing such sum by the Aggregate Principal Balances of all such Collateral Debt Obligations, excluding Defaulted Obligations, and rounding the result up to the nearest whole number.

The “**Moody's Rating Factor**” relating to any Collateral Debt Obligation is the number set forth in the table below opposite the Moody's Default Probability Rating of such Collateral Debt Obligation.

<b>Moody's Default Probability Rating</b>	<b>Moody's Rating Factor</b>	<b>Moody's Default Probability Rating</b>	<b>Moody's Rating Factor</b>
Aaa.....	1	Ba1	940
Aa1 .....	10	Ba2	1,350
Aa2 .....	20	Ba3	1,766
Aa3 .....	40	B1	2,220
A1 .....	70	B2	2,720
A2 .....	120	B3	3,490
A3 .....	180	Caa1	4,770
Baa1 .....	260	Caa2	6,500
Baa2 .....	360	Caa3	8,070
Baa3 .....	610	Ca or lower	10,000

The “**Moody's Weighted Average Recovery Adjustment**” means, as of any Determination Date, the greater of:

- (a) zero; and
- (b) the product of:
  - (i) (A) the Weighted Average Moody's Recovery Rate as of such Determination Date multiplied by 100 minus (B) 43.25; and
  - (ii) with respect to the adjustment of the Moody's Maximum Weighted Average Rating Factor Test, (A) (1) 40 if the Weighted Average Spread (expressed as a percentage) is equal to or greater than 2.4 per cent. but below 3.0 per cent.; (2) 65 if the Weighted Average Spread (expressed as a percentage) is equal to or greater than 3.0 per cent., and (B) with respect to the adjustment of the Minimum Weighted Average Spread Test, (1) 0.03 per cent. if the Weighted Average Spread (expressed as a percentage) is equal to or greater than 2.4 per cent. but below 3.2 per cent.; (2) 0.05 per cent. if the Weighted Average Spread (expressed as a percentage) is equal to or greater than 3.2 per cent. but below 3.6 per cent.; (3) 0.07 per cent. if the Weighted Average Spread (expressed as a percentage) is equal to or greater than 3.6 per cent. but below 3.75 per cent.; (4) 0.09 per cent. if the Weighted Average Spread (expressed as a percentage) is equal to or greater than 3.75 per cent. but below 4.4 per cent.; and (5) 0.14 per cent. if the Weighted Average Spread (expressed as a percentage) is equal to or greater than 4.4 per cent.,

provided that if the Weighted Average Moody's Recovery Rate for purposes of determining the Moody's Weighted Average Recovery Adjustment is greater than 60 per cent, then such Weighted Average Moody's Recovery Rate shall equal 60 per cent. unless Rating Agency Confirmation from Moody's is obtained, and provided further that the amount specified in clause (b)(i) may only be allocated once on any Determination Date and the Collateral Manager shall designate to the Collateral Administrator in writing on each such date the portion of such amount that shall be allocated to clause (b)(ii)(A) and the portion of such amount that shall be allocated to clause (b)(ii)(B) (it being understood that, absent an express designation by the Collateral Manager, all such amounts shall be allocated to clause (b)(ii)(A)).

“**Adjusted Weighted Average Moody's Rating Factor**” means, as of any Determination Date, a number equal to the Moody's Weighted Average Rating Factor determined in the following manner: each applicable rating on credit watch by Moody's that is (a) on review for upgrade will be treated as having been upgraded by one rating subcategory, (b) on review for downgrade will be treated as having been downgraded by two rating subcategories and (c) negative outlook will be treated as having been downgraded by one rating subcategory.

*The Moody's Minimum Weighted Average Recovery Rate Test*

The “**Moody's Minimum Weighted Average Recovery Rate Test**” will be satisfied, as at any Determination Date from (and including) the Effective Date, if the Weighted Average Moody's Recovery Rate is greater than or equal to (i) 43.25 per cent. minus (ii) the Moody's Weighted Average Rating Factor Adjustment.

The “**Weighted Average Moody's Recovery Rate**” means, as of any Determination Date, the number, expressed as a percentage, obtained by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation (excluding Defaulted Obligations) by its corresponding Moody's Recovery Rate and dividing such sum by the Aggregate Principal Balance (excluding Defaulted Obligations) and rounding

the result up to the nearest 0.1 per cent., provided that the Weighted Average Moody's Recovery Rate shall be calculated excluding Excess Par Obligations.

The “**Moody's Recovery Rate**” is, except as otherwise advised by Moody's, with respect to any Collateral Debt Obligation, as of any Determination Date, the recovery rate determined in accordance with the following, in the following order of:

- (a) if the Collateral Debt Obligation has been specifically assigned a recovery rate by Moody's (for example, in connection with the assignment by Moody's of an estimated rating), such recovery rate;
- (b) if the preceding clause does not apply to the Collateral Debt Obligation, except with respect to Corporate Rescue Loan, the rate determined pursuant to the table below based on the number of rating subcategories difference between the Collateral Debt Obligation's Moody's Rating and its Moody's Default Probability Rating (for purposes of clarification, if the Moody's Rating is higher than the Moody's Default Probability Rating, the rating subcategories difference will be positive and if it is lower, negative):

Number of Moody's Ratings Subcategories Difference Between the Moody's Rating and the Moody's Default Probability Rating	Moody's Senior Secured Loans	Senior Secured Loans, Second Lien Loans, Senior Secured Bonds, Moody's Senior Secured Floating Rate Notes *	All other Collateral Debt Obligations
+2 or more.....	60%	55%	45%
+1 .....	50%	45%	35%
0 .....	45%	35%	30%
-1 .....	40%	25%	25%
-2 .....	30%	15%	15%
-3 or less.....	20%	5%	5%

\* If such Collateral Debt Obligation does not have both a Collateral Debt Obligation's Moody's Rating and a CFR, such Collateral Debt Obligation will be deemed to fall under “All Other Collateral Debt Obligations” for purposes of this table.

- (c) if the Collateral Debt Obligation is a Corporate Rescue Loan (other than a Corporate Rescue Loan which has been specifically assigned a recovery rate by Moody's), 50.0 per cent.

The “**Moody's Weighted Average Rating Factor Adjustment**” means an amount, expressed as a percentage, as of any Measurement Date equal to the greater of:

- (a) zero; and
- (b) the number obtained by dividing:
  - (i) (A) the number set forth in the applicable Moody's Test Matrix at the intersection of the applicable “row/column” combination chosen by the Collateral Manager (acting on behalf of the Issuer) (or interpolating between the two rows containing the closest values and/or two adjacent columns (as applicable)), as at such Measurement Date minus (B) the Adjusted Weighted Average Moody's Rating Factor; by
  - (ii) 76 in all cases,
and dividing the result by 100.

*The Fitch Maximum Weighted Average Rating Factor Test*

“**Fitch Maximum Weighted Average Rating Factor Test**” means that test that will be satisfied, on any Measurement Date, if the Fitch Weighted Average Rating Factor as at such date is less than or equal to the applicable level in the Fitch Tests Matrix.

**“Fitch Weighted Average Rating Factor”** is the number determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation by its Fitch Rating Factor, dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Obligations and rounding the result down to the nearest two decimal places. For the purposes of determining the Principal Balance and Aggregate Principal Balance of Collateral Debt Obligations in this definition, Excess Par Obligations and the Principal Balance of each Defaulted Obligation shall be excluded.

**“Fitch Rating Factor”** means, in respect of any Collateral Debt Obligation, the number set forth in the table below opposite the Fitch Rating in respect of such Collateral Debt Obligation. The following table provides certain probabilities of default relating to any Fitch Rating Factor. The information is subject to change and any probabilities of default in respect of any Fitch Rating Factor may not at any time necessarily reflect the below table.

<b>Fitch Rating</b>	<b>Fitch Rating Factor</b>
AAA.....	0.19
AA+ .....	0.35
AA .....	0.64
AA- .....	0.86
A+ .....	1.17
A .....	1.58
A- .....	2.25
BBB+ .....	3.19
BBB .....	4.54
BBB- .....	7.13
BB+ .....	12.19
BB .....	17.43
BB- .....	22.80
B+ .....	27.80
B .....	32.18
B- .....	40.60
CCC+ .....	62.80
CCC .....	62.80
CCC- .....	62.80
CC .....	100.00
C .....	100.00
D .....	100.00

*The Fitch Minimum Weighted Average Recovery Rate Test*

**“Fitch Minimum Weighted Average Recovery Rate Test”** means the test that will be satisfied in respect of the Notes on any Measurement Date, if the Fitch Weighted Average Recovery Rate is greater than or equal to the applicable level in the Fitch Tests Matrix.

**“Fitch Weighted Average Recovery Rate”** means, as of any Measurement Date, the rate (expressed as a percentage) determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation by the Fitch Recovery Rate in relation thereto and dividing such sum by the Aggregate Principal Balance of all Collateral Debt Obligations and rounding up to the nearest 0.1 per cent. For the purposes of determining the Principal Balance and Aggregate Principal Balance of Collateral Debt Obligations in this definition, Excess Par Obligations and the Principal Balance of each Defaulted Obligation shall be excluded.

**“Fitch Recovery Rate”** means, with respect to a Collateral Debt Obligation, the recovery rate determined in accordance with paragraphs (a) to (c) below or (in any case) such other recovery rate as Fitch may notify the Collateral Manager from time to time:

- (a) if such Collateral Debt Obligation has a public Fitch recovery rating, or a recovery rating is assigned by Fitch in the context of provision by Fitch of a credit opinion to the Collateral Manager, the recovery rate corresponding to such recovery rating in the table below (unless a specific recovery rate (expressed as a percentage) is provided by Fitch in which case such recovery rate shall be used):

<b>Fitch recovery rating</b>	<b>Fitch recovery rate (%)</b>
RR1	95
RR2	80
RR3	60
RR4	40
RR5	20
RR6	5

- (b) if such Collateral Debt Obligation is a Corporate Rescue Loan and has neither a public Fitch recovery rating, nor a recovery rating assigned to it by Fitch in the context of provision by Fitch of a credit opinion, the Issuer or the Collateral Manager on behalf of the Issuer shall apply to Fitch for a Fitch recovery rating, **provided** that the Fitch recovery rating in respect of such Corporate Rescue Loan shall be considered to be “RR3” pending provision by Fitch of such Fitch recovery rating, and the recovery rate applicable to such Corporate Rescue Loan shall be the recovery rate corresponding to such Fitch recovery rating in the table above; and
- (c) if such Collateral Debt Obligation has no public Fitch recovery rating and no recovery rating is assigned by Fitch in the context of provision by Fitch of a credit opinion to the Collateral Manager (x) if such Collateral Debt Obligation is a Secured Senior Obligation that is not a Fitch Senior Secured Loan, the recovery rate applicable to such Senior Secured Bond shall be the recovery rate corresponding to the Fitch recovery rating of “RR3” in the table above and (y) otherwise, the recovery rate will be the rate determined in accordance with the table below, where the Collateral Debt Obligation shall be categorised as a “Strong Recovery” if it is a Fitch Senior Secured Loan, “Moderate Recovery” if it is a Senior Unsecured Obligation and otherwise “Weak Recovery”, and shall fall into the country group corresponding to the country in which the Obligor thereof is Domiciled:

	<b>Group 1</b>	<b>Group 2</b>	<b>Group 3</b>
Strong Recovery.....	80	70	35
Moderate Recovery.....	45	45	25
Weak Recovery.....	20	20	20

The country group of a Collateral Debt Obligation shall be determined, by reference to the country where the Obligor thereof is Domiciled, in accordance with the below:

**Group 1:** Australia, Bermuda, Canada, Cayman Islands, New Zealand, Puerto Rico, United States.

**Group 2:** Austria, Barbados, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Taiwan, United Kingdom.

**Group 3:** Albania, Argentina, Asia Others, Bahamas, Bosnia and Herzegovina, Brazil, Bulgaria, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Dominican Republic, Eastern Europe Others, Ecuador, Egypt, El Salvador, Greece, Guatemala, Hungary, India, Indonesia, Iran, Jamaica, Kazakhstan, Liberia, Macedonia, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Middle East and North Africa Others, Moldova, Morocco, Other Central America, Other South America, Other Sub Saharan Africa, Pakistan, Panama, Peru, Philippines, Qatar, Romania, Russia, Saudi Arabia, Serbia and Montenegro, South Africa, Thailand, Tunisia, Turkey, Ukraine, Uruguay, Venezuela, Vietnam.

“**Secured Senior Obligation**” means a Senior Secured Bond or Senior Secured Loan.

#### *The Minimum Weighted Average Spread Test*

The “**Minimum Weighted Average Spread Test**” will be satisfied if, as at any Determination Date from (and including) the Effective Date the Weighted Average Floating Spread as at such Determination Date plus the Weighted Average Coupon Adjustment Percentage as at such Determination Date equals or exceeds the Minimum Weighted Average Floating Spread as at such Determination Date *provided that* the Minimum Weighted Average Spread Test shall be calculated excluding Excess Par Obligations.



The “**Minimum Weighted Average Floating Spread**”, as of any Determination Date, means the greater of:

- (a) the weighted average spread (expressed as a percentage) applicable to the current Fitch Test Matrix selected by the Collateral Manager; and
- (b) the weighted average spread (expressed as a percentage) applicable to the current Moody’s Test Matrix based upon the option chosen by the Collateral Manager (or interpolating between two adjacent rows and/or two adjacent columns (as applicable)) reduced by the Moody’s Weighted Average Recovery Adjustment, **provided** such reduction may not reduce the Minimum Weighted Average Spread below 2.4 per cent.

The “**Weighted Average Floating Spread**” as of any Determination Date, is the number obtained by dividing:

- (a) the amount equal to (A) the Aggregate Funded Spread plus (B) the Aggregate Unfunded Spread plus (C) the Aggregate Excess Funded Spread; by
- (b) an amount equal to the Aggregate Principal Balance of all Floating Rate Collateral Debt Obligations as of such Determination Date, in each case, excluding (x) Defaulted Obligations, Partial PIK Obligations (in respect of any non-cash paying interest) and the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations) and (y) any interest capitalised pursuant to the terms of such instruments other than, with respect to a Mezzanine Obligation and a PIK Obligation, any such interest capitalised pursuant to the terms thereof which is paid for on the date of acquisition of such Mezzanine Obligation or PIK Obligation,

in each case adjusted for any withholding tax deducted in respect of the relevant obligation which is neither grossed up nor recoverable under any applicable double tax treaty.

The “**Aggregate Funded Spread**” is, as of any Determination Date, the sum of:

- (a) in the case of each Floating Rate Collateral Debt Obligation (including only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Non-Euro Obligations, Defaulted Obligations, Deferring Securities, Partial PIK Obligations (in respect of any non-cash paying interest) and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and Revolving Debt Obligation) that bears interest at a spread over EURIBOR, (i) the stated interest rate spread on such Collateral Debt Obligation above EURIBOR multiplied by (ii) the Principal Balance of such Collateral Debt Obligation (excluding the unfunded portion of any Delayed Drawdown Collateral Debt Obligation or Revolving Obligation) (for the purposes of this paragraph (a) only, each reference to “EURIBOR” so far as it relates to a Collateral Debt Obligation shall mean EURIBOR as determined pursuant to the Underlying Instrument in respect of such Collateral Debt Obligation);
- (b) in the case of each Floating Rate Collateral Debt Obligation (including only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Non-Euro Obligations, Defaulted Obligations, Deferring Securities, Partial PIK Obligations (in respect of any non-cash paying interest) and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and Revolving Obligation) that bears interest at a spread over an index other than EURIBOR, (i) the excess of the sum of such spread and such index over the EURIBOR rate that has an equivalent frequency and setting date to the corresponding interest rate in respect of such Floating Rate Collateral Debt Obligation as of the immediately preceding interest determination date pursuant to the relevant Underlying Instrument (which spread or excess may be expressed as a negative percentage) multiplied by (ii) the Principal Balance of each such Collateral Debt Obligation (excluding the unfunded portion of any Delayed Drawdown Collateral Debt Obligation or Revolving Obligation);
- (c) in the case of each Floating Rate Collateral Debt Obligation which is a Non-Euro Obligation (including, only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Defaulted Obligations, Deferring Securities, Partial PIK Obligations (in respect of any non-cash paying interest) and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and Revolving Obligation) and subject to an Asset Swap Transaction (i) the stated interest rate spread over EURIBOR (in respect of the applicable Hedge Agreement) payable by the applicable Hedge Counterparty to the Issuer under the related Asset Swap Transaction multiplied by (ii) the Principal Balance of such Non-Euro Obligation; and

- (d) in the case of each Floating Rate Collateral Debt Obligation which is a Non-Euro Obligation (including, only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Defaulted Obligations, Deferring Securities, Partial PIK Obligations (in respect of any non-cash paying interest) and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and Revolving Obligation) and which is not subject to an Asset Swap Transaction, the Euro equivalent (at the Applicable Exchange Rate) of (1) the interest amount payable by the relevant obligor, less (2) the product of (x) the EURIBOR rate that has an equivalent frequency and setting date to the corresponding interest rate in respect of such Floating Rate Collateral Debt Obligation as of the immediately preceding interest determination date pursuant to the relevant Underlying Instrument (which spread or excess may be expressed as a negative percentage) multiplied by (y) its outstanding principal amount (excluding any interest capitalised pursuant to the terms of such instrument other than, with respect to a Mezzanine Obligation and a PIK Obligation, any such interest capitalised pursuant to the terms thereof which is paid for on the date of acquisition of such Mezzanine Obligation or PIK Obligation).

If a Floating Rate Collateral Debt Obligation is subject to a EURIBOR or other benchmark floor, the interest rate spread will be deemed to be (i) the stated interest rate spread plus, (ii) if positive (x) the EURIBOR or relevant benchmark floor value minus (y) the greater of zero and EURIBOR as if calculated in accordance with Condition 6(e)(i) (*Floating Rate of Interest*) or such other benchmark index applicable to such Collateral Debt Obligation on the relevant Measurement Date (**provided** that, to the extent the floor is in respect of a Non-Euro Obligation and the floor is not included in the payments made to a Hedge Counterparty under a related Asset Swap Transaction by the Issuer, for the purposes of paragraph (c) above, any additional interest amount as a result of such floor shall be determined by multiplying (1) in the case of Non-Euro Obligations denominated in U.S. Dollars, Sterling, Danish Krone, Swiss Francs, Swedish Krona, or Norwegian Krone, 85.0 per cent.; and (y) in the case of Non-Euro Obligations denominated in each other Qualifying Currency, 50.0 per cent., in each case of such additional interest amount by (2) the Spot Rate and not the Applicable Exchange Rate (such adjustment pursuant to this paragraph, the “**EURIBOR Floor Adjustment**”).

The “**Aggregate Unfunded Spread**” is, as of any Determination Date, the sum of the products obtained by multiplying (i) for each Delayed Drawdown Collateral Debt Obligation and Revolving Obligation (other than Defaulted Obligations, Deferring Securities and Partial PIK Obligations (in respect of any non-cash paying interest)), the related commitment fee then in effect as of such date and (ii) the undrawn commitments of each such Delayed Drawdown Collateral Debt Obligation and Revolving Obligation as of such date.

The “**Aggregate Excess Funded Spread**” is, as of any Determination Date, the amount obtained by multiplying:

- (a) EURIBOR applicable to the Rated Notes during the Accrual Period in which such Determination Date occurs; by
- (b) the amount (not less than zero) equal to (i) the Aggregate Principal Balance of the Collateral Debt Obligations (excluding (x) for any Deferring Security or Partial PIK Obligations (in respect of any non-cash paying interest) any interest that has been deferred and capitalised thereon and (y) the Principal Balance of any Defaulted Obligation and (z) the principal balance of any Fixed Rate Collateral Debt Obligation) as of such Determination Date minus (ii) the Target Par Amount minus (iii) the aggregate amount of Principal Proceeds received from the issuance of additional notes pursuant to the Trust Deed.

The “**Weighted Average Coupon Adjustment Percentage**” means a percentage equal as of any Measurement Date to a number obtained by multiplying (a) the result of the Weighted Average Coupon minus the Reference Weighted Average Fixed Coupon by (b) the number obtained by dividing the Aggregate Principal Balance of all Fixed Rate Collateral Debt Obligations by the Aggregate Principal Balance of all Floating Rate Collateral Debt Obligations, and which product may, for the avoidance of doubt, be negative.

The “**Reference Weighted Average Fixed Coupon**” means, if any of the Collateral Debt Obligations are Fixed Rate Collateral Debt Obligations, 4.75 per cent., and otherwise zero per cent.

The “**Weighted Average Coupon**”, as of any Measurement Date, is the number obtained by dividing:

- (a) the amount equal to the Aggregate Coupon; by

- (b) an amount equal to the Aggregate Principal Balance of all Fixed Rate Collateral Debt Obligations as of such Determination Date, in each case, excluding (x) Defaulted Obligations, Partial PIK Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations) and (y) any interest capitalised pursuant to the terms of such instruments other than, with respect to a Mezzanine Obligation and a PIK Obligation, any such interest capitalised pursuant to the terms thereof which is paid for on the date of acquisition of such Mezzanine Obligation or PIK Obligation.

The “**Aggregate Coupon**” is, as of any Determination Date, the sum of (i) with respect to any Fixed Rate Collateral Debt Obligation which is a Non-Euro Obligation and subject to an Asset Swap Transaction and excluding Defaulted Obligations, Deferring Securities, Partial PIK Obligations (in respect of any non-cash paying interest) and the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations, the product (including, for any Collateral Debt Obligation, only the required, non-deferrable current cash pay interest required by the Underlying Instruments thereon) of (x) stated coupon on such Non-Euro Obligation expressed as a percentage and (y) the Principal Balance of such Non-Euro Obligation (ii) with respect to any Fixed Rate Collateral Debt Obligation which is a Non-Euro Obligation and not subject to an Asset Swap Transaction and excluding Defaulted Obligations, Deferring Securities, Partial PIK Obligations (in respect of any non-cash paying interest) and the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations, an amount equal to the Euro equivalent (at the Applicable Exchange Rate) of the product (including, for any Collateral Debt Obligation, only the required, non-deferrable current cash pay interest required by the Underlying Instruments thereon) of (1) the coupon payable by the relevant obligor and (2) its outstanding principal amount (excluding any interest capitalised pursuant to the terms of such instrument other than, with respect to a Mezzanine Obligation and a PIK Obligation, any such interest capitalised pursuant to the terms thereof which is paid for on the date of acquisition of such Mezzanine Obligation or PIK Obligation) and (iii) with respect to all other Fixed Rate Collateral Debt Obligations and excluding Defaulted Obligations, Partial PIK Obligations (in respect of any non-cash paying interest), Deferring Securities and the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations, the sum of the products obtained by multiplying, in the case of each Fixed Rate Collateral Debt Obligation (including, for any Collateral Debt Obligation, only the required, non-deferrable current cash pay interest required by the Underlying Instruments thereon), (x) the stated coupon on such Collateral Debt Obligation expressed as a percentage and (y) the Principal Balance of such Collateral Debt Obligation.

#### *Maximum Obligor Concentration Test*

The “**Maximum Obligor Concentration Test**” will be satisfied on any Measurement Date if the Obligor Concentration as at such Measurement Date is less than or equal to the Maximum Obligor Concentration as at such Measurement Date.

The “**Maximum Obligor Concentration**” means, on any Measurement Date, the Obligor concentration applicable to the Fitch Tests Matrix.

“**Obligor Concentration**” means, on any Measurement Date, the percentage of the Aggregate Collateral Balance represented by the Aggregate Principal Balance of Collateral Debt Obligations relating to the ten Obligor contained in the Portfolio on such date that yields the highest such percentage (where for the purposes of determining the Aggregate Collateral Balance and the Aggregate Principal Balance, the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value), *provided that* the Obligor Concentration shall be calculated excluding Excess Par Obligations.

#### *Weighted Average Life Test*

The “**Weighted Average Life Test**” will be satisfied on any Measurement Date if the Weighted Average Life as of such date is less than or equal to the number of years (rounded up to the nearest one hundredth thereof) during the period from such Measurement Date to 2 March 2028.

“**Weighted Average Life**” is, as of any Measurement Date with respect to (i) all Collateral Debt Obligations (other than Defaulted Obligations and Deferring Securities) and (ii) Eligible Investments representing Principal Proceeds in an amount not to exceed 4 per cent of the Reinvestment Target Par Amount, the number of years (rounded down to the nearest one hundredth thereof) following such date obtained by :

- (a) summing the products obtained by multiplying (x) the Average Life at such time of each such Collateral Debt Obligation and such Eligible Investment representing Principal Proceeds, by (y) the

Principal Balance of such Collateral Debt Obligation and Eligible Investment representing Principal Proceeds,

and dividing such sum by:

- (b) the Aggregate Principal Balance at such time of all Collateral Debt Obligations (other than Defaulted Obligations) and such Eligible Investments representing Principal Proceeds,

*provided that* the Weighted Average Life shall be calculated excluding Excess Par Obligations

**“Average Life”** is, on any Measurement Date with respect to any Collateral Debt Obligation, the quotient obtained by dividing (i) the sum of the products of (a) the number of years (rounded to the nearest one hundredth thereof) from such Determination Date to the respective dates of each successive scheduled distribution of principal of such Collateral Debt Obligation and (b) the respective amounts of principal of such scheduled distributions by (ii) the sum of all successive scheduled distributions of principal on such Collateral Debt Obligation.

## Rating Definitions

### *Moody’s Ratings Definitions*

**“Assigned Moody’s Rating”** means the monitored publicly available rating or the unpublished monitored loan rating or the credit estimate expressly assigned to a debt obligation (or facility) by Moody’s which addresses the full amount of principal and interest to be paid (or repaid) thereunder, **provided** that, in respect of a credit estimate, if such credit estimate is valid, current and has been in existence (and not otherwise refreshed) for more than 12 months but less than 15 months from receipt thereof by the Issuer or Collateral Manager, as the case may be, then the Assigned Moody’s Rating is one subcategory lower than the credit estimate, and **provided further** that, if such credit estimate is valid, current and has been in existence (and not otherwise refreshed) for more than 15 months from receipt thereof by the Issuer or Collateral Manager, as the case may be, then such Collateral Debt Obligation shall be deemed to have an Assigned Moody’s Rating of “Caa3”.

**“CFR”** means, with respect to an obligor of a Collateral Debt Obligation, if such obligor has a corporate family rating by Moody’s, then such corporate family rating; provided, if such obligor does not have a corporate family rating by Moody’s but any entity in the obligor’s corporate family does have a corporate family rating, then the CFR is such corporate family rating.

**“Moody’s Default Probability Rating”** means, with respect to any Collateral Debt Obligation, as of any date of determination, the rating determined in accordance with the following methodology:

- (a) if the Obligor of such Collateral Debt Obligation has a CFR by Moody’s, then such CFR;
- (b) if not determined pursuant to clause (a) above, if the Obligor of such Collateral Debt Obligation has one or more senior unsecured obligations with an Assigned Moody’s Rating, then the Assigned Moody’s Rating on such obligation as selected by the Collateral Manager in its sole discretion;
- (c) if not determined pursuant to clause (a) or (b) above, if the Obligor of such Collateral Debt Obligation has one or more senior secured obligations with an Assigned Moody’s Rating, then the Moody’s rating that is one subcategory lower than the Assigned Moody’s Rating on any such senior secured obligation as selected by the Collateral Manager in its sole discretion;
- (d) if not determined pursuant to clause (a), (b) or (c) above, if a credit estimate has been assigned to such Collateral Debt Obligation by Moody’s upon the request of the Issuer, the Collateral Manager, then the Moody’s Default Probability Rating is such credit estimate **provided** that, if such credit estimate is valid, current and has been in existence (and not otherwise refreshed) for more than 13 months but less than 15 months from receipt thereof by the Issuer or Collateral Manager, as the case may be, then the Moody’s Default Probability Rating is one subcategory lower than the credit estimate, and **provided further** that, if such credit estimate is valid, current and has been in existence (and not otherwise refreshed) for more than 15 months from receipt thereof by the Issuer or Collateral Manager, as the case may be, then such Collateral Debt Obligation shall be deemed to have a Moody’s Default Probability Rating of “Caa3”;
- (e) if not determined pursuant to clause (a), (b), (c) or (d) above, the Moody’s Derived Rating; and

- (f) if not determined pursuant to clause (a), (b), (c), (d) or (e) above, the Collateral Debt Obligation will be deemed to have a Moody's Default Probability Rating of "Caa3".

For purposes of calculating a Moody's Default Probability Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated, respectively, as having been upgraded or downgraded by one rating subcategory, as the case may be.

**"Moody's Derived Rating"** means, with respect to any Collateral Debt Obligation, as of any date of determination, the rating determined in accordance with the following methodology:

- (a) with respect to any Corporate Rescue Loan, one subcategory below the facility rating (whether public or private) of such Corporate Rescue Loan rated by Moody's;
- (b) if not determined pursuant to clause (a) above, if the Obligor of such Collateral Debt Obligation has a long-term issuer rating by Moody's, then such long-term issuer rating;
- (c) if not determined pursuant to clause (a) or (b) above, if another obligation of the Obligor is rated by Moody's, then by adjusting the rating of the related Moody's rated obligations of the related Obligor by the number of rating sub-categories according to the table below:

Obligation Category of Rated Obligation	Rating of Rated Obligation	Number of Subcategories Relative to Rated Obligation Rating
Senior secured obligation .....	greater than or equal to B2	-1
Senior secured obligation .....	less than B2	-2
Subordinated obligation .....	greater than or equal to B3	+1
Subordinated obligation .....	less than B3	0

- (d) if not determined pursuant to clause (a), (b) or (c) above, if the Obligor of such Collateral Debt Obligation has a corporate family rating by Moody's, then one subcategory below such corporate family rating;
- (e) if not determined pursuant to clause (a), (b), (c) or (d) above, then by using any one of the methods provided below:

- (i) pursuant to the table below:

Type of Collateral Debt Obligation	S&P Rating (Public and Monitored)	Collateral Debt Obligation rated by S&P	Number of Subcategories Relative to Moody's Equivalent of S&P Rating
Not Structured Finance Obligation .....	≥BBB-	Not a Loan or Participation in Loan	-1
Not Structured Finance Obligation .....	≤BB+	Not a Loan or Participation in Loan	-2
Not Structured Finance Obligation .....		Loan or Participation in Loan	-2

- (ii) if such Collateral Debt Obligation is not rated by S&P but another security or obligation of the Obligor has a public and monitored rating by S&P (a **"parallel security"**), then the rating of such parallel security will at the election of the Collateral Manager be determined in accordance with the table set forth in sub clause (e)(i) above, and the Moody's Derived Rating for the purposes of clause (d) of the definition of Moody's Rating and Moody's Default Probability Rating (as applicable) of such Collateral Debt Obligation will be determined in accordance with the methodology set forth in clause (a) above (for such purposes treating the

parallel security as if it were rated by Moody's at the rating determined pursuant to this sub clause (e)(ii)); or

- (iii) if such Collateral Debt Obligation is a Corporate Rescue Loan, no Moody's Derived Rating may be determined based on a rating by S&P or any other rating agency; or
- (f) if such Collateral Debt Obligation is not rated by Moody's or S&P and no other security or obligation of the issuer of such Collateral Debt Obligation is rated by Moody's or S&P, and if Moody's has been requested by the Issuer, the Collateral Manager or the issuer of such Collateral Debt Obligation to assign a rating or rating estimate with respect to such Collateral Debt Obligation but such rating or rating estimate has not been received, pending receipt of such estimate, the Moody's Derived Rating for purposes of clause (d) of the definition of Moody's Rating and Moody's Default Probability Rating (as applicable) of such Collateral Debt Obligation shall be (x) "B3" if the Collateral Manager certifies to the Trustee and the Collateral Administrator that the Collateral Manager believes that such estimate will be at least "B3" and if the Aggregate Principal Balance of Collateral Debt Obligations determined pursuant to this clause (f) does not exceed 5.0 per cent. of the Aggregate Collateral Balance of all Collateral Debt Obligations or (y) otherwise, "Caa2".

For purposes of calculating a Moody's Derived Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated, respectively, as having been upgraded or downgraded by one rating subcategory, as the case may be.

**"Moody's Rating"** means,

- (a) with respect to a Collateral Debt Obligation that is a Senior Secured Loan or Senior Secured Bond:
  - (i) if such Collateral Debt Obligation has an Assigned Moody's Rating, such Assigned Moody's Rating;
  - (ii) if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the Obligor of such Collateral Debt Obligation has a CFR, then the Moody's rating that is one sub-category higher than such CFR;
  - (iii) if neither clause (i) nor (ii) above apply, if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the obligor of such Collateral Debt Obligation has one or more senior unsecured obligations with an Assigned Moody's Rating, then the Moody's rating that is two sub-categories higher than the Assigned Moody's Rating on any such obligation as selected by the Collateral Manager in its sole discretion;
  - (iv) if none of clauses (i) through (iii) above apply, at the election of the Collateral Manager, the Moody's Derived Rating; and
  - (v) if none of clauses (i) through (iv) above apply, the Collateral Debt Obligation will be deemed to have a Moody's Rating of "Caa3";
- (b) with respect to a Collateral Debt Obligation other than a Senior Secured Loan or Senior Secured Bond:
  - (i) if such Collateral Debt Obligation has an Assigned Moody's Rating, such Assigned Moody's Rating;
  - (ii) if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the obligor of such Collateral Debt Obligation has one or more senior unsecured obligations with an Assigned Moody's Rating, then the Assigned Moody's Rating on any such obligation as selected by the Collateral Manager in its sole discretion;
  - (iii) if neither clause (i) nor (ii) above apply, if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the obligor of such Collateral Debt Obligation has a CFR, then the Moody's rating that is one sub-category lower than such CFR;
  - (iv) if none of clauses (i), (ii) or (iii) above apply, if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the obligor of such Collateral Debt Obligation has one or more subordinated debt obligations with an Assigned Moody's Rating, then the Moody's

rating that is one sub-category higher than the Assigned Moody's Rating on any such obligation as selected by the Collateral Manager in its sole discretion;

- (v) if none of clauses (i) through (iv) above apply, at the election of the Collateral Manager, the Moody's Derived Rating; and
- (vi) if none of clauses (i) through (v) above apply, the Collateral Debt Obligation will be deemed to have a Moody's Rating of "Caa3".

For purposes of calculating a Moody's Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated as having been upgraded or downgraded by one rating subcategory, as the case may be.

**"Moody's Senior Secured Loan"** means:

- (a) a loan that:
  - (i) is not (and cannot by its terms become) subordinate in right of payment to any other debt obligation of the obligor of the loan; other than borrowed money, trade claims, capitalised leases or other similar obligations, or no other obligation of the Obligor has any higher priority security interest in such assets or stock, **provided** that a revolving loan of the Obligor that, pursuant to its terms, may require one or more advances to be made to the borrower may have a higher priority security interest in such assets or stock in the event of an enforcement in respect of such loan representing up to 15.0 per cent. of the Obligor's senior debt (or more if Rating Agency Confirmation from Moody's has been obtained);
  - (ii) (x) is secured by a valid first priority perfected security interest or lien in, to or on specified collateral securing the obligor's obligations under the loan and (y) such specified collateral does not consist entirely of equity securities or common stock; **provided** that any loan that would be considered a Moody's Senior Secured Loan but for clause (y) above shall be considered a Moody's Senior Secured Loan if it is a loan made to a parent entity and as to which the Collateral Manager determines in good faith that the value of the common stock of the subsidiary (or other equity interests in the subsidiary) securing such loan at or about the time of acquisition of such loan by the Issuer has a value that is at least equal to the outstanding principal balance of such loan and the outstanding principal balances of any other obligations of such parent entity that are *pari passu* with such loan, which value may include, among other things, the enterprise value of such subsidiary of such parent entity; and
  - (iii) the value of the collateral securing the loan together with other attributes of the obligor (including, without limitation, its general financial condition, ability to generate cash flow available for debt service and other demands for that cash flow) is adequate (in the reasonable judgment of the Collateral Manager) to repay the loan in accordance with its terms and to repay all other loans of equal seniority secured by a first lien or security interest in the same collateral); and
- (b) the loan is not:
  - (i) a Corporate Rescue Loan; or
  - (ii) a loan for which the security interest or lien (or the validity or effectiveness thereof) in substantially all of its collateral attaches, becomes effective, or otherwise "springs" into existence after the origination thereof.

**"Moody's Senior Secured Floating Rate Note"** means, a Senior Secured Floating Rate Note that (x) has a Moody's facility rating and the obligor of such note has a Moody's corporate family rating and (y) such Moody's facility rating is not lower than such Moody's corporate family rating.

#### *Fitch Ratings Definitions*

The **"Fitch Rating"** of any Collateral Debt Obligation will be determined in accordance with the below:

- (a) if such Collateral Debt Obligation is not a Corporate Rescue Loan:

- (i) with respect to any Collateral Debt Obligation in respect of which there is a Fitch issuer default rating including credit opinions, whether public or privately provided to the Collateral Manager following notification by the Collateral Manager that the Issuer has entered into a binding commitment to acquire such Collateral Debt Obligation (the “**Fitch Issuer Default Rating**”), the Fitch Rating shall be such Fitch Issuer Default Rating;
  - (ii) if the Obligor thereof has an outstanding long-term financial strength rating from Fitch (the “**Fitch LTSR**”), then the Fitch Rating shall be one notch lower than such Fitch LTSR;
  - (iii) if in respect of any other obligation of the Obligor or its Affiliates, there is a publicly available rating by Fitch, then the Fitch Rating shall be the Fitch IDR Equivalent determined by applying the Fitch Rating Mapping Table (as defined below) to such rating;
  - (iv) if in respect of the Collateral Debt Obligation there is a Moody’s CFR, a Moody’s Long Term Issuer Rating, or an S&P Issuer Credit Rating, then the Fitch Rating shall be the rating that corresponds to the lowest thereof;
  - (v) if in respect of the Collateral Debt Obligation, there is an Insurance Financial Strength Rating, then the Fitch Rating shall be one notch lower than such Insurance Financial Strength Rating;
  - (vi) if in respect of the Collateral Debt Obligation there is a Moody’s/S&P Corporate Issue Rating, then the Fitch Rating shall be the Fitch IDR Equivalent determined by applying the Fitch Rating Mapping Table (as defined below) to such rating; or
  - (vii) if a Fitch Rating cannot otherwise be assigned, the Collateral Manager, on behalf of the Issuer, shall apply to Fitch for a credit opinion which shall then be the Fitch Rating or shall agree a rating with Fitch which shall then be the Fitch Rating, provided that pending receipt from Fitch of any credit opinion, the applicable Collateral Debt Obligation shall either be deemed to have a Fitch Rating of “B-”, subject to the Collateral Manager believing (in its reasonable judgement) that such credit assessment will be at least “B-” or the rating specified as applicable thereto by Fitch pending receipt of such credit assessment; **provided further** that if no credit opinion from Fitch is expected (in the opinion of the Collateral Manager) to become available for the relevant Collateral Debt Obligation and (i) the relevant Collateral Debt Obligation is not a Defaulted Obligation or a Collateral Debt Obligation with a Moody’s CFR or Moody’s Long Term Issuer Rating (in each case without regard to whether any such ratings are publicly available) of “Caal” or lower and, if the relevant Collateral Debt Obligation has only a Moody’s Long Term Issuer Rating, the Fitch IDR Equivalent rating, determined by applying the Fitch Rating Mapping Table to such Moody’s Long Term Issuer Rating, is greater than “Caal”; (ii) the relevant Collateral Debt Obligation has a private rating by Moody’s; and (iii) the relevant Collateral Debt Obligation does not form part of the Fitch Deemed Rating Excess (as defined below), then the Fitch Rating of the relevant Collateral Debt Obligation shall be deemed to be “B-” (**provided** that the Collateral Manager may elect in its sole discretion to assign any such Collateral Debt Obligation a Fitch Rating of “CCC”), and if any of the clauses (i) to (iii) in the foregoing proviso are not met, then the relevant Collateral Debt Obligation will be deemed to have a Fitch Rating of “CCC” (except where a Fitch IDR Equivalent rating has been determined in accordance with clause (i) above and such rating is lower than “CCC”, in which case the relevant Collateral Debt Obligation shall be deemed to be a Defaulted Obligation for the purposes of this definition of “**Fitch Rating**”); or
- (b) if such Collateral Debt Obligation is a Corporate Rescue Loan,
- (i) if such Corporate Rescue Loan has a publicly available rating from Fitch or has been assigned an issue-level credit assessment by Fitch, the Fitch Rating shall be such rating or credit assessment; or
  - (ii) otherwise the Issuer or the Collateral Manager on behalf of the Issuer shall apply to Fitch for an issue-level credit assessment **provided** that, pending receipt from Fitch of any issue-level credit assessment, the applicable Corporate Rescue Loan shall either be deemed to have a Fitch Rating of “B-”, subject to the Collateral Manager believing (in its reasonable judgement) that such credit assessment will be at least “B-” or the rating specified as applicable thereto by Fitch pending receipt of such credit assessment.



For the purposes of determining the Fitch Rating, the following definitions shall apply, **provided** always that (i) if a debt security or obligation of the Obligor has been in default during the past two years, the Fitch Rating of such Collateral Debt Obligation shall be treated as “D” and (ii) with respect to any Current Pay Obligation that is rated “D” or “RD”, other than with respect to calculation of the Fitch Rating Factor, the Fitch Rating of such Current Pay Obligation will be “CCC”, and **provided further** that if the applicable Collateral Debt Obligation has been put on rating watch negative or negative credit watch for possible downgrade by Fitch, then the rating used to determine the Fitch Rating above shall be one rating subcategory below such rating by Fitch, (y) if the applicable Collateral Debt Obligation has been put on rating watch negative or negative credit watch for possible downgrade by Moody’s or S&P, then in the case only where the Fitch Rating is derived from a rating assigned by Moody’s or S&P, the rating used to determine the Fitch Rating above shall be one rating subcategory below such rating by Moody’s or S&P (as applicable), and notwithstanding the rating definition described above, Fitch reserves the right to use a credit opinion or a rating estimate for any Collateral Debt Obligations at any time.

“**Fitch Deemed Rating Excess**” means each Collateral Debt Obligation to which a Fitch Rating of “B-” would have been applied in accordance with the second proviso in paragraph (a)(vii) above, but for the Principal Balance of which, when added to the Principal Balance of each other such Collateral Debt Obligation (and for the avoidance of doubt excluding for the purposes of this definition all such Collateral Debt Obligations to which the Collateral Manager has assigned a Fitch Rating of “CCC” pursuant to paragraph (a)(vii) above), exceeding ten per cent. of the Aggregate Collateral Balance (where the latest Collateral Debt Obligations to have been purchased shall be deemed to constitute such excess).

“**Fitch IDR Equivalent**” means, in respect of any rating described in the Fitch Rating Mapping Table, the equivalent Fitch Issuer Default Rating determined by increasing (or reducing, in the case of a negative number) such rating (or the nearest Fitch equivalent thereof) by the number of notches specified under “Mapping Rule” in the fourth column of the Fitch Rating Mapping Table.

“**Fitch Rating Mapping Table**” means the following table:

Rating Type	Applicable Rating Agency(ies)	Issue rating	Mapping Rule
Corporate family rating or long term issuer rating .....	Moody’s	N/A	+0
Issuer credit rating .....	S&P	N/A	+0
Senior unsecured .....	Fitch, Moody’s or S&P	Any	+0
Senior, senior secured or subordinated secured.....	Fitch or S&P	“BBB-” or above	+0
Senior, senior secured or subordinated secured.....	Fitch or S&P	“BB+” or below	-1
Senior, senior secured or subordinated secured.....	Moody’s	“Ba1” or above	-1
Senior, senior secured or subordinated secured.....	Moody’s	“Ba2” or below, but above “Ca”	-2
Senior, senior secured or subordinated secured.....	Moody’s	“Ca”	-1
Subordinated (junior or senior)	Fitch, Moody’s or S&P	“B+” / “B1” or above	+1
Subordinated (junior or senior)	Fitch, Moody’s or S&P	“B” / “B2” or below	+2

“**Insurance Financial Strength Rating**” means, in respect of a Collateral Debt Obligation, the lower of any applicable public insurance financial strength rating by S&P or Moody’s in respect thereof.

“**Moody’s CFR**” means, in respect of a Collateral Debt Obligation, a publicly available corporate family rating by Moody’s in respect of the Obligor thereof.

**“Moody’s Long Term Issuer Rating”** means, in respect of a Collateral Debt Obligation, a publicly available long term issuer rating by Moody’s in respect of the Obligor thereof.

**“Moody’s/S&P Corporate Issue Rating”** means, in respect of a Collateral Debt Obligation, the lower of the Fitch IDR Equivalent ratings, determined in accordance with the Fitch Rating Mapping Table, corresponding to any outstanding publicly available issue rating by Moody’s and/or S&P in respect of any other obligation of the Obligor or any of its Affiliates.

**“S&P Issuer Credit Rating”** means in respect of a Collateral Debt Obligation, a publicly available issuer credit rating by S&P in respect of the Obligor thereof.

**“S&P Rating”** means, with respect to any Collateral Debt Obligation, as of any date of determination, the rating assigned to such Collateral Debt Obligation by S&P.

## The Coverage Tests

The Coverage Tests will consist of the Class A/B Par Value Test, the Class C Par Value Test, the Class D Par Value Test, the Class E Par Value Test, the Class A/B Interest Coverage Test, the Class C Interest Coverage Test and the Class D Interest Coverage Test.

The Coverage Tests will be used primarily to determine whether interest may be paid on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes, whether Principal Proceeds may be reinvested in Substitute Collateral Debt Obligations, or whether Interest Proceeds and, to the extent needed, Principal Proceeds, in the event of failure to satisfy the Class A/B Coverage Tests, must instead be used to pay principal on the Class X Notes and the Class A Notes and, after redemption in full thereof, principal on the Class B Notes, to the extent necessary to cause the Class A/B Coverage Tests to be satisfied if recalculated immediately following such redemption; or, in the event of failure to satisfy the Class C Coverage Tests, to pay principal on the Class X Notes and the Class A Notes and, after redemption in full thereof, principal on the Class B Notes and, after redemption in full thereof, principal on the Class C Notes to the extent necessary to cause the Class C Coverage Tests to be satisfied if recalculated immediately following such redemption; or, in the event of failure to satisfy the Class D Coverage Tests, to pay principal on the Class X Notes and the Class A Notes and, after redemption in full thereof, principal on the Class B Notes and, after redemption in full thereof, principal on the Class C Notes and, after redemption in full thereof, principal on the Class D Notes to the extent necessary to cause the Class D Coverage Tests to be satisfied if recalculated immediately following such redemption; or, in the event of failure of the Class E Par Value Test, to pay principal on the Class X Notes and the Class A Notes and, after redemption in full thereof, principal on the Class B Notes and, after redemption in full thereof, principal on the Class C Notes and, after redemption in full thereof, principal on the Class D Notes to the extent necessary to cause the Class E Par Value Test to be satisfied if recalculated immediately following such redemption.

Each of the Class A/B Par Value Test, the Class A/B Interest Coverage Test, the Class C Par Value Test, the Class C Interest Coverage Test, the Class D Par Value Test, the Class D Interest Coverage Test and the Class E Par Value Test, shall apply on a Determination Date (i) on and after the Effective Date in respect of the Par Value Tests and (ii) on and after the Determination Date immediately preceding the second Payment Date in the case of the Interest Coverage Tests and shall be satisfied on a Determination Date if the corresponding Par Value Ratio or Interest Coverage Ratio (as the case may be) is at least equal to the percentage specified in the table below in relation to that Coverage Test.

<b>Coverage Test and Ratio</b>	<b>Percentage at Which Test is Satisfied</b>
Class A/B Par Value	130.62
Class A/B Interest Coverage	120.00
Class C Par Value	121.82
Class C Interest Coverage	110.00
Class D Par Value	112.52
Class D Interest Coverage	105.00
Class E Par Value	106.61

## *The Interest Diversion Test*

If the Interest Diversion Test is not satisfied as of any Determination Date on and after the Effective Date, on the related Payment Date, Interest Proceeds shall be paid to the Principal Account, provided that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Collateral Manager and the Retention Holder as the Collateral Administrator deems necessary), cause (or would not be likely to cause) an EU Retention Deficiency, to be applied at the election of the Collateral Manager, for the purpose of the acquisition of additional Collateral Debt Obligations, or the redemption of the Rated Notes in an amount equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (W) of the Interest Proceeds Priority of Payments and (2) the amount which, after giving effect to payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) of the Interest Proceeds Priority of Payments, would be sufficient to cause the Interest Diversion Test to be satisfied as of such Payment Date after giving effect to any payments made pursuant to paragraph (W) of the Interest Proceeds Priority of Payments.

	<b>Percentage at Which Test is Satisfied</b>
Interest Diversion Test	107.11%

## DESCRIPTION OF THE COLLATERAL MANAGEMENT AGREEMENT

*The following description of the Collateral Management Agreement consists of a summary of certain provisions of the Collateral Management Agreement which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement.*

### General

The Collateral Manager will perform certain investment management functions, including directing the purchase and sale of Collateral Debt Obligations and performing certain administrative functions on behalf of the Issuer in accordance with the applicable provisions of the Collateral Management Agreement. The Collateral Manager agrees, and will be authorised, to (i) select the Collateral Debt Obligations to be acquired by the Issuer, (ii) monitor the portfolio of Collateral Debt Obligations on an ongoing basis and advise the Issuer as to which Collateral Debt Obligations to sell and which Collateral Debt Obligations to acquire and (iii) assist the Issuer in the preparation of reports, orders and other documents, in each case to the extent required pursuant to the Collateral Management Agreement.

The Collateral Management Agreement also permits the Collateral Manager, in its discretion, to engage on behalf of the Issuer in (a) cross transactions between the Issuer and another client of the Collateral Manager **provided** it has reasonable grounds to believe that any such cross transaction is justified from the perspective of the Issuer and is consistent with the Issuer's investment policies and (b) agency cross transactions effected through a broker-dealer affiliated with the Collateral Manager, in each case upon the terms and subject to the conditions set out in the Collateral Management Agreement.

The Collateral Management Agreement also permits the Collateral Manager to engage on behalf of the Issuer in principal transactions, subject to procedures developed by the Collateral Manager to address conflicts of interest. The Collateral Manager's current procedures regarding principal transactions require that it obtain, prior to effecting any principal transaction, the consent of the board of directors of the Issuer to such principal transaction. Those procedures require that the Collateral Manager disclose to the board of directors of the Issuer (i) the capacity in which it is acting; (ii) that the transaction is a purchase or sale for no consideration other than cash payment against prompt delivery of the Collateral Debt Obligation for which market quotations are readily available; (iii) that the transaction is effected at the independent current market price determined as follows (x) if the transaction is an interest in a bank loan traded in a dealer market, at the next price reported at the close of such market by an independent pricing service so long as the reliability of the prices provided by the pricing service have been found to be indicative of market value; and (y) for all other transactions, the average of at least two current independent bids determined on the basis of reasonable inquiry; (iv) that the transaction is consistent with the investment policies of the Issuer; and (v) that no brokerage commission or fee (except for customary transfer fees or other remuneration) will be paid in connection with the transaction.

Neither the Collateral Manager nor any Collateral Manager Related Person will be liable to the Issuer, the Trustee, the Noteholders or any other Person for any loss incurred as a result of the actions taken by or recommended by the Collateral Manager under the Collateral Management Agreement, except by reason of acts or omissions constituting bad faith, fraud, wilful misconduct, wilful breach, gross negligence (as such concept is interpreted by the New York courts) or reckless disregard in the performance of its obligations thereunder. Subject to the above mentioned standard of conduct, the Collateral Manager, its shareholders, directors, officers, partners, members, managers, attorneys, advisers, agents, employees and each Collateral Manager Related Person will be entitled to indemnification by the Issuer for any losses or liabilities, including legal or other expenses, relating to the issuance of the Notes, the transactions contemplated thereby or the performance of the Collateral Manager's obligations under the Collateral Management Agreement, which will be payable in accordance with the Priority of Payments and not arising as a result of breach arising from the bad faith, fraud, wilful misconduct, wilful breach, gross negligence (as such concept is interpreted by the New York courts) (or in the case of any pecuniary sanctions to which the Collateral Manager may become liable pursuant to Article 32 of the Securitisation Regulation, negligence) or reckless disregard of the Collateral Manager.

### Resignation of the Collateral Manager

The Collateral Manager may resign, upon 90 days' (or such shorter notice as is acceptable to the Issuer) written notice to the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty and each Rating Agency. Such resignation will not be effective until the date as of which a successor collateral manager has been appointed as described below.

## Removal of the Collateral Manager

The Collateral Manager may, following the occurrence of a Collateral Manager Event of Default pursuant to paragraphs (i) to (vi) of the definition thereof, be removed by the Issuer upon 10 Business Days' prior written notice to the Collateral Manager, the Trustee, the Hedge Counterparties, and each Rating Agency at the direction of (i) the Controlling Class (acting by Extraordinary Resolution) or (ii) holders of the Subordinated Notes (acting by Ordinary Resolution) (in each case, excluding (x) the holders of any Class X Notes, (y) the holders of any CM Non-Voting Exchangeable Notes and CM Non-Voting Notes and (z) those Notes held by the Collateral Manager or any of its Affiliates). Such removal and/or termination will not be effective until the date as of which a successor collateral manager has been appointed as described below.

Pursuant to the terms of the Collateral Management Agreement, if the Collateral Manager becomes aware that a Collateral Manager Event of Default has occurred, the Collateral Manager will be required to give prompt written notice thereof to the Issuer, the Trustee, the Collateral Administrator, the Noteholders, the Hedge Counterparties and each Rating Agency upon the Collateral Manager becoming aware of the occurrence of such Collateral Manager Event of Default.

## Termination of the Collateral Management Agreement

The Collateral Management Agreement will automatically terminate upon the earliest to occur of (i) the payment in full of the Notes, in accordance with their terms, (ii) the liquidation of the Portfolio and the final distribution of the proceeds of such liquidation as provided in the Transaction Documents, and (iii) the determination in good faith by the Issuer that the Issuer or the Portfolio has become required to be registered under the Investment Company Act, and the Issuer notifies the Collateral Manager thereof.

## Appointment of Successor

Upon any removal or resignation of the Collateral Manager (except in the circumstances where it has become illegal for the Collateral Manager to carry on its duties under the Collateral Management Agreement), the Collateral Manager will continue to act in such capacity until the appointment by the Issuer, at the direction of the holders of the Subordinated Notes, acting by way of an Ordinary Resolution (excluding any Subordinated Notes held by the Collateral Manager or any of its respective Affiliates), of a successor manager meeting the Successor Criteria in accordance with the terms of the Collateral Management Agreement, **provided** that the Controlling Class, acting by Extraordinary Resolution (excluding the holders of any Class X Notes, CM Non-Voting Exchangeable Notes, CM Non-Voting Notes and any Notes held by the Collateral Manager or any of its respective Affiliates), does not object in writing to such successor within 45 days after receipt of notice of such nomination. If within three months following a notice of resignation or removal, no successor collateral manager has been appointed and accepted such appointment, then the holders of the Controlling Class, acting by Extraordinary Resolution (excluding the holders of any Class X Notes, CM Non-Voting Exchangeable Notes and CM Non-Voting Notes and any Notes held by the Collateral Manager or any of its respective Affiliates), may appoint a successor collateral manager and the Issuer shall appoint such successor provided it is acceptable to each Rating Agency and to the holders of the Subordinated Notes acting by way of an Ordinary Resolution (excluding any Notes held by the Collateral Manager or any of its respective Affiliates).

If within four months following a notice of resignation or removal, no successor collateral manager has been appointed and accepted such appointment, then the holders of the Subordinated Notes, acting by way of an Ordinary Resolution (excluding any Subordinated Notes held by the Collateral Manager or any of its respective Affiliates), may appoint a successor collateral manager and the Issuer shall appoint such successor provided it is acceptable to each Rating Agency and to the holders of the Controlling Class, acting by Extraordinary Resolution (excluding the holders of any Class X Notes, CM Non-Voting Exchangeable Notes, CM Non-Voting Notes and any Notes held by the Collateral Manager or any of its respective Affiliates).

If within five months following a notice of resignation or removal no successor collateral manager has been appointed and accepted such appointment, the Collateral Manager (**provided** that no EU Retention Deficiency has occurred and is continuing) may make such appointment, which appointment shall be final. For the avoidance of doubt, no Notes held in the form of Class X Notes, CM Non-Voting Exchangeable Notes or CM Non-Voting Notes or held by or on behalf of the Collateral Manager or any of its respective Affiliates shall have any voting rights with respect to and shall not be counted for the purposes of determining a quorum and the results of voting on any CM Replacement Resolution or with respect to the selection or appointment of the successor collateral manager following a CM Removal Resolution.

Any successor collateral manager is required to be an established entity that satisfies the following criteria (collectively, the “**Successor Criteria**”):

- (a) has the ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager under the Collateral Management Agreement;
- (b) is legally qualified and has the capacity to act as Collateral Manager under the Collateral Management Agreement;
- (c) its appointment does not cause the Issuer to become subject to taxation in any jurisdiction other than Ireland;
- (d) its appointment will not cause the Collateral Manager to breach the terms of the EU Retention Letter or, if such successor is to commit to retain the Retention Notes subject to and in accordance with the EU Retention and Transparency Requirements, such successor enters into an agreement on substantially the same terms as the EU Retention Letter to acquire the Retention Notes on the date of its appointment as collateral manager;
- (e) it shall not cause the Issuer or the Collateral to become required to be registered under the provisions of the Investment Company Act; and
- (f) it is located in a jurisdiction where the performance of its activities as collateral manager will not subject the Issuer to net income tax or franchise tax.

### **Assignment**

The Collateral Manager may assign or transfer its rights and/or obligations under the Collateral Management Agreement subject to, and in accordance with, the Collateral Management Agreement, **provided** that the assignee/transferee satisfies the criteria set out in the Successor Criteria. The consent of the Controlling Class acting by way of Ordinary Resolution and the consent of the Subordinated Noteholders acting by way of Ordinary Resolution shall be required for any assignment or transfer by the Collateral Manager of its rights and/or obligations under the Collateral Management Agreement where the proposed assignee or transferee is not an Affiliate of the Collateral Manager. The Collateral Manager will provide notice to the Trustee (for forwarding to Noteholders and each Rating Agency) of any assignment or transfer of the Collateral Manager’s rights and/or obligations under the Collateral Management Agreement. The Collateral Manager may grant security over its rights to the Collateral Management Fees under the Collateral Management Agreement.

### **Delegation**

Subject to and in accordance with the terms of the Collateral Management Agreement, the Collateral Manager may, without any prior written consent, delegate any of its powers, duties and obligations to an Affiliate of the Collateral Manager which, in the reasonable opinion of the Collateral Manager, has sufficient personnel and other resources to undertake the duties delegated to it.

### **Fees and expenses**

As compensation for the performance of its obligations as Collateral Manager, the Collateral Manager will be entitled to receive a fee, which will be payable to the Collateral Manager in arrear on each Payment Date (prorated for the related Accrual Period), in an amount equal to the sum of (a) 0.177 per cent. per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months) of the Fee Basis Amount for such Payment Date (exclusive of any VAT) (the “**Senior Collateral Management Fee**”), (b) 0.265 per cent. per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months) of the Fee Basis Amount for such Payment Date (exclusive of any VAT) (the “**Subordinated Collateral Management Fee**”) and (c) after the Subordinated Notes have realised the Incentive Collateral Management Fee IRR Threshold, an amount equal to, as applicable on such Payment Date, the sum of 20 per cent. of any remaining Interest Proceeds distributable pursuant to clause (DD) of the Interest Proceeds Priority of Payments, 20 per cent. of any remaining Principal Proceeds distributable pursuant to clause (T) of the Principal Proceeds Priority of Payments and 20 per cent. of any remaining proceeds distributable pursuant to clause (AA) of the Post-Acceleration Priority of Payments (such payments described in this paragraph (c), being exclusive of any VAT thereon and collectively, the “**Incentive Collateral Management Fee**” and, together with the Senior Collateral Management Fee and the Subordinated Collateral Management Fee, the “**Collateral Management Fee**”) which shall be senior to the

residual distributions on the Subordinated Notes, *pro rata pari passu*, in the case of (a) the Senior Collateral Management Fee with Senior Class M-2 Interest Amounts payable on the Class M-2 Subordinated Notes and (b) the Subordinated Collateral Management Fee with Subordinated Class M-2 Interest Amounts payable on the Class M-2 Subordinated Notes.

On any Payment Date, the Collateral Manager may, in its sole discretion, elect to defer any Senior Collateral Management Fees or Subordinated Collateral Management Fees. Any amounts so deferred shall be applied in accordance with the Priorities of Payments.

Any due and unpaid Collateral Management Fees will accrue interest (in arrear) for the period commencing on the Payment Date on which such amount was due to (but excluding) the Payment Date on which it is repaid in accordance with the Priorities of Payments at the EURIBOR rate applicable to the Rated Notes for each Accrual Period that such amount is unpaid. Such accrued and unpaid interest thereon will be payable on any subsequent Payment Date to the extent funds are available for such purpose in accordance with the Priorities of Payments. Notwithstanding the foregoing, Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts shall not accrue interest.

The Collateral Manager may also, in its sole discretion, elect to designate the Senior Collateral Management Fee or the Subordinated Collateral Management Fee for reinvestment to be used to purchase substitute Collateral Debt Obligations, or to purchase Rated Notes in accordance with the Conditions (or to be deposited in the Principal Account pending such reinvestment or purchase in accordance with the Conditions).

If on any Payment Date there are insufficient funds to pay any amount in respect of the Collateral Management Fee in full, the amount not so paid will be deferred and will be payable on such later Payment Date on which funds are available therefor in accordance with the Priorities of Payments.

On the Issue Date, the Collateral Manager will be reimbursed by the Issuer for certain of its expenses incurred in connection with the offering of the Notes and the negotiation and documentation of the Transaction Documents, including the Collateral Management Agreement (including legal fees and expenses and any irrecoverable VAT thereon).

The Collateral Manager will also be entitled to indemnification by the Issuer against, *inter alia*, any liability of the Issuer to UK income tax, corporation tax or diverted profits tax (including any interest or penalties thereon) which is imposed upon the Collateral Manager as the Issuer's UK tax representative (or, if within 30 days of the date on which all the then outstanding Notes are due to redeem HM Revenue & Customs has indicated that the Issuer is likely to be subject to diverted profits tax for which the Collateral Manager has been advised that it would be liable were they not paid by the Issuer, against the amount of diverted profits tax which HM Revenue & Customs has claimed or otherwise that the Collateral Manager has been advised would fall due), and for any costs or expenses reasonably incurred by the Collateral Manager in connection therewith.

## **No Voting Rights**

Neither the Class X Notes, nor Notes held in the form of CM Non-Voting Exchangeable Notes or CM Non-Voting Notes shall not have any voting rights in respect of, and shall not be counted for the purposes of determining a quorum and the result of voting on any CM Removal Resolutions or any CM Replacement Resolutions (but shall carry a right to vote and be so counted on all other matters in respect of which the CM Voting Notes have a right to vote and be counted).

Any Class A Notes, Class B Notes, Class C Notes or Class D Notes held by or on behalf of the Collateral Manager or any of its respective Affiliates shall only be held in the form of CM Non-Voting Exchangeable Notes or CM Non-Voting Notes. Any Notes held by or on behalf of the Collateral Manager, or any Collateral Manager Related Person or held in the form of CM Non-Voting Exchangeable Notes or CM Non-Voting Notes (a) will have no voting rights with respect to any vote (or written direction or consent) and (b) shall not be counted for the purposes of determining a quorum and the results of voting on, in each case for the purposes of, any CM Removal Resolution or CM Replacement Resolution (other than, in the case of Notes held by the Collateral Manager or a Collateral Manager Related Person, a CM Replacement Resolution in respect of the appointment of a replacement of such Collateral Manager which is not Affiliated with the Collateral Manager and where the appointment of a replacement Collateral Manager is not due to the Collateral Manager having been removed due to a Collateral Manager Event of Default in accordance with the Collateral Management Agreement and the Conditions) and will be deemed not to be Outstanding in connection with any such vote, **provided, however**, that any Notes held by the Collateral Manager or any Collateral Manager Related Person or

any CM Non-Voting Notes or CM Non-Voting Exchangeable Notes will have voting rights (including in respect of written directions and consents) with respect to all other matters as to which Noteholders are entitled to vote.



## DESCRIPTION OF THE REPORTS

### Monthly Reports

The Collateral Administrator, not later than the fifteenth Business Day after the last Business Day of each month (save in respect of any month for which a Payment Date Report has been prepared) commencing in January 2020, on behalf, and at the expense, of the Issuer and in consultation with the Collateral Manager, shall compile and make available a monthly report (and shall include a version in excel format) via (A) a website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Trustee, the Collateral Manager, the Initial Purchaser and the Hedge Counterparties the Liquidity Facility Provider and as further notified by the Issuer to the Rating Agencies and to each Noteholder) which shall be accessible to any person who certifies to the Collateral Administrator (such certification to be in the form set out in the Collateral Management Agreement or such other form as may be agreed between the Issuer, the Collateral Administrator and the Collateral Manager from time to time, such certificate may be given electronically and upon which certification the Collateral Administrator shall be entitled to rely absolutely and without enquiry or liability) that it is: (i) the Issuer, (ii) the Arranger, (iii) the Initial Purchaser, (iv) the Trustee, (v) a Hedge Counterparty, (vi) the Collateral Manager, (vii) the Liquidity Facility Provider, (viii) a Rating Agency, (ix) a Noteholder, (x) a potential investor in the Notes or (xi) a competent authority and/or (B) such other method of dissemination as is required by the Securitisation Regulation or a competent authority (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator), and with a copy delivered to Bloomberg (at the address supplied by the Issuer or the Collateral Manager on its behalf, to the Collateral Administrator) (the “**Monthly Report**”), which shall contain, without limitation, the information set out below with respect to the Portfolio, determined by the Collateral Administrator as at the last Business Day of each month in consultation with the Collateral Manager. The Collateral Administrator shall as soon as reasonably practicable make available to Intex Solutions, Inc. (“**Intex**”) and Bloomberg L.P. (“**Bloomberg**”) or any other party approved by the Issuer (or the Collateral Manager on its behalf) via the Collateral Administrator’s website, the Monthly Reports.

### Portfolio

- (a) the Aggregate Principal Balance of the Collateral Debt Obligations and Eligible Investments representing Principal Proceeds;
- (b) the Aggregate Collateral Balance of the Collateral Debt Obligations;
- (c) the Adjusted Aggregate Collateral Balance of the Collateral Debt Obligations;
- (d) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation, its Principal Balance (in the case of Deferring Securities, both including and excluding capitalised or deferring interest), LoanX ID, FIGI, CUSIP number, ISIN or identification thereof, annual interest rate or spread (and with any EURIBOR floor, if any), facility, Collateral Debt Obligation Stated Maturity, Obligor, the Domicile of the Obligor, currency, Moody’s Recovery Rate, Moody’s Rating, Fitch Rating, Fitch Recovery Rate and any other public rating (other than any confidential credit estimate), its Moody’s industry category and Fitch industry classification;
- (e) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation, whether such Collateral Debt Obligation is a Senior Secured Loan, Senior Secured Bond Senior Unsecured Obligation, Second Lien Loan, Mezzanine Obligation or High Yield Bond, Fixed Rate Collateral Debt Obligation, Semi-Annual Obligation, Annual Obligation, Corporate Rescue Loan, PIK Obligation, Current Pay Obligation, Revolving Obligation, Delayed Drawdown Collateral Debt Obligation, Bridge Loan, Swapped Non-Discount Obligation, Discount Obligation or a Deferring Security;
- (f) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Enhancement Debt Obligation and Exchanged Security (to the extent applicable), its Principal Balance, face amount, annual interest rate, Collateral Debt Obligation Stated Maturity and Obligor, details of the type of instrument it represents and details of any amounts payable thereunder or other rights accruing pursuant thereto;
- (g) subject to any confidentiality obligations binding on the Issuer, the number, identity and, if applicable, Principal Balance of, respectively, any Collateral Debt Obligations, Collateral Enhancement Debt

Obligations or Exchanged Securities that were released for sale or other disposition (specifying the reason for such sale or other disposition and the section in the Collateral Management Agreement pursuant to which such sale or other disposition was made), the Aggregate Principal Balances of Collateral Debt Obligations released for sale or other disposition at the Collateral Manager's discretion (expressed as a percentage of the Adjusted Aggregate Collateral Balance and measured at the date of determination of the last Monthly Report) and the sale price thereof and identity of any of the purchasers thereof (if any) that are Affiliated with the Collateral Manager;

- (h) subject to any confidentiality obligations binding on the Issuer, the purchase or sale price of each Collateral Debt Obligation, Eligible Investment and Collateral Enhancement Debt Obligation acquired by the Issuer and in which the Issuer has granted a security interest to the Trustee, and each Collateral Debt Obligation, Eligible Investment and Collateral Enhancement Debt Obligation sold by the Issuer since the date of determination of the last Monthly Report and the identity of the purchasers or sellers thereof, if any, that are Affiliated with the Issuer or the Collateral Manager;
- (i) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral Debt Obligation which became a Defaulted Obligation or Deferring Security or in respect of which an Exchanged Security has been received since the date of determination of the last Monthly Report and the identity and Principal Balance of each Moody's Caa Obligation, Fitch CCC Obligation and Current Pay Obligation;
- (j) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral Debt Obligation which became a Restructured Obligation and its Obligor, as well as, where applicable, the name of the Obligor prior to the restructuring and the Obligor's new name after the Restructuring Date;
- (k) the Aggregate Principal Balance of Collateral Debt Obligations which were upgraded or downgraded since the most recent Monthly Report and of which the Collateral Administrator or the Collateral Manager has actual knowledge;
- (l) the approximate Market Value of, respectively, the Collateral Debt Obligations and the Collateral Enhancement Debt Obligations as provided by the Collateral Manager;
- (m) in respect of each Collateral Debt Obligation, its Moody's Rating and Fitch Rating (other than any confidential credit estimate) as at (i) the date of acquisition; (ii) the date of the previous Monthly Report; and (iii) the date of the current Monthly Report;
- (n) the Aggregate Principal Balance of Collateral Debt Obligations comprising Participations in respect of which the Selling Institutions are not the lenders of record;
- (o) the amount of any Trading Gains paid into the Interest Account;
- (p) following the expiry of the Reinvestment Period, the identity and maturity of each Collateral Debt Obligation that has been repaid or prepaid in whole or in part, the identity and maturity of each Substitute Collateral Debt Obligation to be purchased and the source of the proceeds to be used to fund such purchases; and
- (q) in respect of each Eligible Investment, the name of the investment vehicle in relation thereto.

#### **Accounts**

- (a) the Balances standing to the credit of each of the Accounts;
- (b) the Fitch rating (if any) and Moody's Rating (if any) of any Eligible Investments; and
- (c) the name of the Account Bank.

#### **Incentive Collateral Management Fee**

- (a) the accrued Incentive Collateral Management Fee.

## **Hedge Transactions**

- (a) the outstanding notional amount of each Hedge Transaction and the current rate of EURIBOR;
- (b) the amount scheduled to be received and paid by the Issuer pursuant to each Hedge Transaction on or before the next Payment Date;
- (c) the then current Fitch rating and, if applicable, Moody's Rating in respect of each Hedge Counterparty and whether such Hedge Counterparty satisfies the Rating Requirements;
- (d) the name of the Hedge Counterparty; and
- (e) the maturity date, the strike price and the underlying currency notional amount of each currency option, the upfront premium paid or payable by the Issuer thereunder and, in relation to each currency option exercised, the date of exercise, the spot foreign exchange rate at the time of exercise, the notional amount of the optional exercised, the aggregate notional amount of the option which remains unexercised and the aggregate premium received.

## **Frequency Switch Event**

- (a) whether a Frequency Switch Event has occurred and the date of such Frequency Switch Event (in the case of a Frequency Switch Event occurring under paragraph (ii) of the definition thereof, to the extent notified by the Collateral Manager to the Collateral Administrator).

## **Coverage Tests and Collateral Quality Tests**

- (a) a statement as to whether each of the Class A/B Par Value Test, the Class C Par Value Test, the Class D Par Value Test and the Class E Par Value Test is satisfied and details of the relevant Par Value Ratios;
- (b) a statement as to whether each of the Class A/B Interest Coverage Test, the Class C Interest Coverage Test and the Class D Interest Coverage Test is satisfied and details of the relevant Interest Coverage Ratios;
- (c) from and after the Effective Date, a statement as to whether the Interest Diversion Test is satisfied;
- (d) the Weighted Average Life and a statement as to whether the Weighted Average Life Test is satisfied;
- (e) the Weighted Average Floating Spread (shown as (x) including and excluding any EURIBOR floor and (y) including and excluding the Aggregate Excess Funded Spread), a statement as to whether the Minimum Weighted Average Spread Test is satisfied and the amount of the Aggregate Excess Funded Spread;
- (f) the Weighted Average Coupon and the Weighted Average Coupon Adjustment Percentage;
- (g) so long as any Notes rated by Moody's are Outstanding, the Adjusted Weighted Average Moody's Rating Factor and a statement as to whether the Moody's Maximum Weighted Average Rating Factor Test is satisfied;
- (h) so long as any Notes rated by Moody's are Outstanding, (i) the Weighted Average Moody's Recovery Rate and a statement as to whether the Moody's Minimum Weighted Average Recovery Rate Test is satisfied and (ii) subject to any confidentiality undertakings binding on the Issuer, with respect to each Collateral Debt Obligation, (A) the name of the Obligor; (B) the Moody's Default Probability Rating (if public); (C) the name of the Collateral Debt Obligation as documented in its Underlying Instrument (or, where it is not practicable to provide this information, such information shall, upon request from Moody's, be provided to Moody's in the event that Moody's is unable to map such name to its database); (D) the seniority of the Collateral Debt Obligation; (E) the Moody's Rating of the Collateral Debt Obligation (if public); and (F) the Moody's assigned recovery rate (if the relevant Collateral Debt Obligation has a Moody's Rating which is public);
- (i) so long as any Notes rated by Moody's are Outstanding, the Diversity Score and a statement as to whether the Moody's Minimum Diversity Test is satisfied;

- (j) long as any Notes rated by Fitch are Outstanding, the Obligor Concentration and a statement as to whether the Maximum Obligor Concentration Test is satisfied;
- (k) so long as any Notes rated by Fitch are Outstanding, the Fitch Weighted Average Recovery Rate and a statement as to whether the Fitch Minimum Weighted Average Recovery Rate Test is satisfied;
- (l) so long as any Notes rated by Fitch are Outstanding, whether or not the Fitch Maximum Weighted Average Rating Factor Test is satisfied (together with the values of such Fitch Maximum Weighted Average Rating Factor Test); and
- (m) a statement identifying any Collateral Debt Obligation in respect of which the Collateral Manager has made its own determination of “Market Value” (pursuant to the definition thereof) for the purposes of any of the Coverage Tests.

#### **Portfolio Profile Tests**

- (a) in respect of each Portfolio Profile Test, a statement as to whether such test is satisfied;
- (b) the identity and Fitch Rating and Moody’s Rating of each Selling Institution, together with any changes in the identity of such entities since the date of determination of the last Monthly Report and details of the aggregate amount of Participations entered into with each such entity; and
- (c) a statement as to whether the limits specified in the Bivariate Risk Table are met by reference to the Fitch Ratings and Moody’s Ratings of Selling Institutions and, if such limits are not met, a statement as to the nature of the non compliance.

#### **EU Risk Retention**

- (a) confirmation that the Collateral Administrator has received written confirmation from the Retention Holder that:
  - (i) it continues to subscribe for and hold on an ongoing basis for so long as any Class of Notes remains Outstanding the Retention Notes (the “**EU Retention**”); and
  - (ii) it has not sold, hedged or otherwise mitigated its credit risk under or associated with the EU Retention or the underlying portfolio of Collateral Debt Obligations, except to the extent permitted in accordance with the EU Retention and Transparency Requirements;
- (b) the calculation of 5 per cent. of the greater of (i) the Aggregate Collateral Balance and (ii) the Target Par Amount for the purposes of determining the EU Retention and whether an EU Retention Deficiency has occurred and is continuing; and
- (c) confirmation of any other information or agreements supplied by the Retention Holder as reasonably required to satisfy the EU Retention and Transparency Requirements from time to time, subject to and in accordance with the EU Retention Letter.

#### **CM Voting Notes / CM Non-Voting Exchangeable Notes / CM Non-Voting Notes**

In respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes:

- (a) the aggregate Principal Amount Outstanding of CM Voting Notes;
- (b) the aggregate Principal Amount Outstanding of CM Non-Voting Exchangeable Notes; and
- (c) the aggregate Principal Amount Outstanding of CM Non-Voting Notes.

#### **Payment Date Report**

The Collateral Administrator, on behalf, and at the expense, of the Issuer and in consultation with the Collateral Manager, shall render an accounting report (the “**Payment Date Report**”) (and shall include a version in excel format), prepared and determined as of each Determination Date, and made available via (A) a website currently located at <https://getinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the

Collateral Administrator to the Issuer, the Trustee, the Collateral Manager, the Arranger, the Initial Purchaser, the Hedge Counterparties and the Liquidity Facility Provider and as further notified by the Issuer to the Rating Agencies and to each Noteholder) which shall be accessible to any person who certifies to the Collateral Administrator (such certification to be in the form set out in the Collateral Management Agreement or such other form as may be agreed between the Issuer, the Collateral Administrator and the Collateral Manager from time to time, such certificate may be given electronically and upon which certification the Collateral Administrator shall be entitled to rely absolutely and without enquiry or liability) that it is: (i) the Issuer, (ii) the Arranger, (iii) the Initial Purchaser, (iv) the Trustee, (v) a Hedge Counterparty, (vi) the Collateral Manager, (vii) the Liquidity Facility Provider, (viii) a Rating Agency, (ix) a Noteholder, (x) a potential investor in the Notes or (xi) a competent authority and/or (B) such other method of dissemination as is required by the Securitisation Regulation or a competent authority (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator), and with a copy delivered to Bloomberg (at the address supplied by the Issuer or the Collateral Manager on its behalf, to the Collateral Administrator) not later than the Business Day preceding the related Payment Date. Upon receipt of each Payment Date Report, the Collateral Administrator, in the name and at the expense of the Issuer, shall notify Euronext Dublin of the Principal Amount Outstanding of each Class of Notes after giving effect to the principal payments, if any, on the next Payment Date. The Collateral Administrator shall as soon as reasonably practicable make available to Intex and Bloomberg or any other party approved by the Issuer (or the Collateral Manager on its behalf) via the Collateral Administrator's website, the Payment Date Reports. The Payment Date Report shall contain the following information:

#### **Portfolio**

- (a) the Aggregate Principal Balance of the Collateral Debt Obligations as of the close of business on such Determination Date, after giving effect to (A) Principal Proceeds received on the Collateral Debt Obligations with respect to the related Due Period and the reinvestment of such Principal Proceeds in Substitute Collateral Debt Obligations during such Due Period and (B) the disposal of any Collateral Debt Obligations during such Due Period;
- (b) subject to any confidentiality obligations binding on the Issuer, a list of, respectively, the Collateral Debt Obligations and Collateral Enhancement Debt Obligations indicating the Principal Balance and Obligor of each; and
- (c) the information required pursuant to "*Monthly Reports—Portfolio*" above.

#### **Notes**

- (a) the Principal Amount Outstanding of the Notes of each Class and such aggregate amount as a percentage of the original aggregate Principal Amount Outstanding of the Notes of such Class at the beginning of the Accrual Period, the amount of principal payments to be made on the Notes of each Class on the related Payment Date, and the aggregate amount of the Notes of each Class Outstanding and such aggregate amount as a percentage of the original aggregate amount of the Notes of such Class Outstanding after giving effect to the principal payments, if any, on the next Payment Date;
- (b) the interest payable in respect of each Class of Notes (as applicable), including the amount of any Deferred Interest payable on the related Payment Date (in the aggregate and by Class);
- (c) the Interest Amount payable in respect of each Class of Notes on the next Payment Date;
- (d) EURIBOR for the related Due Period and the Floating Rate of Interest applicable to each Class of Rated Notes during the related Due Period; and
- (e) whether a Frequency Switch Event has occurred and the date of such Frequency Switch Event (in the case of a Frequency Switch Event occurring under paragraph (ii) of the definition thereof, to the extent notified by the Collateral Manager to the Collateral Administrator).

#### **Payment Date Payments**

- (a) the amounts payable pursuant to the Interest Proceeds Priority of Payments, the Principal Proceeds Priority of Payments and the Post-Acceleration Priority of Payments;

- (b) the Trustee Fees and Expenses, the amount of any Collateral Management Fees and Administrative Expenses payable on the related Payment Date, in each case, on an itemised basis; and
- (c) any Asset Swap Termination Payments, any Interest Rate Hedge Termination Payments and any Defaulted Hedge Termination Payments.

#### **Accounts**

- (a) the Balance standing to the credit of the Interest Account at the end of the related Due Period;
- (b) the Balance standing to the credit of the Principal Account at the end of the related Due Period;
- (c) the Balance standing to the credit of the Interest Account immediately after all payments and deposits to be made on the next Payment Date;
- (d) the Balance standing to the credit of the Principal Account immediately after all payments and deposits to be made on the next Payment Date;
- (e) the amounts payable from the Interest Account through a transfer to the Payment Account pursuant to the Priorities of Payments on such Payment Date;
- (f) the amounts payable from the Principal Account through a transfer to the Payment Account pursuant to the Priorities of Payments on such Payment Date;
- (g) the amounts payable from any other Accounts (through a transfer to the Payment Account) pursuant to the Priorities of Payments on such Payment Date, together with details of whether such amounts constitute Interest Proceeds or Principal Proceeds;
- (h) the Balance standing to the credit of each of the other Accounts at the end of the related Due Period;
- (i) the Principal Proceeds received during the related Due Period;
- (j) the Interest Proceeds received during the related Due Period; and
- (k) the Collateral Enhancement Debt Obligation Proceeds received during the related Due Period.

#### **Coverage Tests, Collateral Quality Tests and Portfolio Profile Tests**

- (a) the information required pursuant to “*Monthly Reports—Coverage Tests and Collateral Quality Tests*” above and information on each item included under the definition of Interest Coverage Amount; and
- (b) the information required pursuant to “*Monthly Reports—Portfolio Profile Tests*” above.

#### **Hedge Transactions**

- (a) The information required pursuant to “*Monthly Reports—Hedge Transactions*” above.

#### **EU Risk Retention**

- (a) The information required pursuant to “*Monthly Reports—EU Risk Retention*” above.

#### **CRA3 Transitional Requirements**

Only for so long as the transitional provisions of Article 43(8) of the Securitisation Regulation (the “**Transitional Requirements**”) apply:

- (a) any details of all current transaction parties, their entity names, roles and if such transaction parties are rated, their credit ratings (as provided to the Collateral Administrator by the Issuer or the Collateral Manager on its behalf);
- (b) a statement that each of the defined terms set out in Condition 1 (*Definitions*) of the Conditions, which are set out in full in the Offering Circular and the Trust Deed, are incorporated by reference into the Reports together with the definitions of any technical terms which are used in the Reports and not so

defined in the Offering Circular or Trust Deed (as provided to the Collateral Administrator by the Issuer or the Collateral Manager on its behalf);

- (c) the “legal entity identifier” number of the Issuer (as provided to the Collateral Administrator by the Issuer or the Collateral Manager on its behalf);
- (d) the contact details of the Issuer (as provided to the Collateral Administrator by the Issuer or the Collateral Manager on its behalf) and the Collateral Administrator; and
- (e) details of the replacement of any transaction party (as provided to the Collateral Administrator by the Issuer or the Collateral Manager on its behalf).

#### **CM Voting Notes / CM Non-Voting Exchangeable Notes / CM Non-Voting Notes**

The information required pursuant to “*Monthly Reports—CM Voting Notes / CM Non-Voting Exchangeable Notes / CM Non-Voting Notes*” above.

#### **Miscellaneous**

Each Report shall state that it is for the purposes of information only, that certain information included in the report is estimated, approximated or projected and that it is provided without any representations or warranties as to the accuracy or completeness thereof and that none of the Collateral Administrator, the Trustee, the Issuer or the Collateral Manager will have any liability for estimates, approximations or projections contained therein.

Each Monthly Report and Payment Date Report will be made available via the website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Trustee, the Collateral Manager, the Initial Purchaser and the Hedge Counterparties as further notified by the Issuer to the Rating Agencies and the Noteholders from time to time). It is not intended that such Reports will be made available in any other format, save in limited circumstances with the Collateral Administrator’s agreement. The website does not form part of the information provided for the purposes of this Offering Circular and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to such website and persons wishing to access such website may be required to certify that they are Noteholders or otherwise entitled to access such website.

In addition to the Monthly Report, the Collateral Administrator shall (in consultation with the Collateral Manager) compile and submit to the website referred to above, no later than the eighth Business Day following the end of the relevant month, a report (in excel or CSV format) containing the Principal Balances of each Collateral Debt Obligation in the Portfolio, along with the name, LoanX ID, CUSIP number, ISIN or other identification in respect of each Collateral Debt Obligation, in respect of each month commencing in May 2019 and until the date the first Monthly Report is posted, as determined by the Collateral Administrator on the last day of each such month (or, if such day is not a Business Day, the following Business Day).

In addition, the Collateral Administrator shall provide the Issuer with such other information and in such a format relating to the Portfolio as the Issuer may reasonably request and which is in the possession of the Collateral Administrator, in order for the Issuer to satisfy its obligation to make certain filings of information with the Central Bank of Ireland and in respect of the preparation of its financial statements and tax returns.

Upon receipt of each Payment Date Report and Monthly Report, the Collateral Administrator shall provide such reports to Intex and Bloomberg and shall permit Intex and Bloomberg to access such reports and other data files posted on the Collateral Administrator's website referred to above; and the Issuer consents to such reports and other data files being made available by Intex and Bloomberg to each of its subscribers provided that Intex and Bloomberg shall each take reasonable measures to ensure that such reports and files are accessed only by users who meet the securities law qualifications for holding Notes.

## DESCRIPTION OF THE LIQUIDITY FACILITY AGREEMENT

*The following description of the Liquidity Facility Agreement consists of a summary of certain provisions of the Liquidity Facility Agreement which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement.*

### Liquidity Facility Agreement

#### Commitment

The maximum amount of the facility (the “**Liquidity Facility**”) under the Liquidity Facility Agreement will be the Commitment.

The Issuer, the Trustee, the Collateral Administrator, the Collateral Manager and The Bank of New York Mellon, as a liquidity facility provider (the “**Liquidity Facility Provider**”), will enter into a liquidity facility agreement (the “**Liquidity Facility Agreement**”) to be dated on or about the Issue Date.

#### Purposes

For the period (the “**Liquidity Facility Commitment Period**”) from (and including) the Issue Date to (but excluding) the earliest of (a) the Business Day that is immediately preceding the date that is four years from the Issue Date, subject to renewal for one or two additional one year periods at the Liquidity Facility Provider’s sole and absolute discretion; (b) the date on which the Liquidity Facility is cancelled in its entirety in accordance with its terms; and (c) the date on which the Rated Notes are redeemed in full or, in each case, if such day is not a Business Day, the Business Day immediately prior to such day (the “**Liquidity Facility Commitment Period End Date**”), the Issuer will, subject to satisfaction of certain conditions, be entitled to draw funds under the Liquidity Facility Agreement for the payment of amounts under, and in accordance with, the Interest Proceeds Priority of Payments (other than amounts payable to the Liquidity Facility Provider pursuant to paragraph (E) thereof) including, for the avoidance of doubt, to distribute to the Subordinated Noteholders pursuant to paragraph (DD) of the Interest Proceeds Priority of Payments, on any Drawdown Date that is a Payment Date (**provided** that all Interest Proceeds have been or will be applied in accordance with the Interest Proceeds Priority of Payments on such Payment Date prior to any application of funds drawn under the Liquidity Facility Agreement) or to the extent requested, the refinancing of any Initial Drawdown (or any refinancing thereof), and not for any other purpose **provided** that the maximum aggregate amount which may be drawn down for such purposes on any Drawdown Date shall not exceed the lesser of (i) the Available Commitment and (ii) the Accrued Collateral Debt Obligation Interest in respect of the relevant Payment Date (to the extent that each applicable Coverage Test senior to the payment of the amounts payable in respect of such paragraph is satisfied on the relevant Determination Date).

#### Drawings and Repayments

Subject to the satisfaction of certain conditions, Initial Drawdowns or Subsequent Drawdowns (each as defined in the Conditions) may be made under the Liquidity Facility Agreement for the purpose of payment of amounts under, and in accordance with, the Interest Proceeds Priority of Payments on any Payment Date by no later than (i) in the case of Initial Drawdowns, four Business Days’ notice but no more than seven Business Days’ notice and (ii) in the case of Subsequent Drawdowns, two Business Days’ notice but no more than seven Business Days’ notice. Initial Drawdowns and Subsequent Drawdowns are subject to a limit equal to the lesser of (i) the Available Commitment and (ii) the Accrued Collateral Debt Obligation Interest in respect of the relevant Payment Date.

Liquidity Drawings shall be subject to the following conditions precedent:

- (a) not more than four Liquidity Drawings may be made in any rolling 12 month period;
- (b) the Rated Notes not having been redeemed in full and not being scheduled to be redeemed in full on the immediately following Payment Date (as determined by reference to the circumstances existing on such date of determination);
- (c) on both the date on which such Liquidity Drawing is requested and on the relevant Drawdown Date, no Note Event of Default or Liquidity Facility Event of Default is outstanding or would result from the provision of such Liquidity Drawing;



- (d) each applicable Coverage Test senior to the item of the Interest Proceeds Priority of Payments that is proposed to receive payment is satisfied on the relevant Determination Date, for such purpose assuming that such Liquidity Drawing has been made;
- (e) payment in full of any prior Liquidity Drawing (unless such Liquidity Drawing is being refinanced as a Subsequent Drawdown); and
- (f) on both the date on which such Liquidity Drawing is requested and on the relevant Drawdown Date, all representations and warranties made under the Liquidity Facility Agreement are true and accurate in all material respects.

Each Liquidity Drawing shall have an interest period commencing on the relevant Drawdown Date and ending on the relevant Repayment Date (as defined below) or Payment Date as applicable.

Pursuant to the Liquidity Facility Agreement, the Issuer or the Collateral Manager on behalf of the Issuer, may redraw one or more times, as applicable, an amount thereunder to refinance (in whole or in part) any Initial Drawdown(s) or Subsequent Drawdown(s). Amounts payable between the Liquidity Facility Provider and the Issuer in respect of such drawdown and refinancing shall be payable on a net basis such that, save to the extent a net amount is due from the Issuer in respect of such drawdown and refinancing, the availability of such Subsequent Drawdown to be drawn shall not be dependent on the availability of actual cash funds of the Issuer to discharge the Initial Drawdown(s) or Subsequent Drawdown(s) being refinanced).

The Issuer shall be required to repay all Liquidity Drawings outstanding under the Liquidity Facility Agreement and the Available Commitment shall automatically be cancelled in full, on the earlier to occur of (a) final redemption of the Notes (other than as a result of a Note Event of Default); (b) the occurrence of a Note Event of Default or the Liquidity Facility is accelerated in accordance with the Liquidity Facility Agreement following the occurrence of an event of default under the Liquidity Facility Agreement; (c) the Payment Date immediately following the occurrence of the Moody's rating assigned to the Class A Notes (or the Class B Notes if the Class A Notes are no longer Outstanding) being downgraded below "Ba2" or the Fitch rating assigned to the Class A Notes (or the Class B Notes if the Class A Notes are no longer Outstanding) is below "BB" and (d) the Payment Date immediately following the last day of the Liquidity Facility Commitment Period (the "**Final Repayment Date**").

The Issuer shall be required to repay any outstanding Liquidity Drawing on the Repayment Date (as defined below) related thereto in accordance with the applicable Priorities of Payments (which repayment may be effected by way of a refinancing thereof under a Subsequent Drawdown); provided that, subject to the terms of the Liquidity Facility Agreement, the Issuer may, at the election of the Collateral Manager, repay to the Liquidity Facility Provider, together with accrued interest thereon, such Liquidity Drawing on an earlier date from the amounts standing to the credit of the Interest Account pursuant to paragraph (7) of Condition 3(j)(ii)(U) (*Interest Account*) to the extent possible. The "**Repayment Date**" in respect of any Liquidity Drawing shall be the Payment Date following the applicable Drawdown Date in respect of such Liquidity Drawing or, if applicable, any earlier date elected by the Collateral Manager for repayment of such Liquidity Drawing in accordance with the previous sentence, subject in the case of any Subsequent Drawdown to the provisions of the Liquidity Facility Agreement. Each Subsequent Drawdown made by the Issuer shall be applied in repayment (in whole or in part) of the related Initial Drawdown or, if applicable, any Subsequent Drawdown refinancing the same or refinancing any earlier Subsequent Drawdown. Any failure to repay any Liquidity Drawing on the Repayment Date related thereto due to there being insufficient amounts standing to the credit of the Interest Account or Interest Proceeds or Principal Proceeds (respectively) shall not constitute a Liquidity Facility Event of Default unless such failure to repay occurs on the Final Repayment Date or at any time when the Available Commitment is zero.

### **Reduction of Available Commitment**

On any Payment Date on which any of the Rated Notes are subject to a redemption (in whole or in part) in accordance with the Priorities of Payments, the Available Commitment shall be reduced by an amount equal to the product of:

- (a) €2,000,000; and
- (b) an amount (expressed as a percentage) equal to:

- (i) the difference between:
  - (A) the sum of the products obtained by multiplying the Principal Amount Outstanding of each Class of the Rated Notes before any redemption and/or purchase by the Issuer in respect of any of the Rated Notes as at the previous Payment Date (excluding any Deferred Interest) by the Applicable Margin in respect of each Class of Rated Notes respectively; and
  - (B) the sum of the products obtained by multiplying the Principal Amount Outstanding of each Class of the Rated Notes after any redemption and/or purchase by the Issuer in respect of any of the Rated Notes as at the previous Payment Date (excluding any Deferred Interest) by the Applicable Margin in respect of each Class of Rated Notes respectively; and

divided by

- (ii) the sum of the products obtained by multiplying the Principal Amount Outstanding of each Class of the Rated Notes as at their date of issuance by the Applicable Margin in respect of each Class of Rated Notes respectively as at their respective dates of issuance,

as at such Payment Date.

### **Renewal of initial Liquidity Facility Commitment Period**

The Issuer or the Collateral Manager on behalf of the Issuer (copied in each case to the Trustee and the Collateral Administrator) may deliver, not more than 30 nor fewer than 15 Business Days before the expiry of the Liquidity Facility Commitment Period, an irrevocable request that the Liquidity Facility Commitment Period be renewed (the “**Initial Renewal Request**”) to the Payment Date falling immediately before the fifth anniversary of the Issue Date. If the Liquidity Facility Provider in its sole and absolute discretion accepts the Initial Renewal Request, the Issuer or the Collateral Manager on its behalf may deliver, not more than 30 nor fewer than 15 Business Days before the expiry of the Liquidity Facility Commitment Period (as extended), an irrevocable request that the Liquidity Facility Commitment Period (as extended) be renewed (the “**Subsequent Renewal Request**”) and, together with the Initial Renewal Request, the “**Renewal Requests**”) to the Payment Date falling immediately before the sixth anniversary of the Issue Date.

If the Liquidity Facility Provider in its sole and absolute discretion wishes to accept such a request to extend the Liquidity Facility Commitment Period, it shall, not later than 10 days before expiry of the Liquidity Facility Commitment Period, deliver to the Issuer (copied to the Trustee, the Collateral Manager and the Collateral Administrator) an irrevocable notice that it has consented to the request contained in the Renewal Request.

### **Interest on Drawings and Available Commitment**

A commitment fee during the Liquidity Facility Commitment Period shall be payable by the Issuer equal to a rate of 0.75 per cent. per annum, on an amount equal to the Available Commitment accruing on each day during the Liquidity Facility Commitment Period.

Accrued and unpaid commitment fee on the Available Commitment shall be payable by the Issuer in arrear on each Payment Date to the extent that there are sufficient Interest Proceeds and, if required, Principal Proceeds or the net proceeds of enforcement of the security over the Collateral, available for payment thereof in accordance with the Priorities of Payments or at any time in accordance with the provisions of the Liquidity Facility Agreement. Any accrued commitment fee is also payable to the Liquidity Facility Provider on the cancelled amount of the Commitment at and up to the time the cancellation takes effect.

The rate of interest on each loan made or to be made under the Liquidity Facility or deemed to be made under the Liquidity Facility (including any Initial Drawdown and/or Subsequent Drawdown) for each interest period is the rate per annum determined by the Liquidity Facility Provider to be the aggregate of (a) 2.25 per cent. per annum; and (b) EURIBOR (as defined in the Liquidity Facility Agreement) for the relevant interest period.

Accrued interest on any Liquidity Drawing shall be payable on the Repayment Date in respect of such Liquidity Drawing and shall be calculated on the basis of a 360 day year for the actual number of days elapsed.

## Arrangement Fee

An arrangement fee will be payable by the Issuer on the Issue Date to the Liquidity Facility Provider in the amount of €15,000. **Provided** that the Liquidity Facility Provider has provided an invoice for such amount to the Issuer two Business Days prior to the Issue Date, it will be a condition precedent to any Initial Drawdown that the arrangement fee has been paid by the Issuer.

## Priority of Amounts Due to the Liquidity Facility Provider under the Liquidity Facility Agreement

Pursuant to the Interest Proceeds Priority of Payments and/or the Principal Proceeds Priority of Payments and/or the Post-Acceleration Priority of Payments, interest and commitment fees due and payable under the Liquidity Facility Agreement, together with the repayment of Liquidity Drawings will rank senior prior to all amounts payable in respect of the Notes. All other amounts payable under the Liquidity Facility Agreement such as expenses, increased costs and indemnification amounts will constitute Administrative Expenses and as such will be payable prior to payment of any amounts in respect of the Notes but only to the extent that such amounts do not exceed the Senior Expenses Cap applicable to the relevant Payment Date (except to the extent that a Note Event of Default is continuing). All amounts payable in excess of such cap will be payable after payment of amongst other things (i) amounts payable in the event of an Effective Date Rating Event, (ii) amounts payable to the Principal Account for reinvestment or in redemption of the Notes upon breach of the Interest Diversion Test and (iii) Trustee Fees and Expenses not paid by reason of the Senior Expenses Cap.

## Cancellation

The Commitment may only be cancelled by the Liquidity Facility Provider (in whole or in part) on or at any time (a) after the occurrence of an event of default under the Liquidity Facility Agreement (a “**Liquidity Facility Event of Default**”) upon notice from the Liquidity Facility Provider to the Issuer. A Liquidity Facility Event of Default occurs if (i) the Issuer fails to pay any amount due under the Liquidity Facility Agreement on its due date provided that where any non-payment is a result of an administrative error or omission, such failure continues for a period of at least seven Business Days after the Collateral Manager or the Issuer receives written notice, or has actual knowledge, of the administrative error or omission; (ii) the Notes are accelerated in accordance with Condition 10(b) (*Acceleration*) and such acceleration has not been rescinded or annulled in accordance with Condition 10(c) (*Curing of Default*); (iii) it is or it becomes unlawful for the Issuer to perform any of its obligations under the Liquidity Facility Agreement; (iv) the Issuer becomes subject to insolvency proceedings; or (v) the Liquidity Facility Agreement is not or ceases to be in full force and effect and legal, valid, binding and enforceable or (b) it becomes unlawful for the Liquidity Facility Provider to give effect to any of its obligations as contemplated by the Liquidity Facility Agreement or fund or maintain any Liquidity Drawing, **provided** that prior to any such cancellation under paragraph (b), the Liquidity Facility Provider is obligated pursuant to the Liquidity Facility Agreement to notify the Issuer accordingly (with such notices copied to the Collateral Manager, the Trustee and the Collateral Administrator).

Notwithstanding any such cancellations by the Liquidity Facility Provider, the repayment or prepayment of any existing Liquidity Drawings and interest thereon shall not be made until the following Payment Date or otherwise in accordance with the terms of the Liquidity Facility Agreement.

The Available Commitment may be cancelled at the option of the Issuer in whole or in part at any time upon no less than five Business Days’ notice from the Issuer (or the Collateral Manager on its behalf) to the Liquidity Facility Provider (copied to the Trustee and the Collateral Administrator). No requests for Liquidity Drawings purporting to draw all or any part of the amount the subject of such notice of such cancellation may be made during such five Business Day notice period.

The Issuer may, without premium or penalty but subject to the payment of accrued interest and Break Costs (as such term is defined in the Liquidity Facility Agreement), by notice to the Liquidity Facility Provider, cancel the whole of the Commitment at any time notice is given to the Noteholders in respect of the final redemption of the Notes pursuant to Condition 7(a) (*Final Redemption*) or if no such notice is forthcoming, on such redemption.

The Commitment may be cancelled in whole but not in part at the option of the Issuer but subject to payment of accrued interest and Break Costs (as such term is defined in the Liquidity Facility Agreement) without consent of any party at any time upon no less than five Business Days’ notice from the Issuer (or the Collateral Manager on its behalf) to the Liquidity Facility Provider (copied to the Trustee and the Collateral Administrator) if, pursuant to the Liquidity Facility Agreement, the Issuer is required to pay any additional amounts to the Liquidity Facility Provider in respect of the Liquidity Facility Provider’s tax liabilities or any amounts to the

Liquidity Facility Provider in respect of the Liquidity Facility Provider's increased costs, **provided** that such notice may only be provided if the circumstances are continuing.

The Available Commitment will be automatically cancelled in full at close of business on the Liquidity Facility Commitment Period End Date provided a Liquidity Drawing may be made on the Liquidity Facility Commitment Period End Date (other than when the Liquidity Facility has been cancelled in its entirety in accordance with the Liquidity Facility Agreement). Notwithstanding any such cancellation, any outstanding Liquidity Drawings and accrued interest thereon shall continue to be repayable in accordance with the terms of the Liquidity Facility Agreement.

### **Cancellation Timing**

Notwithstanding the delivery of any notice requesting a voluntary cancellation of the Commitment in accordance with the Liquidity Facility Agreement, no cancellation of the Commitment in whole pursuant thereto shall take effect until the following Payment Date.

### **Assignment**

The Liquidity Facility Provider may transfer its interest under the Liquidity Facility Agreement **provided** certain conditions set out in the Liquidity Facility Agreement are satisfied and the prior consent of the Issuer, Collateral Manager and the Trustee is obtained and notice has been given to the Rating Agencies. The prior consent of the Issuer must not be unreasonably withheld or delayed and will be deemed to have been given if, within ten Business Days of receipt by the Issuer of a request for consent, it has not been expressly refused. No such consent is required from the Issuer if a Liquidity Facility Event of Default or a Note Event of Default has occurred and is continuing, or the proposed assignment, transfer of novation is to an Affiliate of the Liquidity Facility Provider.

### **Replacement and Additional Liquidity Facilities**

Under the Liquidity Facility Agreement the Issuer will covenant not to enter into additional liquidity facility arrangements at any time prior to the Liquidity Facility Commitment Period End Date.

If a Replacement Liquidity Facility is to be entered into on or following the Liquidity Facility Commitment Period End Date, it must be a condition of such Replacement Liquidity Facility that any outstanding Liquidity Drawings with the existing Liquidity Facility Provider will be repaid in full.

## HEDGING ARRANGEMENTS

The following is a summary of the principal terms of the hedging arrangements to be entered into by the Issuer on or about the Issue Date and thereafter. The following is a summary only and should not be relied upon as an exhaustive description of the detailed provisions of such documents (copies of which are available from the registered office of the Issuer). Any Hedge Agreement may include additional or different terms to those described below.

### Hedge Agreements

Subject to (i) such arrangements at the time they are entered into satisfying the Hedge Agreement Eligibility Criteria, or (ii) the receipt by the Collateral Manager of legal advice from a reputable legal counsel to the effect that the entry into such arrangements shall not require any of the Issuer, its directors or officers or the Collateral Manager to register with the United States Commodities Futures Trading Commission as a commodity pool operator or a commodity trading advisor pursuant to the CEA, the Issuer (or the Collateral Manager on its behalf) may enter into hedging transactions as described below and documented under a 1992 (Multicurrency—Cross Border) or 2002 Master Agreement or such other form published by the International Swaps and Derivatives Association, Inc. (“ISDA”). For the avoidance of doubt, an Asset Swap Agreement and an Interest Rate Hedge Agreement may be documented as one Hedge Agreement.

### Form Approved Hedge Agreements

The Issuer or the Collateral Manager acting on its behalf, shall provide at least 2 Business Days’ prior written notification to each Rating Agency then rating any Class of Notes each time it enters into a Hedge Transaction in the form of a Form Approved Asset Swap or Form Approved Interest Rate Hedge.

“**Form Approved Asset Swap**” means an Asset Swap Transaction and the related Asset Swap Agreement, the documentation for and structure of which conforms (save for the amount and timing of periodic payments, the name and financial aspects of the related Collateral Debt Obligation, the notional amount, the effective date, the termination date and any other consequential amendments in respect thereof required to reflect the relevant Collateral Debt Obligation) to a form for which Rating Agency Confirmation has been received by the Issuer or which has been approved by the Rating Agencies from time to time **provided** that any form approved by the Rating Agencies prior to the Issue Date shall, unless otherwise notified to the Issuer by a Rating Agency, constitute a Form Approved Asset Swap.

“**Form Approved Interest Rate Hedge**” means an Interest Rate Hedge Transaction and the related Interest Rate Hedge Agreement, the documentation for and structure of which conforms (save for the amount and timing of periodic payments, the applicable floating rate index, the notional amount, the effective date, the termination date and any other consequential amendments in respect thereof required to reflect the relevant Collateral Debt Obligation) to a form for which Rating Agency Confirmation has been received by the Issuer or which has been approved by the Rating Agencies from time to time **provided** that any form approved by the Rating Agencies prior to the Issue Date shall, unless otherwise notified to the Issuer by a Rating Agency, constitute a Form Approved Interest Rate Hedge.

### Currency Hedging Arrangements

#### *Asset Swap Agreements*

The Issuer (or the Collateral Manager on behalf of the Issuer) may purchase Non-Euro Obligations **provided** that the Collateral Manager, on behalf of the Issuer, for any Non-Euro Obligation, enters into an Asset Swap Transaction with an Asset Swap Counterparty no later than (i) if such Non-Euro Obligation is denominated in a Qualifying Unhedged Obligation Currency within 90 days of the settlement date of acquisition thereof and (ii) otherwise, the settlement date thereof, pursuant to the terms of which the initial principal exchange is made in connection with funding the Issuer’s acquisition of the related Non-Euro Obligation and the final and, if applicable, interim principal exchanges are made to convert the principal proceeds received in respect thereof at maturity and prior to maturity, respectively and coupon exchanges are made at the exchange rate specified for such transaction.

Transactions entered into under an Asset Swap Agreement are documented in confirmations to such Asset Swap Agreement. Each transaction will be evidenced by a confirmation entered into pursuant to an Asset Swap Agreement (each an “**Asset Swap Transaction**”). An Asset Swap Transaction, if entered into, will be:

- (a) used to hedge the currency (and if applicable, interest rate) mismatch between the Notes and any Non-Euro Obligations;
- (b) in the case of a Form Approved Asset Swap, subject to delivery of prior written notice to the Rating Agencies in respect thereof; and
- (c) other than in the case of a Form Approved Asset Swap, subject to receipt of Rating Agency Confirmation in respect thereof.

Upon the sale of an Asset Swap Obligation, the Asset Swap Transaction relating thereto shall be terminated on or about the date of such sale in accordance with its terms, resulting in either (i) the Asset Swap Counterparty receiving the proceeds of the sale of the Asset Swap Obligation from the Issuer (which shall be funded outside the Priorities of Payments from the Non-Euro Hedge Account) and returning the Sale Proceeds (in accordance with paragraph (ii) of the definition thereof) to the Issuer or (ii) the Issuer retaining the proceeds of sale of the Asset Swap Obligation (which shall be converted into Euro and paid into the Principal Account in accordance with the Conditions) net of any payments due to the Asset Swap Counterparty in connection with the termination of the Asset Swap Transaction in such circumstances (which the Issuer shall pay to the Asset Swap Counterparty on the date such payment is due in accordance with the applicable Hedge Agreement). Furthermore, upon the insolvency of the Issuer and/or the acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*), the Hedge Counterparty may, but shall not be obliged to, early terminate any Asset Swap Transaction, in which case any Asset Swap Termination Payment would be paid in accordance with the Post-Acceleration Priority of Payments (other than with respect to any Counterparty Downgrade Collateral which is required to be returned to an Asset Swap Counterparty outside the Priorities of Payments in accordance with the Asset Swap Agreement) and Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*).

If, following the insolvency of the Issuer and/or the acceleration of the Notes, the Hedge Counterparty elects not to early terminate any Asset Swap Transaction, the Asset Swap Transaction shall terminate in accordance with its terms upon the sale of the relevant Asset Swap Obligation, resulting in the Asset Swap counterparty receiving the proceeds of the sale of the Asset Swap Obligation from the Issuer and returning the Sale Proceeds (in accordance with paragraph (ii) of the definition thereof) to the Issuer. An Asset Swap Transaction may also terminate in accordance with its terms upon repayment in full of the related Asset Swap Obligation and related final exchange under such Asset Swap Transaction.

#### *Replacement Asset Swap Transactions*

In the event that any Asset Swap Transaction terminates in whole at any time in circumstances in which the applicable Asset Swap Counterparty is the “Defaulting Party” or sole “Affected Party” (each as defined in the applicable Asset Swap Agreement) the Issuer, or the Collateral Manager on its behalf, shall use commercially reasonable efforts to enter into a Replacement Asset Swap Transaction within 30 days of the termination thereof with a counterparty which (or whose guarantor) satisfies, among other things, the applicable Rating Requirement and any applicable regulatory requirements.

In the event of termination of an Asset Swap Transaction in the circumstances referred to above, any Asset Swap Termination Receipt will be paid into the relevant Hedge Termination Account and shall be applied towards the costs of entry into a Replacement Asset Swap Transaction, together with, where necessary, Interest Proceeds and/or Principal Proceeds that are available for such purpose on any Payment Date pursuant to the Priorities of Payments, subject to receipt of Rating Agency Confirmation, save:

- (a) where the Issuer or the Collateral Manager on its behalf, determines not to replace such Asset Swap Transaction and Rating Agency Confirmation is received in respect of such determination; or
- (b) where termination of the Asset Swap Transaction occurs on a Redemption Date pursuant to Conditions 7(a) (*Final Redemption*), 7(b) (*Optional Redemption*) (other than in connection with a Refinancing), 7(g) (*Redemption following Note Tax Event*) or 10(a) (*Note Events of Default*); or
- (c) to the extent that such Asset Swap Termination Receipt is not required for application towards any Asset Swap Replacement Payment,

in which event such Asset Swap Termination Receipt shall be paid into the Principal Account and shall constitute Unscheduled Principal Proceeds.

In the event that the Issuer receives any Asset Swap Replacement Receipt upon entry into a Replacement Asset Swap Transaction, such amount shall be paid into the relevant Hedge Termination Account and applied directly by the Collateral Administrator acting on the instructions of the Collateral Manager (acting on behalf of the Issuer) in payment of any Asset Swap Termination Payment payable upon termination of the Asset Swap Transaction being so replaced. To the extent not fully paid out of Asset Swap Replacement Receipts, any Asset Swap Termination Payment payable by the Issuer shall be paid to the applicable Asset Swap Counterparty on the next Payment Date in accordance with the Priorities of Payments. To the extent not required for making any such Asset Swap Termination Payment, such Asset Swap Replacement Receipts shall be paid into the Principal Account and shall constitute Unscheduled Principal Proceeds.

Subject to sub-paragraph (a) above, in the event that a Replacement Asset Swap Transaction cannot be entered into in such circumstances, the Collateral Manager, acting on behalf of the Issuer, shall sell the applicable Non-Euro Obligation, pay the proceeds thereof to the applicable Asset Swap Counterparty, to the extent required pursuant to the terms of such Asset Swap Transaction and/or to the extent not so required, shall direct the Collateral Administrator to convert all of such proceeds into Euro at the Applicable Exchange Rate and shall procure that such amounts are paid into the Principal Account. In the event that such proceeds are insufficient to pay any Asset Swap Termination Payments in full, such amount, including any Defaulted Hedge Termination Payment, shall be paid out of Interest Proceeds and/or Principal Proceeds on the next following Payment Date in accordance with the Priorities of Payments.

## **Interest Rate Hedging Arrangements**

### *Interest Rate Hedge Agreements*

The Issuer (or the Collateral Manager on its behalf) may enter into any additional Interest Rate Hedge Transactions from time to time in order to hedge any interest rate mismatch between the Notes (other than the Subordinated Notes) and the Collateral Debt Obligations, subject to the receipt of Rating Agency Confirmation in respect thereof and **provided** that the Interest Rate Hedge Counterparty satisfies the applicable Rating Requirement.

### *Replacement Interest Rate Hedge Agreements*

In the event that an Interest Rate Hedge Transaction terminates in whole at any time in circumstances which the applicable Interest Rate Hedge Counterparty is the “Defaulting Party” or sole “Affected Party” (each such term as defined in the applicable Interest Rate Hedge Agreement), the Issuer, or the Collateral Manager on its behalf, shall use commercially reasonable efforts to enter into a Replacement Interest Rate Hedge Transaction within 30 days of termination thereof with an Interest Rate Hedge Counterparty which (or whose guarantor) satisfies the applicable Ratings Requirement and any applicable regulatory requirements.

### *Hedge Agreement Eligibility Criteria*

The Collateral Manager shall only cause the Issuer to enter into a Hedge Agreement that (i) at the time such Hedge Agreement is entered into, satisfies the Hedge Agreement Eligibility Criteria; or (ii) in respect of which, the Issuer obtains legal advice of reputable legal counsel that such Hedge Agreement will not cause the Issuer or Collateral Manager to be required to register as a CPO with the CFTC with respect to the Issuer.

If a responsible representative of the Collateral Manager with knowledge of the Portfolio has actual knowledge of any change in law or regulation that would lead him or her to reasonably question the viability of the Hedge Agreement Eligibility Criteria mentioned above, the Collateral Manager shall cause the Issuer to seek written legal advice in respect of such Hedge Agreement Eligibility Criteria. If the Collateral Manager cannot obtain such advice it shall not cause the Issuer to enter into any further Hedge Agreements unless in respect of any such further Hedge Agreement it obtains written legal advice of reputable legal counsel that such Hedge Agreement will not cause the Issuer or Collateral Manager to be required to register as a CPO with the CFTC with respect to the Issuer.

Notwithstanding anything in the Collateral Management Agreement or the Trust Deed to the contrary, the Collateral Manager may unilaterally elect to modify the Hedge Agreement Eligibility Criteria without the consent of any other party so long as it causes the Issuer to obtain an opinion from reputable legal counsel that

Hedge Agreements entered into in compliance with such modified Hedge Agreement Eligibility Criteria will not cause the Issuer or Collateral Manager to be required to register as a CPO with the CFTC with respect to the Issuer.

Notwithstanding the above, if, in the reasonable opinion of the Collateral Manager, entry into a Hedge Agreement would require registration of the Collateral Manager under the CEA, the Issuer will not be permitted to enter into such Hedge Agreement unless such registration is made by the Collateral Manager with respect to, and at the expense of, the Issuer.

In the Collateral Management Agreement, Hedge Agreement Eligibility Criteria means, at the time a Hedge Transaction is entered into, each of the following is true:

- (a) the relevant Hedge Transaction is an interest rate swap or cross currency swap transaction (or both) and is being entered into solely to hedge interest rate risk, timing mismatch or currency risk (or any combination of these) of the relevant Collateral Debt Obligation;
- (b) the relevant Hedge Transaction relates to a single Collateral Debt Obligation only, although multiple Hedge Transactions with the same counterparty may be entered into under a single master hedge agreement;
- (c) the relevant Hedge Transaction does not change the tenor of the subject matter of the Collateral Debt Obligation;
- (d) the relevant Hedge Transaction does not leverage exposure to the relevant Collateral Debt Obligation or otherwise inject leverage into the Issuer's exposure;
- (e) other than with respect to introducing credit risk exposure to the counterparty on the Hedge Agreement, the relevant Hedge Transaction does not change the Issuer's credit risk exposure to the Obligor on the relevant Collateral Debt Obligation;
- (f) the relevant Hedge Transaction is documented pursuant to an ISDA Master Agreement, including pursuant to a confirmation for each Hedge Transaction thereunder;
- (g) payment dates under the relevant Hedge Transaction correspond to or occur on or about Payment Dates or the relevant Collateral Debt Obligation payment dates;
- (h) the notional amount of the relevant Hedge Transaction will decline in line with the principal amount of the relevant Collateral Debt Obligation;
- (i) in the Collateral Manager's view, in the context of the transaction as a whole, the relevant Hedge Transaction will not change the Noteholders' investment experience in any material way by virtue thereof; and
- (j) either (i) the relevant Hedge Transaction must terminate automatically in whole or in part (as applicable) when the relevant Collateral Debt Obligation is sold or matures; or (ii) the Issuer must have the right to terminate the relevant Hedge Transaction in whole or in part (as applicable) when the subject matter Collateral Debt Obligation is sold or matures and at the time the relevant Hedge Transaction is entered into the Collateral Manager intends to cause the Issuer to exercise such right.

### **Interest Rate Cap Transactions**

On or about the Issue Date, the Issuer may enter into the Issue Date Interest Rate Hedge Transactions. The Issuer will have no payment obligations in respect of any such Issue Date Interest Rate Hedge Transactions other than the payment of a premium in respect of each such transaction to the applicable Interest Rate Hedge Counterparty upon entry into such transactions.

The Issuer (or the Collateral Manager on its behalf) shall exercise any such Issue Date Interest Rate Hedge Transaction on any Business Day when EURIBOR is greater than the strike price set out in the applicable Issue Date Interest Rate Hedge Transaction. The Issuer (or the Collateral Manager on behalf of the Issuer) shall not sell or transfer any Issue Date Interest Rate Hedge Transaction other than in circumstances where all of the Rated Notes have been redeemed or Rating Agency Confirmation has been obtained from each Rating Agency in respect of any such sale or transfer.



## Standard Terms of the Hedge Agreements

Each Hedge Agreement entered into by or on behalf of the Issuer shall contain the following standard provisions, save to the extent that any change thereto is (a) agreed by the Issuer and the applicable Hedge Counterparty and (b)(i) subject to receipt of Rating Agency Confirmation in respect thereof or (ii) included in a Form Approved Asset Swap.

### Gross up

Under each Hedge Agreement neither the Issuer nor the applicable Hedge Counterparty will be obliged to gross up any payments thereunder in the event of any withholding or deduction for or on account of tax required to be paid on such payments. Any such event may however result in a “Tax Event” which is a “Termination Event” for the purposes of the relevant Hedge Agreement. In the event of the occurrence of a Tax Event (as defined in such Hedge Agreement), each Hedge Agreement will include provision for the “Affected Party” (as defined therein), where the Hedge Counterparty is the “Affected Party”, to use reasonable endeavours to (i) (in the case of the Hedge Counterparty thereto) arrange for a transfer of all of its interests and obligations under the Hedge Agreement and all “Transactions” (as defined in the Hedge Agreement) thereunder to an Affiliate that is incorporated in another jurisdiction so as to avoid the requirement to withhold or deduct for or on account of tax; or (ii) (in the case of the Issuer) transfer its residence for tax purposes to another jurisdiction, or if a substitute principal obligor under the Notes has been substituted for the Issuer in accordance with Condition 9 (*Taxation*), arrange for a transfer of all of its interest and obligations under the applicable Hedge Agreement and all Transactions thereunder to that substitute principal obligor so as to avoid the requirement to withhold or deduct for or on account of tax subject to satisfaction of the conditions specified therein (including receipt of Rating Agency Confirmation).

### Limited Recourse and Non-Petition

The obligations of the Issuer under each Hedge Agreement will be limited to the proceeds of enforcement of the Collateral as applied in accordance with the Priorities of Payments set out in Condition 3(c) (*Priorities of Payments*), **provided** that any Counterparty Downgrade Collateral standing to the credit of the Counterparty Downgrade Collateral Accounts shall be applied and delivered by the Issuer (or by the Collateral Manager on its behalf) in accordance with Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*) and the terms of the relevant Hedge Agreement. The Issuer will have the benefit of limited recourse and non-petition language similar to the language set out in Condition 4(c) (*Limited Recourse and Non-Petition*).

### Termination Provisions

Each Hedge Agreement may terminate by its terms, whether or not the Notes have been paid in full prior to such termination, upon the occurrence of a number of events (which may include without limitation):

- (a) certain events of bankruptcy, insolvency, receivership or reorganisation of the Issuer or the related Hedge Counterparty;
- (b) failure on the part of the Issuer or the related Hedge Counterparty to make any payment under the applicable Hedge Agreement after taking into account the applicable grace period;
- (c) a change in law making it illegal for either the Issuer or the related Hedge Counterparty to be a party to, or to perform its obligations under, any applicable Hedge Agreement;
- (d) the principal due in respect of the Notes is declared to be due and payable in accordance with the terms of the Trust Deed;
- (e) failure by a Hedge Counterparty to comply with the requirements of the Rating Agencies in the event that it (or, in the context of an Asset Swap Counterparty whose obligations are irrevocably and unconditionally guaranteed, its guarantor) is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement;
- (f) the Notes are redeemed in whole prior to the Maturity Date (otherwise than as a result of a Note Event of Default thereunder);
- (g) representations related to certain regulatory matters prove to be incorrect;

- (h) if the Issuer becomes subject to the AIFMD, or if the Issuer or the Collateral Manager is required to register as a “commodity pool operator” and such party does not so register pursuant to the CEA or certain representations relating to EMIR prove to be incorrect;
- (i) other regulatory changes or changes to the regulatory status of the Issuer occur (each as further described in the relevant Hedge Agreement);
- (j) an amendment is made to any provision of the Transaction Documents without the consent of a Hedge Counterparty which could have a material adverse effect on the rights and obligations of such Hedge Counterparty; and
- (k) any other event as specified in the relevant Hedge Agreement.

A termination of a Hedge Agreement or Hedge Transaction does not constitute a Note Event of Default under the Notes though the repayment in full of the Notes may be an additional termination event under a Hedge Agreement.

Upon the occurrence of any Event of Default or Termination Event (each as defined in the applicable Hedge Agreement), a Hedge Agreement may be terminated by the Hedge Counterparty or the Issuer (or the Collateral Manager on its behalf) in accordance with the detailed provisions thereof and a lump sum (the “**Termination Payment**”) may become payable by the Issuer to the applicable Hedge Counterparty or vice versa. Depending on the terms of the applicable Hedge Agreement, such Termination Payment may be determined by the applicable Hedge Counterparty and/or Issuer (or the Collateral Manager on its behalf) by reference to market quotations obtained in respect of the entry into a replacement swap(s) on the same terms as that terminated or as otherwise described in the applicable Hedge Agreement or, subject and in accordance with the terms of the relevant Hedge Agreement, any loss suffered by a party.

Asset Swap Agreements may also contain provisions which allow an Asset Swap Transaction to terminate upon the occurrence of certain credit events related to the underlying Non-Euro Obligation. These credit events could potentially be triggered in circumstances where the related Collateral Debt Obligation would not constitute a Defaulted Obligation (as such term is defined in the Conditions). In such instances the related Asset Swap Transaction would terminate and the Issuer (or the Collateral Manager acting on its behalf) may need to sell the related Non-Euro Obligation unless a new Asset Swap Transaction can be entered into.

### **Rating Downgrade Requirements**

Each Hedge Agreement shall contain the terms and provisions required by the Rating Agencies for the type of derivative transaction described in this Offering Circular in the event of the downgrade or withdrawal of the Hedge Counterparty’s rating (or, if applicable, its guarantor’s) to below the applicable Rating Requirement. Such provisions may include a requirement that a Hedge Counterparty downgraded below certain minimum levels consistent with the ratings of the Notes must post collateral; or transfer the Hedge Agreement to another entity meeting the applicable Rating Requirement (or, as relevant, whose guarantor meets the applicable Rating Requirement); or procure that an eligible guarantor meeting the applicable Rating Requirement guarantees its obligations under the Hedge Agreement; or take other actions subject to Rating Agency Confirmation.

### **Transfer and Modification**

The Collateral Manager acting on behalf of the Issuer, may not modify any Hedge Transaction or Hedge Agreement without Rating Agency Confirmation in relation to such modification, save to the extent that it would constitute a Form Approved Asset Swap or a Form Approved Interest Rate Hedge (as applicable) following such modification. A Hedge Counterparty may transfer its rights and obligations under a Hedge Agreement to any institution which (or whose credit support provider (as defined in the applicable Hedge Agreement)) satisfies the applicable Rating Requirement.

Any of the requirements set out herein may be modified in order to meet any new or additional requirements of any Rating Agency then rating any Class of Notes.

### **Governing Law**

Each Hedge Agreement together with each Hedge Transaction thereunder in each case, including any non-contractual obligations arising out of or in relation thereto, will be governed by, and construed in accordance with, the laws of England.

### **Reporting of Specified Hedging Data**

The Collateral Manager, on behalf of the Issuer, may from time to time enter into agreements (each a “**Reporting Delegation Agreement**”) in a form approved by the Rating Agencies for the delegation of certain derivative transaction reporting obligations to one or more Hedge Counterparties or third parties (each, in such capacity, a “**Reporting Delegate**”).

## TAX CONSIDERATIONS

### GENERAL

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Note.

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer or exercise of any Note should consult their own tax advisers. In particular, no representation is made as to the manner in which payments under the Notes would be characterised by any relevant taxing authority. Potential investors should be aware that the relevant fiscal rules or their interpretation may change, possibly with retrospective effect, and that this summary is not exhaustive. This summary does not constitute legal or tax advice or a guarantee to any potential investor of the tax consequences of investing in the Notes.

### IRISH TAXATION

The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Notes based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Noteholders who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, such as dealers in securities, trusts etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. This summary does not address the tax consequences of a Contribution for a Contributor or any Noteholder. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

#### Taxation of Noteholders

##### Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest which should include interest payable on the Notes.

The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note so long as interest paid on the relevant Note does not come within certain rules introduced by the Finance Act 2016 and Finance Act 2017 (as described below under the heading *Deductibility of Interest*) and falls within one of the following categories:

1. *Interest paid on a quoted Eurobond:* The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note where:
  - (a) the Notes are quoted Eurobonds i.e. securities which are issued by a company (such as the Issuer), which are listed on a recognised stock exchange (such as the Global Exchange Market of Euronext Dublin) and which carry a right to interest; and
  - (b) the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:
    - (i) the Notes are held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are, amongst others, so recognised); or
    - (ii) the person who is the beneficial owner of the Notes and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form;
  - and
  - (c) one of the following conditions is satisfied:
    - (i) the Noteholder is resident for tax purposes in Ireland; or

- (ii) the Noteholder is subject, without any reduction computed by reference to the amount of such interest, premium or other distribution, to a tax in a relevant territory which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory; or
- (iii) the Noteholder is not a company which, directly or indirectly, controls the Issuer, is controlled by the Issuer, or is controlled by a third company which also directly or indirectly controls the Issuer, and neither the Noteholder, nor any person connected with the Noteholder, is a person or persons:
  - (A) from whom the Issuer has acquired assets;
  - (B) to whom the Issuer has made loans or advances; or
  - (C) with whom the Issuer has entered into a swap agreement,
 where the aggregate value of such assets, loans, advances or swap agreements represents not less than 75 per cent. of the assets of the Issuer; or
- (iv) at the time of issue of the Notes, the Issuer was not in possession, or aware, of any information which could reasonably be taken to indicate whether or not the beneficial owner of the Notes would be subject to tax on any interest payments,

where the term:

**“relevant territory”** means a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double tax treaty (**“Relevant Territory”**); and

**“swap agreement”** means any agreement, arrangement or understanding that—

- (i) provides for the exchange, on a fixed or contingent basis, of one or more payments based on the value, rate or amount of one or more interest or other rates, currencies, commodities, securities, instruments of indebtedness, indices, quantitative measures, or other financial or economic interests or property of any kind, or any interest therein or based on the value thereof, and
- (ii) transfers to a person who is a party to the agreement, arrangement or understanding or to a person connected with that person, in whole or in part, the financial risk associated with a future change in any such value, rate or amount without also conveying a current or future direct or indirect ownership interest in an asset (including any enterprise or investment pool) or liability that incorporates the financial risk so transferred.

Thus, so long as the Notes continue to be quoted on the Global Exchange Market of Euronext Dublin, are held in Euroclear and Clearstream, Luxembourg, and one of the conditions set out in paragraph (c) above is met, interest on the Notes can be paid by any paying agent acting on behalf of the Issuer free of any withholding or deduction for or on account of Irish income tax. If the Notes continue to be quoted but cease to be held in a recognised clearing system, interest on the Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent outside Ireland and one of the conditions set out in paragraph (c) above is met.

## 2. *Interest paid by a qualifying company to certain non-residents:*

If, for any reason, the exemption referred to above ceases to apply, interest payments may still be made free of withholding tax provided that:

- 2.1 the Issuer remains a “qualifying company” as defined in Section 110 of the TCA and the Noteholder is a person which is resident in a Relevant Territory, and, where the recipient is a body corporate, the interest is not paid to it in connection with a trade or business carried on by it in Ireland through a branch or agency. The test of residence is determined by reference to

the law of the Relevant Territory in which the Noteholder claims to be resident. The Issuer must be satisfied that the terms of the exemption are satisfied; and

2.2 one of the following conditions is satisfied:

- (a) the Noteholder is a pension fund, government body or other person which is resident in a Relevant Territory and which, under the laws of that territory, is exempted from tax that corresponds to income tax or corporation tax in Ireland and which generally applies to profits, income or gains in that territory and which is not a company which, directly or indirectly, controls the Issuer, is controlled by the Issuer, or is controlled by a third company which also directly or indirectly controls the Issuer, and neither the holder of the Securities, nor any person connected with the holder of the Securities, is a person or persons: (a) from whom the Issuer has acquired assets; (b) to whom the Issuer has made loans or advances; or (c) with whom the Issuer has entered into a swap agreement, where the aggregate value of such assets, loans, advances or swap agreements represents not less than 75 per cent. of the assets of the Issuer; or
- (b) the interest is subject, without any reduction computed by reference to the amount of such interest, to a tax in a Relevant Territory which corresponds to income tax or corporation tax in Ireland and which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory.

### Deductibility of Interest

Rules contained in the Finance Act 2016 and Finance Act 2017 restrict the deductibility of interest paid by a qualifying company (such as the Issuer) that is profit dependent or exceeds a reasonable commercial return to the extent that the interest is associated with a 'specified property business' carried on by that qualifying company. A 'specified property business' of a qualifying company means, subject to a number of exceptions, a business of holding 'specified mortgages', units in an IREF (being a specified form of investment undertaking within the meaning of Chapter 1B of Part 27 of the TCA) or shares that derive their value or the greater part of their value, directly or indirectly, from Irish land. A 'specified mortgage' for this purpose is (a) a loan which is secured on, and which derives its value from, or the greater part of its value from, directly or indirectly, Irish land, (b) a 'specified agreement' (effectively a profit dependent derivative) which derives its value, or the greater part of its value, directly or indirectly, from Irish land or a loan to which (a) applies, or (c) the portion of a specified security (essentially a security in respect of which, if the Finance Act 2016 and Finance Act 2017 rules did not apply to it, payments on that security would be deductible under section 110 of the TCA), is attributable to the specified property business in accordance with the rules, or (d) units in an IREF (being a specified form of investment undertaking within the meaning of Chapter 1B of Part 27 of the TCA).

The legislation treats the holding of such assets as a separate business to the rest of the qualifying company's activities. The qualifying company is taxed on any profit that is attributable to that business at 25% and any such interest that is profit dependent or exceeds a reasonable commercial return, subject to a number of exceptions, is not deductible and potentially subject to Irish withholding tax at 20%.

There is a specific carve out from these rules in respect of CLO transactions, provided the transaction is carried out in conformity with:

- (a) a prospectus, within the meaning of the Regulation (EU) 2017/1129 (as may be amended or superceded);
- (b) listing particulars, where any securities issued by the qualifying company are listed on an exchange, other than the main exchange, in Ireland or another EU or EEA Member State ("**relevant Member State**"); or
- (c) where the securities issued by the qualifying company will not be listed on an exchange in Ireland or a relevant Member State, legally binding documents,

that:

- (i) may provide for a warehousing period, which for the purposes of this carve-out means a period not exceeding 3 years during which time the qualifying company is preparing to issue securities; and
- (ii) provide for investment eligibility criteria that govern the type and quality of assets to be acquired,

and where, based on the documents referred to in paragraphs (a) to (c) and the activities of the qualifying company, it would not be reasonable to consider that the main purpose, or one of the main purposes, of the qualifying company was to acquire specified mortgages.

Accordingly, on the basis that this document will constitute 'listing particulars' (see above) and of a confirmation in the Collateral Management Agreement that neither the Issuer nor the Collateral Manager has as its main purpose, or one of its main purposes, the acquisition of 'specified mortgages' within the meaning of Section 110 of the TCA, the rules in the Finance Act 2016 and Finance Act 2017 should not apply to this transaction.

### **Encashment Tax**

Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Note, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

### **Income Tax, PRSI and Universal Social Charge**

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish tax with respect to such interest. Noteholders resident or ordinarily resident in Ireland who are individuals may be liable to pay Irish income tax, social insurance (PRSI) contributions and the universal social charge in respect of interest they receive on the Notes.

Interest paid on the Notes may have an Irish source and therefore may be within the charge to Irish income tax, notwithstanding that the Noteholder is not resident in Ireland. In the case of Noteholders who are non-resident individuals such Noteholders may also be liable to pay the universal social charge in respect of interest they receive on the Notes.

Ireland operates a self-assessment system in respect of tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

There are a number of exemptions from Irish income tax available to certain non-residents. Firstly, interest payments made by the Issuer are exempt from income tax so long as the Issuer is a qualifying company for the purposes of Section 110 of the TCA, the recipient is not resident in Ireland and is resident in a Relevant Territory and, the interest is paid out of the assets of the Issuer. Secondly, interest payments made by the Issuer in the ordinary course of its trade or business to a company are exempt from income tax provided the recipient company is not resident in Ireland and is either resident for tax purposes in a Relevant Territory which imposes a tax that generally applies to interest receivable in that territory by companies from sources outside that territory or the interest is exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which will come into force once all ratification procedures have been completed. Thirdly, interest paid by the Issuer free of withholding tax under the quoted Eurobond exemption is exempt from income tax where the recipient is a person not resident in Ireland and resident in a relevant territory or is a company which is under the control, whether directly or indirectly, of person(s) who by virtue of the law of a relevant territory are resident for the purposes of tax in a relevant territory and is not under the control of person(s) who are not so resident or is a company where the principal class of shares of the company or its 75% parent is substantially and regularly traded on a recognised stock exchange. For the purpose of these exemptions and where not specified otherwise, residence is determined under the terms of the relevant double taxation agreement or, in any other case, the law of the country in which the recipient claims to be resident. Interest falling within the above exemptions is also exempt from the universal social charge.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Relief from Irish income tax may also be available under the specific provisions of a double tax treaty between Ireland and the country of residence of the recipient.

Interest on the Notes which does not fall within the above exemptions is within the charge to income tax, and, in the case of Noteholders who are individuals, the charge to the universal social charge. In the past the Irish Revenue Commissioners have not pursued liability to income tax in respect of persons who are not regarded as being resident in Ireland except where such persons have a taxable presence of some sort in Ireland or seek to claim any relief or repayment in respect of Irish tax. However, there can be no assurance that the Irish Revenue Commissioners will apply this treatment in the case of any Noteholder.

### **Capital Gains Tax**

A holder of Notes will not be subject to Irish tax on capital gains on a disposal of Notes unless (i) such holder is either resident or ordinarily resident in Ireland or (ii) such holder carries on a trade in Ireland through a branch or agency in respect of which the Notes were used or held or (iii) the Notes cease to be listed on a stock exchange in circumstances where the Notes derive their value or more than 50% of their value from Irish real estate, mineral rights or exploration rights.

### **Capital Acquisitions Tax**

A gift or inheritance comprising Notes will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs, is currently levied at 33 per cent) if either (i) the donor or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the donor is domiciled in Ireland irrespective of his residence or that of the donee/successor) on the relevant date or (ii) if the Notes are regarded as property situate in Ireland (i.e. if the Notes are physically located in Ireland or if the register of the Notes is maintained in Ireland).

### **Stamp Duty**

No stamp duty or similar tax is imposed in Ireland (on the basis of an exemption provided for in Section 85(2)(c) of the Irish Stamp Duties Consolidation Act, 1999 so long as the Issuer is a qualifying company for the purposes of Section 110 of the TCA and the proceeds of the Notes are used in the course of the Issuer's business), on the issue, transfer or redemption of the Notes.

## **CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**

### *General*

The following discussion summarises certain of the material U.S. federal income tax consequences of the purchase, beneficial ownership, and disposition of Notes.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of a Note that is:

- an individual who is a citizen or a resident of the United States, for U.S. federal income tax purposes;
- a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organised in or under the laws of the United States, any State thereof, or the District of Columbia;
- an estate, whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration, and one or more United States persons have the authority to control all of its substantial decisions.

For purposes of this summary, a "Non-U.S. Holder" is a beneficial owner of a Note that is:

- a non resident alien individual for U.S. federal income tax purposes;
- a foreign corporation for U.S. federal income tax purposes;



- an estate whose income is not subject to U.S. federal income taxation on a net income basis; or
- a trust if no court within the United States is able to exercise primary jurisdiction over its administration or if no United States persons have the authority to control all of its substantial decisions.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for U.S. federal income tax purposes by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of more than 182 days during a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year). This summary does not address tax considerations that apply to such individuals.

This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the “Code”), regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such change may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. This summary addresses only holders that purchase Notes for cash at initial issuance (and, in the case of the Rated Notes, at their issue price (which is the price at which a substantial amount of Rated Notes within the applicable Class was first sold to investors)) and beneficially own such Notes as capital assets and not as part of a “straddle,” “hedge,” “synthetic security” or a “conversion transaction” for U.S. federal income tax purposes, or as part of some other integrated investment. This summary does not discuss all of the tax consequences (such as alternative minimum tax consequences) that may be relevant to particular investors or to investors subject to special treatment under the U.S. federal income tax laws (such as banks, thrifts, or other financial institutions; insurance companies; securities dealers or brokers, or traders in securities electing mark-to-market treatment; mutual funds or real estate investment trusts; regulated investment companies; small business investment companies; S corporations; partnerships or investors that hold their Notes through a partnership or other entity treated as a partnership for U.S. federal income tax purposes; U.S. Holders whose functional currency is not the U.S. dollar; certain former citizens or residents of the United States; retirement plans or other tax-exempt entities, or persons holding the Notes in tax-deferred or tax-advantaged accounts; or “controlled foreign corporations” or “passive foreign investment companies” for U.S. federal income tax purposes). This summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holder of Notes, or any state, local or foreign tax consequences of the purchase, ownership or disposition of the Notes. Finally, this discussion does not address the tax consequences of a Contribution to a Contributor.

In the case of a partnership, or other entity treated as a pass-through for U.S. federal income tax purpose, that is a beneficial owner of a Note, the tax treatment of a partner of such partnership (or other equity holder of such other pass-through entity) will generally depend on the status of such partner (or other equity holder) and upon the activities of such pass-through entity. Partners of partnerships (or other equity holders of other pass-through entities, as applicable) that are beneficial owners of the Notes should consult their tax advisors as to the tax consequences of an investment in the Notes.

**PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR TAX ADVISERS AS TO THE U.S. FEDERAL, STATE AND LOCAL TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION TO WHICH THEY MAY BE SUBJECT.**

### **U.S. Federal Tax Treatment of the Issuer**

The Issuer will be treated as a foreign corporation for U.S. federal income tax purposes. The Issuer intends to conduct its affairs and operate so as not to be subject to U.S. federal income tax on its net income (including as a result of the manner in which it acquires, holds and disposes of assets). As a consequence, the Issuer expects that its net income will not become subject to U.S. federal income tax on a net basis. In this regard, upon the issuance of the Notes, the Issuer will receive an opinion of Cadwalader, Wickersham & Taft LLP to the effect that, if the Issuer and the Collateral Manager comply with the Trust Deed and the Collateral Management Agreement, including certain investment guidelines referenced therein (the “**U.S. Investment Restrictions**”), and certain other assumptions specified in the opinion are satisfied, the Issuer will not be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes under current law. Failure of the Issuer to comply with the U.S. Investment Restrictions or the Trust Deed may not give rise to a default or a Note Event of Default under the Trust Deed or the Collateral Management Agreement and may not give rise to a claim against the Issuer or the Collateral Manager. In the event of such a failure, the Issuer could be treated as

engaged in a U.S. trade or business for U.S. federal income tax purposes. In addition, the U.S. Investment Restrictions permit the Issuer to receive an opinion or written advice of Cadwalader, Wickersham & Taft LLP or Paul Hastings LLP or an opinion from other nationally recognised U.S. tax counsel experienced in such matters to the effect that any deviations from the U.S. Investment Restrictions will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes. The opinion of Cadwalader, Wickersham & Taft LLP will assume the correctness of any such advice. The opinion of Cadwalader, Wickersham & Taft LLP is not binding on the Internal Revenue Service (“IRS”) or the courts. In this regard, there are no authorities that deal with situations substantially identical to the Issuer’s and the Issuer could be treated as engaged in the conduct of a trade or business within the United States as a result of unanticipated activities, contrary conclusions by the IRS or other causes. Moreover, a change in law or its interpretation could result in the Issuer being treated as engaged in a trade or business in the United States for U.S. federal income tax purposes, or otherwise subject to U.S. federal income tax on a net income basis (notwithstanding that the Collateral Manager is acting in accordance with the U.S. Investment Restrictions). Finally, the opinion of Cadwalader, Wickersham & Taft LLP does not address the effects of any supplemental trust deeds.

If it is determined that the Issuer is engaged in a trade or business in the United States for U.S. federal income tax purposes, and the Issuer has taxable income that is effectively connected with such U.S. trade or business, the Issuer would be subject under the Code to the regular U.S. federal corporate income tax on its effectively connected taxable income, (computed possibly without any allowance for deductions) and possibly to a 30 per cent. branch profits tax and state and local taxes as well. The imposition of such taxes on the Issuer could materially adversely affect the Issuer’s ability to make payments on the Notes. The balance of this summary assumes that the Issuer is not subject to U.S. federal income tax on its net income.

### **U.S. Federal Withholding Taxes**

Although the Issuer does not anticipate that it will be subject to U.S. federal income tax with respect to its net income, income derived by the Issuer may be subject to withholding or similar taxes imposed by the United States or other countries, and the imposition of such taxes could materially affect its financial ability to make payments on the Notes. Subject to certain exceptions set forth in the Collateral Management Agreement, the Issuer generally may acquire a particular Collateral Debt Obligation only if, at the time of commitment to purchase, either the interest payments thereon are not subject to withholding tax or the issuer of the Collateral Debt Obligation is required to make “gross-up” payments to the Issuer that cover the full amount of any such withholding on an after-tax basis. Accordingly, the Issuer does not generally expect to be subject to U.S. federal withholding taxes on interest from Collateral Debt Obligations. The Issuer may, however, be subject to withholding or similar taxes in respect of commitment fees, facility fees, and other similar fees, or under FATCA as discussed in more detail below. Any such withholding or similar taxes will not be grossed up.

Notwithstanding the foregoing, there can be no assurance that income derived by the Issuer will not become subject to withholding or similar taxes more generally as a result of changes in law, contrary conclusions by the IRS, or other causes. Such withholding or similar taxes could be applied retroactively to fees or other income previously received by the Issuer. To the extent that withholding or similar taxes are imposed and not paid through withholding, the Issuer may be directly liable to the taxing authority to pay such taxes. The imposition of unanticipated withholding or similar taxes could materially impair the Issuer’s ability to make payments on the Notes.

### **U.S. Federal Tax Treatment of the Notes**

Upon the issuance of the Notes, the Issuer will receive an opinion of Paul Hastings LLP to the effect that, based on certain assumptions, the Class X Notes, the Class A Notes, the Class B-1 Notes, the Class B-2 Notes, the Class C Notes and the Class D Notes will be treated, and the Class E Notes should be treated, as indebtedness for U.S. federal income tax purposes. No opinion will be received with respect to the Class F Notes. The Issuer intends to treat each Class of the Rated Notes as indebtedness for U.S. federal, state, and local income and franchise tax purposes. The Issuer’s characterisations will be binding on all Noteholders, and the Trust Deed requires the Noteholders to treat the Rated Notes as indebtedness for U.S. federal, state and local income and franchise tax purposes. Nevertheless, the IRS could assert, and a court could ultimately hold, that any Class of Rated Notes, particularly the Class E Notes or the Class F Notes are equity in the Issuer for U.S. federal income tax purposes. If any Rated Notes were treated as equity in, rather than debt of, the Issuer for U.S. federal income tax purposes, then the Noteholders of those Notes would be subject to the special and potentially adverse U.S. tax rules relating to U.S. equity owners in PFICs and/or CFCs. See “—U.S. Federal Tax Treatment of U.S. Holders of Rated Notes—Possible Treatment of Class E Notes and Class F Notes as Equity for U.S. Federal Tax

*Purposes*” below. Except as otherwise indicated, the balance of this summary assumes that all of the Rated Notes are treated as indebtedness of the Issuer for U.S. federal, state and local income and franchise tax purposes. Prospective investors in the Rated Notes should consult their tax advisers regarding the U.S. federal, state and local income and franchise tax consequences to the investors in the event their Rated Notes are treated as equity in the Issuer.

The Issuer intends to treat the Subordinated Notes as equity in the Issuer for U.S. federal income tax purposes, and each holder by its purchase of a Subordinated Note agrees or will be deemed to agree to treat the Subordinated Notes consistently with this treatment.

The Trust Deed could be amended in a manner that materially adversely affects the U.S. federal tax consequences of an investment in the Notes as described herein, including by affecting the U.S. federal income tax characterisation of the Notes as indebtedness or equity or changing the characterisation and timing of income inclusions to U.S. Holders in respect of the Notes. The remainder of this discussion and the tax opinion of Paul Hastings LLP assume that the Trust Deed is not so amended.

## **U.S. Federal Tax Treatment of U.S. Holders of Rated Notes**

### *Class X Notes, Class A Notes and Class B Notes*

*Stated Interest.* U.S. Holders of Class X Notes, Class A Notes or Class B Notes will generally include in gross income the U.S. dollar value of payments of stated interest accrued or received on their Notes, in accordance with their usual method of tax accounting, as ordinary interest income, subject to the discussions under “*Original Issue Discount*”.

In general, U.S. Holders of Class X Notes, Class A Notes or Class B Notes that use the cash method of accounting will calculate the U.S. dollar value of payments of stated interest based on the euro-to-U.S. dollar spot exchange rate at the time a payment is received.

In general, U.S. Holders of Class X Notes, Class A Notes or Class B Notes that use the accrual method of accounting or that otherwise are required to accrue stated interest before receipt will calculate the U.S. dollar value of accrued interest based on the average euro-to-U.S. dollar spot exchange rate during the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the average euro-to-U.S. dollar spot exchange rate for the partial period within the U.S. Holder’s taxable year). Alternatively, a U.S. Holder of Class X Notes, Class A Notes or Class B Notes can elect to calculate the U.S. dollar value of accrued interest based on the euro-to-U.S. dollar spot exchange rate on the last day of the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the euro-to-U.S. dollar spot exchange rate on the last day of the U.S. Holder’s taxable year) or, if the last day of the Accrual Period is within five business days of the U.S. Holder’s receipt of the payment, the spot exchange rate on the date of receipt. Any such election must be applied to all debt instruments held by the U.S. Holder and is irrevocable without the consent of the IRS.

Accrual basis U.S. Holders of Class X Notes, Class A Notes or Class B Notes also will recognise foreign currency exchange gain or loss on the receipt of interest payments on their Class X Notes, Class A Notes or Class B Notes to the extent that the U.S. dollar value of such payments (based on the euro-to-U.S. dollar spot exchange rate on the date such payments are received) differs from the U.S. dollar value of such payments when they were accrued. The foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

*Original Issue Discount.* In addition, if the discount at which a substantial amount of the Class X Notes, the Class A Notes or the Class B Notes is first sold to investors is at least 0.25 per cent. of the principal amount of the Class, multiplied by the number of complete years to the weighted average maturity of the Class, then the Issuer will treat the Class as issued with original issue discount (“**OID**”) for U.S. federal income tax purposes. The total amount of OID with respect to a Note within the Class will equal the excess of the principal amount of the Note over its issue price (the price at which a substantial amount of Notes within the Class was first sold to investors). U.S. Holders of Notes that are issued with OID will be required to include the U.S. dollar value of OID in advance of the receipt of cash attributable to such income. In general, U.S. Holders of the Class X Notes, Class A Notes or Class B Notes will calculate the U.S. dollar value of OID based on the average euro-to-U.S. dollar spot exchange rate during the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the average euro-to-U.S. dollar spot exchange rate for the partial period within the U.S. Holder’s taxable year). Alternatively, a U.S. Holder of the Class X Notes, Class A Notes or Class B Notes can

elect to calculate the U.S. dollar value of OID based on the euro-to U.S. dollar spot exchange rate on the last day of the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the euro-to-U.S. dollar spot exchange rate on the last day of the U.S. Holder's taxable year) or, if the last day of the Accrual Period is within five business days of the U.S. Holder's receipt of the payment of accrued OID, the spot exchange rate on the date of receipt. Any such election must be applied to all debt instruments held by the U.S. Holder and is irrevocable without the consent of the IRS.

If the Class X Notes, the Class A Notes or the Class B Notes are issued with OID, a U.S. Holder generally will be required to include OID in income as it accrues (regardless of the U.S. Holder's method of accounting). Accruals of any such OID generally will be made using a constant yield method, based on the weighted average life of the applicable Class rather than its stated maturity, possibly with periodic adjustments to reflect the difference between (x) the prepayment assumption under which the weighted average life was calculated and (y) actual prepayments on the Collateral Debt Obligations. It is possible, however, that the IRS could assert and a court could ultimately hold that some other method of accruing OID should apply. Moreover, a U.S. Holder that uses the accrual method of accounting generally will be required to include OID in ordinary income no later than the taxable year in which the U.S. Holder takes the OID into account as revenue in an "applicable financial statement", even if the U.S. Holder would otherwise have included the OID in income during a later year under the constant yield method.

U.S. Holders of Class X Notes, Class A Notes or Class B Notes that are issued with OID also will recognise foreign currency exchange gain or loss on the receipt of interest payments on their Class X Notes, Class A Notes or Class B Notes to the extent that the U.S. dollar value of such payments (based on the euro-to-U.S. dollar spot exchange rate on the date such payments are received) differs from the U.S. dollar value of the corresponding amounts of OID when they were accrued. The foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

*Sale, Exchange, or Retirement.* In general, a U.S. Holder will have a basis in its Note equal to the U.S. dollar value of the cost of such Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired, or the settlement date for the purchase of the Note if the Note is treated under applicable U.S. Treasury Regulations as a security traded on an established securities market and the U.S. Holder either uses the cash method of accounting, or uses the accrual method of accounting and so elects (which election must be applied consistently from year to year)), (i) increased by the U.S. dollar value of any amount includable in income as OID (as described above), and (ii) reduced by the U.S. dollar value of payments of principal on such Note (based, in the case of a Class X Note, Class A Note or a Class B Note, on the euro-to-U.S. dollar spot exchange rate on the date any such payments were received).

A U.S. Holder will generally recognise foreign currency exchange gain or loss on the receipt of any principal payments on a Class X Note, Class A Note or Class B Note prior to a sale, exchange, or retirement of such Note to the extent that the U.S. dollar value of each such principal payment (based on the euro-to-U.S. dollar spot exchange rate on the date any such payment was received) differs from the U.S. dollar value of the equivalent principal amount of the Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired). Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

Upon a sale, exchange, or retirement of a Class X Note, Class A Note or Class B Note, a U.S. Holder will generally recognise gain or loss equal to the difference between the U.S. dollar value of the amount realised on the sale, exchange, or retirement (less any accrued and unpaid interest, which will be taxable as described above) and the holder's tax basis in such Note. The U.S. dollar value of the amount realised generally is based on the euro-to-U.S. dollar spot exchange rate on the date of the disposition. However, if the Notes are treated under applicable U.S. Treasury Regulations as stock or securities traded on an established securities market and the U.S. Holder uses the cash method of accounting, then the U.S. dollar value of the amount realised is based instead on the euro-to-U.S. dollar spot exchange rate on the settlement date for the disposition. U.S. Holders that use the accrual method of accounting also may elect to use the settlement date valuation, **provided** that they apply it consistently from year to year. Any such gain or loss will be foreign currency exchange gain or loss to the extent that the U.S. dollar value of the principal amount of the Note on the date of the sale, exchange, or retirement (based on the euro-to-U.S. dollar spot exchange rate on such date) differs from the U.S. dollar value of the equivalent principal amount of the Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired). Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss. Any gain or loss in excess of foreign currency exchange gain or loss will be capital gain or loss, and generally will be treated as long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to

preferential tax rates for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

*Class C Notes, Class D Notes, Class E Notes, and Class F Notes*

*Original Issue Discount.* The Issuer will treat the Class C Notes, Class D Notes, Class E Notes, and Class F Notes as issued with OID for U.S. federal income tax purposes. The total amount of OID with respect to a Class C Note, Class D Note, Class E Note or Class F Note will equal the sum of all payments to be received under such Note less its issue price (the price at which a substantial amount of Notes within the applicable Class was first sold to investors). U.S. Holders of the Class C Notes, Class D Notes, Class E Notes, or Class F Notes will be required to include the U.S. dollar value of OID in advance of the receipt of cash attributable to such income. In general, U.S. Holders will calculate the U.S. dollar value of OID based on the average euro-to-U.S. dollar spot exchange rate during the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the average euro-to-U.S. dollar spot exchange rate for the partial period within the U.S. Holder's taxable year). Alternatively, a U.S. Holder can elect to calculate the U.S. dollar value of OID based on the euro-to-U.S. dollar spot exchange rate on the last day of the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the euro-to-U.S. dollar spot exchange rate on the last day of the U.S. Holder's taxable year) or, if the last day of the Accrual Period is within five business days of the U.S. Holder's receipt of the payment of accrued OID, the euro-to-U.S. dollar spot exchange rate on the date of receipt. Any such election must be applied to all debt instruments held by the U.S. Holder and is irrevocable without the consent of the IRS.

A U.S. Holder of Class C Notes, Class D Notes, Class E Notes or Class F Notes generally will be required to include OID in income as it accrues (regardless of the U.S. Holder's method of accounting). Accruals of any such OID generally will be made using a constant yield method, based on the weighted average life of the applicable Class rather than its stated maturity, possibly with periodic adjustments to reflect the difference between (x) the prepayment assumption under which the weighted average life was calculated and (y) actual prepayments on the Collateral Debt Obligations. Accruals of OID on the Class C Notes, Class D Notes, Class E Notes, and Class F Notes will be calculated by assuming that interest will be paid over the life of the applicable Class based on the value of EURIBOR used in setting the interest rate for the first Accrual Period, and then adjusting the accrual for each subsequent Accrual Period based on the difference between the value of EURIBOR used in setting interest for that subsequent Accrual Period and the assumed rate. It is possible, however, that the IRS could assert, and a court could ultimately hold, that some other method of accruing OID on the Class C Notes, Class D Notes, Class E Notes or Class F Notes should apply. Moreover, a U.S. Holder that uses the accrual method of accounting generally will be required to include OID in ordinary income no later than the taxable year in which the U.S. Holder takes the OID into account as revenue in an "applicable financial statement", even if the U.S. Holder would otherwise have included the OID in income during a later year under the constant yield method.

U.S. Holders of Class C Notes, Class D Notes, Class E Notes or Class F Notes also will recognise foreign currency exchange gain or loss on the receipt of interest payments on their Notes to the extent that the U.S. dollar value of such payments (based on the euro-to-U.S. dollar spot exchange rate on the date such payments are received) differs from the U.S. dollar value of the corresponding amounts of OID when they were accrued. The foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

*Sale, Exchange, or Retirement.* In general, a U.S. Holder of a Class C Note, Class D Note, Class E Note or Class F Note will have a basis in such Note equal to the U.S. dollar value of the cost of such Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired, or the settlement date for the purchase of the Note if the Note is treated under applicable U.S. Treasury Regulations as a security traded on an established securities market and the U.S. Holder either uses the cash method of accounting, or uses the accrual method of accounting and so elects (which election must be applied consistently from year to year)), (i) increased by any amount includable in income by such U.S. Holder as OID (as described above), and (ii) reduced by the U.S. dollar value of any payments received on such Note (based on the euro-to-U.S. dollar spot exchange rate on the date any such payments were received). A U.S. Holder will generally recognise foreign currency exchange gain or loss on the receipt of any principal payments on a Class C Note, Class D Note, Class E Note or Class F Note prior to a sale, exchange, or retirement of such Note to the extent that the U.S. dollar value of each such principal payment (based on the euro-to-U.S. dollar spot exchange rate on the date any such payment was received) differs from the U.S. dollar value of the equivalent principal amount of the Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired). Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

Upon a sale, exchange, or retirement of a Class C Note, Class D Note, Class E Note or Class F Note, a U.S. Holder will generally recognise gain or loss equal to the difference between the U.S. dollar value of the amount realised on the sale, exchange, or retirement and the holder's tax basis in such Note. Any such gain or loss will be foreign currency exchange gain or loss to the extent that the U.S. dollar value of the principal amount of the Note on the date of the sale, exchange, or retirement (based on the euro-to-U.S. dollar spot exchange rate on such date) differs from the U.S. dollar value of the equivalent principal amount of the Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired). The U.S. dollar value of the amount realised generally is based on the euro-to-U.S. dollar spot exchange rate on the date of the disposition. However, if the Notes are treated under applicable U.S. Treasury Regulations as stock or securities traded on an established securities market and the U.S. Holder uses the cash method of accounting, then the U.S. dollar value of the amount realised is based instead on the euro-to-U.S. dollar spot exchange rate on the settlement date for the disposition. U.S. Holders that use the accrual method of accounting also may elect to use the settlement date valuation, **provided** that they apply it consistently from year to year. Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss. Any gain or loss in excess of foreign currency exchange gain or loss will be capital gain or loss, and generally will be treated as long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential tax rates for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

#### *Base Rate Amendment.*

The Issuer intends to treat the use of an Alternative Base Rate as a "modification" of the Floating Rate Notes within such Class for U.S. federal income tax purposes (a "**Base Rate Amendment**"). If the Base Rate Amendment is treated as a "significant modification" for U.S. federal income tax purposes (which would generally include a Base Rate Amendment that changes the yield on the Class by more than the greater of (x) 0.25 per cent. or (y) 5 per cent. of the annual yield of the Class prior to the Base Rate Amendment), then, unless the Base Rate Amendment is treated as a tax-free "recapitalization" for U.S. federal income tax purposes or another exception exists at the time of the Base Rate Amendment, the Base Rate Amendment could cause a U.S. Holder that holds Floating Rate Notes that are subject to the Base Rate Amendment to recognize gain for U.S. federal income tax purposes equal to the difference, if any, between (A)(i) the fair market value of the modified Notes (if the Class is treated as publicly traded) or their principal amount (if the Class is not treated as publicly traded) less (ii) any accrued and unpaid interest (which will be taxable as such), and (B) the U.S. Holder's tax basis in the Notes. Any gain will be long-term capital gain if the applicable Notes were treated as held for more than one year at the time of the Base Rate Amendment, or otherwise short-term capital gain. The tax on any such gain may exceed the after-tax distributions on the modified Notes during the taxable year in which the Base Rate Amendment occurs, in which case the U.S. Holder would be required to fund its tax liability in respect of the gain from other sources. In the event that a Base Rate Amendment is treated as a taxable exchange for U.S. federal income tax purposes, it is possible that a U.S. Holder's holding period in respect of the modified Notes will begin on the day following the modification. U.S. Holders may not be permitted to recognize loss upon a Base Rate Amendment. Finally, a Base Rate Amendment could create or change the amount of any OID that U.S. Holders are required to include with respect to their Floating Rate Notes. U.S. Holders should consult their tax advisors regarding the tax consequences of a Base Rate Amendment.

#### *Alternative Characterisation of the Rated Notes as Contingent Payment Debt Instruments*

It is possible that the Rated Notes could be treated as "contingent payment debt instruments" for U.S. federal income tax purposes. In this event, the timing of a U.S. Holder's OID inclusions could differ from that described above and any gain recognised on the sale, exchange, or retirement of such Notes would be treated as ordinary income and not as capital gain.

#### *Receipt of Euro*

U.S. Holders will have a tax basis in any euro received in respect of the Notes on a sale, redemption, or other disposition of the Notes equal to the U.S. dollar value of the euro on that date. Any gain or loss recognised on a sale, exchange, or other disposition of those euro generally will be ordinary income or loss. A U.S. Holder that converts the euro into U.S. dollars on the date of receipt generally should not recognise ordinary income or loss in respect of the conversion.

### *Possible Treatment of Class E Notes and Class F Notes as Equity for U.S. Federal Tax Purposes*

As described above under “—U.S. Federal Tax Treatment of the Notes,” the Issuer intends to treat the Class E Notes and Class F Notes as indebtedness for U.S. federal, state, and local income and franchise tax purposes, and the Trust Deed requires Noteholders to treat the Class E Notes and Class F Notes as indebtedness for U.S. federal, state and local income and franchise tax purposes. Nevertheless, the IRS could assert, and a court could ultimately hold, that any Class of Rates Notes, particularly the Class E Notes and Class F Notes are equity in the Issuer for U.S. federal income tax purposes.

If the Class E Notes or Class F Notes are treated as equity in the Issuer, because the Issuer will be a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes, gain on the sale of the Class E Notes or Class F Notes could be treated as ordinary income and subject to an additional tax in the nature of interest, and certain interest on such Notes could be subject to the additional tax. A U.S. Holder of such Notes might be able to avoid the ordinary income treatment and additional tax by making a valid “protective” election to treat the Issuer as a “qualified electing fund” (a “QEF”) and so electing at the appropriate time. Such a U.S. Holder also will be required to file an annual PFIC report. The Issuer will provide (to the extent that such information is reasonably available to it), upon request and at the Holder’s expense, all information and documentation that a U.S. Holder of Class E Notes or Class F Notes making a “protective” QEF election with respect to the Issuer is required to obtain for U.S. federal income tax purposes.

Alternatively, if the Class E Notes or Class F Notes are treated as equity in the Issuer, the Issuer is a controlled foreign corporation (“CFC”), and a U.S. Holder of such Notes also is treated as a 10 per cent. United States shareholder with respect to the Issuer, then the U.S. Holder generally would be subject to the rules discussed below under “—U.S. Federal Tax Treatment of U.S. Holders of Subordinated Notes—Investment in a Controlled Foreign Corporation” with respect to its Class E Notes and Class F Notes. If the Issuer holds a Collateral Debt Obligation that is treated as equity in a foreign corporation for U.S. federal income tax purposes, and if the Class E Notes or Class F Notes are treated as equity in the Issuer, U.S. Holders of Class E Notes or Class F Notes could be treated as owning an indirect equity interest in a PFIC or a CFC and could be subject to certain adverse tax consequences. In particular, a U.S. Holder of an indirect equity interest in a PFIC is treated as owning the PFIC directly. The U.S. Holder, and not the Issuer, would be required to make a QEF election with respect to each indirect interest in a PFIC. However, certain PFIC information statements are necessary for U.S. Holders that have made QEF elections, and there can be no assurance that the Issuer can obtain such statements from a PFIC. Thus, there can be no assurance that a U.S. Holder will be able to make the election with respect to any indirectly held PFIC.

In addition, if the Class E Notes or Class F Notes represent equity in the Issuer for U.S. federal income tax purposes, a U.S. Holder of such Notes would be required to file an IRS Form 926 with the IRS if (i) such person is treated as owning, directly or by attribution, immediately after the U.S. Holder’s purchase of Notes, at least 10% by vote or value of the Issuer or (ii) the amount of cash transferred by such person (or any related person) to the Issuer during the 12-month period ending on the date of such purchase exceeds \$100,000. U.S. Holders may wish to file a “protective” IRS Form 926 with respect to their Class E Notes and Class F Notes.

Finally, if the Class E Notes or Class F Notes represent equity in the Issuer for U.S. federal income tax purposes, a U.S. Holder of such Notes will be required to file an IRS Form 5471 with the IRS if the U.S. Holder is treated as owning (actually or constructively) at least 10 per cent. by vote or value of the equity of the Issuer for U.S. federal income tax purposes, and may be required to provide additional information regarding the Issuer annually on IRS Form 5471 if the U.S. Holder is treated as owning (actually or constructively) more than 50 per cent. by value of the equity of the Issuer for U.S. federal income tax purposes. U.S. Holders may wish to file a “protective” IRS Form 5471 with respect to their Class E Notes and Class F Notes.

U.S. Holders that fail to comply with these reporting requirements may be subject to adverse tax consequences, including a “tolling” of the statute of limitations with respect to their U.S. tax returns. Prospective U.S. Holders of Class E Notes or Class F Notes should consult with their tax advisers regarding whether to make protective filings of IRS Forms 8621, 926 and 5471 with respect to such Notes and the consequences to them if the Class E Notes or Class F Notes are treated as equity in the Issuer.

### **U.S. Federal Tax Treatment of U.S. Holders of Subordinated Notes**

*Investment in a Passive Foreign Investment Company.* The Issuer will be a PFIC for U.S. federal income tax purposes, and U.S. Holders of Subordinated Notes will be subject to the PFIC rules, except for certain U.S. Holders that are subject to the rules relating to a CFC (as described below under “—Investment in a Controlled

*Foreign Corporation*”). U.S. Holders of Subordinated Notes should consider making an election to treat the Issuer as a QEF. Generally, a U.S. Holder makes a QEF election on IRS Form 8621, attaching a copy of that form to its U.S. federal income tax return for the first taxable year for which it held its Subordinated Notes. If a U.S. Holder makes a timely QEF election with respect to the Issuer, the electing U.S. Holder will be required in each taxable year to include in gross income (i) as ordinary income, the U.S. dollar value of the U.S. Holder’s *pro rata* share of the Issuer’s ordinary earnings and (ii) as long-term capital gain, the U.S. dollar value of the U.S. Holder’s *pro rata* share of the Issuer’s net capital gain, whether or not distributed. Under Section 1293 of the Code, a U.S. Holder’s *pro rata* share of the Issuer’s ordinary income and net capital gain is the amount which would have been distributed to such Holders if, on each day during the taxable year of the Issuer, the Issuer had distributed to each Holder of Subordinated Notes a *pro rata* share of that day’s ratable share of the Issuer’s ordinary earnings and net capital gain for such year. Because there is more than one class of Subordinated Notes, a U.S. Holder’s *pro rata* share of the Issuer’s ordinary earnings and net capital gain may exceed the amounts payable to the U.S. Holder on the Subordinated Notes during one or more taxable years. A U.S. Holder will not be eligible for the dividends received deduction in respect of such income or gain. In addition, any losses of the Issuer in a taxable year will not be available to the U.S. Holder and may not be carried back or forward in computing the Issuer’s ordinary earnings and net capital gain in other taxable years. If applicable, the rules relating to a CFC, discussed below generally override those relating to a PFIC with respect to which a QEF election is in effect.

In certain cases in which a QEF does not distribute all of its earnings in a taxable year, the electing U.S. Holder may also be permitted to elect to defer payment of some or all of the taxes on the QEF’s income, subject to an interest charge (which is nondeductible to individuals) on the deferred amount. In this regard, prospective purchasers of Subordinated Notes should be aware that it is expected that the Collateral Debt Obligations will include high-yield debt obligations and such instruments may have substantial OID, the cash payment of which may be deferred, perhaps for a substantial period of time. In addition, the Issuer may use proceeds from the sale of Collateral Debt Obligations to retire other classes of Notes. As a result, in any given year, the Issuer may have substantial amounts of earnings for U.S. federal income tax purposes that are not distributed on the Subordinated Notes. Thus, absent an election to defer payment of taxes, U.S. Holders that make a QEF election with respect to the Issuer may owe tax on significant “phantom” income.

The Issuer will provide, upon request and at the Issuer’s expense, all information and documentation that a U.S. Holder of Subordinated Notes making a QEF election with respect to the Issuer is required to obtain for U.S. federal income tax purposes.

A U.S. Holder of Subordinated Notes (other than certain U.S. Holders that are subject to the rules relating to a CFC, described below) that does not make a timely QEF election will be required to report the U.S. dollar value of any gain on the disposition of its Subordinated Notes as ordinary income, rather than capital gain, and to compute the tax liability on such gain and any “Excess Distribution” (as defined below) received in respect of the Subordinated Notes as if such items had been earned ratably over each day in the U.S. Holder’s holding period (or a certain portion thereof) for the Subordinated Notes. The U.S. Holder will be subject to tax on such gain or Excess Distributions at the highest ordinary income tax rate for each taxable year in which such gain or Excess Distributions are treated as having been earned, other than the current year (for which the U.S. Holder’s regular ordinary income tax rate will apply), regardless of the rate otherwise applicable to the U.S. Holder. Further, such U.S. Holder will also be liable for an interest charge (which is nondeductible to individuals) as if such income tax liabilities had been due with respect to each such year. For purposes of these rules, gifts, exchanges pursuant to corporate reorganisations and use of the Subordinated Notes as security for a loan may be treated as taxable dispositions of such Subordinated Notes. In addition, a stepped-up basis in the Subordinated Notes will not be available upon the death of an individual U.S. Holder who has not made a timely QEF election with respect to the Issuer.

Where a QEF election is not timely made by a U.S. Holder for the year in which it acquired its Subordinated Notes, but is made for a later year, the Excess Distribution rules can be avoided for such later year and subsequent years by making an election to recognise gain from a deemed sale of such Notes at the time when the QEF election becomes effective.

An “**Excess Distribution**” is the amount by which the U.S. dollar value of distributions during a taxable year in respect of a Note exceeds 125 per cent. of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter, the U.S. Holder’s holding period for the Note).

In many cases, the U.S. federal income tax on any gain on disposition or receipt of Excess Distributions is likely to be substantially greater than the tax if a timely QEF election is made. A U.S. HOLDER OF



**SUBORDINATED NOTES SHOULD STRONGLY CONSIDER MAKING A QEF ELECTION WITH RESPECT TO THE ISSUER.**

*Investment in a Controlled Foreign Corporation.* The Issuer will be a CFC if more than 50 per cent. of the equity interests in the Issuer, measured by reference to combined voting power or value, are owned directly, indirectly, or constructively by 10 per cent. United States shareholders. For this purpose, a “**10 per cent. United States shareholder**” is any United States person that possesses directly, indirectly, or constructively 10 per cent. or more of the combined voting power or value of all classes of equity in the Issuer. Thus, a U.S. Holder of Subordinated Notes possessing directly, indirectly, or constructively 10 per cent. or more of the aggregate outstanding principal amount of the Subordinated Notes (and any Rated Notes that are treated as equity in the Issuer for U.S. federal income tax purposes) would be treated as a 10 per cent. United States shareholder. If more than 50 per cent. of the Subordinated Notes (and any Rated Notes that are treated as equity in the Issuer for U.S. federal income tax purposes), determined with respect to aggregate value or aggregate outstanding principal amount, are owned directly, indirectly, or constructively by such 10 per cent. United States shareholders, the Issuer will be treated as a CFC. Due to the application of certain constructive ownership rules (among other factors), it is possible that the Issuer may not have access to sufficient information to determine whether it is a CFC for any taxable year.

If, for any given taxable year, the Issuer is treated as a CFC for any period during the taxable year, a 10 per cent. United States shareholder of the Issuer will be required to include as ordinary income an amount equal to the U.S. dollar value of that person’s *pro rata* share of the Issuer’s “subpart F income” at the end of such taxable year. Among other items, and subject to certain exceptions, “subpart F income” includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. It is likely that, if the Issuer were a CFC, all of its income would be subpart F income. In general, for purposes of determining a 10 per cent. United States shareholder’s *pro rata* share of the Issuer’s subpart F income, the amount of the Issuer’s subpart F income attributable to each class of Subordinated Notes will be the amount that bears the same ratio to the Issuer’s total subpart F income as (1) the earnings and profits that would be distributed with respect to that class if all of the Issuer’s earnings and profits were distributed on the last day of the Issuer’s taxable year on which the Issuer is a CFC bear to (2) the Issuer’s total earnings and profits for that taxable year.

If the Issuer is treated as a CFC for any period during the taxable year and a U.S. Holder is treated as a 10 per cent. United States shareholder of the Issuer, the Issuer will not be treated as a PFIC with respect to the U.S. Holder for the period during which the Issuer remains a CFC and the U.S. Holder remains a 10 per cent. United States shareholder of the Issuer (the “qualified portion” of the U.S. Holder’s holding period for the Subordinated Notes). As a result, to the extent the Issuer’s subpart F income includes net capital gains, such gains will be treated as ordinary income to the 10 per cent. United States shareholder under the CFC rules, notwithstanding the fact that the character of such gains generally would otherwise be preserved under the QEF rules. If the qualified portion of the U.S. Holder’s holding period for the Subordinated Notes subsequently ceases (either because the Issuer ceases to be a CFC or the U.S. Holder ceases to be a 10 per cent. United States shareholder), then solely for purposes of the PFIC rules, the U.S. Holder’s holding period for the Subordinated Notes will be treated as beginning on the first day following the end of such qualified portion, unless the U.S. Holder has owned any Subordinated Notes for any period of time prior to such qualified portion and has not made a QEF election with respect to the Issuer. In that case, the Issuer will again be treated as a PFIC which is not a QEF with respect to the U.S. Holder and the beginning of the U.S. Holder’s holding period for the Subordinated Notes will continue to be the date upon which the U.S. Holder acquired the Subordinated Notes, unless the U.S. Holder makes an election to recognise gain with respect to the Subordinated Notes and a QEF election with respect to the Issuer. In the event that the Issuer is a CFC, then, at the request and expense of any U.S. Holder that is a 10 per cent. United States shareholder with respect to the Issuer, the Issuer will provide the information necessary for the U.S. Holder to comply with any filing requirements that arise as a result of the Issuer’s classification as a CFC.

*Indirect Interests in PFICs and CFCs.* If the Issuer owns a Collateral Debt Obligation that is treated as equity in a foreign corporation for U.S. federal income tax purposes, U.S. Holders of Subordinated Notes could be treated as owning an indirect equity interest in a PFIC or a CFC and could be subject to certain adverse tax consequences.

In particular, a U.S. Holder of an indirect equity interest in a PFIC is treated as owning the PFIC directly. The U.S. Holder, and not the Issuer, would be required to make a QEF election with respect to each indirect interest in a PFIC. However, certain PFIC information statements are necessary for U.S. Holders that have made QEF elections, and there can be no assurance that the Issuer can obtain such statements from a PFIC, and thus there

can be no assurance that a U.S. Holder will be able to make the election with respect to any indirectly held PFIC.

Accordingly, if the U.S. Holder has not made a QEF election with respect to the indirectly held PFIC, the U.S. Holder would be subject to the adverse consequences described above under “Investment in a Passive Foreign Investment Company” with respect to any Excess Distributions of such indirectly held PFIC, any gain indirectly realised by such U.S. Holder on the sale by the Issuer of such PFIC, and any gain indirectly realised by such U.S. Holder with respect to the indirectly held PFIC on the sale by the U.S. Holder of its Subordinated Notes (which may arise even if the U.S. Holder realises a loss on such sale). Moreover, if the U.S. Holder has made a QEF election with respect to the indirectly held PFIC, the U.S. Holder will be required to include in income the U.S. dollar value of its *pro rata* share of the indirectly held PFIC’s ordinary earnings and net capital gain as if the indirectly held PFIC were held directly (as described above), and the U.S. Holder will not be permitted to use any losses or other expenses of the Issuer to offset such ordinary earnings and/or net capital gains. Accordingly, if any of the Collateral Debt Obligations are treated as equity interests in a PFIC, U.S. Holders could experience significant amounts of “phantom” income with respect to such interests.

If a Collateral Debt Obligation is treated as an indirect equity interest in a CFC and a U.S. Holder owns directly, indirectly, or constructively 10 per cent. or more of the CFC’s voting power or value for U.S. federal income tax purposes, the U.S. Holder generally will be required to include the U.S. dollar value of its *pro rata* share of the CFC’s “subpart F income” as ordinary income at the end of each taxable year, as described above under “Investment in a Controlled Foreign Corporation”, regardless of whether the CFC distributed any amounts to the Issuer during such taxable year or whether the U.S. Holder made a QEF election with respect to the indirectly held CFC. In addition, the U.S. dollar value of gain realised by the U.S. Holder on the sale by the Issuer of the CFC, and the U.S. dollar value of gain realised by the U.S. Holder on the sale by the U.S. Holder of its Subordinated Notes (as described below), generally will be treated as ordinary income to the extent of the U.S. Holder’s *pro rata* share of the CFC’s current and accumulated earnings and profits, reduced by any amounts previously taxed pursuant to the CFC rules. U.S. Holders should consult their own tax advisers regarding the tax issues associated with such investments in light of their own individual circumstances.

*Phantom Income.* U.S. Holders may be subject to U.S. federal income tax on the amounts that exceed the distributions they receive on the Subordinated Notes. For example, if the Issuer is a CFC and a U.S. Holder is a 10 per cent. United States shareholder with respect to the Issuer, or a U.S. Holder makes a QEF election with respect to the Issuer, the U.S. Holder will be subject to federal income tax with respect to its share of the Issuer’s income and gain (to the extent of the Issuer’s “earnings and profits”), which may exceed the Issuer’s distributions. It is expected that the Issuer’s income and gain (and earnings and profits) will exceed cash distributions with respect to (i) debt instruments that were issued with OID and are held by the Issuer, and (ii) the acquisition at a discount of the Rated Notes by the Issuer (including by reason of a Refinancing or any deemed exchange that occurs for U.S. federal income tax purposes as a result of a modification of the Trust Deed). U.S. Holders should consult their tax advisers regarding the timing of income and gain on the Subordinated Notes.

*Distributions.* The treatment of actual distributions of cash on the Subordinated Notes will vary depending on whether the U.S. Holder of such Subordinated Notes has made a timely QEF election (as described above). See “—Investment in a Passive Foreign Investment Company.” If a timely QEF election has been made, distributions should be allocated first to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) and to this extent will not be taxable to such U.S. Holder. Distributions in excess of such previously taxed amounts will be treated first as a nontaxable return of capital, to the extent of the U.S. Holder’s adjusted tax basis in the Subordinated Notes (as described below under “—Sale, Redemption, or Other Disposition”), and then as a disposition of a portion of the Subordinated Notes. In addition, a U.S. Holder will recognise exchange gain or loss with respect to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) equal to the difference, if any, between the U.S. dollar value of the distribution on the date received and the U.S. dollar value of the previously taxed amount. Any exchange gain or loss will generally be treated as ordinary income or loss.

If a U.S. Holder has not made a timely QEF election with respect to the Issuer then, except to the extent that distributions are attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the Subordinated Notes may constitute Excess Distributions, taxable as described above under the heading “Investment in a Passive Foreign Investment Company.” Distributions that do not constitute Excess Distributions will be taxable to U.S. Holders as ordinary income upon receipt to the extent of untaxed current and accumulated earnings and profits of the Issuer. Distributions that do not constitute Excess Distributions and are in excess of untaxed current and accumulated earnings and profits of the Issuer will be

treated first as a nontaxable return of capital, to the extent of a U.S. Holder's adjusted tax basis in the Subordinated Notes, and then as a disposition of a portion of the Subordinated Notes and subject to an additional tax reflecting a deemed interest charge, as described below under "*Sale, Redemption, or Other Disposition*".

Distributions on the Subordinated Notes will not be eligible for the dividends received deduction, and will not qualify as "qualified dividend income."

*Sale, Redemption, or Other Disposition.* In general, a U.S. Holder of Subordinated Notes will recognise gain or loss upon the sale, redemption, or other disposition of the Subordinated Notes (including a distribution that is treated as a disposition of the Subordinated Notes, as described above under "*Distributions*") equal to the difference between the U.S. dollar value of the amount realised and the U.S. Holder's adjusted tax basis in the Subordinated Notes. The U.S. dollar value of the amount realised generally is based on the euro-to-U.S. dollar spot exchange rate on the date of the disposition. However, if the Subordinated Notes are treated under applicable U.S. Treasury Regulations as stock or securities traded on an established securities market and the U.S. Holder uses the cash method of accounting, then the U.S. dollar value of the amount realised is based instead on the euro-to-U.S. dollar spot exchange rate on the settlement date for the disposition. U.S. Holders that use the accrual method of accounting also may elect to use the settlement date valuation, **provided** that they apply it consistently from year to year.

A U.S. Holder's tax basis in its Subordinated Notes initially will equal the U.S. dollar value of the amount paid by the U.S. Holder for the Subordinated Notes, determined under rules analogous to the rules for determining the U.S. dollar value of the amount realised. The U.S. Holder's tax basis in the Subordinated Notes will be increased by amounts taxable to the U.S. Holder by reason of any QEF election, or by reason of the CFC rules, as applicable, and decreased by the U.S. dollar value of actual distributions by the Issuer that are deemed to consist of such previously taxed amounts or are treated as a nontaxable return of capital, as described above under "*Distributions*".

If the U.S. Holder has made a timely QEF election with respect to the Issuer, then, except to the extent that the Issuer is treated as a CFC and the U.S. Holder is treated as a 10 per cent. United States shareholder of the Issuer, gain or loss upon the sale, redemption, or other disposition of the Subordinated Notes generally will be treated as foreign currency exchange gain or loss, and taxable as ordinary income or loss, to the extent of the positive or negative change in the U.S. dollar value of any amounts previously taxed pursuant to the QEF election from the date of each deemed distribution pursuant to the election (based on the euro-to-U.S. dollar spot exchange rate on that date) to the date of the disposition. Any gain or loss in excess of foreign currency exchange gain or loss will be capital gain or loss, and generally will be long-term capital gain or loss if the U.S. Holder has held the Subordinated Notes for more than one year at the time of the disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential tax rates for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

If a U.S. Holder does not make a timely QEF election with respect to the Issuer as described above and is not subject to the CFC rules, any gain realised on the sale, redemption, or other disposition of a Subordinated Note (or any gain deemed to accrue prior to the time a non-timely QEF election is made) will be taxed as ordinary income and subject to an additional tax reflecting a deemed interest charge under the special tax rules described above. See "*Investment in a Passive Foreign Investment Company*."

If the Issuer is treated as a CFC and a U.S. Holder is treated as a 10 per cent. United States shareholder of the Issuer, then any gain or loss realised by the U.S. Holder upon a sale, redemption, or other disposition of the Subordinated Notes, other than gain or loss subject to the PFIC rules, if applicable, generally will be treated as foreign currency exchange gain or loss, and taxable as ordinary income or loss, to the extent of the positive or negative change in the U.S. dollar value of any amounts previously taxed pursuant to the CFC rules from the date of each deemed distribution pursuant to the CFC rules (based on the euro-to-U.S. dollar spot exchange rate on that date) to the date of the disposition. Any gain in excess of foreign currency exchange gain will be treated as ordinary income to the extent of the U.S. dollar value of the U.S. Holder's *pro rata* share of the Issuer's previously untaxed earnings and profits.

In addition, as described above under "*Indirect Interests in PFICs and CFCs*," the U.S. dollar value of any gain attributable to interests in PFICs or CFCs owned by the Issuer may be treated as ordinary income to a U.S. Holder upon the sale, redemption, or other disposition of the U.S. Holder's Subordinated Notes.

*Receipt of Euro.* U.S. Holders will have a tax basis in any euro received in respect of the Notes on a sale, redemption, or other disposition of the Notes equal to the U.S. dollar value of the euro on that date. Any gain or

loss recognised on a sale, exchange, or other disposition of those euro generally will be ordinary income or loss. A U.S. Holder that converts the euro into U.S. dollars on the date of receipt generally should not recognise ordinary income or loss in respect of the conversion.

*Transfer and Information Reporting Requirements.* A U.S. Holder that purchases the Subordinated Notes will be required to file an IRS Form 926 with the IRS if (i) such person is treated as owning, directly or by attribution, immediately after the U.S. Holder's purchase of Notes, at least 10 per cent. by vote or value of the Issuer or (ii) the amount of cash transferred by such person (or any related person) to the Issuer during the 12-month period ending on the date of such transfer exceeds \$100,000.

A U.S. Holder that is treated as owning (actually or constructively) at least 10 per cent. by vote or value of the equity of the Issuer for U.S. federal income tax purposes will be required to file an information return on IRS Form 5471, and may be required to provide additional information regarding the Issuer annually on IRS Form 5471 if it is treated as owning (actually or constructively) more than 50 per cent. by vote or value of the equity of the Issuer for U.S. federal income tax purposes.

In addition, U.S. Holders of Subordinated Notes generally will be required to file an annual PFIC report.

U.S. Holders that fail to comply with these reporting requirements may be subject to adverse tax consequences, including a "tolling" of the statute of limitations with respect to their U.S. tax returns. U.S. Holders should consult their tax advisers with respect to these or any other reporting requirements that may apply with respect to their acquisition or ownership of the Subordinated Notes.

### **Specified Foreign Financial Asset Reporting**

Certain U.S. Holders may be subject to reporting obligations with respect to their Notes if they do not hold their Notes in an account maintained by a financial institution and the aggregate value of their Notes and certain other "specified foreign financial assets" (applying certain attribution rules) exceeds \$50,000. Significant penalties can apply if a U.S. Holder is required to disclose its Notes and fails to do so.

### **3.8 per cent. Tax on "Net Investment Income"**

U.S. Holders that are individuals or estates and certain trusts are subject to an additional 3.8 per cent. tax on all or a portion of their "net investment income," or "undistributed net investment income" in the case of an estate or trust, which may include any income or gain with respect to the Notes, to the extent of their net investment income or undistributed net investment income (as the case may be) that, when added to their other modified adjusted gross income, exceeds \$200,000 for an unmarried individual, \$250,000 for a married taxpayer filing a joint return (or a surviving spouse), \$125,000 for a married individual filing a separate return, or the dollar amount at which the highest tax bracket begins for an estate or trust. The 3.8 per cent. tax on net investment income is determined in a different manner than the regular income tax and special rules apply with respect to the PFIC and CFC rules described above. U.S. Holders should consult their advisers with respect to the 3.8 per cent. tax on net investment income.

### **FBAR Reporting**

A U.S. Holder of Subordinated Notes (or any Class of Notes that are treated as equity in the Issuer for U.S. federal income tax purposes) may be required to file FinCEN Form 114 with respect to foreign financial accounts in which the Issuer has a financial interest if the U.S. Holder holds more than 50 per cent. of the aggregate outstanding principal amount of such Notes or is otherwise treated as owning more than 50 per cent. of the total value or voting power of the Issuer's outstanding equity.

### **Reportable Transactions**

A participant in a "reportable transaction" is required to disclose its participation in such a transaction on IRS Form 8886. Any foreign currency exchange loss in excess of \$50,000 recognised by a U.S. Holder may be subject to this disclosure requirement. Failure to comply with this disclosure requirement can result in substantial penalties. U.S. Holders should consult their advisers with respect to the requirement to disclose reportable transactions.

## U.S. Federal Tax Treatment of Non-U.S. Holders of the Notes

In general, payments on the Notes to a Non-U.S. Holder that provides appropriate tax certifications to the Issuer and gain realised on the sale, exchange or retirement of the Notes by the Non-U.S. Holder will not be subject to U.S. federal income or withholding tax unless (i) such income is effectively connected with a trade or business conducted by such Non-U.S. Holder in the United States, or (ii) in the case of gain, such Non-U.S. Holder is a non resident alien individual who holds the Notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale and certain other conditions are satisfied.

## Information Reporting and Backup Withholding

Under certain circumstances, the Code requires “information reporting” annually to the IRS and to each holder, and “backup withholding”, with respect to certain payments made on or with respect to the Notes. Backup withholding will apply to a U.S. Holder only if the U.S. Holder (i) fails to furnish its Taxpayer Identification Number (“**TIN**”) which, for an individual, would be his or her Social Security Number, (ii) furnishes an incorrect TIN, (iii) is notified by the IRS that it has failed to properly report payments of interest and dividends, or (iv) under certain circumstances, fails to certify, under penalties of perjury, that it has furnished a correct TIN and has not been notified by the IRS that it is subject to backup withholding for failure to report interest and dividend payments. The exemption generally is available to U.S. Holders that provide a properly completed IRS Form W-9.

A Non-U.S. Holder that provides an applicable IRS Form W-8, together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder and stating that the Non-U.S. Holder is not a United States person, will not be subject to IRS reporting requirements and U.S. backup withholding.

Information reporting and backup withholding may apply to the proceeds of a sale of Notes made within the United States or conducted through certain U.S. related financial intermediaries, unless the payor receives the statement described above or the Non-U.S. Holder otherwise establishes an exemption.

Backup withholding is not an additional tax and may be refunded (or credited against the holder’s U.S. federal income tax liability, if any), **provided** that certain required information is furnished. The information reporting requirements may apply regardless of whether withholding is required. Copies of the information returns also may be made available to the tax authorities in the country in which a Non-U.S. Holder is a resident under the provisions of an applicable income tax treaty or agreement.

## FATCA

Under FATCA, the Issuer may be subject to a 30 per cent. withholding tax on certain income. Additionally under existing U.S. Treasury Regulations, FATCA withholding on gross proceeds from the sale or other disposition of U.S. Collateral Debt Obligations was to take effect on 1 January 2019, however, recent proposed U.S. Treasury Regulations, which may currently be relied upon, would eliminate FATCA withholding on such types of payments. Under an intergovernmental agreement entered into between the United States and Ireland, the Issuer will not be subject to withholding under FATCA if it complies with Irish implementing legislation that will require the Issuer to provide the name, address, and taxpayer identification number of, and certain other information with respect to, certain holders of Notes to taxing authorities in Ireland, which would then provide this information to the IRS. The Issuer expects to comply with the intergovernmental agreement and the implementing legislation. However, there can be no assurance that the Issuer will be able to do so. Moreover, the intergovernmental agreement could be amended to require the Issuer to withhold on “passthru” payments to holders that fail to provide certain information to the Issuer or are certain “foreign financial institutions” that do not comply with FATCA.

If a Noteholder fails to provide the Issuer or its agents with any correct, complete and accurate information or documentation that may be required for the Issuer to comply with FATCA and CRS and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to or for the benefit of the Issuer, or if the Noteholder’s ownership of any Notes would otherwise cause the Issuer to be subject to tax under FATCA, the Issuer is authorised to withhold amounts otherwise distributable to the Noteholder, to compel the Noteholder (other than the Retention Holder) to sell its Notes, and, if the Noteholder does not sell its Notes within 10 business days after notice from the Issuer, to sell the Noteholder’s Notes on behalf of the Noteholder.

### **Future Legislation and Regulatory Changes Affecting Noteholders**

Future legislation, regulations, rulings or other authority could affect the federal income tax treatment of the Issuer and Noteholders. The Issuer cannot predict whether and to what extent any such legislative or administrative changes could change the tax consequences to the Issuer and to the Noteholders. Prospective Noteholders should consult their tax advisers regarding possible legislative and administrative changes and their effect on the federal tax treatment of the Issuer and their investment in the Notes.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR NOTEHOLDER. EACH PROSPECTIVE NOTEHOLDER IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE NOTEHOLDER'S OWN CIRCUMSTANCES.**

## CERTAIN ERISA CONSIDERATIONS

ERISA imposes certain requirements on “employee benefit plans” subject thereto, including entities (such as collective investment funds, insurance company separate accounts and some insurance company general accounts) the underlying assets of which include the assets of such plans (collectively, “**ERISA Plans**”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of prudence, diversification and investments being made in accordance with the documents governing the plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan, as well as assets of those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and so-called “Keogh” plans, and entities the underlying assets of which include the assets of such plans (together with ERISA Plans, “**Plans**”) and certain persons (referred to as “parties in interest” under ERISA or “disqualified persons” under the Code (collectively, “**Parties in Interest**” and each a “**Party in Interest**”)) having certain relationships to such Plans, unless a statutory or administrative exception or exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code and the transaction may have to be rescinded at significant cost to the Issuer.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to substantially similar rules under Federal, state, local or non-U.S. laws, and may be subject to the prohibited transaction rules of Section 503 of the Code.

Under ERISA and a regulation issued by the United States Department of Labor (29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA, the “**Plan Asset Regulation**”), if a Plan invests in an “equity interest” of an entity that is neither a “publicly offered security” nor a security issued by an investment company registered under the Investment Company Act of 1940, the Plan’s assets are deemed to include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless it is established (a) that the entity is an “operating company,” as that term is defined in the Plan Asset Regulation, or (b) that less than 25 per cent. of the total value of each class of equity interest in the entity, disregarding the value of any equity interests held by persons (other than Benefit Plan Investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee with respect to such assets (such as the Collateral Manager), and their respective Affiliates (each a “**Controlling Person**”), is held by Benefit Plan Investors (the “**25 per cent. Limitation**”). A “**Benefit Plan Investor**” means (1) an employee benefit plan (as defined in Section 3(3) of ERISA), subject to the provisions of part 4 of Subtitle B of Title I of ERISA, (2) a plan to which Section 4975 of the Code applies, or (3) any entity whose underlying assets include plan assets by reason of such an employee benefit plan or plan’s investment in such entity.

If the underlying assets of the Issuer are deemed to be Plan assets, the obligations and other responsibilities of Plan sponsors, Plan fiduciaries and Plan administrators, and of Parties in Interest, under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their exposure to liability under these and other provisions of ERISA and the Code. In addition, various providers of fiduciary or other services to the entity, and any other parties with authority or control with respect to the Issuer, could be deemed to be Plan fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

The Plan Asset Regulation defines an “equity interest” as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features. Although it is not free from doubt, the Class X Notes, the Class A Notes, Class B Notes, Class C Notes and Class D Notes offered hereby will be treated by the Issuer as indebtedness with no substantial equity features for purposes of ERISA. However, the characteristics of the Class E Notes, the Class F Notes and the Subordinated Notes for purposes of the Plan Asset Regulation are less certain. The Class E Notes and the Class F Notes may and the Subordinated Notes will likely be considered “equity interests” for purposes of the Plan Asset Regulation. Accordingly, the Issuer intends to limit investments by Benefit Plan Investors in such Class E Notes, Class F Notes and Subordinated Notes. In reliance on representations made by investors in the Class E Notes, the Class F Notes and the Subordinated Notes, the Issuer intends to limit investment by Benefit Plan Investors in

each of the Class E Notes, the Class F Notes and the Subordinated Notes to less than 25 per cent. of the total value of each of the Class E Notes, the Class F Notes, the Class M-1 Subordinated Notes and the Class M-2 Subordinated Notes at all times (excluding for purposes of such calculation Class E Notes, Class F Notes, Class M-1 Subordinated Notes and Class M-2 Subordinated Notes held by a Controlling Person). Each prospective purchaser (including a transferee) of a Class E Note, a Class F Note or a Subordinated Note will be required to make certain representations regarding its status as a Benefit Plan Investor and Controlling Person and other ERISA matters as described under the section entitled “*Transfer Restrictions*” of this Offering Circular. No Class E Notes, Class F Notes, Class M-1 Subordinated Notes or Class M-2 Subordinated Notes will be sold or transferred to purchasers that have represented that they are Benefit Plan Investors or Controlling Persons to the extent that such sale may result in Benefit Plan Investors owning 25 per cent. or more of the total value of the Class E Notes, the Class F Notes, the Class M-1 Subordinated Notes or the Class M-2 Subordinated Notes (determined separately by class and in accordance with Section 3(42) of ERISA, the Plan Asset Regulation and the Trust Deed). Except as otherwise provided by the Plan Asset Regulation, each Class E Note, Class F Note, Class M-1 Subordinated Note or Class M-2 Subordinated Note held by persons that have represented that they are Controlling Persons will be disregarded and will not be treated as outstanding for purposes of determining compliance with such 25 per cent. Limitation.

It is possible that an investment in any of the Notes by a Benefit Plan Investor (or with the use of the assets of a Benefit Plan Investor) could be treated as a prohibited transaction under ERISA and/or Section 4975 of the Code. Such a prohibited transaction, however, may be subject to a statutory or administrative exemption. Even if an exemption were to apply, such exemption may not, however, apply to all of the transactions that could be deemed prohibited transactions in connection with an investment in the Notes by a Benefit Plan Investor.

Each of the Issuer, the Initial Purchaser, the Collateral Manager, or their respective Affiliates may be the sponsor of, or investment adviser with respect to, one or more Plans. Because such parties may receive certain benefits in connection with the sale of the Notes to such Plans, whether or not the Notes are treated as equity interests in the Issuer, the purchase of such Notes using the assets of a Plan over which any of such parties has investment authority might be deemed to be a violation of the prohibited transaction rules of ERISA and/or Section 4975 of the Code for which no exemption may be available. Accordingly, the Notes, may not be acquired using the assets of any Plan if any of the Issuer, the Initial Purchaser, the Collateral Manager or their respective affiliates has investment authority with respect to such assets (except to the extent (if any) that a favourable statutory or administrative exemption or exception applies or the transaction is not otherwise prohibited).

It should be noted that an insurance company’s general account may be deemed to include assets of Plans under certain circumstances, for example, where a Plan purchases an annuity contract issued by such an insurance company, based on the reasoning of the United States Supreme Court in *John Hancock Mutual Life Ins. Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993). An insurance company considering the purchase of Notes with assets of its general account should consider such purchase and the insurance company’s ability to make the representations described above in light of *John Hancock Mutual Life Ins. Co. v. Harris Trust and Savings Bank*, Section 401(c) of ERISA and a regulation promulgated by the U.S. Department of Labor under that Section of ERISA, 29 C.F.R. Section 2550.401c-1.

If you are a purchaser or transferee of a Class X Note, Class A Note, Class B Note, Class C Note or Class D Note or any interest in such Note, you will be deemed to have represented, warranted and agreed that (i) either (A) you are not acting on behalf of (and for so long as you hold any such Note or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church, non-U.S. or other plan which is subject to any federal, state, local or non-U.S. law or regulation that is similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code (“**Other Plan Law**”), and no part of the assets to be used by you to acquire or hold such Notes or any interest therein constitutes the assets of any Benefit Plan Investor or such governmental, church, non-U.S. or other plan, or (B) your acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, or, in the case of a governmental, church, non-U.S. or other Plan, a non-exempt violation of any Other Plan Law, and (ii) you will not sell or transfer such Note (or interest therein) to a transferee acquiring such Notes (or interests therein) unless the transferee makes the foregoing representations, warranties and agreements described in clause (i) hereof.

If you are a purchaser or transferee of a Class E Note, Class F Note, or Subordinated Note in the form of a Regulation S Global Certificate or a Rule 144A Global Certificate, you will be deemed to represent, warrant and agree that:



- (a) you are not, and are not acting on behalf of (and for so long as you hold any such Note or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a Controlling Person (such a purchaser, a **“Plan Investor”**); or
- (b) if you are, or are acting on behalf of, a Plan Investor:
  - (i) you will (1) receive the written consent of the Issuer (other than in the case of the Notes purchased by the Retention Holder), (2) provide an ERISA Certificate to the Issuer as to your status as a Plan Investor and (3) if you are purchasing such Note at any time following the Issue Date, hold such Note in the form of a Definitive Certificate; **provided** that the Collateral Manager and Plan Investors that purchase such Notes on the Issue Date may hold such Notes in the form of a Regulation S Global Certificate or a Rule 144A Global Certificate (or as otherwise permitted in writing by the Issuer); and
  - (ii) your acquisition, holding and disposition of such Note will not constitute or result in a non exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code; and
- (c) if you are a governmental, church, non-U.S. or other plan (1) you are not, and for so long as you hold such Note or interest therein will not be, subject to any federal, state, local non U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or any interest therein) by virtue of its interest and thereby subject the Issuer or the Collateral Manager (or other persons responsible for the investment and operation of the Issuer’s assets) to Other Plan Law (**“Similar Law”**) and (2) your acquisition, holding and disposition of such Note will not constitute or result in a non exempt violation of any Other Plan Law.

If you are a purchaser or transferee of a Class E Note, Class F Note, or Subordinated Note in the form of a Regulation S Global Certificate or a Rule 144A Global Certificate, you will also agree to certain transfer restrictions regarding your interest in such Note

If you are a purchaser or transferee of a Class E Note, Class F Note or Subordinated Note in the form of a Rule 144A Definitive Certificate or a Regulation S Definitive Certificate, you will be required to represent and warrant in writing to the Issuer that:

- (a) you are not, and are not acting on behalf of (and for so long as you hold any such Note or interest therein will not be, and will not be acting on behalf of), a Plan Investor; or
- (b) if you are, or are acting on behalf of, a Plan Investor:
  - (i) you will (1) receive the written consent of the Issuer (other than in the case of the Notes purchased by the Retention Holder), (2) provide an ERISA Certificate to the Issuer as to your status as a Benefit Plan Investor, Controlling Person, governmental, church, non U.S. or other plan and (3) if you are purchasing such Note at any time following the Issue Date, hold such Note in the form of a Definitive Certificate; **provided** that the Collateral Manager and Plan Investors that purchase such Notes on the Issue Date may hold such Notes in the form of a Regulation S Global Certificate or a Rule 144A Global Certificate (or as otherwise permitted in writing by the Issuer);
  - (ii) your acquisition, holding and disposition of such Note will not constitute or result in a non exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code; and
- (c) if you are a governmental, church, non-U.S. or other plan (1) you are not, and for so long as you hold such Note or interest therein will not be, subject to any Similar Law and (2) your acquisition, holding and disposition of such Note will not constitute or result in a non exempt violation of any Other Plan Law.

If you are a purchaser or transferee of a Class E Note, Class F Note, or Subordinated Note in the form of a Rule 144A Definitive Certificate or a Regulation S Definitive Certificate, you will also agree to certain transfer restrictions regarding your interest in such Note.

No transfer of an interest in the Class E Notes, Class F Notes, Class M-1 Subordinated Notes or the Class M-2 Subordinated Notes will be permitted or recognized if it would cause the 25 per cent. Limitation described above to be exceeded with respect to the Class E Notes, Class F Notes, Class M-1 Subordinated Notes or the Class M-2 Subordinated Notes.

If the purchaser or transferee of any Note or beneficial interest therein is a Benefit Plan Investor, it will be deemed to represent, warrant and agree that (i) none of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or their respective affiliates, has provided any investment recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Benefit Plan Investor (“**Plan Fiduciary**”), has relied in connection with its decision to invest in the Notes, and they are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor’s acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes.

Any Plan fiduciary considering whether to acquire a Note on behalf of a Plan or an employee benefit plan not subject to ERISA or Section 4975 of the Code should consult with its counsel regarding the potential consequences of such investment, the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code or provisions of Similar Law or Other Plan Law, and the scope of any available exemption relating to such investment.

The sale of Notes to a Plan or an employee benefit plan not subject to ERISA or Section 4975 of the Code is in no respect a representation or warranty by the Issuer, or any other person that this investment meets all relevant legal requirements with respect to investments by Plans or such other plans generally or any particular plan, that any prohibited transaction exemption would apply to the acquisition, holding, or disposition of this investment by such plans in general or any particular plan, or that this investment is appropriate for such plans generally or any particular plan.

Each initial purchaser (other than the Initial Purchaser) or a transferee of: (a) any Class E Notes, Class F Notes or Subordinated Notes in the form of Rule 144A Notes; (b) any Subordinated Notes in the form of Regulation S Notes; or (c) any Class E Notes or Class F Notes in the form of Regulation S Notes represented by a Regulation S Definitive Certificate, purchased on the Issue Date will be required to enter into a subscription agreement (or, in the case of the Collateral Manager, a note purchase agreement) with the Initial Purchaser in which such investor will certify as to, among other matters, its status under the Securities Act, the Investment Company Act and ERISA.

## PLAN OF DISTRIBUTION

*The following description consists of a summary of certain provisions of the Subscription Agreement which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement. Capitalised terms used in this section and not otherwise defined herein or in this Offering Circular shall have the meaning given to them in Condition 1 (Definitions) of the terms and conditions of the Notes.*

### Subscription and Placement

Merrill Lynch International, in its capacity as Initial Purchaser, has agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for each Class of the Notes (other than the Retention Notes purchased by the Retention Holder and the Class M-2 Subordinated Notes purchased by CVC Credit Partners Global CLO Management Limited) (the “**Placed Notes**”) pursuant to the Subscription Agreement, at the following issue prices:

- (a) Class X Notes, 100.00 per cent.;
- (b) Class A Notes, 100.00 per cent.;
- (c) Class B-1 Notes, 100.00 per cent.;
- (d) Class B-2 Notes, 100.00 per cent.;
- (e) Class C Notes, 100.00 per cent.;
- (f) Class D Notes, 100.00 per cent.;
- (g) Class E Notes, 97.00 per cent.;
- (h) Class F Notes, 95.00 per cent.; and
- (i) Class M-1 Subordinated Notes, 95.00 per cent.,

in each case less subscription and underwriting fees to be agreed between the Issuer and the Initial Purchaser.

The Subscription Agreement entitles the Initial Purchaser to terminate it in certain circumstances prior to payment being made to the Issuer. Each of the Issuer and the Initial Purchaser may offer the Notes (other than the Retention Notes) at prices as may be privately negotiated at the time of sale, which may vary among different purchasers and may be different from the issue price of the Notes.

It is a condition of the issue of the Notes of each Class that the Notes of each Class be issued in the following principal amounts: Class X Notes: €1,500,000, Class A Notes: €246,000,000, Class B-1 Notes: €22,500,000, Class B-2 Notes: €18,000,000, Class C Notes: €24,000,000, Class D Notes: €27,000,000, Class E Notes: €22,500,000, Class F Notes: €9,000,000, Class M-1 Subordinated Notes: €36,855,000 and Class M-2 Subordinated Notes: €1,000,000.

The Collateral Manager and CVC Credit Partners Global CLO Management Limited have agreed with the Issuer, subject to the satisfaction of certain conditions, to purchase the Retention Notes and the Class M-2 Subordinated Notes respectively on the Issue Date from the Issuer pursuant to the Note Purchase Agreement to be entered into by the Issuer, CVC Credit Partners Global CLO Management Limited and the Retention Holder. The Retention Notes will be issued in definitive, certificated, fully registered form.

The Issuer has agreed to indemnify the Initial Purchaser, the Collateral Manager, the Collateral Administrator, the Trustee and certain other participants against certain liabilities or to contribute to payments they may be required to make in respect thereof.

The Initial Purchaser may offer the Placed Notes at prices as may be negotiated at the time of sale which may vary among different purchasers and which may be different to the issue price of the Placed Notes.

Certain of the Collateral Debt Obligations may have been originally underwritten or placed by the Initial Purchaser. In addition, the Initial Purchaser may have in the past performed and may in the future perform investment banking services or other services for issuers of the Collateral Debt Obligations. In addition, the Initial Purchaser and its Affiliates may from time to time as a principal or through one or more investment

funds that it or they manage, make investments in the equity securities of one or more of the issuers of the Collateral Debt Obligations, with a result that one or more of such issuers may be or may become controlled by the Initial Purchaser or its Affiliates.

No action has been or will be taken by the Issuer, the Initial Purchaser or the Retention Holder that would permit a public offering of the Notes or possession or distribution of this Offering Circular or any other offering material in relation to the Notes in any jurisdiction where action for the purpose is required. No offers, sales or deliveries of any Notes, or distribution of this Offering Circular or any other 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 and will not impose any obligations on the Issuer or the Initial Purchaser.

### ***United States***

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons or to U.S. Residents except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and in the manner so as not to require the registration of the Issuer as an "investment company" pursuant to the Investment Company Act.

The Issuer has been advised that the Initial Purchaser proposes to resell the Notes (a) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S and in accordance with applicable law and (b) in the United States (directly or through its U.S. broker dealer Affiliate) in reliance on Rule 144A only to or for the accounts of QIBs, each of which purchasers or accountholders is also a QP.

The Notes sold in reliance on Rule 144A will be issued in minimum denominations of €250,000 each and integral multiples of (i) in respect of the Class M-1 Subordinated Notes only, €1.00, and (ii) in respect of each other Class of Notes €1,000 in each case excess thereof. Any offer or sale of Rule 144A Notes in reliance on Rule 144A will be made by broker dealers who are registered as such under the Exchange Act. After the Notes are released for sale, the offering price and other selling terms may from time to time be varied by the Initial Purchaser (or its broker-dealer Affiliates).

The Initial Purchaser has acknowledged and agreed that it will not offer, sell or deliver any Regulation S Notes to, or for the account or benefit of, any U.S. Person or U.S. Resident as part of their distribution at any time.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes and for the listing of the Notes of each Class on the Global Exchange Market. The Issuer and the Initial Purchaser reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of Notes which may be offered. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. Person. Distribution of this Offering Circular to any such U.S. Person or to any person within the United States, other than in accordance with the procedures described above, is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

### ***Other Selling Restrictions***

The Initial Purchaser has also agreed to comply with the following selling restrictions:

- (a) ***United Kingdom:*** The Initial Purchaser has represented and agreed that:
  - (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (as amended) by the Financial Services and Markets Act 2012 ("FSMA") received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
  - (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

- (b) **Prohibition of Sales to EEA Retail Investors:** it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:
- (i) the expression "retail investor" means a person who is one (or more) of the following:
    - (A) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) ("**MiFID II**"); or
    - (B) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
    - (C) not a qualified investor as defined in Regulation 2017/1129/EU (as amended or superseded from time to time); and
  - (ii) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.
- (c) **Finland:** This Offering Circular has not been reviewed or approved by or notified to the Finnish Financial Supervisory Authority (in Finnish: Finanssivalvonta, the "**FIN-FSA**"). No action has been or will be taken to authorise the offering of the Notes to the public in Finland. Therefore, this Offering Circular shall not be distributed or made available to the public in Finland. This Offering Circular is strictly for private use by its holder and may not be passed on to third parties in Finland. The Initial Purchaser has represented and agreed that this Offering Circular shall only be furnished or transferred, and any marketing, advertising, offer, sale or solicitation relating to the Notes shall only be made, in reliance on the exemptions applicable to offerings that do not require an Offering Circular to be published in Finland as provided in the Finnish Securities Markets Act (in Finnish: *arvopaperimarkkinalaki*, 746/2012, as amended, the "**SMA**") and other applicable regulations. The Initial Purchaser has also represented and agreed that the Notes will be offered in Finland exclusively to investors qualifying as "qualified investors" (in Finnish: *kokenut sijoittaja*) as defined in the SMA or otherwise in compliance with the selling restrictions included in paragraph (a) (*European Economic Area*) above and only in circumstances which would not constitute an offer to the public in Finland.
- (d) **France:** Neither this Offering Circular nor any other offering material relating to the Notes has been submitted to the clearance procedures of the Autorité des marchés financiers ("**AMF**") or to the competent authority of another member state of the European Economic Area and subsequently notified to the AMF. The Initial Purchaser has represented and agreed with the Issuer that it has offered or sold and will offer or sell, directly or indirectly, Notes to the public in France, and has distributed or caused to be distributed and will distribute or cause to be distributed to the public in France, this Offering Circular, or any other offering material relating to the Notes and that such offers, sales and distributions have been and will be made by it in France, only to qualified investors (*investisseurs qualifiés*) within the meaning of Article 2(e) of Regulation 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**"), other than individuals, in accordance with Article L.411-2 of the French *Code monétaire et financier*, the *Règlement général* of the AMF and other applicable regulations such as the Prospectus Regulation.
- The direct or indirect resale of Notes to the public in France may be made only as provided by and in accordance with Articles L.411-1, L.411-2, L.411-2-1 and L.621-8 to L.621-8-2 of the French *Code monétaire et financier* and Articles 5 and seq. of the Prospectus Regulation.
- (e) **Germany:** The Notes will not be registered for public distribution in Germany. This Offering Circular does not constitute a sales document pursuant to the German Capital Investment Act (*Vermögensanlagengesetz*). Accordingly, the Initial Purchaser has represented and agreed that no offer of the Notes will be made to the public in Germany. This Offering Circular and any other document relating to the Notes, as well as information or statements contained therein, will not be supplied to the public in Germany or used in connection with any offer for subscription of the Notes to the public in Germany or any other means of public marketing.

- (f) **Ireland:** The Initial Purchaser has represented and agreed that:
- (i) it has not and will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended), and any codes of conduct or rules issued in connection therewith and any conditions, requirements or enactments, imposed or approved by the Central Bank of Ireland, and the provisions of the Investor Compensation Act 1998 (as amended)
  - (ii) it has not and will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 to 2018 (as amended) and any codes of practice made under Section 117(1) of the Irish Central Bank Act 1989 (as amended) or any regulations made pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013 (as amended);
  - (iii) it has not and will not underwrite the issue of, or place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market or any delegated or implementing acts relating thereto, the European Union (Prospectus) Regulations 2019 of Ireland, the Companies Act 2014 (as amended) and any rules issued under Section 1363 of the Companies Act 2014 (as amended) by the Central Bank of Ireland;
  - (iv) it has not and will not underwrite the issue of, or place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the European Union (Market Abuse) Regulations 2016 (as amended), Regulation (EU) No 596/2014 of the European Parliament of the Council of 16 April 2014 on market abuse (as amended) and any rules issued under Section 1370 of the Companies Act 2014 (as amended) by the Central Bank of Ireland; and
  - (v) it has not and will not underwrite the issue of, or place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Regulation (EU) No. 1286/2014 of the European Parliament and the Council of 26 November 2014 on key information documents for packaged retail and insurance investment products (PRIIPs),

as each of the foregoing may be amended, restated, varied, supplemented and/or otherwise replaced from time to time.

- (g) **Italy:** The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:
- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (“**Regulation No. 11971**”); or
  - (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy under (1) or (2) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
- (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

- (iii) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or another Italian authority.
  - (h) **Japan:** The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and the Initial Purchaser has represented and agreed that none of the Notes nor any interest therein will be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.
  - (i) **Netherlands:** The Initial Purchaser has represented and agreed that it will not make an offer of the Notes which are the subject of the offering contemplated by this Offering Circular to the public in The Netherlands in reliance on Article 1(4) of the Prospectus Regulation, unless such offer is made exclusively to legal entities (i) which are "qualified investors" (as defined in the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands, provided that no such offer of Notes shall require the Issuer or the Initial Purchaser to publish a prospectus pursuant to Article 1(4) of the Prospectus Regulation. For the purposes of this provision, the expressions (i) an "offer of Notes to the public" in relation to any Notes in The Netherlands; and (ii) "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as may be amended or superceded).
- For the purposes of this provision, the expressions (i) an "offer of Notes to the public" in relation to any Notes in The Netherlands; and (ii) "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as may be amended or superceded).
- (j) **South Korea:** The Notes have not been registered with the Financial Services Commission of Korea for a public offering in Korea. The Initial Purchaser has therefore represented and agreed that the Notes have not been and will not be offered, sold or delivered directly or indirectly, or offered, sold or delivered to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted under applicable Korean Laws and regulations, including the Financial Investment Services and Capital Markets Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder.
  - (k) **Spain:** Neither the Notes nor this Offering Circular have been approved or registered with the Spanish Notes Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, the Initial Purchaser has represented and agreed that the Notes will not be offered or sold in Spain except in circumstances which do not constitute a public offering of notes within the meaning of Article 30-BIS of the Spanish Notes Market Law of 28 July 1988 (*LEY 24/1988, de 28 de julio, del Mercado de Valores*), as amended and restated, and supplemental rules enacted thereunder.

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

### Rule 144A Notes

Each prospective purchaser of Rule 144A Notes, by accepting delivery of this Offering Circular, will or will be deemed to (as the case may be) have represented and agreed that such person acknowledges that this Offering Circular is personal to it and does not constitute an offer to any person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Offering Circular, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise it with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Each purchaser of Rule 144A Notes represented by a Rule 144A Global Certificate will be deemed to have represented and agreed, and each purchaser of Rule 144A Notes represented by Definitive Certificates will be required to represent and agree, as follows:

- (a) The purchaser (i) is a QIB/QP, (ii) is aware that the sale of such Rule 144A Notes to it is being made in reliance on Rule 144A, (iii) is acquiring such Notes for its own account or for the account of a QIB and QP as to which the purchaser exercises sole investment discretion, and in a principal amount of not less than €250,000 for the purchaser and for each such account and (iv) will provide notice of the transfer restrictions described herein to any subsequent transferees.
- (b) The purchaser understands that such Rule 144A Notes have not been and will not be registered under the Securities Act, and may be reoffered, resold or pledged or otherwise transferred only (i)(x) to a person whom the purchaser reasonably believes is a QIB/QP purchasing for its own account or for the account of a QIB/QP as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A or (y) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (ii) in accordance with all applicable securities laws including the securities laws of any state of the United States. The purchaser understands that the Issuer has not been registered under the Investment Company Act. The purchaser understands that before any interest in a Rule 144A Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Notes, the Issuer is required to receive a written certification from the purchaser (in the form provided in the Trust Deed) as to compliance with the transfer restrictions described herein. The purchaser understands and agrees that any purported transfer of the Rule 144A Notes to a purchaser that does not comply with the requirements of this paragraph (b) shall be null and void ab initio.
- (c) The purchaser is not purchasing such Rule 144A Notes with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Rule 144A Notes involves certain risks, including the risk of loss of its entire investment in the Rule 144A Notes under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Rule 144A Notes, including an opportunity to ask questions of, and request information from, the Issuer.
- (d) In connection with the purchase of the Rule 144A Notes: (i) none of the Issuer, the Initial Purchaser, the Arranger, the Trustee, the Collateral Manager or any Agent is acting as a fiduciary or financial or investment advisor for the purchaser; (ii) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or any Agent other than in this Offering Circular for such Notes and any representations expressly set forth in a written agreement with such party; (iii) none of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or any Agent has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Rule 144A Notes; (iv) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent



it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Trust Deed) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or any Agent; (v) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Rule 144A Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (vi) the purchaser is a sophisticated investor.

- (e) The purchaser and each account for which the purchaser is acquiring such Rule 144A Notes is a QP. The purchaser is acquiring the Rule 144A Notes in a principal amount of not less than €250,000. The purchaser and each such account is acquiring the Rule 144A Notes as principal for its own account for investment and not for sale in connection with any distribution thereof. The purchaser and each such account: (i) was not formed for the specific purpose of investing in the Rule 144A Notes (except when each beneficial owner of the purchaser and each such account is a QP); (ii) to the extent the purchaser is a private investment company formed before 30 April 1996, the purchaser has received the necessary consent from its beneficial owners; (iii) is not a pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants, as applicable, may designate the particular investments to be made; and (iv) is not a broker dealer that owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of unaffiliated issuers. Further, the purchaser agrees with respect to itself and each such account that: (x) it shall not hold such Rule 144A Notes for the benefit of any other person and shall be the sole beneficial owner thereof for all purposes; (y) it shall not sell participation interests in the Rule 144A Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Rule 144A Notes; and (z) the Rule 144A Notes purchased directly or indirectly by it constitute an investment of no more than 40 per cent. of the purchaser's and each such account's assets (except when each beneficial owner of the purchaser and each such account is a QP). The purchaser understands and agrees that any purported transfer of the Rule 144A Notes to a purchaser that does not comply with the requirements of this paragraph (e) will be of no force and effect, will be void ab initio and the Issuer will have the right to direct the purchaser to transfer its Rule 144A Notes to a Person who meets the foregoing criteria.
- (f) In respect of a purchase or transfer of a Class X Note, Class A Note, Class B Note, Class C Note or Class D Note, or any interest in such Note, (i) either (A) it is not, and is not acting on behalf of (and for so long as it holds any such Note or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church, non-U.S. or other plan which is subject to any federal, state, local or non-U.S. law or regulation that is similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code ("**Other Plan Law**"), and no part of the assets to be used by it to acquire or hold such Note or any interest therein constitutes the assets of any Benefit Plan Investor or such governmental, church, non-U.S. or other plan, or (B) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation of any Other Plan Law, and (ii) it will not sell or transfer such Note (or interest therein) to a transferee acquiring such Note (or interest therein) unless the transferee makes the foregoing representations, warranties and agreements described in clause (i) hereof.
- (g) In respect of a purchase or transfer of a Class E Note, Class F Note or Subordinated Note in the form of a Rule 144A Global Certificate, it will be deemed to represent, warrant and agree that (i) (A) it is not, and is not acting on behalf of (and for so long as it holds any such Note or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or Controlling Person unless it receives the written consent of the Issuer (other than in the case of the Notes purchased by the Retention Holder), provides an ERISA certificate (substantially in the form of Annex A (*Form of ERISA Certificate*)) to the Issuer as to its status as a Benefit Plan Investor or Controlling Person and (x) holds such Note in the form of a Definitive Certificate or (y) is purchasing such Note from the Issuer and/or the Initial Purchaser on the Issue Date, or as otherwise permitted in writing by the Issuer with respect to any Class E Note, Class F Note and Subordinated Note acquired by it, the Collateral Manager may hold such Notes in the form of a Rule 144A Global Certificate) and (B) (1) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, and (2) if it is a governmental, church, non-U.S. or other plan, (a) it is not, and for so long as it holds such Note or interest therein will not be, subject to any federal, state, local non-U.S. or other law or

regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or any interest therein) by virtue of its interest and thereby subject the Issuer or the Collateral Manager (or other persons responsible for the investment and operation of the Issuer's assets) to Other Plan Law ("**Similar Law**") and (b) its acquisition, holding and disposition of such Note will not constitute or result in a non-exempt violation of any Other Plan Law and (ii) it will agree to certain transfer restrictions regarding its interest in such Note.

- (h) In respect of a purchase or transfer of a Class E Note, Class F Note, or Subordinated Note in the form of a Rule 144A Definitive Certificate, it will be required to represent and warrant in writing to the Issuer that (i) (A) it is not, and is not acting on behalf of (and for so long as it holds any such Note or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or Controlling Person unless it receives the written consent of the Issuer (other than in the case of the Notes purchased by the Retention Holder), provides an ERISA certificate (substantially in the form of Annex A (*Form of ERISA Certificate*)) to the Issuer as to its status as a Benefit Plan Investor or Controlling Person and holds such Note in the form of a Definitive Certificate and (B) (1) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, and (2) if it is a governmental, church, non-U.S. or other plan, (a) it is not, and for so long as it holds such Note or interest therein will not be, subject to Similar Law and (b) its acquisition, holding and disposition of such Note will not constitute or result in a non-exempt violation of any Other Plan Law and (ii) it will agree to certain transfer restrictions regarding its interest in such Note.
- (i) No transfer of an interest in the Class E Notes, the Class F Notes, the Class M-1 Subordinated Notes or the Class M-2 Subordinated Notes will be permitted or recognised if it would cause the 25 per cent. Limitation described above to be exceeded with respect to the Class E Notes, the Class F Notes, the Class M-1 Subordinated Notes or the Class M-2 Subordinated Notes.
- (j) If the purchaser or transferee of any Note or beneficial interest therein is a Benefit Plan Investor, it will be deemed to represent, warrant and agree that (i) none of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or their respective affiliates, has provided any investment recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Benefit Plan Investor ("**Plan Fiduciary**"), has relied in connection with its decision to invest in the Notes, and they are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes.
- (k) In respect of a purchase or transfer of a CM Voting Note, or any interest in such Note, the purchaser or transferee understands that such Note carries a right to vote with respect to matters concerning the Collateral Manager as set out in the Conditions of the Notes.
- (l) In respect of a purchase or transfer of a CM Non-Voting Exchangeable Note or a CM Non-Voting Note, or any interest in such Note, the purchaser or transferee understands that such Note does not carry a right to vote with respect to matters concerning the Collateral Manager as set out in the Conditions of the Notes.
- (m) In respect of a purchase or transfer of a CM Non-Voting Note, the purchaser or transferee understands that such Note cannot be transferred or exchanged for a CM Non-Voting Exchangeable Note or a CM Voting Note at any time.
- (n) The purchaser understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Rule 144A Notes will be represented by one or more Rule 144A Global Certificates or Rule 144A Definitive Certificates, as applicable, and will bear the legend set forth below. The Rule 144A Notes may not at any time be held by or on behalf of, within the United States, persons, or outside the United States, U.S. Persons that are not QIB/QPs. Before any interest in a Rule 144A Global Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate, the transferor will be required to provide the Issuer with a written certification (in the form provided in the Trust Deed) as to compliance with the transfer restrictions.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE ISSUER HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) TO A NON-US PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSE (1), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, AND IN EACH CASE, TO A PURCHASER THAT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSE OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE 30 APRIL 1996, (Y) IS NOT A BROKER DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR IN THE CASE OF CLAUSE (2), €100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. NEITHER U.S. PERSONS NOR U.S. RESIDENTS (AS DETERMINED FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT (“**U.S. RESIDENTS**”)) MAY HOLD AN INTEREST IN A REGULATION S GLOBAL CERTIFICATE OR A REGULATION S DEFINITIVE CERTIFICATE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OR ANY INTERMEDIARY. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A VIOLATION OF (V) THROUGH (Z), THE ISSUER MAINTAINS THE RIGHT TO DIRECT THE RESALE OF ANY NOTES PREVIOUSLY TRANSFERRED TO NON-PERMITTED HOLDERS (AS DEFINED IN THE TRUST DEED) IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE TRUST DEED. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO ITS TRANSFEREE. TRANSFERS OF THIS NOTE OR OF PORTIONS OF THIS NOTE SHOULD BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE ISSUER.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS X NOTES, CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES ONLY]* [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN SUCH ENTITY (“**BENEFIT PLAN INVESTOR**”), OR A

GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (“**OTHER PLAN LAW**”), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY OTHER PLAN LAW, AND (II) IT WILL NOT SELL OR TRANSFER THIS NOTE (OR INTEREST HEREIN) TO AN ACQUIROR ACQUIRING THIS NOTE (OR INTEREST HEREIN) UNLESS THE ACQUIROR MAKES THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS DESCRIBED IN CLAUSE (I) HEREOF. ANY PURPORTED TRANSFER OF THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF THIS NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, CLASS F NOTES AND SUBORDINATED NOTES ONLY*] [EACH PURCHASER OR TRANSFEREE OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WILL BE REQUIRED OR DEEMED TO REPRESENT AND WARRANT THAT (1) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER (OTHER THAN IN THE CASE OF THE NOTES PURCHASED BY THE RETENTION HOLDER), PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND (X) HOLDS THIS NOTE IN THE FORM OF A DEFINITIVE CERTIFICATE OR (Y) IS PURCHASING THIS NOTE FROM THE ISSUER OR THE INITIAL PURCHASER ON THE ISSUE DATE, OR AS OTHERWISE PERMITTED IN WRITING BY THE ISSUER WITH RESPECT TO ANY CLASS E NOTE, CLASS F NOTE AND SUBORDINATED NOTE ACQUIRED BY IT) AND (2) (A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER OR THE COLLATERAL MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER’S ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (“**SIMILAR LAW**”), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (“**OTHER PLAN LAW**”). “**BENEFIT PLAN INVESTOR**” MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “**PLAN ASSETS**” BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN THE ENTITY. “**CONTROLLING PERSON**” MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN

“**AFFILIATE**” OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. “**CONTROL**” WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF THIS NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES] [CLASS F NOTES] [CLASS M-1 SUBORDINATED NOTES] [CLASS M-2 SUBORDINATED NOTES] (DETERMINED SEPARATELY BY CLASS) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES] [CLASS F NOTES] [CLASS M-1 SUBORDINATED NOTES] [CLASS M-2 SUBORDINATED NOTES] (OR INTERESTS THEREIN) HELD BY CONTROLLING PERSONS (“**25 PER CENT. LIMITATION**”).

THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF A [CLASS E NOTE] [CLASS F NOTE] [CLASS M-1 SUBORDINATED NOTE] [CLASS M-2 SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW, OTHER PLAN LAW OR OTHER ERISA REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT. LIMITATION TO SELL ITS INTEREST IN THE [CLASS E NOTE] [CLASS F NOTE] [CLASS M-1 SUBORDINATED NOTE] [CLASS M-2 SUBORDINATED NOTE], OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS C NOTES, THE CLASS D NOTES, THE CLASS E NOTES AND THE CLASS F NOTES ONLY*] [THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT (“**OID**”) FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE MAY BE OBTAINED BY CONTACTING THE ISSUER AT 32 MOLESWORTH STREET, DUBLIN 2, IRELAND.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES IN THE FORM OF CM NON-VOTING EXCHANGEABLE NOTES OR CM NON-VOTING NOTES ONLY*] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL NOT CARRY ANY RIGHT TO VOTE IN RESPECT OF, OR BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES IN THE FORM OF CM VOTING NOTES ONLY*] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL CARRY A RIGHT TO VOTE IN RESPECT OF, AND BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]

- (o) Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.
- (p) The purchaser will treat the Issuer and the Notes as described in the “*Tax Considerations—Certain U.S. Federal Income Tax Considerations*” section of the Offering Circular for all U.S. federal, state and local income tax purposes and will take no action inconsistent with such treatment unless required by law.

- (q) The purchaser will timely furnish the Issuer or its agents any tax forms or certifications (such as an applicable IRS Form W-8 (together with appropriate attachments), IRS Form W-9, or any successors to such IRS forms) that the Issuer or its agents reasonably request in order to (A) make payments to the purchaser without, or at a reduced rate of, deduction or withholding, (B) qualify for a reduced rate of deduction or withholding in any jurisdiction from or through which they receive payments, or (C) satisfy reporting and other obligations under the Code, U.S. Treasury Regulations, or any other applicable law, and will update or replace such tax forms or certifications as appropriate or in accordance with their terms or subsequent amendments. The purchaser acknowledges that the failure to provide, update or replace any such tax forms or certifications may result in the imposition of withholding or back-up withholding upon payments to such purchaser or to the Issuer. Amounts withheld pursuant to applicable tax laws by the Issuer or its agents will be treated as having been paid to the purchaser by the Issuer.
- (r) The purchaser will provide the Issuer or its agents with any correct, complete and accurate information and documentation that may be required for the Issuer to comply with FATCA and/or the CRS and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to or for the benefit of the Issuer. In the event the purchaser fails to provide such information or documentation, or to the extent that its ownership of Notes would otherwise cause the Issuer to be subject to any tax under FATCA, (A) the Issuer or its agents are authorised to withhold amounts otherwise distributable to the purchaser as compensation for any amounts withheld from payments to or for the benefit of the Issuer as a result of such failure or such ownership, and (B) to the extent necessary to avoid an adverse effect on the Issuer as a result of such failure or such ownership, the Issuer will have the right to compel the purchaser to sell its Notes and, if such purchaser does not sell its Notes within 10 Business Days after notice from the Issuer or its agents, the Issuer will have the right to sell such Notes at a public or private sale called and conducted in any manner permitted by law, and to remit the net proceeds of such sale (taking into account any taxes incurred by the Issuer in connection with such sale) to such person as payment in full for such Notes. The Issuer may also assign each such Note a separate ISIN in the Issuer's sole discretion. Each purchaser agrees that the Issuer, the Trustee or their agents or representatives may (1) provide any information and documentation concerning its investment in its Notes to the Office of the Revenue Commissioners of Ireland, the IRS and any other relevant tax authority and (2) take such other steps as they deem necessary or helpful to ensure that the Issuer complies with FATCA and the CRS.
- (s) Each purchaser of Class E Notes, Class F Notes, or Subordinated Notes, if it is not a "United States person" (as defined in Section 7701(a)(30) of the Code), represents that either:
- (i) it is not a bank (within the meaning of Section 881(c)(3)(A) of the Code);
  - (ii) after giving effect to its purchase of Notes, it will not directly or indirectly own more than 33-1/3 per cent., by value, of the aggregate of the Notes within such Class and any other Notes that are ranked *pari passu* with or are subordinated to such Notes, and will not otherwise be related to the Issuer (within the meaning of U.S. Treasury Regulations section 1.881-3); or
  - (iii) it has provided an IRS Form W-8ECI representing that all payments received or to be received by it from the Issuer are effectively connected with the conduct of a trade or business in the United States and includible in its gross income; or
  - (iv) it has provided an IRS Form W-8BEN-E representing that it is a person eligible for benefits under an income tax treaty with the United States that eliminates U.S. federal income taxation of U.S. source interest not attributable to a permanent establishment in the United States
- (t) Each purchaser of Subordinated Notes, if it owns more than 50% of the Subordinated Notes by value or is otherwise treated as a member of the Issuer's "expanded affiliated group" (as defined in U.S. Treasury Regulations section 1.1471-5(i) (or any successor provision)), represents that it will (A) confirm that any member of such expanded affiliated group (assuming that the Issuer is a "registered deemed-compliant FFI" within the meaning of U.S. Treasury Regulations section 1.1471-1(b)(111) (or any successor provision)) that is treated as a "foreign financial institution" within the meaning of Section 1471(d)(4) of the Code and any U.S. Treasury Regulations promulgated thereunder is either a "participating FFI", a "deemed-compliant FFI" or an "exempt beneficial owner" within the meaning of U.S. Treasury Regulations section 1.1471-4(e) (or any successor provision), and (B) promptly notify the Issuer in the event that any member of such expanded affiliated group that is

treated as a “foreign financial institution” within the meaning of Section 1471(d)(4) of the Code and any U.S. Treasury Regulations promulgated thereunder is not either a “participating FFI”, a “deemed-compliant FFI” or an “exempt beneficial owner” within the meaning of U.S. Treasury Regulations section 1.1471-4(e) (or any successor provision), in each case except to the extent that the Issuer or its agents have provided the purchaser with an express waiver of this requirement.

- (u) No purchaser of Subordinated Notes will treat any income with respect to its Subordinated Notes as derived in connection with the Issuer’s active conduct of a banking, financing, insurance, or other similar business for purposes of Section 954(h)(2) of the Code.
- (v) No purchase or transfer of a Class E Note, a Class F Note or a Subordinated Note in the form of a Definitive Certificate will be recorded or otherwise recognized unless the purchaser or transferee has provided the Issuer with a certificate substantially in the form of Annex A hereto.
- (w) The purchaser understands and acknowledges that the Issuer has the right under the Trust Deed to compel any Non-Permitted Holder or Non-Permitted ERISA Holder to sell its interest in the Notes, or may sell such interest in its Notes on behalf of such Non-Permitted Holder or Non-Permitted ERISA Holder.
- (x) The purchaser acknowledges that the Issuer, the Arranger, the Initial Purchaser, the Retention Holder, the Trustee, the Collateral Manager and the Collateral Administrator and their agents and Affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

#### **Regulation S Notes**

Each purchaser of Regulation S Notes will be deemed to have made the representations set forth in clauses (d), (f) through (l) (inclusive) and (o) through (v) (inclusive) above (except that references to Rule 144A Notes shall be deemed to be references to Regulation S Notes) and to have further represented and agreed as follows:

- (a) The purchaser is located outside the United States and is not a U.S. Person.
- (b) The purchaser understands that the Notes have not been and will not be registered under the Securities Act and that the Issuer has not registered and will not register under the Investment Company Act. It agrees, for the benefit of the Issuer, the Arranger, the Initial Purchaser and any of their Affiliates, that, if it decides to resell, pledge or otherwise transfer such Notes (or any beneficial interest or participation therein) purchased by it, any offer, sale or transfer of such Notes (or any beneficial interest or participation therein) will be made in compliance with the Securities Act and only (i) to a person (A) it reasonably believes is a QIB purchasing for its own account or for the account of a QIB/QP in a nominal amount of not less than €250,000 for it and each such account, in a transaction that meets the requirements of Rule 144A and takes delivery in the form of a Rule 144A Note and (B) that constitutes a QP; or (ii) to a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 (as applicable) under Regulation S.
- (c) The purchaser understands that unless the Issuer determines otherwise in compliance with applicable law, such Notes will bear a legend set forth below.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE ISSUER HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) TO A NON-US PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSE (1), IN A PRINCIPAL AMOUNT OF

NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, AND IN EACH CASE, TO A PURCHASER THAT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSE OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE 30 APRIL 1996, (Y) IS NOT A BROKER DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR IN THE CASE OF CLAUSE (2), €100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. NEITHER U.S. PERSONS NOR U.S. RESIDENTS (AS DETERMINED FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT (“**U.S. RESIDENTS**”)) MAY HOLD AN INTEREST IN A REGULATION S GLOBAL CERTIFICATE OR A REGULATION S DEFINITIVE CERTIFICATE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OR ANY INTERMEDIARY. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A VIOLATION OF (V) THROUGH (Z), THE ISSUER MAINTAINS THE RIGHT TO DIRECT THE RESALE OF ANY NOTES PREVIOUSLY TRANSFERRED TO NON-PERMITTED HOLDERS (AS DEFINED IN THE TRUST DEED) IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE TRUST DEED. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO ITS TRANSFEREE. TRANSFERS OF THIS NOTE OR OF PORTIONS OF THIS NOTE SHOULD BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED REFERRED TO HEREIN. PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE ISSUER.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS X NOTES, CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES ONLY*] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN SUCH ENTITY (“**BENEFIT PLAN INVESTOR**”), OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (“**OTHER PLAN LAW**”), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY OTHER PLAN LAW, AND (II) IT WILL NOT SELL OR TRANSFER THIS NOTE (OR INTEREST HEREIN) TO AN ACQUIROR ACQUIRING THIS NOTE (OR INTEREST HEREIN) UNLESS THE ACQUIROR MAKES THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS DESCRIBED IN CLAUSE (I) HEREOF. ANY PURPORTED TRANSFER OF THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR



UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF THIS NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, CLASS F NOTES AND SUBORDINATED NOTES ONLY*] [EACH PURCHASER OR TRANSFEREE OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WILL BE REQUIRED OR DEEMED TO REPRESENT AND WARRANT THAT (1) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER (OTHER THAN IN THE CASE OF THE NOTES PURCHASED BY THE RETENTION HOLDER), PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND (X) HOLDS THIS NOTE IN THE FORM OF A DEFINITIVE CERTIFICATE OR (Y) IS PURCHASING THIS NOTE FROM THE ISSUER OR THE INITIAL PURCHASER ON THE ISSUE DATE, OR AS OTHERWISE PERMITTED IN WRITING BY THE ISSUER WITH RESPECT TO ANY CLASS E NOTE, CLASS F NOTE AND SUBORDINATED NOTE ACQUIRED BY IT) AND (2) (A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER OR THE COLLATERAL MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER’S ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (“**SIMILAR LAW**”), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (“**OTHER PLAN LAW**”). “**BENEFIT PLAN INVESTOR**” MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “**PLAN ASSETS**” BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN THE ENTITY. “**CONTROLLING PERSON**” MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN “**AFFILIATE**” OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. “**CONTROL**” WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF THIS NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES] [CLASS F NOTES] [CLASS M-1 SUBORDINATED NOTES] [CLASS M-2

SUBORDINATED NOTES] (DETERMINED SEPARATELY BY CLASS) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES] [CLASS F NOTES] [CLASS M-1 SUBORDINATED NOTES] [CLASS M-2 SUBORDINATED NOTES] (OR INTERESTS THEREIN) HELD BY CONTROLLING PERSONS (“**25 PER CENT. LIMITATION**”).

THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF A [CLASS E NOTE] [CLASS F NOTE] [CLASS M-1 SUBORDINATED NOTE] [CLASS M-2 SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW, OTHER PLAN LAW OR OTHER ERISA REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT. LIMITATION TO SELL ITS INTEREST IN THE [CLASS E NOTE] [CLASS F NOTE] [CLASS M-1 SUBORDINATED NOTE] [CLASS M-2 SUBORDINATED NOTE], OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS C NOTES, THE CLASS D NOTES, THE CLASS E NOTES AND THE CLASS F NOTES ONLY*] [THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT (“**OID**”) FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE MAY BE OBTAINED BY CONTACTING THE ISSUER AT 32 MOLESWORTH STREET, DUBLIN 2, IRELAND.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES IN THE FORM OF CM NON-VOTING EXCHANGEABLE NOTES OR CM NON-VOTING NOTES ONLY*] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL NOT CARRY ANY RIGHT TO VOTE IN RESPECT OF, OR BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES IN THE FORM OF CM VOTING NOTES ONLY*] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL CARRY A RIGHT TO VOTE IN RESPECT OF, AND BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]

- (d) The purchaser acknowledges that the Issuer, the Initial Purchaser, the Retention Holder, the Trustee, the Collateral Manager and the Collateral Administrator and their agents and Affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (e) The purchaser understands that the Regulation S Notes may not, at any time, be held by, or on behalf of, U.S. Persons or U.S. Residents.
- (f) A transferor who transfers an interest in a Regulation S Note to a transferee who will hold the interest in the same form is not required to make any additional representation or certification.

## RULE 17G-5 COMPLIANCE

### Rule 17g-5

The Issuer, in order to permit the Rating Agencies to comply with its obligations under Rule 17g-5 promulgated under the Exchange Act (“**Rule 17g-5**”), has agreed to post (or have its agent post) on a password-protected internet website (the “**Rule 17g-5 Website**”), at the same time such information is provided to the Rating Agencies, all information (which will not include any reports from the Issuer’s independent public accountants) that the Issuer or other parties on its behalf, including the Collateral Manager, provide to the Rating Agencies for the purposes of determining the initial credit rating of the Rated Notes or undertaking credit rating surveillance of the Rated Notes; **provided, however**, that, prior to the occurrence of a Note Event of Default, without the prior written consent of the Collateral Manager no party other than the Issuer or the Collateral Manager may provide information to the Rating Agencies on the Issuer’s behalf. On the Issue Date, the Issuer will engage The Bank of New York Mellon SA/NV, Dublin Branch, in accordance with the Collateral Management Agreement, to assist the Issuer in complying with certain of the posting requirements under Rule 17g-5 (in such capacity, the (“**Information Agent**”). Any notices or requests to, or any other written communications with or written information provided to, the Rating Agencies, or any of its officers, directors or employees, to be given or provided to such Rating Agencies pursuant to, in connection with or related, directly or indirectly, to the Trust Deed, the Collateral Management Agreement, any transaction document relating thereto, the Portfolio or the Notes, will be in each case furnished directly to the Rating Agencies after a copy has been delivered to the Information Agent or the Issuer for posting to the Rule 17g-5 Website.

## GENERAL INFORMATION

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and International Securities Identification Number ("ISIN") for the Notes of each Class are:

	Regulation S		Rule 144A	
	Common Code	ISIN	Common Code	ISIN
Class X Notes .....	202584314	XS2025843140	202584349	XS2025843496
Class A CM Voting Notes .....	202584322	XS2025843223	202584357	XS2025843579
Class A CM Non-Voting Exchangeable Notes .....	202584381	XS2025843819	202584365	XS2025843652
Class A CM Non-Voting Notes .....	202584390	XS2025843900	202584411	XS2025844114
Class B-1 CM Voting Notes .....	202584373	XS2025843736	202584420	XS2025844205
Class B-1 CM Non-Voting Exchangeable Notes .....	202584446	XS2025844460	202584403	XS2025844031
Class B-1 CM Non-Voting Notes .....	202584438	XS2025844387	202584454	XS2025844544
Class B-2 CM Voting Notes .....	202584489	XS2025844890	202584462	XS2025844627
Class B-2 CM Non-Voting Exchangeable Notes .....	202584497	XS2025844973	202584535	XS2025845350
Class B-2 CM Non-Voting Notes .....	202584519	XS2025845194	202584527	XS2025845277
Class C CM Voting Notes .....	202584560	XS2025845608	202584543	XS2025845434
Class C CM Non-Voting Exchangeable Notes .....	202584551	XS2025845517	202584594	XS2025845947
Class C CM Non-Voting Notes .....	202584578	XS2025845780	202584586	XS2025845863
Class D CM Voting Notes .....	202584632	XS2025846325	202584608	XS2025846085
Class D CM Non-Voting Exchangeable Notes .....	202584616	XS2025846168	202584675	XS2025846754
Class D CM Non-Voting Notes .....	202584624	XS2025846242	202584659	XS2025846598
Class E Notes.....	202584705	XS2025847059	202584667	XS2025846671
Class F Notes.....	202584683	XS2025846838	202584721	XS2025847216
Class M-1 Subordinated Notes .....	202584691	XS2025846911	202584713	XS2025847133
Class M-2 Subordinated Notes .....	202630863	XS2026308630	202630901	XS2026309018

### Listing

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on its Global Exchange Market. It is anticipated that listing and admission to trading will take place on or about the Issue Date. There can be no assurance that any such listing and admission to trading will be maintained.

### Listing Agent

Maples and Calder is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on the Global Exchange Market of Euronext Dublin.

### Expenses in relation to Admission to Trading

The expenses in relation to the admission of the Notes to trading on the Global Exchange Market will be approximately €23,050.

### Legal Entity Identifier ("LEI")

The Issuer's LEI is 549300HHKDR21JP15S93.

### Consents and Authorisations

The Issuer has obtained or will obtain all necessary consents, approvals and authorisations in Ireland (if any) in connection with the issue and performance of the Notes. The issue of the Notes has been authorised by resolution of the Board of Directors of the Issuer passed on or about 26 August 2019.

### **No Significant or Material Change**

There has been no significant change in the financial or trading position or prospects of the Issuer since its incorporation on 25 March 2019 and there has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 25 March 2019.

### **No Litigation**

The Issuer is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the Issuer's financial position or profitability.

### **Accounts**

Since the date of its incorporation, other than entering into certain documentation which has now been terminated, the Issuer has not commenced operations other than in respect of entering into the Warehouse Arrangements in respect of the acquisition of certain assets to be comprised in the Portfolio on or prior to the Issue Date and has not produced accounts.

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer can be obtained at the specified office of the Principal Paying Agent during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to 31 December 2020. The annual accounts of the Issuer will be audited. The Issuer will not prepare interim financial statements.

The Trust Deed requires the Issuer to provide written confirmation to the Trustee on an annual basis and otherwise promptly on request that no Note Event of Default or Potential Note Event of Default (as defined in the Trust Deed) or other matter which is required to be brought to the Trustee's attention has occurred.

### **Documents Available**

Copies of the following documents may be inspected in electronic format (and, in the case of each of (e) and (f) below, will be available for collection free of charge) at the registered offices of the Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for as long as the Notes are listed on the Official List of Euronext Dublin and are admitted to trading on the Global Exchange Market:

- (a) the constitution of the Issuer;
- (b) the Trust Deed (which includes the form of each Note of each Class);
- (c) the Agency Agreement;
- (d) the Collateral Management Agreement;
- (e) each Monthly Report;
- (f) each Payment Date Report;
- (g) the EU Retention Letter; and
- (h) the Liquidity Facility Agreement; and
- (i) each Hedge Agreement (to the extent these are required to be disclosed pursuant to Article 7 of the Securitisation Regulation).

Drafts of the documents in substantially agreed form as required to be published pursuant to the Securitisation Regulation shall be available on the website <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by The Bank of New York Mellon SA/NV, Dublin Branch or the Issuer (or the Collateral Manager acting on its behalf) to the Collateral Manager and the Trustee, as applicable) prior to the pricing date for the transaction described herein (and copies of the final form of such documents (which may be subject to change since the date of pricing) shall be available on such website as of the Issue Date) to investors, potential investors and competent authorities or via such other method of dissemination as is required by the

Securitisation Regulation or a competent authority (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). The website may be accessed prior to the Issue Date by any legal person who certifies to the Collateral Administrator that it is a potential investor in the Notes or a competent authority.

### **Enforceability of Judgments**

The Issuer is a designated activity company limited by shares incorporated under the laws of Ireland. None of the directors and officers of the Issuer are residents of the United States, and all or a substantial portion of the assets of the Issuer and such persons are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon civil liability provisions of the securities laws of the United States or any State or territory within the United States.

As the United States is not a party to a convention with Ireland in respect of the enforcement of judgments, common law rules apply in order to determine whether a judgment of the United States courts is enforceable in Ireland. A judgment of the United States courts will be enforced by the courts of Ireland if the following general requirements are satisfied:

- (a) the United States courts must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule); and
- (b) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where, however, the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that, in the meantime, the judgment should not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive.

However, the Irish courts may refuse to enforce a judgment of the United States courts which meets the above requirements for one of the following reasons:

- (a) if the judgment is not for a definite sum of money;
- (b) if the judgment was obtained by fraud;
- (c) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice;
- (d) the judgment is contrary to Irish public policy or involves certain United States laws which will not be enforced in Ireland;
- (e) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Superior Courts Rules;
- (f) there is no practical benefit to the party in whose favour the foreign judgment is made in seeking to have that judgment enforced in Ireland;
- (g) the judgment is inconsistent with a judgment of the courts of Ireland in relation to the same matter; or
- (h) enforcement proceedings are not instituted in Ireland within six years of the date of the judgment.

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## ANNEX A

### FORM OF ERISA CERTIFICATE

The purpose of this ERISA certificate (this “**Certificate**”) is, among other things, to (i) endeavour to ensure that less than 25 per cent. of the total value of the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] issued by CVC Cordatus Loan Fund XV Designated Activity Company (the “**Issuer**”) is held by (a) an employee benefit plan that is subject to the fiduciary responsibility provisions of Title I of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), (b) a plan that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “**Code**”) or (c) any entity whose underlying assets include “plan assets” by reason of any such employee benefit plan or plan’s investment in the entity (collectively, “**Benefit Plan Investors**”), (ii) obtain from you certain representations and agreements and (iii) provide you with certain related information with respect to your acquisition, holding and disposition of the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes]. By signing this Certificate, you agree to be bound by its terms.

Please be aware that the information contained in this Certificate is not intended to constitute advice and the examples given below are not intended to be, and are not, comprehensive. You should contact your own counsel if you have any questions in completing this Certificate. Capitalised terms not defined in this Certificate shall have the meanings ascribed to them in the Trust Deed.

If a box is not checked, you are representing and agreeing that the applicable Section does not, and will not, apply to you.

- (1) ☐ **Employee Benefit Plans Subject to ERISA or the Code.** We, or the entity on whose behalf we are acting, are an “employee benefit plan” within the meaning of Section 3(3) of ERISA that is subject to the fiduciary responsibility provisions of Title I of ERISA or a “plan” within the meaning of Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code.

**Examples:** (i) tax qualified retirement plans such as pension, profit sharing and section 401(k) plans, (ii) welfare benefit plans such as accident, life and medical plans, (iii) individual retirement accounts or “IRAs” and “Keogh” plans and (iv) certain tax-qualified educational and savings trusts.

- (2) ☐ **Entity Holding Plan Assets.** We, or the entity on whose behalf we are acting, are an entity or fund whose underlying assets include “plan assets” by reason of a Benefit Plan Investor’s investment in such entity.

**Examples:** (i) an insurance company separate account, (ii) a bank collective trust fund and (iii) a hedge fund or other private investment vehicle where 25 per cent. or more of the total value of any class of its equity is held by Benefit Plan Investors.

If you check box 2, please indicate the maximum percentage of the entity or fund that will constitute “plan assets” for purposes of Title I of ERISA or Section 4975 of the Code: \_\_\_\_\_ per cent.

AN ENTITY OR FUND THAT CANNOT PROVIDE THE FOREGOING PERCENTAGE HEREBY ACKNOWLEDGES THAT FOR PURPOSES OF DETERMINING WHETHER BENEFIT PLAN INVESTORS OWN LESS THAN 25 PER CENT. OF THE TOTAL VALUE OF THE [CLASS E NOTES] [CLASS F NOTES] [CLASS M-1 SUBORDINATED NOTES] [CLASS M-2 SUBORDINATED NOTES], 100 PER CENT. OF THE ASSETS OF THE ENTITY OR FUND WILL BE TREATED AS “PLAN ASSETS.”

ERISA and the regulations promulgated thereunder are technical. Accordingly, if you have any questions regarding whether you may be an entity described in this Section 2, you should consult with your counsel.

- (3) ☐ **Insurance Company General Account.** We, or the entity on whose behalf we are acting, are an insurance company purchasing the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] with funds from our or their general account (*i.e.*, the insurance company’s corporate investment portfolio), whose assets, in whole or in part, constitute “plan assets” under Section 401(a) of ERISA for purposes of 29 C.F.R. Section 2510.3-101 as modified by Section 3(42) of ERISA (the “**Plan Asset Regulations**”).

If you check Box 3, please indicate the maximum percentage of the insurance company general account that will constitute “plan assets” under Section 401(a) of ERISA for purposes of conducting the 25 per cent. test under

the Plan Asset Regulations: \_\_\_\_\_ per cent. IF YOU DO NOT INCLUDE ANY PERCENTAGE IN THE BLANK SPACE, YOU WILL BE COUNTED AS IF YOU FILLED IN 100 PER CENT. IN THE BLANK SPACE.

- (4) ☐ **None of Sections 1 Through 3 above Apply.** We, or the entity on whose behalf we are acting, are a person that does not fall into any of the categories described in Sections 1 through 3 above. If, after the date hereof, any of the categories described in Sections 1 through 3 above would apply, we will promptly notify the Issuer of such change.
- (5) **No Prohibited Transaction.** If we checked any of the boxes in Sections 1 through 3 above, we represent, warrant and agree that our acquisition, holding and disposition of the [Class E Notes] [Class F Notes] [Subordinated Notes] do not and will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code.
- (6) **Not Subject to Similar Law and No Violation of Other Plan Law.** If we are a governmental, church, non-U.S. or other plan, we represent, warrant and agree that (a) we are not subject to any federal, state, local non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or interest therein) by virtue of its interest and thereby subject the Issuer or the Collateral Manager (or other persons responsible for the investment and operation of the Issuer's assets) to laws or regulations that are similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code, and (b) our acquisition, holding and disposition of the [Class E Notes] [Class F Notes] [Subordinated Notes] do not and will not constitute or result in a non-exempt violation of any law or regulation that is similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code.
- (7) ☐ **Controlling Person.** We are, or we are acting on behalf of any of: (i) the Collateral Manager, (ii) any person that has discretionary authority or control with respect to the assets of the Issuer, (iii) any person who provides investment advice for a fee (direct or indirect) with respect to such assets or (iv) any "affiliate" of any of the above persons. "Affiliate" shall have the meaning set forth in the Plan Asset Regulations. Any of the persons described in the first sentence of this Section 7 is referred to in this Certificate as a "Controlling Person."

**Note:** We understand that, for purposes of determining whether Benefit Plan Investors hold less than 25 per cent. of the total value of the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] (determined separately by class), the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] held by Controlling Persons (other than Benefit Plan Investors) are required to be disregarded.

- (8) **Compelled Disposition.** We acknowledge and agree that:
- (i) if any representation that we made hereunder is subsequently shown to be false or misleading or our beneficial ownership otherwise causes a violation of the 25 per cent. Limitation, the Issuer may, promptly after such discovery, send notice to us demanding that we transfer our interest to a person that is not a Non-Permitted ERISA Holder within 10 days after the date of such notice;
- (ii) if we fail to transfer our [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes], the Issuer shall have the right, without further notice to us, to sell our [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] or our interest in the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] to a purchaser selected by the Issuer that is not a Non-Permitted ERISA Holder on such terms as the Issuer may choose;
- (iii) the Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] and selling such securities to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion;

- (iv) by our acceptance of an interest in the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes], we agree to cooperate with the Issuer to effect such transfers;
  - (v) the proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to us; and
  - (vi) the terms and conditions of any sale under this sub-section shall be determined in the sole discretion of the Issuer, and the Issuer shall not be liable to us as a result of any such sale or the exercise of such discretion.
- (9) **Required Notification and Agreement.** We hereby agree that we (a) will inform the Issuer of any proposed transfer by us of all or a specified portion of the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] to a Benefit Plan Investor or Controlling Person and (b) will not initiate any such transfer after we have been informed by the Issuer or the Transfer Agent in writing that such transfer would cause the 25 per cent. Limitation to be exceeded. We hereby agree and acknowledge that after the Issuer effects any permitted transfer of [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] owned by us to a Benefit Plan Investor or a Controlling Person or receives notice of any such permitted change of status, the Issuer shall include such [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] in future calculations of the 25 per cent. Limitation made pursuant hereto unless subsequently notified that such [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] (or such portion), as applicable, would no longer be deemed to be held by Benefit Plan Investors or Controlling Persons.
- (10) **Continuing Representation; Reliance.** We acknowledge and agree that the representations, warranties and agreements contained in this Certificate shall be deemed made on each day from the date we make such representations, warranties and agreements through and including the date on which we dispose of our interests in the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes]. We understand and agree that the information supplied in this Certificate will be used and relied upon by the Issuer to determine that Benefit Plan Investors own or hold less than 25 per cent. of the total value of the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] (determined separately by class) upon any subsequent transfer of the [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] in accordance with the Trust Deed.
- (11) **Further Acknowledgement and Agreement.** We acknowledge and agree that (i) all of the assurances contained in this Certificate are for the benefit of the Issuer, the Trustee, the Initial Purchaser and the Collateral Manager as third party beneficiaries hereof, (ii) copies of this Certificate and any information contained herein may be provided to the Issuer, the Trustee, the Initial Purchaser, the Collateral Manager, affiliates of any of the foregoing parties and to each of the foregoing parties' respective counsel for purposes of making the determinations described above and (iii) any acquisition or transfer of the [Class E Notes] [Class F Notes] [Subordinated Notes] by us that is not in accordance with the provisions of this Certificate shall be null and void from the beginning, and of no legal effect.
- (12) **Future Transfer Requirements.**

**Transferee Letter and its Delivery.** We acknowledge and agree that we may not transfer any [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes] [Class M-2 Subordinated Notes] to a Benefit Plan Investor or Controlling Person unless the Issuer has received a certificate substantially in the form of this Certificate. Any attempt to transfer in violation of this section will be null and void from the beginning, and of no legal effect.

**Note:** Unless you are notified otherwise, the name and address of the Registrar is as follows: The Bank of New York Mellon S.A/N.V., Luxembourg Branch, Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg.

**IN WITNESS WHEREOF,** the undersigned has duly executed and delivered this Certificate.



\_\_\_\_\_ [Insert Purchaser's Name]

By:

Name:

Title:

Dated:

This Certificate relates to EUR\_\_\_\_\_ of [Class E Notes] [Class F Notes] [Class M-1 Subordinated Notes]  
[Class M-2 Subordinated Notes]

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